



Rural City of
Wangaratta

DEBT COLLECTION & FINANCIAL HARDSHIP POLICY

Responsible Officer: Manager Finance	Adoption Date:	March 2019
	Approved By:	CEO
Authorising Officer: Director Corporate Services	Review Date:	March 2022
	Policy Type	Corporate Policy

INTRODUCTION

The purpose of this policy is to provide for a consistent framework for Council to manage the collection of general fees and charges. Refer to Financial Hardship Policy Rates for the policy which relates to rates and charges and/or interest charges on outstanding rates and charges.

CONTEXT

Council generates significant income from fees and charges (excluding rates). It is appropriate to have a Policy in place to ensure an equitable approach to managing the associated debt.

SCOPE

This policy applies to all staff who are involved in the collection of Council's income and user fees. This Policy does not apply to the collection of rates and charges (refer to Financial Hardship Policy Rates).

PURPOSE

The purpose of this policy is to:

1. Ensure the collection of debts is undertaken fairly, impartially, consistently, efficiently and effectively and in accordance with good governance;
2. Encourage any person, organisation or company having difficulty paying an outstanding debt to contact Council and make arrangements for a payment plan to pay the debt in a reasonable and manageable timeframe; and
3. Provide a mechanism for Council to waive or defer, in whole or part, an outstanding debt.

COLLECTION

When collecting outstanding debts, general debtor accounts must be followed according to the below timelines (other than food/health registration renewals, infringement notices and Home and Community Care (HACC) clients see Special Collection Arrangements below).

0 days invoice is due for payment.

30 days follow up invoice is due for payment.

40 days demand letter advising debt may be referred to debt collection agency

54 days refer to debt collection agency

If a debtor cannot meet their obligations by the due date, it is the responsibility of the debtor to contact Council at the earlier opportunity to make appropriate arrangements to address the debt.

If the debts are past 70 days of the due date, the Manager Finance, in conjunction with the appropriate Service Manager, can temporarily cease the provision of relevant Council Services. Discontinuation of service may not apply in some instances where Council is required to continue to supply services regardless of outstanding debts. Approval from the relevant Director is required to continue provision of services.

Interest and legal costs will be charged on overdue general debtor accounts that are referred to Council's debt collection agency.

SPECIAL COLLECTION ARRANGEMENTS

Food and health registration renewals

All food and health registration renewals, regardless of their value, must be followed up according to the below timelines.

0 days invoice is due for payment.

25 days The applicable Council late fee is added to the account.

30 days An urgent action notice is sent for trading illegally, as attachment to follow-up invoice.

51 days refer to debt collection agency.

The Building, Planning & Compliance Manager must be advised of all food and health registration debts referred to the debt collection agency.

Infringement notices

The collection of infringements is governed by the Infringements Act 2006 and is managed by Council's Community Compliance team. An infringement penalty must be paid within the period specified on the infringement notice.

Payment plans are available for customers experiencing financial hardship.

Applicants are required to fill out the appropriate form and must pay a minimum of 10% of the total infringement/s per week. This amount may be reduced, at the

relevant Manager's discretion, if the applicant is the holder of a current concession or health care card.

Home and Community Care clients

The collection of HACC fees is determined with reference to the Victorian HACC fees policy.

Refer to

www2.health.vic.gov.au/about/publications/policiesandguidelines/hacc_fees_policy

DEFERRAL OF AN OUTSTANDING DEBT

Debtors under this policy experiencing financial hardship may apply to the Manager Finance to have their debt deferred for a period not longer than 3 months. The following conditions would apply to requests for deferral:

1. If the outstanding debt is greater than \$500, the application must be supported by a report from an appropriately qualified social worker or financial counsellor verifying that financial hardship conditions exist and the debtor must enter into an alternative arrangement with Council to pay the debt and meet the terms of such an arrangement; or
2. If the outstanding debt is less than \$500, the debtor must enter into an alternative arrangement with Council to pay the debt and meet the terms of such an arrangement.

If deferment is approved the following will occur:

1. The debtor will be flagged as having a deferral arrangement;
2. Council services will continue to be provided to the debtor;
3. New charges will be accrued on the debtors account; and
4. No debt recovery action will be taken while the terms for payment are met.

Deferment will be withdrawn if the debtor has defaulted in meeting the agreed terms for payment of the debt or the debtor has provided false or misleading information in support of the application for relief.

If an application for deferral is refused, the debtor may seek a review of the decision by the Director Corporate Services.

If an application for deferral is approved, the Property & Revenue Coordinator will implement and monitor the agreed plan.

WAIVING AN OUTSTANDING DEBT

In exceptional circumstances, the power to write off outstanding debts can currently be determined by the following roles:

1. Director Corporate Services
2. Director Community Wellbeing
3. Director Development Services

RESPONSIBILITIES

Applications received / responded to: Manager Finance
Appeals referred to: Director Corporate Services

Database maintenance: Property & Revenue Coordinator

REPORTING

A quarterly report will be produced for the Corporate Management Team detailing all outstanding debtors. The report will include details of any special circumstances or arrangements.

REFERENCES

Local Government Act 1989

Infringements Act 2006

Victorian Home and Community Care Fees Policy (2006)

CEO to Staff Sub-delegations, as updated from time to time

Council's fees and charges schedule, as updated from time to time

REVIEW

Any change or update which materially impacts and alters this policy must be by CEO approval following review by the Corporate Management Team. This policy will be reviewed every three years, or earlier if there has been a material change to any relevant law