

Debt Management Policy

Preamble

Council manages debt for rates and charges as well as a range of fees for works and services provided to ratepayers and customers. This policy sets out how any monies owed to Council arising from these activities will be managed.

Council is committed to the timely recovery of monies owed in order to ensure adequate funding of ongoing services it provides for community benefit, and to fulfil its broader business management and corporate governance responsibilities.

Council has a prime responsibility under the Local Government Act 1989 (the Act) to practice responsible financial management

Policy objectives

The key objectives of the Debt Management Policy are to provide a framework within which procedures for the recovery of outstanding debts can be developed. The framework will ensure timely recovery of fees for Council services, any unpaid rates and charges and will minimise the writing off of bad debt. The policy principles will be carried out in a manner which will ensure a fair, equitable and compliant approach to Council's debt management and collection practices.

Policy statement

The management and recovery of outstanding revenue is an important aspect of Council's financial management function. The principles that will apply in the management of debt are as follows:

- Council will operate an effective and efficient billing process which will include the supply of transaction detail and payment due dates.
- Council will issue appropriate communications to debtors in relation to any overdue debts with the aim of increasing debtor awareness and minimise the amount of outstanding monies that it is owed.
- Debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations by the due date.
- Council can charge interest on any amount of money, which it is owed and which has not been paid by the due date. The interest is to be calculated at the set rate and becomes payable on and from the date which the money became due (or court order

date if required) and continues to be payable until payment or recovery of the money (Sections 172 LGA).

- The interest rate is set by the Attorney-General under section 2 of the Penalty Interest Rates Act 1983 (does not apply to Infringement debt)

The collection of debt will be fair, consistent and effective and will take into account the financial situation of the debtor. Council will provide debtors with assistance should it be required using the following principles:

- If a debtor cannot meet their obligations on the due dates, it is in the interests of the debtor and Council if the debtor contacts Council at the earliest opportunity to make appropriate arrangements to address the debt.
- Council will consider applications from debtors to deviate from the standard payment options by entering into an appropriate payment arrangement.
- Council will consider applications from any debtor who is suffering financial hardship, or would suffer financial hardship if that person paid the full amount for which he or she is liable (see Financial Hardship Policy).
- Council's hardship policy covers rates and charges as well as fees for Council services e.g. home care services for vulnerable and financially disadvantaged people. The policy does not include assistance for debt resulting from planning permit fees.
- Council may defer rates if satisfied that the applicant is a person who is suffering or would suffer financial hardship if that person paid the full amount of the rate or charge for which he or she is liable (section 170 LGA).
- Council may institute proceedings for the recovery of any rates, charges, fees or other money due to Council under any Act, regulation or local law (sections 180 & 232 LGA).
- Council will explain the debtor's rights and obligations in relation to any action that Council might take to recover debt.
- Council will not instigate legal action without the debtor first being advised of such action and associated costs. However, Council will proceed with legal action without further notice where a debtor fails to respond to communications from Council or fails to enter into realistic arrangements to meet required payment obligations
- Council may sell land to recover unpaid rates or charges (section 181 LGA).

Writing off debt

Debts (other than rates and charges) will be written off only when all reasonable attempts at recovery have been taken and where the cost of any further recovery action is uneconomic.

Recommendation for write off will be presented to the Chief Financial Officer following discussion with the department responsible for initiating the debt. Any write off must be authorised as follows:

- Any amount less than \$2,000 – recommended by the relevant Manager;

- Any amount between \$2,000 and less than \$10,000 – recommended by the relevant Executive Manager or General Manager;
- Any amount greater than \$10,000 – recommended by Chief Financial Officer and authorised by the Chief Executive Officer:

References

Local Government Act 1989

Penalty Interest Rates Act 1983

Bass Coast Shire Council’s Financial Hardship Policy

Review process

Every 3 years.

Accountability process

The Chief Financial Officer will provide a quarterly report to Executive on all outstanding debt. A quarterly report will be provided to the Audit Committee outlining any outstanding debt over 150 days and debt written off during the period.

Approval

Adopted by Council at its meeting held on	Date/...../.....
Signed by the Mayor (Name).....	
.....	Date/...../.....

Financial Hardship Policy

Preamble

Bass Coast Shire Council recognises financial hardship can arise with some debtors. Council has established this policy for assessing financial hardship applications that enables debtors who suffer, or would suffer financial hardship if they were to pay the debt, to seek assistance from Council. The policy empowers Council to recover outstanding debt, wherever possible, in a manner that does not create or exacerbate a ratepayer's financial hardship.

Policy objectives

Council will assist financially vulnerable ratepayers experiencing financial hardship by providing options to help them meet their obligation of paying rates.

Policy statement

The management and recovery of outstanding revenue is an important aspect of Council's financial management function. The principles that will apply in the management of this policy are as follows:

- Issue notices detailing amounts owing, due dates and payment methods available.
- Consider applications from ratepayers to deviate from the standard payment options by entering into an appropriate payment arrangement, and consider applications for deferment as provided by the Local Government Act 1989 and this policy.
- The application process will be as unobtrusive as possible for the applicant.
- Council, in applying this policy will ensure that all outstanding rates to them will be recovered.
- Where possible the applicant will be provided with short term assistance to meet their financial commitments.
- Council expects every applicant who has been granted assistance under this policy to make agreed payments on time, and where possible actively seek appropriate financial counselling services to assist themselves further. It is the applicant's responsibility to contact the Specialist Revenue Officer if they cannot adhere to their arrangement.
- Council resources are to be used as efficiently and effectively as possible. If the Specialist Revenue Officer (who is a Financial Counsellor) believes the applicant is not adhering to their hardship arrangement, it will be reviewed and other collection methods invoked.

- Appropriate Council officers are authorised to approve assistance to applicants who meet the eligibility criteria. The property to which the rates or charges relate must be the applicant's principal place of residence and they cannot have an interest in any other real estate property.
- The level of assistance provided is determined by assessing the applicant's capacity to make payments. These could consist of regular or lump sum payments. Due to the broad variance in genuine hardship situations, nil payments may be accepted. ** If the payment of interest exacerbates the problem, a waiver of 50% of the interest charged will be made at the discretion of the appropriate council officer.*
- Council will consider deferring rates for applicants that are not able to deal with the debt at any level due to financial, physical or emotional circumstances. The applicant may be in a situation where they are not able to make any payments at all in the near future (noting this will be a charge against the property). This type of assistance will only be provided in extreme circumstances where the applicant is in a position where making any payment would cause further distress. While interest will continue to accrue on the overdue rates, it will be discounted to half (50%) of the prevailing statutory penalty interest rate. The debt will be a charge against the property and must be repaid in full when the property changes hands by way of sale or other means.

General Information

Applicants will be required to supply sufficient information to support their case for assistance under this Policy. Additional information or time to verify information may be sought before the application proceeds.

If an applicant intentionally provides inaccurate or misleading information, Council can immediately revoke any assistance given and terminate the arrangement. If an applicant wishes to appeal a decision made in relation to their situation, the Chief Financial Officer will consider the appeal and make a determination.

Reference to other documents

Local Government Act 1989

Review process

Every 3 years.

Approval

Adopted by Council at its meeting held on	Date/...../.....
Signed by the Mayor (Name).....	
.....	Date/...../.....