



WARRNAMBOOL
CITY COUNCIL

Debt Management Policy

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1. INTRODUCTION

1.1. Purpose

The purpose of this policy is to provide for sound credit management and the recovery of debt in a timely manner.

Council will exercise its debt recovery powers in order to maximise the outcomes for the Warrnambool community. It will be guided by the principles of:

- transparency by making clear the obligations of debtors and the processes used by Council in assisting it to meet its obligations;
- efficiency and effectiveness by making the processes used to recover outstanding debts clear, simple to administer and effective. Such processes will also support overall Council policies and the various undertakings run by the Council;
- capacity to pay in determining appropriate arrangements for different groups within the community, along with recognising various levels of vulnerability of these groups and;
- equity by treating all debtors consistently and in a fair manner.

1.2. Scope

This policy applies to all service units and Council employees authorised with the responsibility of providing credit, invoicing and collecting debt including rate and non-rate fees and charges.

The Council's debt consists of two major categories, being:

- Rate Debtors, which are the responsibility of the Coordinator Revenue Services and can only be raised by this unit; and
- Non-Rate Debtors, of which the Manager Financial Services oversees and can be raised by Service Managers, Managers or Directors in their relevant roles

The Council is a single entity, and as such any debt that accrues to any branch or division of the Council remains a debt of the Council entity.

This Policy applies to all Council services and Council employees authorised with the responsibility of providing credit, invoicing and recovery of outstanding debt as follows:

Rate Debtors

- General rates
- Differential rates
- Special rates and charges
- Municipal charge
- Waste charges
- Interest and miscellaneous charges
- Fire services levy

Non-Rate Debtors

- Early Years Learning & Development
 - Centre based childcare fees
 - Family day Care fees
 - Kindergarten fees

- Active Ageing & Inclusion
 - Archie Graham room hire fees
 - Hydro pool fees
 - Planned Activity Group fees

- HACC Services
 - Meals on Wheels
 - Respite fees
 - Planned Activity Group fees
 - Home Care and Personal Care fees
 - Home Maintenance Fees

- Recreation & Culture
 - Aquazone Fees and charges
 - Gymnastic fees
 - Out of School Hours Care fees
 - Stadium Hire fees
 - Lighthouse Theatre fees
 - Art Gallery fees
 - Sports ground fees and charges

- Tourism Services
 - Foreshore Caravan Park fees
 - Flagstaff Hill fees
 - City Strategy & Development fees

- Building Services
 - Statutory Certificate Charges

- Health & Local Laws
 - Dog and Cat Registrations
 - Infringements – Animal Local Laws and Parking Fines
 - Food and Health Regulations
 - Footpath Trading Permits (Local Laws)
 - Community Housing Rents

- Other
 - Planning Fees
 - Rental Charges
 - Saleyards Fees
 - Sundry Debtor Fees and Charges
 - Any other fee or charge raised via an invoice

1.4. Definitions

Term	Definition
Accounts Receivable	All terms refer to an amount owed to Council
Credit Account	
Debt	
Service	Includes goods supplied or delivered, provision of services, admission, sale of items, hire of facilities or items - supply of information and any other matter giving rise to a fee or charge being made by Council.
Debtor	Any person, corporation, business or other entity owing money to Council
Provision for Doubtful Debts	An estimate of the amount of debt raised that is unlikely to be collected.
Council employee	An officer or staff member Is a person employed by Warrnambool City Council, including the Chief Executive, Directors, Managers and any person engaged as a short term employee or a contractor undertaking duties on behalf of Council.

1.5. References

Acts	<ul style="list-style-type: none"> • Local Government Act 1989 • Local Government Act 2020 • Penalty Interest Act 1983
Standards or Guidance Materials	<ul style="list-style-type: none"> • Australian Accounting Standards
Related Policies/Procedures	<ul style="list-style-type: none"> • Annual Budget (including Fees & Charges, Rating Strategy) • Councillors Code of Conduct • Staff Code of Conduct • Fraud Prevention & Control Policy • Debt Management Procedures • Cash Collection and Handling Procedures • Records Management Policy • Complaints Handling Policy • Instrument of Delegation
Strategic Risks	<ul style="list-style-type: none"> • Strategic risk 440 – Councils Financial Sustainability. This policy provides controls to help mitigate the risks associated with the ongoing financial sustainability by ensuring appropriate controls are in place for the collection of debt.

2. POLICY

2.1. Policy Statement

The granting of credit and recovery of debts outstanding must be controlled from the timely raising and issuing of invoices through to the subsequent monitoring and collection of such debt.

Council is committed to operating effective, transparent, fair billing and debt collection processes, with timely and accurate reporting.

Council debt is to be managed in accordance with this policy and where applicable the Council's defined debt management procedures.

3. FINANCIAL HARDSHIP

3.1. Definition

Financial hardship is a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary. Some common causes of financial hardship are, but not limited to; loss of employment, family violence or breakdown, illness of the debtor or family member or death.

If you are facing financial difficulty on a personal level, you may wish to obtain advice from a community financial counsellor. You can talk to a financial counsellor from anywhere in Australia by calling 1800 007 007 (Monday to Friday, 9.30 am – 4.30 pm). This number will automatically switch through to the service in the State or Territory closest to you, or you can visit the National Debt Helpline at www.ndh.org.au.

Under sections 170 and 171A of the Local Government Act, the Victorian Parliament has given councils the authority to:

- defer payment of rates and charges due to hardship (s170); and
- waive rates and charges and interest due to financial hardship (s171A).

Council has developed the Financial Hardship provision for the purpose of defining Council's interpretation and application of sections 170 and 171A of the Local Government Act.

The Financial Hardship provision is also applicable to non-rate debtors.

3.2. Financial Hardship Principles

The principles of Council's hardship framework are:

Early identification. Successful hardship programs have good identification and communication strategies;

- Accessibility to information about hardship programs, including proactive material on council websites and rates notices;
- A range of forms of assistance should be available;
- The form of hardship assistance provided should match the level of financial difficulty;
- Council should encourage ratepayers to utilise financial counselling, legal and other supports; and
- Legal action to recover debt should be a last resort.

3.3. Application Process

The following process applies for financial hardship applications;

- Debtor must utilise the financial hardship form online or discuss with City Assist for a written form to be made available.
- The completed form is to be submitted online, sent to the Coordinator Revenue Services or City Assist.

3.4. Assessment Process

The following items will be considered by the Coordinator Revenue Services when assessing a financial hardship application:

- Debtors contact history with Council or collection agency (if applicable);
- Debtors payment history;
- Severity of financial hardship i.e. is it temporary financial stress or financial hardship and
- Independent financial counsellor's written report (if applicable).

3.5. Hardship Relief

Relief to a debtor experiencing hardship may include legal action recovery being suspended, interest being placed on hold, an interest waiver or a rates payment deferral.

3.6. Debtor Responsibilities

If financial hardship is approved by Council, the debtor must enter into a payment arrangement where an amount is paid on a regular basis to clear all outstanding debt within a reasonable timeframe.

If the payment arrangement (as above) is not maintained, financial hardship status will be reversed, and the appropriate recovery action will recommence.

3.7. Waiver of Rates and Charges and Legal Fees

Council does not allow the waiver of rates or charges except in exceptional circumstances. This is to ensure that financial hardship assistance offered to one group of ratepayers does not adversely impact other ratepayers. Any waiver of rates or charges must be approved by the Chief Executive Officer.

Council does not allow the waiver of legal fees incurred in relation to the collection of rates or charges except in exceptional circumstances. This is due to Council already incurring these costs and to waive these fees would adversely impact other ratepayers. Any waiver of legal fees incurred in relation to the collection of rates or charges must be approved by the Chief Executive Officer.

3.8. Waiver of Rates and Charges Interest

The waiver of interest will only be granted on the following grounds:

- Ratepayers may have interest waived in the event of an administrative issue, error or omission which caused or significantly contributed to the failure to pay rates in a timely manner.
- Ratepayers may have interest or part thereof waived subject to the financial hardship assessment by the Coordinator Revenue Services with the oversight of the Manager Financial Services.
- Council direction if a significant event (i.e. a pandemic) is impacting large numbers of ratepayers across the municipality.

3.9. Rates Payment Deferral

Rates payment deferral occurs where Council agrees to a ratepayer not making rates payments.

Rates and other charges (including penalty interest if applicable) continue to be charged against the property but collection is not enforced.

Rates and charges will be deferred until such time as the ratepayer's circumstances improve or the property is sold or transferred to another owner,

4. RECORDS MANAGEMENT

Council is committed to adhering to all relevant Australian Accounting Standards, the Records Management Act and Council's own Records Management Policy in regard to all supporting documents being maintained accordingly.

5. GOVERNANCE

5.1. Owner

Council is responsible for approving the Debt Management Policy.

5.2. Review

The Manager Financial Services is responsible for ensuring the policy is reviewed for any necessary amendments no later than three years after its formulation, or after the last review.

5.3. Compliance Responsibility

This policy document applies to all staff of the Council and must be adhered to accordingly.

5.4. Charter of Human Rights Compliance

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights Act (2007).

Warrnambool City Council is committed to consultation and cooperation between management and employees. The Council will formally involve elected employee health and safety representatives in any workplace change that may affect the health and safety of any of its employees.