

Accounts Receivable Debt Collection - Council Policy

Effective Date	<i>4 September 2013</i>
Policy Owner	<i>CFO - Financial Operations</i>
Link to Corporate Plan	<i>Financial Sustainability</i>
Review Date	<i>June 2021</i>
Related Legislation	<ul style="list-style-type: none"> • <i>Qld Local Government Act 2009</i> • <i>Local Government Regulation 2012</i> • <i>Residential Tenancies and Rooming Accommodation Act 2008</i> • <i>Australian Competition and Consumer Commission Debt Collection Guidelines</i> • <i>Information Privacy Act 2009</i>
Related Documents	<i>Western Downs Regional Council - Register of Delegations</i>

Policy Version	Approval Date	Adopted/Approved
<i>1</i>	<i>04/09/2013</i>	<i>Ordinary Meeting of Council</i>
<i>2</i>	<i>23/09/2020</i>	<i>Ordinary Meeting of Council</i>

*This policy may not be current as Council regularly reviews and updates its policies. The latest controlled version can be found in the policies section of Council's intranet or Website. **A hard copy of this electronic document is uncontrolled.***

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1. PURPOSE

The objectives of this policy are to:

- provide transparency by defining the obligations of credit facility holders
- making the processes used to recover overdue accounts, clear, simple to administer and cost effective; and
- provide equity by providing consistent processes to account holders with similar circumstances; and
- adhere to the debt collection guidelines developed by the *Australian Competition and Consumer Commission*; and
- comply with all relevant legislation including, but not limited to, the *Queensland Local Government Act 2009* and *Local Government Regulation 2012* and *Information Privacy Act 2009*.

2. SCOPE

This policy applies to all debts (excluding rates and charges and gas consumption charges) owed to Western Downs Regional Council for the supply of goods and/or services.

3. POLICY

Western Downs Regional Council is committed to the collection of debts owed to Council by customers for the supply of goods and services. This policy applies to, but is not limited to

- Hire of venues, parks, facilities and equipment
- Leases
- Tenancy Agreements
- Development Assessment applications
- Waste Management
- Licences
- Water and Gas installations
- Cemetery
- Private and Commercial Works
- Infringements
- Quarry products
- Road Maintenance Fees
- Other services supplied by the Council
- Other goods supplied by the Council

Council will show due diligence in application of administrative procedures relating to payment arrangements and the selection of various actions for the recovery of overdue debts owed for the supply of goods and services.

Initial Recovery Action

When an account becomes overdue (i.e. a monthly Statement is overdue for at least thirty (30) days) a reminder letter will be issued with the next Statement (i.e. when the debt is at least 60 days overdue), advising that if the account remains unpaid, the account will be referred to Council's approved debt collection agency for further recovery action.

Should the debtor(s) fail to satisfy the outstanding balance as shown on the Statement included with the reminder notice within fourteen (14) days, the account may be passed to Council's debt collection agency for the collection of amounts above the Advanced Recovery Action Threshold.



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Should the debtor(s) still fail to satisfy the outstanding balance as shown on the Statement after a sixty (60) day reminder letter is issued, Council may deny access to Council facilities and services.

Advanced Recovery Action

When the outstanding balance of the account has reached the threshold for Advanced Recovery Action, and initial recovery actions have been completed without success, the account will be referred to Council's approved debt collection agency that shall follow the subsequent processes:

1. A letter will be sent to the debtor on the appointed debt collection agency's letterhead requesting full payment of the overdue account within fourteen (14) days.
2. If no response has been received within fourteen (14) days, another letter will be sent on Solicitor's letterhead requesting full payment of the overdue account within fourteen (14) days.
3. a) Should the debtor fail to respond to either letter, Council will authorise the Debt Collection Agency to commence legal action for recovery of the debt through QCAT for outstanding amounts within the QCAT action recovery threshold; or
b) Should the debtor fail to respond to either letter, Council will authorise the Debt Collection Agency to commence legal action for recovery of the debt through the Magistrates Court for debts above the Magistrates Court action recovery threshold; and
c) Infringements that remain unpaid following the above recovery action in Step 1 and Step 2, may be referred to State Penalties Enforcement Registry (SPER) if required.
4. If the debt remains unpaid following service of the Magistrates Claim, Council will authorise the debt collection agency to apply for Judgement through the Magistrates Court and proceed with further recovery action.
5. Council, may at any time during the above proceedings, cease further supply of goods and/or services until account has been paid in full.

Payment Arrangements

In some circumstances, Council may agree to a payment arrangement where the debt is requested to be paid in instalments.

Applications for payment arrangements shall be in writing on the approved form.

Only delegated officers in accordance with the Delegations Authority approved by Council may agree to recovery of debts by periodic part payment in an agreed timeframe. Payment arrangements will be reviewed on a regular basis to confirm compliance with Council policy.

Payment Arrangements in Default

Where a payment arrangement is in default for a period of greater than twenty-eight (28) days, debt recovery will continue from the point that debt recovery was previously suspended.

A payment arrangement may be reinstated when the arrears of instalments are brought up to date.

A payment arrangement may be renegotiated where the customer has demonstrated substantial compliance with the original arrangement.

If a payment arrangement has defaulted more than once in the past financial year, a direct debit shall be the only payment method acceptable in order to have the agreement reinstated.



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Direct Debits

Applications for Direct Debit shall be in writing on the approved form.

Where there is a balance outstanding and a direct debit dishonours on more than one occasion, the direct debit will be cancelled and written advice issued including the balance outstanding to the debtor advising that recovery action may commence. Direct debit dishonours will be considered on a case by case basis, taking into account the frequency of the dishonour and the circumstances of the dishonour.

Deferment of Recovery Action

Recovery action may be deferred for the following reasons:

- Deceased estates in probate
- Bankruptcy liquidations
- Approved hardship*
- Special circumstances**.

*Approved hardship is determined after written submission and/or interview.

**Special circumstances can be approved for overdue accounts that don't fall into any of the above categories that may benefit from the deferment of recovery action.

Write Offs

Debts that are considered irrecoverable, or where the cost of recovery is not economically viable, shall be written off according to the appropriate delegations.

Bad Debts Register

All debt written off by Council must be recorded in a Bad Debts Register for regular review by Council's Accounts Receivable staff, who will advise other departments within Council to ensure no further credit is provided to debtors on this register.

DEFINITIONS:

QCAT: Queensland Civil and Administrative Tribunal

Debt - amount owed for goods and/or services supplied by Western Downs Regional Council

Outstanding Debt - amount unpaid for at least 30 days for goods and/or services supplied by Western Downs Regional Council

Debtor - a person(s), Company, Trustee, or Commercial Enterprise that owes money for goods and/or services supplied by Western Downs Regional Council

Recovery Action Thresholds:

Initial Recovery Action Threshold – The total debt amount above which initial recovery actions will be triggered - \$5.00



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Advanced Recovery Action Threshold – The total debt amount above which advanced recovery actions will be triggered following unsuccessful completion of initial recovery action - \$20.00. or any amount that remains outstanding for 120 days - whichever is the sooner

QCAT Action Recovery Threshold - The total debt amount which this court action will be triggered following unsuccessful completion of advanced recovery action will be less than \$1,000.00.

Magistrates Court Action Recovery Threshold - The total debt amount above which this court action will be triggered following unsuccessful completion of advanced recovery action - \$999.99.

REVIEW TRIGGER:

List of factors which require the policy to be reviewed eg:-

- Periodic review - (eg annual in line with budget or post-election) etc.
- Change in legislation; corporate plan, planning scheme etc affecting this policy
- Change in community priorities or circumstances relating to this policy.
- Natural Disaster

