

# 2233 Debt Recovery

## Governance Policy

### PURPOSE

- 1) To establish a policy for the recovery of outstanding rates and charges and accounts receivable.
- 2) Rates and charges levied under the Local Government Act 2009 and the Local Government Regulation 2012 provide a major source of revenue for Council and effective collection processes are vital to ensure viability of Council, whilst giving all due consideration and assistance to ratepayers and debtors who display genuine commitment to clearing their debt.

### SCOPE

- 3) This policy applies to all ratepayers of the North Burnett Regional Council and debts recorded in Council's Accounts Receivable system.

### DEFINITIONS

Term	Definition
<b>Council</b>	Means North Burnett Regional Council (NBRC)
<b>Irrecoverable Sundry Debts</b>	Means a debt that may meet any of the following criteria: <ul style="list-style-type: none"><li>• All reasonable collection action has been taken and was unsuccessful</li><li>• No possibility for collection exists now or in the future</li><li>• The debtor cannot be readily located or served Court documentation</li><li>• Legal proceedings that are statute barred or the debt is legally unenforceable</li><li>• The debtor is an inoperative corporation and without assets, or</li><li>• The debtor is a natural person who is an undischarged bankrupt.</li></ul>
<b>Irrecoverable Rates and Charges</b>	Means a debt on an account where the property description of the land no longer exists and may meet any of the following criteria: <ul style="list-style-type: none"><li>• All reasonable collection action has been taken and was unsuccessful</li><li>• No possibility for collection exists now or in the future</li><li>• The debtor cannot be readily located or served Court documentation</li><li>• Legal proceedings are statute barred or the debt is legally unenforceable</li><li>• The debtor is an inoperative corporation and without assets</li><li>• The debtor is a natural person who is an undischarged bankrupt.</li></ul>
<b>Rates and Charges</b>	As defined in Chapter 4 of <i>Local Government Regulation 2012</i> including differential general rates, minimum general rate levies, separate rates and charges, special rates and charges, utility charges and accrued interest or premium owing on outstanding balances. Infrastructure and remedial works charges can, subject to the appropriate legislation as applicable at the time be considered to be a rate and recovered accordingly.
<b>Sundry Debtor</b>	Means debts owed to Council and recorded in Council's Accounts Receivable systems excluding rates and charges: <ul style="list-style-type: none"><li>• for the supply of goods and services provided on a credit basis, or</li><li>• for charges raised as a result of legislative requirements provided on a credit basis, or</li><li>• for rectification of damage caused to Council infrastructure.</li></ul>

### POLICY

#### OBJECTIVES

- 4) The Council has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash management. When recovering rates and charges and accounts receivable the council will:
  - make the recovery processes clear, simple to administer and cost effective;

- make clear to debtors their payment obligations and the processes used by Council to assist them to meet those obligations;
- consider the capacity of each debtor to pay, while endeavouring to treat debtors consistently; and;
- demonstrate flexibility when necessary in responding to changes in the local economy.

## PRINCIPLES

- 5) The management and recovery of overdue debts is an important aspect of Council's financial management function. The principles that apply to the management and recovery of overdue debts are as follows:
- Effectiveness/Efficiency – meeting the financial, social, economic and environmental, and other corporate objectives stated in the Corporate Plan and other related policies.
  - Equity – ensuring the fair and consistent application of lawful recovery principles, without bias, taking account of all relevant considerations.
  - Simplicity – endeavour to ensure widespread community or stakeholder understanding of the Council's debtor management activities.
  - Sustainability – revenue decisions support the financial strategies for the delivery of infrastructure and services identified in Council's long term planning.

## POLICY STATEMENT

- 6) The policy supports Council's strong commitment to transparency, accountability and adherence to the financial management function.
- 7) Debt collection is a legitimate and necessary business activity, but it is essential that such activity is conducted in a fair and appropriate manner. Council needs to carefully monitor the level of overdue rates and other amounts due to it, and be vigilant in the recovery function, as outstanding amounts can cause disruption to the provision of services and facilities. Rather than letting the level of overdue rates and other amounts escalate over time, it is preferable to constantly and consistently apply a fair, appropriate and vigilant recovery process.

## ROLES AND RESPONSIBILITIES

- 8) The Chief Executive Officer, and/or delegate are responsible for ensuring that this policy is understood and adhered to by all employees involved in the recovery of rates, charges and commercial debtor's arrears.
- 9) Specific roles and responsibilities are defined in the Debt Recovery Procedures.

## APPLICABLE LEGISLATION AND REGULATION

- 10) Applicable legislation and regulation:
- Local Government Act 2009*
  - Local Government Regulation 2012*

## RELATED DOCUMENTS

- 11) Related documents are:
- Revenue Policy
  - Revenue Statement
  - Hardship Concession Policy
  - Pensioner Rates Concession Policy
  - Debt Recovery Procedure

## RESPONSIBLE OFFICER

Chief Executive Officer

**APPROVAL DATE**

30/06/2021

**REVIEW DATE**

30/06/2025

**REVISION HISTORY**

<b>Version</b>	<b>Meeting</b>	<b>Approval Date</b>	<b>History</b>
1	General Meeting	30/06/2021	Revised Policy