

# Debt Recovery Policy



District Council  
of Coober Pedy

<b>Policy No.</b> TBA	<b>Version No:</b> 1	<b>Date of Current Version:</b>
<b>Resolution Number:</b>		<b>Council or CEO Policy:</b> CEO
<b>Last Reviewed:</b> N/A		<b>Next Review Date:</b> March 2024
<b>Policy Type:</b> Finance		
<b>Related Legislation and Regulations:</b> <ul style="list-style-type: none"><li>• <i>Local Government Act 1999</i></li><li>• <i>District Council of Coober Pedy's Electricity Retail and Distribution Licence, issued by the Essential Services Commission of South Australia (ESCOSA)</i></li><li>• <i>District Council of Coober Pedy's Water Industry Retail Licence, issued by the Essential Services Commission of South Australia (ESCOSA)</i></li><li>• <i>Water Industry Retail Code for Minor and Intermediate Retailers, developed by ESCOSA</i></li></ul>		
<b>Related Policies:</b> <ul style="list-style-type: none"><li>• <i>District Council of Coober Pedy's Electricity and Water Hardship Policy for Residential Customers</i></li><li>• <i>District Council of Coober Pedy's Writing off Bad Debts Policy</i></li><li>• <i>District Council of Coober Pedy's Financial Hardship (Rates) policy</i></li></ul>		
<b>Related Procedures:</b> N/A		
<b>Approved by:</b> <i>David Kelly</i> <small>David Kelly (Feb 15, 2023 17:44 GMT+10.5)</small>		
<b>Chief Executive Officer</b>		

## 1. PURPOSE

The purpose of this policy is to ensure a fair, equitable and consistent approach to Council's debt management and collection processes. Council will ensure confidentiality is upheld through all processes to protect privacy of the debtors. Council will attempt to recover all costs, interest and expenses incurred by Council while recognising the need to identify and consider individual cases of genuine hardship.

## 2. DEFINITIONS

TERM	DEFINITION
Active Account	An account where electricity and / or water are supplied to a property and the customer has not advised Council that they no longer require the service.
Council	District Council of Coober Pedy.
Debt	Any amount owed by the customer / ratepayer as a result of a transaction with Council.
Electricity License	District Council of Coober Pedy's Electricity Retail and Distribution License, granted by Essential Services Commission of South Australia (ESCOSA).
Financial Hardship	Circumstances of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.
Non-Active Account	An account where a customer no longer receives an electricity or water supply.
Payment Plan	An arrangement between Council and the customer to pay any amount due to the Council according to an agreed repayment schedule.
Rates Overdue	The unpaid balance of a Council rate instalment after the due date of the instalment (as stated on the notice) has passed. Also 'rate in arrears'.
Urgent Payment Letter	Letter sent to a customer when no response or payment has been received after an overdue notice has been sent. Payment is requested within 5 business days.
Water Code	The Water Retail Code administered by ESCOSA for minor and intermediate retailers and is the principal consumer protection document setting out the behavioural standards and minimum requirements to be complied with by minor and intermediate retailers when dealing with their customers.
Water License	District Council of Coober Pedy's Water Industry Retail License, granted by Essential Services Commission of South Australia (ESCOSA).

### 3. LEGISLATION AND REFERENCES

These include, but are not limited to:

- Local Government Act 1999 sets out legislative requirements for Councils to follow.
- District Council of Coober Pedy's Electricity Retail and Distribution Licence, issued by the Essential Services Commission of South Australia (ESCOSA), sets out the requirements for District Council of Coober Pedy to follow regarding electricity supply.
- District Council of Coober Pedy's Water Industry Retail Licence, issued by the Essential Services Commission of South Australia (ESCOSA), sets out the requirements for District Council of Coober Pedy to follow regarding provision of water services.
- Water Industry Retail Code for Minor and Intermediate Retailers, developed by ESCOSA, sets out the requirements for District Council of Coober Pedy to follow regarding water supply.

### 4. POLICY

#### 4.1. Recovery of Debts

##### 4.1.1. Rates and Charges

Rates instalment notices are issued between 30 and 60 days before the instalment due date in accordance with Section 181 of the Local Government Act 1999. Rates instalment notices include the billing of General rates, Regional Landscape Levy, and Service charges for Water access and Effluent (sewerage) access.

The following debt collection practices will be applied to rates in arrears without any payment plan in place:

1. Where the rates fall overdue after a quarterly rates instalment due date, an overdue letter is sent to the principal ratepayer requesting payment within 10 days or to contact Council to enter into a payment plan.
2. After the overdue letter has been sent, and no payment has been received, a final notice will be sent requesting payment within 5 days.
3. Where no response is received and rates in arrears is the equivalent of two quarterly rates instalments, the outstanding debt will be forwarded to Council's debt recovery agency for further action.
4. Where no response is received, and rates in arrears is greater than the past three years' rates, Council will start proceeding with Section 184 of the Local Government Act 1999 the sale of property. The process of selling property for unpaid rates will be completed by Council's revenue team and debt collection agency lawyers.

##### 4.1.2. Electricity Billing

Electricity debt recovery policy has been prepared in accordance with Council's Electricity License.

###### 4.1.2.1. Active Accounts

Electricity supply accounts are issued on a quarterly basis and customers have 15 business days to pay.

The following debt recovery processes will be applied to electricity supply accounts without a payment plan in place:

1. Where an Electricity account falls overdue, an Overdue notice is sent, with the amount showing as a balance brought forward with a further 5 business days from the date of the notice to pay such amount.
2. Where no response or payment is received and the amount outstanding is greater than one billing period, an Urgent payment letter will be issued to the customer with a further 5 business days to pay.

3. Where no response is received from the customer after receiving an Urgent payment and the amount outstanding is greater than one billing period, Council will make every effort to contact the customer.
4. Council will endeavour to contact the customer via the telephone number supplied to Council prior to issuing a Disconnection of electricity at the property. Disconnections will occur within 5 business days (No disconnections are to be arranged on a Friday or any day prior to a public holiday).
5. Where no response is received from the customer, regarding the Disconnection notice and the amount outstanding is greater than one billing period, Council will attempt to contact the customer again prior to disconnecting electricity supply.

At any stage of the debt recovery processes, Council will suspend the debt recovery process and supply will be restored if any of the following occur:

- the account is paid in full;
- a payment plan is made to pay current consumption and arrears; or
- a customer is referred to a financial counsellor for hardship reasons

If electricity has been disconnected, supply will be restored in accordance with timelines pursuant to Council's licenses.

Where no response is received from the customer within 14 days of disconnecting the electricity, security deposits (if any) will be allocated to electricity accounts. Refunds (if any) will be paid via bank transfer. In cases where there is still an outstanding balance to pay, the process for Non-active accounts will be followed.

#### **4.1.2.2. Non-Active Accounts**

Where a Final account has been processed, security deposits have been returned to electricity accounts and there is still a balance outstanding, the following debt collection practice will be applied to Non-active electricity in arrears without a payment plan in place:

1. Where the electricity account falls overdue after the final account due date (12 business days), an Overdue letter is issued to customers requesting payment within 7 days or to contact Council to enter into an approved payment plan. The letter will state that failure to make a payment in full or to enter into an approved payment plan may result in the commencement of debt recovery processes.
2. Where no response is received, and electricity account with debts greater than a set amount set by Council remain outstanding, the account will be forwarded to Council's debt collection agency.

#### **4.1.3. Water Billing**

Water debt recovery policy has been prepared in accordance with Council's Water Code.

Water supply accounts are issued on a quarterly basis and customers have 15 business days to pay.

The following debt recovery processes will be applied to water supply accounts without a payment plan in place:

6. Where a Water account falls overdue, an Overdue notice is sent, with the amount showing as a balance brought forward with a further 5 business days from the date of the notice to pay such amount.
7. Where no response is received and the amount outstanding is greater than one billing period, an Urgent payment letter will be issued to the customer with a further 5 business days to pay.
8. Where no response is received from the customer after receiving an Urgent payment and the amount outstanding is greater than one billing period, Council will make every effort to contact the customer.
9. Where no response is received, and water account with debts greater than a set amount set by Council remain outstanding, the outstanding debt will be forwarded to Council's debt recovery agency for further action.

At any stage, Council may suspend the debt recovery processes, if any of the following occur:

- the account is paid in full;
- a payment plan is made to pay current consumption and arrears; or
- a customer is referred to a financial counsellor for hardship reasons

Council reserves its rights to follow the same debt recovery process as electricity to restrict water accounts where the owner is also the occupier of the property.

#### **4.1.4. Sundry Debtors**

Sundry Debtors invoices are issued with 14 days payment terms, unless stated otherwise.

The following debt collection practices will be applied to outstanding Sundry debtor invoices (greater than 30 days) without any payment plan in place or recovery process not covered under any Council legal document (contract, lease, license):

1. Where a Sundry Debtor invoice falls overdue, a statement will be issued listing all outstanding invoices with a further 14 days to pay.
2. Where no response is received, telephone contact and/or an Overdue letter is issued to the customer requesting payment within 14 days, or to contact Council to enter into an approved payment plan. The letter will state that failure to make payment in full or to enter into an approved payment plan will result in refusal of services and the commencement of legal action.
3. Where no response is received, and the Sundry debtor invoice remains outstanding all outstanding debts greater than \$300 will be forwarded to Council's debt collection agency for further action.

#### **4.2. Agreements for Payment Plans**

Council acknowledges that in certain cases, customer / ratepayers may genuinely be experiencing a period of financial hardship and as a result may have difficulty in paying their rates instalment, electricity, water, and sundry debtor invoices when they fall due. In such cases, Council encourages customers and / or ratepayers to enter into a payment plan for amounts outstanding or upcoming charges in accordance with Council's Hardship Policy.

It is the customer's responsibility to ensure that payments are made on time in accordance with an approved payment plan. A reminder notice will not be issued for an unpaid instalment, and debt recovery action may resume without further correspondence.

#### **4.3. Fines and Interest**

Late payment penalties in the form of monthly interest and quarterly fines will be applied to overdue rates, in accordance with Section 181.8 of the Local Government Act 1999.

Council does not apply penalty fees to late payments on electricity and water accounts or Sundry debtor invoices.

#### **4.4. Writing off Bad Debts**

Debts will be written off in accordance with Section 143 of the Local Government Act 1999 and Council's Writing off Bad Debts Policy. Council's Writing off Bad Debts Policy delegates to the Chief Executive Officer the power under Section 143 of the Local Government Act to write off bad debts for any amount less than \$10,000.

### **5. POLICY MATTERS**

#### **1. Staff Training**

Council staff will undertake hardship and cultural awareness training. Training will be targeted at customer service and finance staff and management.

## **2. Review**

This policy will be reviewed every two years, or sooner if the license conditions are altered.

## **3. Availability**

This Policy can be found on the District Council of Coober Pedy website at:  
<https://www.cooberpedy.sa.gov.au/council-information/council-documents/policies>