



Debt Collection Policy

Policy Classification	Council Policy
First Issued:	21 June 2016
Next Date of Review:	June 2026
Version Number:	7
Applicable Legislation:	<i>Local Government Act 1999</i> <i>Local Government (Financial Management) Regulations 2011</i>
Related Policies or Documents:	Funding Policy Fees & Charges Policy Rating & Rebate Policy
Associated Forms:	Form – Hardship Deferred Rates Payment Form – Exceptional Circumstances Application
Responsible Manager:	Chief Executive Officer Director Corporate Services Finance Department
Approved by Council:	12 March 2024
Minutes Reference:	OM102:2024

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Debt Collection Policy

1. Preamble

- 1.1. Council depends on incomes from rates and sundry debtors to fund services and facilities for the community. From time to time there are circumstances where amounts remain outstanding, and Council need direction on how they collect these monies.

2. Purpose

- 2.1. The purpose of this policy is to minimise the amount of monies owed to Council, assist debtors in financial stress and/or hardship, whilst complying with the Local Government Act (1999) s.180. [The Act]

3. Scope

- 3.1. The objective of this policy is to provide clear direction and a framework that enables Council administration to recover any monies for unpaid rates and sundry debtors to ensure that a fair, equitable and consistent collection of monies is achieved in an effective and timely manner.

4. Definitions

- 4.1. **Administrative Functions** include:

- *Debtor Invoicing* - Issuing and authorisation of Debtor invoices for revenue collection.
- *Writing off Bad Debts and Credit Notes* - Authorisation for administration of writing off bad debts and credit notes for all financial functions, including debtors, creditors, rates etc.
- *Sale and Trade-in of Assets* – The ability to engage in discussions and sell Council Assets in line with Council's Disposal of Assets Policy.

- 4.2. **Approving Officer** means the person who has the financial delegation to approve an Invoice or Credit Note request.

- 4.3. **Authorising Officer** means person who authorised the original invoice request form.

- 4.4. **CEO** means the Chief Executive Officer of the Kangaroo Island Council.

- 4.5. **Council** means the Elected Body.

- 4.6. **Debt Management Agency** means Business/Company engaged by Council to manage outstanding debts.

- 4.7. **Kangaroo Island Council (KIC)** means the administration.

- 4.8. **Financial Hardship** means a circumstance of experiencing a lack of financial means, which may be either on going or temporary, and is supported by either a recognised welfare agency or an accredited financial advisor, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.

4.9. **Financial Stress** means a circumstance of experiencing reduced financial means.

5. Policy Statement

- 5.1. Council will attempt to recover all costs, interest and expenses incurred by Council while recognising the need to identify and consider individual cases including genuine hardship, financial stress and exceptional circumstances.
- 5.2. Council rates become overdue when not paid in accordance with a Rate Notice that is issued pursuant to s180 of the Act. Sundry debtors become overdue when not paid in accordance with the terms on the invoice issued by Council. Council's standard term for sundry debtors is 30 days.
- 5.3. Council will apply fines, interest and penalties for overdue rates and interest to sundry debtors that are overdue, and these would continue to be applied while any recovery actions are taking place.
- 5.4. Council may commence its legal recovery process, through a debt collection agent, on all overdue amounts for rates or sundry debtors. Where Council incurs legal costs, the legal costs are recoverable from the ratepayer or sundry debtor.
- 5.5. Payment plans and flexible payment arrangements will be made available to ratepayers and sundry debtors upon written application to Council. In the event that such an arrangement is made, Council may continue to apply any fines, interest, penalties and legal charge for overdue rates and sundry debtors.
- 5.6. The Council may at its discretion, under delegated authority, remit penalties and related expenses for late payment of rates and sundry debtors, including where genuine hardship, financial stress or exceptional circumstances can be substantiated.
- 5.7. Applications for consideration of discretion, under delegation to remit payments of rates and sundry debtors, must be submitted in writing to Kangaroo Island Council, Chief Executive Officer, and include evidence of financial hardship, financial stress and or details of the exceptional circumstances relevant to the debt.
- 5.8. Writing off unpaid debts will only be considered when all reasonable attempts have been made to recover the outstanding amount.
- 5.9. Any bad or doubtful debts will be monitored and reported to Council on a regular basis.
- 5.10. This policy should be read in conjunction with the Debt Management Procedure currently used by Council administration.
- 5.11. Delegated officers will use their discretion in regard to the implementation of this policy.

6. Procedure

6.1 Generate Invoice

Invoices are generated in line with authorised Debtor Invoice Requests

- Requesting Officer is responsible to complete and have Debtor Invoice Request authorised.
- Debtors Officer is responsible for processing Debtor Invoice Requests and issuing the invoices to Sundry Debtors
- Refer to Generating Debtor Invoice Procedure

6.2 Raise Interest

Interest is raised at the end of each month.

- Council's payment terms are 30 days, from date of invoice generated.
- Interest generated on accounts with an outstanding balance \$50+ and 30+ days outstanding.
- Refer to End of Month Procedure – Raising Interest & Reminder Statements

6.3 Issue Reminder Statements

Reminder statements are printed at the end of each month.

- Reminder Statements are printed on all accounts with an outstanding balance greater than \$20.
- The following notes are added to the Reminder Statements
 - <30 days outstanding – reminder not mailed
 - 30+ days outstanding – 'Urgent' reminder
 - 60+ days outstanding – '7 days to pay' reminder
 - 90+ days outstanding – '7 days to pay' reminder
 - 100+ days outstanding – if no other action has been advised, refer account to Council's Debt Management Agency
- Refer to End of Month Procedure – Raising Interest & Reminder Statements

6.4 Manage Outstanding Accounts

Outstanding accounts to be reviewed monthly.

- Accounts outstanding for 90+ days are to be reviewed monthly and actioned as appropriate.
- Debtors Officer to request direction from the invoice Authorising Officer
- Accounts with interest only <\$50 & 90+ days outstanding are to be written-off (subject to appropriate authorisation)
- If account is 90+ days outstanding and advice has been received to hold/not to refer the Council's Debt Management Agency, monthly reviews are required with further confirmation.

6.5 Referral to Debt Management Agency

Accounts remaining outstanding, are referred to Council's Debt Management Agency for actioning.

- If advised by the Authorising Officer, the Debtors Officer is to refer the outstanding account to Council's Debt Management Agency
- If account is 100+ days outstanding & a response has not been received from the Authorising Officer regarding course of action, outstanding account is to be referred to Council's Debt Management Agency
- Referral form to be completed is located in at [G:\Finance\Policies & Procedures \Finance Operating Procedures Manual\Debtors & Accounts Receivable Manual\6. Debtors Forms\](#)

7. Review and responsibilities

This Debt Collection Policy shall be reviewed by Council and the Audit & Risk Committee every two years.

The Finance Department is responsible for updating and maintaining the Debt Collection Policy to ensure that all references are up to date and consistent.

8. Availability and Grievances

This Policy will be available for inspection at the Council's Offices 43 Dauncey Street, Kingscote during ordinary business hours and via the Council's website: www.kangarooisland.sa.gov.au. Copies will also be provided to the public upon request, and upon payment of a fee in accordance with the Council's Schedule of Fees and Charges.

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer, Kangaroo Island Council, PO Box 121, Kingscote SA 5223

SIGNED:



Chief Executive Officer

History:		
Date Reviewed:	Version:	Reason for Amendment:
21 June 2016	Version 1	Policy Reviewed & Adopted by Council
13 June 2017	Version 2	Annual Policy Review 2017-18 Ref# C189:2017
12 June 2018	Version 3	Annual Policy Review 2018-19 Ref# C176:2018
11 June 2019	Version 4	Annual Policy Review 2019-20
12 May 2020	Version 5	Council Policy Review
10 May 2022	Version 6	Policy Review – minor change to clause 6.3 and 6.5
12 March 2024	Version 7	Addition of exceptional circumstance matters and need to apply in writing. Minute OM102:2024