



DEBTORS POLICY

1. Scope

This policy applies to McKinlay Shire Council ratepayers and other debtors with overdue rates and charges or other amounts owed to Council.

2. Purpose

The purpose of this policy is to ensure debts are limited by providing a framework for payment arrangements and procedural direction for prompt follow-up.

3. Related Documents

Local Government Act 2009

Local Government Regulation 2012

Revenue Statement

4. Definitions

CEO	Chief Executive Officer A person who holds a appointment under section 194 of the <i>Local Government Act 2009</i> . This includes a person acting in this position.
Council	McKinlay Shire Council
Rates and Charges	As defined in the <i>Local Government Act 2009</i> under section 91(2), Rates & charges are levies that a local government imposes- (a) on land; and (b) for a service, facility or activity that is supplied or undertaken by- (i) the local government; or (ii) someone on behalf of the local government (including a garbage collection contractor, for example).
Debt	The amount of money owed by the debtor as a result of a transaction with Council.
Credit	The purchase and provision of goods and services from Council by debtors on the basis of a promise to pay at a later date.
Common Agistment Debtor (CA)	The individual, organisation or other parties that have been extended a permit for agistment on the Julia Creek Common by Council.
General Debtor (GD)	The individual, organisation or other parties that transact with Council where goods and services are provided on Credit.
Rental Debtor (R)	The individual, organisation or other parties that have entered into a Rental Agreement with Council.
Trustee Lease Debtor (TL)	The individual, organisation or other parties that have entered into a Pasturage Reserve Lease with Council.
Ratepayer	As defined in the <i>Local Government Regulation 2012</i> , a person who is liable to pay rates or charges.

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5. General Debtors

For the purpose of this Policy, General Debtors captures all forms of Credit to customers for all goods and services other than Trustee Leases, Common Agistments, Rental Debtors and Rates & Charges.

A period of thirty (30) days after date of Council's invoice shall be allowed for the customer to repay the Debt in full.

- After the expiration of thirty (30) days a 'first reminder' notice shall be issued to General Debtors whose accounts show outstanding balances. The first reminder notice shall be a polite reminder with no threat of legal or other action. It should encourage General Debtors to contact Council staff if they have any queries or are experiencing difficulties in paying their account
- Following the expiry of sixty (60) days, where possible a phone call shall be made to the General Debtor, the purpose being to find out if there is an issue with the outstanding Debt, following this, a second reminder notice shall be issued to General Debtors whose accounts show outstanding balances. The second reminder notice shall be written in a firm manner, pressing for payment of outstanding Debts within a fourteen (14) day period and the General Debtor will be advised that they are placing their Credit reputation with Council at risk.
- Following the expiry of ninety (90) days, a third and final demand notice shall be issued, giving the General Debtor fourteen (14) days with which to complete payment or make suitable arrangements. This notice will also note Councils intentions to pursue with debt collection via external channels, i.e. debt collector or solicitor and that the General Debtor account will be placed on the Credit Risk List One.
- The CEO will be advised of all reminder letters being sent on the CEO's behalf.

At the expiry of fourteen (14) days from the date of the ninety (90) day letter, the General Debtor shall then be referred to either Council's solicitor or an appropriate debt collection agency for recovery action. Exceptions to this course of action are:

- Payment of Debt made in full
- An approved Debtor Arrangement has been entered into; or
- The outstanding debt is on hold pending an investigation or awaiting a decision from Council

Payment in full of the outstanding amount including all associated debt recovery costs will be required prior to the withdrawal of the recovery action.

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Prior to initiating legal and/or debt collection agency action against a General Debtor, authorisation by the Chief Executive Officer is obtained.

6. Trustee Lease Debtors

A Trustee Lease is a Pasturage Reserve Lease entered into by an individual, an organisation or other parties with Council.

On receipt of an endorsed Trustee Lease Agreement from the Environment and Regulatory Services Department, the Finance Department will issue invoices in accordance with the Trustee Leases Terms and Conditions.

Should the Trustee Lease Debtor default on payment of their debtor account, the outstanding Debt is to be referred to the Director Engineering, Environment & Regulatory Services for recovery action under the Trustee Lease Terms and Conditions.

Terms & Conditions

- The Trustee Lease rent invoice shall be paid within thirty (30) days from the date of invoice.
- If Debt is not paid by the due date, statements of the outstanding accounts will be provided to the Environment and Regulatory Services Team Leader who will take action.
- Failure to pay the Debt by the due date shall result in a default of the Trustee Lease. This will result in the Trustee Lease Debtor being ineligible to obtain new or additional Common Agistments or Trustee Leases from Council for the purpose of grazing stock for a period of twelve (12) months from the date of default.
- As the default is capable of remedy, Council will issue the Trustee Lease Debtor with a Notice to Remedy the default. The Notice to Remedy will provide twenty-one (21) days for the Trustee Lease Debtor to remedy the default.
- Should the default be remedied within this period, the conditions of the Trustee Lease will continue to apply.
- Should the default not be remedied within this period then the Trustee Lease will be cancelled and the stock removed from the Leased area under the supervision of Council's Ranger.
- In addition to the cancellation of the Trustee Lease, the Trustee Lease Debtor will be ineligible to obtain new or additional Common Agistments or Trustee Leases from Council for the purpose of grazing stock for a period of twenty four (24) months from the date of default.

Should the Trustee Lease Debtor not comply with the payment terms and conditions contained by their Trustee Lease and should remedy not be forthcoming, the debt will then

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be referred to either Council's solicitor or an appropriate debt collection agency for recovery action. Exceptions to this course of action are:

- Payment of Debt made in full
- An approved Debtor Arrangement has been entered into; or
- The outstanding debt is on hold pending an investigation or awaiting a decision from Council

Payment in full of the outstanding amount including all associated debt recovery costs will be required prior to the withdrawal of the recovery action.

Prior to initiating legal and/or debt collection agency action against a Trustee Lease Debtor, authorisation by the Chief Executive Officer has been obtained.

7. Common Agistment Debtors

Common Agistment is a permit extended by Council to an individual, an organisation or other parties.

On receipt of an endorsed Common Agistment Permit from the Environment and Regulatory Services Department, the Finance Department will issue invoices in accordance with the Common Agistment Permit Terms and Conditions

Should the Common Agistment Debtor default on payment of their debtor account, the outstanding debt is to be referred to the Environment and Regulatory Services Department for recovery action under the Common Agistment Permit Terms and Conditions.

Terms & Conditions

- The Agistment Permit invoices shall be paid within thirty (30) days from the date of invoice
- Failure to pay the Agistment invoice by the due date shall result in a default of the permit. This will result in the Common Agistment Debtor being ineligible to obtain new or additional Common Agistment or Trustee Leases from Council for the purpose of grazing stock for a period of twelve (12) months from the date of default.
- As the default is capable of remedy, Council will issue the Common Agistment Debtor a Notice to Remedy the default. The notice will provide fourteen (14) days for the Common Agistment Debtor to remedy the default.
- Should the default be remedied within this period, the conditions of the permit will continue to apply.
- Should the default not be remedied within this period then the Agistment Permit will be cancelled and the stock removed from the Julia Creek Common under the supervision of Council's Ranger.

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- In addition to the cancellation of the Agistment Permit, the Common Agistment Debtor will be ineligible to obtain new or additional Common Agistment or Trustee Leases from Council for the purpose of grazing stock for a period of twenty four (24) months from the date of default

Should the debtor not comply with the payment terms and conditions contained by their Common Agistment Permit and should remedy not be forthcoming the debt will then be referred to either Council's solicitor or an appropriate debt collection agency for recovery action. Exceptions to this course of action are:

- Payment of Debt made in full
- An approved Debtor Arrangement has been entered into; or
- The outstanding debt is on hold pending an investigation or awaiting a decision from Council

Payment in full of the outstanding amount including all associated debt recovery costs will be required prior to the withdrawal of the recovery action.

Prior to initiating legal and/or debt collection agency action against a Common Agistment Debtor, authorisation by the Chief Executive Officer has been obtained.

8. Rental Debtor

A Rental Debtor is an individual, an organisation or other parties that have entered into a Rental Agreement with Council to rent a Council owned house or property.

On receipt of an endorsed Rental Agreement from the Environment and Regulatory Services Department, the Finance Department will issue invoices in accordance with the Rental Agreement Terms and Conditions.

Should the Rental Debtor default on payment of their Rental Debtor account, the outstanding debt is to be referred to the Environment and Regulatory Services Department for recovery action under the Rental Agreement Terms and Conditions.

Should the Rental Debtor not comply with the payment terms and conditions contained by their Rental Agreement and should remedy not be forthcoming, the Debt will then be referred to either Council's solicitor or an appropriate debt collection agency for recovery action. Exceptions to this course of action are:

- Payment of Debt made in full
- An approved Debtor Arrangement has been entered into; or
- The outstanding debt is on hold pending an investigation or awaiting a decision from Council



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Payment in full of the outstanding amount including all associated debt recovery costs will be required prior to the withdrawal of the recovery action.

Prior to initiating legal and/or debt collection agency action against a Rental Debtor, authorisation by the Chief Executive Officer has been obtained.

9. Credit Risk Lists

The Credit Risk List is a list of Debtors that have not complied with the terms and conditions on a Debt owed to Council.

The McKinlay Shire Council's Credit Risk List is categorised into two components:

Credit Risk List One – will list Debtors who have failed to pay their outstanding debt in excess (90) days from the date of invoice. These debtors will be referred to either Council's solicitor or an appropriate debt collection agency. Debtors on this list will be granted no credit. All goods and services must be paid for in advance as per section 3 "Grounds for Credit" contained by this policy.

Should the outstanding debt be paid in total, subsequent to placement on the Credit Risk List One, the Debtor may write to the Chief Executive Officer requesting to be removed from the Credit Risk List One, which may be granted at the discretion of the Chief Executive Officer.

Credit Risk List One does not include Debtors with outstanding debts pending an investigation or waiting a decision from Council, or Government Departments.

Credit Risk List Two – will list Debtors that have outstanding Debts that have been referred to either Council's solicitor or an appropriate debt collection agency, in which the debt has failed to be recovered beyond twelve (12) months. Debtors on this list will be ineligible for any future business with Council (excluding Rates and Charges) for a period of five (5) years from the date of default.

Should the outstanding debt be paid in total, subsequent to placement on the Credit Risk List Two, the Debtor may write to Council to seek approval to be removed from the Credit Risk List Two.

10. Debtors Arrangements

A debtor may choose to pay their outstanding debt by instalments. Overdue debts become not overdue when an Instalment Plan is endorsed.

To submit an Instalment Plan:

- The debtor is to complete the Instalment Plan Form and submit to Council.

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- When an Instalment Plan is received the Debtors Officer will determine if the Instalment Plan complies with the terms and conditions contained by this policy and submit for approval.

Terms to be eligible for an Instalment Plan

- Equal Weekly, Fortnightly or Monthly payments.
- All accounts are to be paid in full by the end of the current financial year (including any invoices that will be issued in the Instalment Plan period).
- Instalment Plan approved at the discretion of the Chief Executive Officer.

Default of an Approved Instalment Plan

- If an Instalment Plan payment is not received in the timeframe specified, a reminder letter will be issued allowing seven days for payment to be made.
- If an Instalment Plan payment is received and is not the correct amount as specified in the Instalment Plan, a reminder letter will be issued for the remaining amount, allowing seven days for the payment to be made.
- When an Instalment Plan payment remains unpaid in excess of 30 days from the date of the reminder letter, the Instalment Plan will be deemed void and legal and/or debt recovery action may be taken for recovery of all outstanding Debts without further notice.

Council will not pursue debt recovery action against a Debtor who has an agreed Instalment Plan that meets the terms of the arrangement.

Council reserves the right to renegotiate or cancel an Instalment Plan, should circumstances change where it is likely that the Debt will not be paid within a reasonable time frame. In these circumstances, Council will not initiate further recovery action without reference to the debtor concerned.

Prior to initiating legal and/or debt collection agency action against a debtor, authorisation by the Chief Executive Officer has been obtained.

11. Credit Notes

A Credit Note is a reversal on an invoice, and is used to rectify errors in an already issued sales tax invoice.

A Credit Note can only be processed should one of the following errors occur:

- A Tax Invoice issued in error
- Incorrect GST component
- Tax invoice total amount is incorrect
- The debt has been allocated to an incorrect general ledger
- An incorrect Debtor has been invoiced

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- The tax invoice description or date is incorrect.

The Credit Note can be processed at the discretion and authorisation of two authorised staff members. The authorised staff members are the Chief Executive Officer, the Director of Corporate and Community Services and the Corporate Services Team Leader.

12. Write Off

A write off is a debt that is declared non collectable.

Debt shall be written off only when all reasonable attempts at recovery (as contained in this Policy) have been taken.

Recommendation of write off shall be made by the Debtors Officer after discussions with the area responsible for the raising of the debt.

Debtors that have a debt of \$500.00 or less may be written off at the discretion of the Chief Executive Officer.

For all other debts or questionable debts greater than \$500.00 approval from Council is required.

13. Rates and Charges

Council requires payment of rates within 30 days of invoice. Other than those ratepayers with an approved Instalment Plan, outstanding Rates and Charges Debts shall be subject to legal and/or debt collection agency in accordance with the following.

13.1 Payment Terms

Where Rates and Charges are not paid by the due date for payment stated in the rates notice and no Instalment Plan has been agreed, the following shall apply:

- A reminder notice will be issued together with a notation requesting ratepayers to finalise their account in full or alternatively to make acceptable payment arrangements to finalise their overdue rates within fourteen (14) days from the date of the reminder notice.
- Should the ratepayer fail to pay the outstanding balance or contact Council to negotiate an Instalment Plan within fourteen (14) days from the date of the reminder notice, a final letter of demand shall be issued. This letter shall give the ratepayer a further fourteen (14) days from the date of the letter to pay the outstanding balance in full or negotiate an Instalment Plan.
- Should the ratepayer fail to contact Council or enter into an Instalment Plan by the expiry of the fourteen (14) day period, the outstanding rates will be referred to either Council's solicitor or an appropriate debt collection agency for recovery action.

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13.2 Paying of Rates and Charges by Instalments

A ratepayer may choose to pay their rates or charges via an Instalment Plan.

Interest will cease to be charged on rates that are being paid by instalments; once an instalment arrangement has been made on "overdue rates" provided that the ratepayer does not default on the instalment arrangement, the rates then become "not overdue".

The amount of interest applied will be in accordance with Council's Revenue Statement.

To submit an Instalment Plan:

- The ratepayer is to complete the Instalment Plan Form and submit to Council.
- When the Instalment Plan is received the Rates Officer will determine whether the Instalment Plan complies with the terms and conditions contained in this Policy and submit for approval.

Terms to be eligible for an Instalment Plan

- Equal Weekly, Fortnightly or Monthly payments.
- All rates or charges are to be paid in full by the end of the current financial year (including any levies that will be issued in the Instalment Plan period).
- Instalment Plan is approved at the discretion of the Chief Executive Officer.

Default of an Approved Instalment Plan

- If an Instalment Plan payment is not received in the timeframe specified in the Instalment Plan, a reminder letter will be issued allowing seven days for payment to be made.
- If an Instalment Plan payment is received and is not the correct amount as specified in the Instalment Plan, a reminder letter will be issued for the remaining amount, allowing seven days for the payment to be made.
- If the Instalment Plan payment remains unpaid in excess of seven days from the date of the reminder letter, interest will be charged on all outstanding rates.
- When an Instalment Plan payment remains unpaid in excess of 30 days from the date of the reminder letter, the Instalment Plan will be deemed void and legal and/or debt recovery action may be taken for recovery of all outstanding Rates and Charges without further notice.

Prior to initiating legal and/ or debt recovery action against a debtor, authorisation by the Chief Executive Officer shall be obtained.

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13.3 Short Payment of Rates

Any payment to Council where rates are not paid in full, other than an Instalment Plan, will be sent a short payment of rates letter. This letter is a courtesy to let the ratepayer know that their rates are not paid in full.

13.4 Credit Levy

A Credit Levy is a reversal of a Rates Levy Notice, and is used to rectify errors in an already issued Rates Levy Notice.

A Credit Levy can only be processed on a Rate Card should one of the following errors occur:

- A Rates Levy issued in error
- A service charged on a Rates Levy has changed; an authorised Council Officer is to then inspect the property in order to assess the property services
- Rates and Charges do not comply with the Revenue Statement
- In instances where a pensioner concession has not been correctly accounted for
- Valuation adjustment notification received from the Department of Natural Resources, Mines and Energy (DNRM)
- At the discretion of Council.

The Credit Levy that meets the requirements of this Policy can be processed upon authorisation of two authorised staff members. The authorised staff members are the Chief Executive Officer, the Director of Corporate and Community Services and the Corporate Services Team Leader.

13.5 Rates Write Offs

A Rates Write Off can be processed on a Rate Card should one of the following circumstances occur:

- The interest that accrues between an agreed final payment and the due date, provided that payment is received in full prior to due date. An agreed final payment and due date is determined by the Corporate Services Team Leader and approved by the Director of Corporate & Community Services and is generally fourteen (14) days
- Small Debts not exceeding \$5.00 (to be approved by the Corporate Services Team Leader)
- At the discretion of Council.

13.6 Sale of Land for Rate Arrears

Should outstanding rates fail to be paid in full for three years or more, Council is to commence proceedings to sell the property in order to recoup the debt in accordance with Division 3 of the *Local Government Regulation 2012*. Council must follow the procedures set out in the *Local Government Act 2009* and the *Local Government Regulation 2012*.