



**POLICY NAME: DEBTOR MANAGEMENT POLICY**

**POLICY No: 1.12**

## **PURPOSE OF POLICY:**

The purpose of this policy is to provide a consistent and equitable approach for the recovery of outstanding debts to Council.

## **SCOPE:**

The policy outlines the principles that Council officers must consider when collecting monies owed to Council, reviewing the likelihood of collection and providing for doubtful debts and writing off bad debts.

## **1. KEY PRINCIPLES:**

This policy will be applied in accordance with the following principles:

- (1) Transparency by making obligations of debtors clear
- (2) Efficiency and effectiveness by making the process clear, simple to administer and effective
- (3) Capacity to pay being considered when determining appropriate arrangements for different groups within the community
- (4) Equity by treating all debtors consistently and in a fair manner

## **2. POLICY:**

### **2.1 *Payment Terms***

Council's standard payment terms are thirty (30) days from the date the invoice is issued, unless specific regulations apply or an alternative due date is shown on the invoice.

### **2.2 *Collection***

- Invoices are raised and issued with a due date of thirty (30) days from the date of invoice. If the invoice remains outstanding after the due date has passed, a reminder notice will be automatically sent to the customer after seven (7) and fourteen (14) days.
- Statements are issued in the first week of each calendar month.
- If after thirty (30) days of the invoice being overdue, the amount remains outstanding, the debtor will be contacted directly. This may be by phone, either with a call or a text message or email to take payment or organise a suitable payment arrangement.
- If no payment has been received and the debtor has not been in contact after sixty (60) days, a final automated reminder will be issued.
- If payment is still not forthcoming after eighty three (83) days a final demand giving seven (7) days' notice will be issued by phone, either with a call or a text message or email to take payment or organise a suitable payment arrangement.

- Contact should be attempted with the debtor after the final seven-day letter is issued and before submitting the account to the collection agency. Before this contact is made, confirmation with the relevant department that the invoice relates to will occur.
- If a debtor has entered into a satisfactory payment arrangement with Council to clear the overdue debt and has adhered to the arrangement, referral to the collection agency shall not be required.
- The customer will be required to pay all associated costs in relation to the recovery of the debt.
- For any debts owing under \$300, legal action will not occur but the debt lodged with the collection agency for no action.

### **2.3 Payment Arrangements**

Any person, organisation or company who is having difficulty in paying a debt will be encouraged to contact Council's Corporate Services Team and make a payment arrangement to pay off the debt in a reasonable and manageable timeframe.

### **2.4 Debt Recovery**

Unless there is a specific regulation or a payment plan has been agreed, Council has discretion to refer debt that is overdue to a debt collection agency.

Under the *Monetary Penalties Enforcement Act 2005*, infringement debts that are not paid are referred to Monetary Penalties Enforcement Service (MPES). MPES then manage the debt collection process on Council's behalf.

For other types of debts, the Customer Service Team will act on instructions from the relevant department that have created the debt before referring debt to the external debt collection agency to pursue on our behalf.

The debtor will be liable for all legal costs incurred by Council in the debt collection process.

### **2.5 Bad Debts**

- 2.5.1 In accordance with Section 76 of the *Local Government Act 1993*, Council may write off any debts owed to Council.
- 2.5.2 Recommendations for the write off of a bad debt will be made to the Chief Executive Officer following discussion with the Department responsible for raising the debt. The CEO has delegated authority to write off any bad debt to the amount of \$1,000.
- 2.5.3 In all cases before a debt is written off, staff are to ensure that all reasonable attempts have been made to recover the debt and there are no reasonable prospects of recovering the debt.
- 2.5.4 Bad debts over the amount of \$1,000 that are deemed uncollectable will be referred to Council for a decision.

### **2.6 Authority to Write Off Bad Debts**

The Chief Executive Officer is granted authority to write off debts owed to Council up to a total of \$1,000 if;

- There are no prospects of recovering the debt; or
- The cost of recovery is likely to be equal or exceed the amount to be recovered.

All amounts greater than \$1,000 will be referred to Council for authority to write off the debt.

### **2.7 Provision of Doubtful Debt**

To achieve the desired matching of revenue and expenses for an accounting period and to accurately reflect the financial position of Council at year end, a provision for doubtful debts will be established.

The amount will represent 4% of the total sundry debt or an amount equal to the specific debtors considered doubtful, whatever being the greater.

All other rates and charges are charges on the land and are recoverable from the owner or occupier or upon the transfer of ownership of that land. In extreme circumstances the *Local Government Act 1993* grants power of compulsory sale of such land to recover outstanding amounts. As a result, all amounts of uncollected rates and charges are considered collectable.

### **REFERENCES:**

This policy relates to and depends on other Council policies, as well as Tasmanian Government legislation, including:

*Section 76 and 128 (2) of the Local Government Act 1993*

*Monetary Penalties Enforcement Act 2005*

### **ADMINISTRATIVE DETAILS:**

Policy compiled: March 2025  
Adopted by Council: 18/03/2025  
To be reviewed: March 2029  
Responsibility: Director of Corporate Services



### **CHIEF EXECUTIVE OFFICER**

Being the General Manager as appointed by Brighton Council pursuant to Section 61 of the *Local Government Act 1993*