



DEBT RECOVERY POLICY

Type:	Council Policy		
Owner:	Chief Executive Officer		
Responsible Officer:	Manager Finance		
Approval Date:	28/01/2025	Next Review:	22/10/2027
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Legislation Reference:	<i>Local Government Act 2019</i> <i>Local Government (General) Regulations</i> <i>2021 Katherine Town Council By-Laws 1998</i> <i>Traffic Regulations 1999</i> <i>Traffic Act 1987</i> <i>Fines and Penalties (Recovery) Regulations 2001</i>		

1 PURPOSE

The management and recovery of outstanding revenue are critical aspects of the Council's financial operations.

It is imperative for the Council to promptly and efficiently recover owed funds to support operational financing and maintain effective cash flow management.

The objective of this policy is to:

- Ensure a fair, consistent, and accountable approach to the Council's debt management and collection decisions and practices.
- Facilitate the efficient management of Council assets by ensuring the timely collection of outstanding debts.
- Minimise the amount of outstanding debts owed to the Council.

2 SCOPE

This policy applies to elected members, Council employees, contractors, and volunteers associated with Katherine Town Council.

3 DEFINITIONS

Debt: The amount owed to Council by a debtor resulting from transactions such as provision of goods or services, use of facilities, fines, license fees, or other obligations. Payment is expected within the normal terms of trade.

Debtor: An individual, organization, or entity engaging in transactions with Council, resulting in obligations to make future payments. Debtors represent assets to Council, anticipating future cash inflows upon settlement of debts.

Invoice Date: The date on which an invoice is generated in the debtor's system.

Write-off: The accounting process of cancelling a debt deemed uncollectible, thus removing it from Council's balance sheet.

Infringements: Fines issued for violations of regulations or laws that have been enforced.

4 DETAILS

DEBTOR CREDIT CHECKS

Council will conduct a comprehensive credit check to assess the financial stability and creditworthiness of the debtor. The credit check will include but is not limited to the review of credit scores, other supplier referees, payment history, outstanding debt, and any public financial records. Based on the findings, Council reserves the right to establish limits, modify payment terms, or deny the debtor application. Credit checks may be periodically conducted on all debtors to ensure ongoing compliance with our risk management policies. Failure to pass the credit assessment may result in the refusal of credit terms or the imposition of stricter conditions to mitigate potential risks.

DEBTOR RESPONSIBILITIES

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 when required. If a debtor cannot meet their obligations on the due dates, it is in the interests of the debtor and Council for the debtor to contact Council at the earliest opportunity to make appropriate arrangements to address the debt

DEBT MANAGEMENT

The following debt collection procedures will apply to all outstanding debts (including sundry debtors) that are not in dispute and have been overdue for a minimum of thirty (30) days:

1. If payment is not received within thirty (30) days of the invoice date, a statement will be issued to the debtor reminding them of outstanding invoices.
2. If payment is not received within sixty (60) days of the invoice date, where feasible, we will contact the debtor by telephone to request payment. Another statement and a letter of demand will be issued for payment within seven (7) business days. For debtors with Waste Management Facility accounts, service suspension will occur until payment is made in full.
3. If payment is not received within 7-business days of the date indicated in the letter mentioned above, the debtor's details will be forwarded to Council's debt collection agency. The agency will then initiate their debt recovery procedures as per Council instructions.
4. If payment is not received within 7-business days of the date listed on the debt collection agency's letter of demand, one (1) final demand letter will be sent to the debtor requesting payment within 7 business days. This letter will also notify the debtor that Council may issue an Intention Letter to take legal action if payment is not received within this timeframe.
5. If payment is not received within the 7-business day period specified in the Intention Letter to take legal action, Council employees will collaborate with the relevant debt collection agency to determine further actions. These actions will be decided on a case-by-case basis, considering section Dispute of Debt in accordance with this Policy.
6. The Chief Executive Officer retains discretion to adjust steps 1 through 6, within delegated limits.

PAYMENT ARRANGEMENTS

Council may enter payment arrangements with any sundry debtor. Those arrangements are made on an individual basis depending on the situation and payment history of a sundry debtor.

PROVISIONS FOR DOUBTFUL DEBTS

Where the recovery of debt is unlikely prior to completing all steps listed in the debt management clause (i.e. where the debtor is bankrupt or in liquidation), a provision shall be made in line with the Australian Accounting Standards (AASB1032).

DEBT MANAGEMENT INFRINGEMENTS

Infringements related to Traffic Regulations under the Australian Road Rules and Katherine Town Council By-Laws have specific payment deadlines before a courtesy letter is issued, followed by additional grace periods before escalation to the Fines Recovery Unit.

1. **Parking Violations (Traffic Regulations – Australian Road Rules):** Offenders have fourteen (14) days from the notice date to pay the fine. If payment is not received, a courtesy letter (reminder) will be issued, adding an administration fee to the base fine as per the *Fines and Penalties (Recovery) Regulations 2001*. The offender then has an additional 28 days to pay in full. Failure to pay within this period will result in the fine being forwarded to the Fines Recovery Unit.
2. **Traffic Violations (Traffic Regulations – Australian Road Rules):** Offenders have fourteen (14) days from the notice date to pay the fine. If payment is not received, a courtesy letter (reminder) will be issued, adding an administration fee to the base fine as per the *Fines and Penalties (Recovery) Regulations 2001*. The offender then has an additional twenty-eight (28) days to pay in full. Failure to pay within this period will result in the fine being forwarded to the Fines Recovery Unit.
3. **Katherine Town Council By-Laws:** For infringements under Council By-Laws, offenders have twenty eight (28) days from the notice date to pay the fine. If payment is not received, a courtesy letter (reminder) will be issued, adding an administration fee to the base fine as per the *Fines and Penalties (Recovery) Regulations 2001*. The offender then has an additional 28 days to pay in full. Failure to pay within this period will result in the fine being forwarded to the Fines Recovery Unit.

Note: Once a fine has been forwarded to the Fines Recovery Unit, offenders must contact them directly to resolve the matter.

DISPUTE OF DEBT

If a debt is in dispute, the debtor may lodge a written complaint. The complaint will be forwarded to the Chief Executive Officer for resolution.

If a rate debt is in dispute, the debtor must submit a complaint in writing, either by letter or email. The complaint will also be forwarded to the Chief Executive Officer for resolution.

WRITE OFF

Debts will be written off only after exhausting all reasonable efforts to recover them, or when it is determined that further recovery attempts would be impractical or cost prohibitive.

All write-offs will be reported to the Council, detailing the amount, invoice description, and the reason for the write-off.

5 ASSOCIATED POLICIES/DOCUMENTS

Katherine Town Council Instrument of Delegation

6 REFERENCES AND RELATED LEGISLATION

Local Government Act 2019

Local Government (General) Regulations 2021

Katherine Town Council By-Laws 1998

Traffic regulations 1999

Traffic Act 1987

Fines and Penalties (Recovery) Regulations 2001

Revision History

Version	Approval date	Details of change	Responsible officer
1	27/04/2016	Created	CEO
2	22/10/2024	Reviewed, outdated legislation and processes	Manager Finance
3	28/11/2024	Removal of fine dollar amount and reference the Fines and Penalties (Recovery) Regulations 2001 that defines the revenue units.	Manager Corporate Administration