

# Debt Management Policy

<b>Approval Body:</b>	Council
<b>Endorsement Date:</b>	1 September 2020
<b>Current Version:</b>	<p>1.0</p> <p><i>Policy documents change from time to time and it is recommended that you consult the electronic reference copy on the Intranet to ensure that you have the current version.</i></p> <p>This Policy consolidates and replaces the Debtor Write Off Policy (17 October 2017) and the Debt Recovery Policy (4 June 2018).</p>
<b>Compulsory Review Cycle:</b>	3 years
<b>Review Date:</b>	<p>31 August 2023</p> <p>It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively.</p> <p>Examples include a change to the name of a Council department, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of ELT.</p>
<b>Responsible Department:</b>	Finance and Rates
<b>Relevant Legislation:</b>	<ul style="list-style-type: none"> <li>• <i>Australian Consumer Law and Fair Trading Act 2012 (Vic)</i></li> <li>• <i>Australian Securities and Investments Commission Act 2001 (Cth)</i></li> <li>• <i>Bankruptcy Act 1966 (Cth)</i></li> <li>• <i>Competition and Consumer Act 2010 (Cth)</i></li> <li>• <i>Local Government Act 1989 (Vic)</i></li> </ul>
<b>Relevant Council Documents:</b>	<p>Code of Conduct for Employees</p> <p>Complaint Handling Framework</p> <p>Privacy Policy</p> <p>Revenue and Rating Strategy</p> <p>Rate Payment and Financial Hardship Policy</p> <p>City of Casey Annual Budget and Strategic Resource Plan (Including the Schedule of Fees &amp; Charges)</p>
<b>ECM ID:</b>	14160578

## 1. Purpose and Intent

The purpose of Council's Debt Management Policy is to ensure and support both ethical and best practice debt recovery undertaken by both Council's officers and its contracted agents. The Policy clarify the circumstances for the writing off of unrecoverable or bad debts owed to Council for services provided to or received by the debtor.

## 2. Scope

This policy applies charges that relate to fees, permits and user charges for services and the use of facilities that Council has provided to residents and members of the community. Fees and charges are considered and approved annually by Council in the budget development process. Fees and charges can be levied after the provision of the service, consistent with industry practice, where Council issues a debtor invoice to be issued.

Infringements and fines are out of scope. Charges against a property ie: rates and waste charges are out of scope. Refer to the Revenue and Rating Strategy and Rate Payment and Financial Hardship Policy.

## 3. Definitions

Key term	Definition
<b>ACCC</b>	Australian Competition and Consumer Commission
<b>ASIC</b>	Australian Securities and Investments Commission
<b>Council</b>	Casey City Council, being a body corporate constituted as a municipal Council under the <i>Local Government Act 1989</i>
<b>Councillors</b>	Individuals holding the office of a member of Casey City Council
<b>Council officer</b>	Chief Executive Officer and staff of Council appointed by the Chief Executive Officer
<b>Communicate</b>	A communication via telephone, mobile telephone, fax, email, letter, in writing via text message or online technology such as social media and in person
<b>Complaint</b>	A general term concerning issues of Council Officer or agent conduct and/or Council's general debt recovery processes
<b>Debt</b>	An amount of money owed, including an alleged debt
<b>Debtor</b>	A natural person (which includes a company or corporation) obligated or allegedly obligated to pay a debt
<b>Model Creditor</b>	A creditor which is and is able to demonstrate full compliance with all legislative requirements surrounding its debt recovery practices
<b>Third Party</b>	Any person or entity other than Council and the debtor, but does not include a debtor's legal representative, trustee, or other authorised representative. Nor does it include a related entity of Council

## 4. Policy

Council's Debt Management Policy ensures Council operates as a model creditor and in compliance with all relevant legislative requirements and the Australian Competition and Consumer Commission Debt Collection Guidelines.

Council is committed to the aims and objectives of the Australian Competition and Consumer Commission Debt Collection Guidelines<sup>1</sup> and the *Competition and Consumer Act 2010* (Cth).

Council recognises and values transparency, consistency and fairness in its administrative and operational practices and supports the delivery of processes that ensure best practice debt collection and its role as a model creditor.

The Debt Management Policy provides the framework for the implementation of operational guidelines which ensure effective operational processes are in place to support effective debt collection practices, including for those customers experiencing financial hardship.

### 4.1. Objectives

The objectives of the Debt Management Policy are:

1. To ensure Council's debt recovery practices comply with all relevant legislation and the ACCC Debt Collection Guidelines
2. To provide a supportive client focus to those managing debt owed to Council
3. To provide consistency and transparency to Council's approach to debt recovery
4. To ensure Council is reasonable, fair and utilises best practice in its approach to debt recovery
5. To illustrate Council's commitment to showing respect and operating with upmost integrity in all aspects of debt recovery
6. To ensure Council is timely, responsive and delivers on its Customer Service Commitments in responding to all feedback received on its debt recovery practices.

### 4.2. Policy Principles and Application

Council will apply the following fundamental principles in facilitating the appropriate establishment and management of its debt collection practices, including the conduct of officers and contracted agents in giving effect to this Policy.

**a) Provision of Information and Payment Terms**

Council will promptly provide targeted and consistent information, payment terms and advice for the type of service being charged

**b) Payment Options**

Where practicable, Council will provide consistent payment options across its full range of services

**c) Accessible Information**

All information made available by Council will be readily accessible, including from its website and customer service centres

**d) Financial Hardship**

Council will actively recognise and assist those experiencing financial hardship, and provide appropriate assistance

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<sup>1</sup> <https://www.accc.gov.au/accc-book/printer-friendly/30173>

**e) Payment Assistance**

Eligible customers will be offered appropriate payment assistance in managing their debt owed to Council, such as payment plans, extensions to due dates and referrals to financial counsellors

**f) Clear and Transparent Follow Up of Non-Payment**

Council will be clear, fair, transparent and consistent in its approach to formal processes for the follow up of non-payment

**g) Debt Dispute Resolution**

A clear and transparent dispute resolution process will be made available to those disputing any debt or charge owed to Council

**h) Formal Debt Collection and Legal Action**

Council will be firm but fair in applying best practice legal methods for the recovery of debt, including exhausting all reasonable avenues to prevent matters from proceeding to Court or other formal action

**i) Consistent Application and Interpretation**

Council will consistently apply and interpret the Debt Recovery Policy across all services that manage debt

**j) Debt Recovery Experience Feedback**

Opportunities to improve services as a result of feedback received from customers will be maximised and Council will respond appropriately and promptly in support of its Customer Service Commitments to any feedback received.

Council issues invoices for user charges and fees for services. Council's standard payment terms is 30 days. After the expiry of Council's payment terms, there are steps that Council can take to recover any outstanding monies that are owed from debtors. This can include reminder notices, other verbal or written communication and negotiation of payment arrangements, but can also escalate to include refusal of further services and referral of the debt to a specialist debt collector.

**4.3. Debtor Write-Off Arrangements**

Council acknowledges there are situations where recovering a debt is very difficult and it may be uneconomic to pursue further action. In these situations, it may be more cost effective for Council to write off the debts, rather than pursuing further action.

At the discretion of a Council officer with delegated authority, Council will write off a debt in the following circumstances:

- a) The debtor has left the address given and cannot be traced
- b) The amount is too small for legal action to be taken, or is not economically viable to pursue further
- c) The debtor is deceased and the amount is uncollectable
- d) The debtor has become bankrupt
- e) Recommendation of the debt collector that the amount is not collectable
- f) The debt is subject to a decision of a legal judgement or court order
- g) Difficult circumstances as assessed by the relevant community service officers for debts that relate to community services provided by Council.

#### 4.4. Annual Reporting to Council on Write-Offs

The Chief Financial Officer is to provide a summary of write-offs to Council at least annually, including steps taken to recover debts, and the rationale for writing-off the debts.

#### 4.5. Roles and Responsibilities

It is the responsibility of the Chief Financial Officer in consultation with the relevant Managers to maintain the Policy and to establish internal guidelines for the management of debt collection practices covered by this Policy. It is the responsibility of Departmental Managers to investigate and respond to disputes concerning the existence, amount or nature of the debt owed to Council within respective service areas.

Determination on applications to write-off debtor balances will be subject to approval by:

- Team leaders of amounts less than \$2,500.
- Chief Financial Officer for amounts of \$2,500 or greater.

### 5. Review

The next review of this document is scheduled for completion by 31 August 2023.

### 6. Breaches

Complaints or allegations concerning a breach of the ACCC Debt Collection requirements or the *Competition and Consumer Act 2010* (Cth) will be investigated by Council's Manager Governance. The Manager Governance will then be responsible for internally reviewing the matter and make a determination as to whether further action is warranted and inform the response to the complainant.

Breaches of this policy may result in action being taken in accordance with Council's Disciplinary Code and may result in termination of employment.

### 7. Document History

Date approved	Change Type	Version	Next Review Date
1 September 2020	Document initiation.	1.0	August 2023