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DEBT MANAGEMENT AND HARDSHIP

Strategic Outcome:	Sustainable natural and built landscapes	
Policy type	Statutory	
Date of Adoption:	20 March 2024	Minute Number: 064/24
Date for Review:	15 March 2028	
Responsible Officer:	Director Corporate Services	
Document Control:	Replaces the Debt Management and Hardship Policy adopted on 17 April 2019 and the Commercial Credit Policy adopted 19 February 2014	
Delivery Program Link:	2.2.2.3 Coordinate Council Investments, financial management, financial operations and processing.	

1. POLICY STATEMENT

To deliver its services, Council needs to collect funds owing to it in an efficient and effective manner. This includes prudent credit management and a fair and consistent debt collection process.

While all in the community are expected to pay their fair share, Council recognises some ratepayers and debtors suffer genuine financial hardship and will require assistance at times.

2. PURPOSE

This policy provides guidance and direction for Council officials when:

- providing credit to debtors,
- collecting outstanding debt, including rate and charges and
- making arrangements for debtors in genuine financial hardship.

The policy aims to ensure Council provides equitable treatment for all members of the community and maintains legislative compliance.

3. SCOPE

This policy applies to all debts and claims owed to Berrigan Shire Council.



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4. OBJECTIVE

This policy is developed to assist the Council with the Delivery Program Objective:

2.2.2.3 Coordinate Council Investments, financial management, financial operations and processing.

5. DEFINITIONS

Commercial credit: Credit extended by Council to a person in which the money, property, or service, which is the subject of the transaction, is primarily for business purposes.

Rates and charges: Those charges levied annually on a property, including General Rates (based on unimproved value of land), Water Access, Sewer Access, Pedestal (if applicable), On Site Sewer Maintenance (if applicable), Waste Services and Stormwater Management Service.

Rate instalment: The portion of the annual rates and charges due and payable on a quarterly basis, at the end of August, November, February and May respectively.

6. POLICY IMPLEMENTATION

6.1 Principles

When considering all debt management and hardship matters under this policy, Council will:

- treat all people fairly and consistently,
- consider all matters with complete confidentiality and
- treat people with respect and compassion in considering their circumstances.

6.2 Commercial credit

The Council has no obligation to offer credit to its customers or clients. The provision of credit is a privilege and not a right.

As a general rule, the Council will not offer credit to customers/clients of its services and facilities. Payment should be made either in advance or at the point of sale.

However, there are some limited circumstances where the Council will provide credit facilities.

6.2.1 When credit may be offered

Council may offer credit in circumstances where:



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- requiring cash in advance is impractical for the Council or the customer,
- business operations for the Council are streamlined and/or
- excessive cash-handling at remote sites, or by employees working alone, can be avoided.

6.2.2 Application and approval

Commercial credit will only be offered after application. Approval may only be granted by the Chief Executive Officer or their delegate.

Council will develop procedures to manage the application and approval process and to determine what credit terms are offered.

Council can withdraw commercial credit at its absolute discretion.

6.2.3 Exemptions

The following charges and/or services are exempt from this policy. Credit and/or access to these services may still be restricted based on other Council policies and procedures.

- Ordinary rates
- Utility charges (Water access, Sewer, Domestic Waste Management, Garbage Collection, Stormwater)
- Water consumption charges
- Contributions for infrastructure per s217 of the *Roads Act 1993* (“Half-cost” schemes)
- Burial charges
- Expenses for uniforms, private use of vehicles, travel incidentals etc. charged to staff
- Developer charges
- Services provided to volunteer committees of the Council

6.3 **Collection**

All debt recovery action is carried out in line with provisions of the *Local Government Act 1993* and Office of Local Government Debt Management Guidelines 2018.

Council will develop debt recovery procedures consistent with these documents.

6.3.1 Rates and charges

Council understands some ratepayers and debtors, for a variety of reasons, may fall behind in payment of their Rate Instalments.

In these circumstances, Council prefers to make arrangements with ratepayers by either arrangement between:



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- Council and the ratepayer to have outstanding balances paid up to date as soon as practicable, or
- a debt recovery specialist and the ratepayer to have outstanding balances paid up to date as soon as practicable.

6.3.2 Other debts

Debts other than rates and charges, will be payable to the Council from time to time. This may include payments to the Council in its regulatory role as well as payments to the Council for services provided on commercial terms.

Debt of this nature may be written off by Council staff in line with delegated authority if it is not commercially viable to collect.

Debts incurred for contributions to road, footpath and kerb and gutter works as per the *Roads Act 1993* – i.e., Half-cost schemes – will be managed in line with the Council's adopted Contributory Footpath and Kerb and Gutter Schemes Policy

6.3.3 Arrangements

At any stage in the debt collection process, the Council actively encourage ratepayers with outstanding balances to enter into payment arrangements.

On entering a payment agreement, Council and the ratepayer will agree a fair and reasonable amount which will pay outstanding monies owed in a timely manner.

Each arrangement will be individually tailored making allowances for ongoing living expenses and the ratepayer's personal circumstances.

Arrangements are contingent on the ratepayer communicating with Council and acting in good faith to meet the terms of the arrangement. If the Council does not consider the terms of the arrangement are being followed, the arrangement will be terminated, and the standard debt recovery process will continue.

6.3.4 Hardship

There are two types of financial hardship: ongoing and temporary. Depending on the type of hardship being experienced, individuals will have different needs which will require an amount of flexibility to reach a solution.

Consideration will be given cases of hardship only on the following grounds:

1. death/terminal illness,
2. temporary illness / serious accidents,



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3. financial hardship,
4. unemployment,
5. natural disasters, and/or
6. valuation changes.

Ratepayers seeking assistance for financial hardship must formally apply with sufficient financial information to allow the Council to determine the application on merit.

Council will develop a set of procedures to assess and manage applications for hardship. These procedures will be made publicly available.

6.3.5 Reporting

The Chief Executive Officer or delegate will maintain a register of all hardship applications received by Council, including their outcome.

The Chief Executive Officer or delegate will report to Council quarterly on hardship application, including any shortfall in Council income resulting from any agreements.

7. RELATED LEGISLATION, POLICIES AND STRATEGIES

7.1 Legislation

- *Local Government Act 1993*
- *Privacy and Personal Information Protection Act 1998*
- *Local Government (General) Regulation 2021*
- Office of Local Government – Debt Management Guidelines 2018

7.2 Council policies and guidelines

- Code of Conduct
- Berrigan Shire Council Financial Strategy (2021)
- Berrigan Shire Council Privacy Management Plan
- Governance Policy
- Revenue Policy
- Contributory Footpath and Kerb and Gutter Schemes Policy

8. RECORDS MANAGEMENT

All Records must be kept in accordance with Council's Records Management Policy (currently under development) and destroyed as per the General Retention and Disposal Authority: Local Government Records (GA39).



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9. REVIEW AND EVALUATION

This policy (procedure) will be evaluated and reviewed at least once every four (4) years as per Council's Governance Policy (currently under development) or as required.

10. DOCUMENT AVAILABILITY

A number of legislative instruments require Councils to have the policy available for inspection at Council's principal office (i.e. Policies made under Part 3, of the Local Government Act 1993). Each document should therefore state the ways in which the policy is available including any relevant fees and charges for access to such policy. An example of the required statement is provided below:

This policy will be available for inspection at Council's principal office during ordinary business hours as per the requirements of section 18 (c) of the *Government Information (Public Access) Act 2009* and section 167 of the *Local Government Act 1993*.

Access to the policy in digital format is free and is available on Council's website <https://www.berriganshire.nsw.gov.au/>

Printed copies of the document are available at Council's principal office (address noted below) and are subject to Council's Fees and Charges.

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11. VERSION CONTROL

Version Number	Date	Summary	Responsible Officer
1.0	17/04/2019	New Policy document	Director Corporate Services
2.0	20/03/20244	Incorporation of Commercial Credit, removal of procedural detail	Director Corporate Services

APPENDICES