

# Mallala Primary School

28 Owen Road, Mallala SA 5502  
Phone 08 8527 2240  
Fax 08 8527 2028

## Debt Collection Policy

### The Purpose

1. The following debt policy provides guidance to the School Management for the recovery of all debts due to the Governing Council.
2. The debts due to the Governing Council can be classified under two categories:
  - Material and Services Charges legislation and Administrative Instructions and Guidelines
  - Other Charges (specifically extra curricular charges)
3. This policy is to be read and applied subject to any DECD administrative and legal requirements.

### Liability for Debt – Material and Services Charges

1. Section 106A part (6) determines the liability of the material and services charge as follows:
  - a) If the student is not an adult, the parents of the student are jointly and severally liable for the charge;
  - b) If the student is an adult –
    - i) In the case of a student who is dependant of his or her parents – the student and the parents are jointly and severally liable for the charge.
    - ii) In any other case – the student is liable for the charge.
2. A student can only be charged for the Material and Services Charges once per calendar year.
3. Approved School Card holders are relieved from paying Material and Services Charges.

### Liability for Debt – Other Charges

1. Extra-curricular charges are legally recoverable if an agreement or commitment to pay has been entered into. The extra curricular charges must be confined to specific activities and consumable items that are not considered necessary for curricular activities that form part of the core activities in which students are required to participate. Therefore these charges are not part of the Material and Services Charges.
2. Approved School Card holders who have entered into an agreement with the school for these extra-curricular charges can also be legally pursued.

### Invoicing

1. Persons liable for debts due to the Governing Council must have been provided with a compliant tax invoice from EDSAS finance.

## **Instalment Plans**

1. The Principal and the debtor must negotiate and sign a formal instalment agreement. The agreement must detail the amount and due date for each instalment.
2. If the debtor defaults on an instalment payment, and fails to notify the school prior to this payment of any financial difficulty the school without further notice may cancel this agreement and legally pursue the debt.

## **Amount Recoverable – Material and Services Charges**

1. The legislation for Materials and Services Charges allows schools to recover a 'standard sum' of \$219 for primary students for 2014

The standard sum is indexed each year by the June quarter of the City of Adelaide CPI. A circular is distributed annually by DECD with the calculated legally enforceable 'standard sum' amounts for the following year.

2. In addition the legislation states that, on application by the School Council the Chief Executive can approve an amount greater than the 'standard sum'. This amount is known as the 'prescribed sum'.
3. In order for approval to be given by the Chief Executive, the School Council must demonstrate that they have undertaken a poll of parents affected by the increase, and that a majority of the respondents agreed to the 'prescribed sum'.
4. The 'prescribed sum' does not apply to approved School Card holders. The gap between the School Card Grant and the prescribed sum is considered voluntary and cannot be legally pursued.
5. The school must have complied with the Materials and Services Charges legislation and Administrative Instructions and Guidelines.

## **Amount Recoverable – Other Charges**

3. The amount that has been agreed is the legally recoverable amount. The school must have a copy of the agreement as signed by the debtor.

## **Recovery Action – Material and Services Charges**

1. The Finance Officer is required to ensure that all invoices outstanding are accurately recorded and maintained within the Accounts Receivable module of EDSAS finance.
2. The Finance Officer must document all steps undertaken by the school to recover the debt. This includes recording the dates that invoices and statements were distributed, and/or phone calls and letters that have been sent to debtors.
3. For all outstanding debts a statement must be issued to all persons liable for the Charge prior to end of term 1. A reasonable period of time must be given between the first and final statement.
4. For all outstanding debts a final statement (stamped final notice) must be issued to all persons liable for the charge. This statement must state "further action will be taken if this account remains outstanding after a period of no less than 14 days."
5. The Material and Services Administrative Instructions and Guidelines allow schools to undertake legal action at the beginning of Term 2. This also applies to default instalment agreements.

6. The Governing Council must discuss the various debt recovery options. (Further information is available on each option in the Material and Services Charges Administrative Instructions and Guidelines)
  - Option 1:Pursue the debt through the minor claims court
  - Option 2:Engage the services of an independent debt collector.
  - Option 3:Central Debt Collection
7. The Governing Council must approve the school undertaking legal action, based on the options above. The approval to pursue the debt must be minuted in the Governing Council minutes. The anonymity of the families involved must be preserved at all times.
8. The costs incurred in pursuing the outstanding Material and Services Charges cannot be passed onto the debtor.

### **Recovery Action – Other Charges**

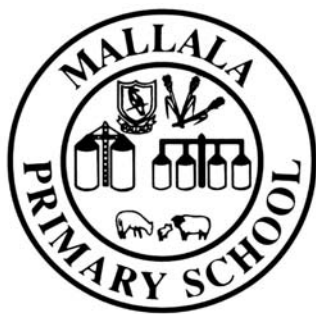
1. The debtor must be given appropriate notification and time to pay the outstanding charge. The debtor must receive as a minimum a final statement, which states that this is the final notice and that further action will be taken.
2. The costs incurred in pursuing these outstanding charges can be passed to the debtor, unlike the Material and Services Charges.

### **Waive or reduce the Material and Services Charge**

1. The Principal can waive or reduce the Charge, where they believe the debtor is experiencing financial hardship.
2. The waiving or reduction of the Charge is to be dealt with confidentially between the debtor and the Principal.

### **Writing Off Debts**

1. A debt may be written off by resolution of the Governing Council on the recommendation of the Principal or delegate.
2. A recommendation to write off a debt can be made when all reasonable avenues to recover the debt have been exhausted, and where it is not cost effective to pursue the debt through legal action.



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### Debt Recovery Procedures

#### **General**

1. These Procedures provide guidance to the school management for the recovery of all outstanding monies due to the Governing Council. Most of these debts will be for the Compulsory Materials & Services charge.
2. These Procedures are to be read and applied subject to DECD administrative requirements.
3. The Compulsory Materials & Services Charge may consist of two components.
  - a. The enforceable Materials & Services Charge, as defined in Education Regulations.
  - b. An additional amount charged by the Governing Council, to help meet the school's budgeted expenditure for the year concerned.

These components are clearly identified on the Schedule of School Charges attached to the Materials & Services charge Invoices.

4. Information relating to individual instances of unpaid Materials & Services charge is to be treated as confidential and is not to be disclosed to any person without the authority of the Principal.

#### **Invoicing**

1. Monies owed to the Governing Council are to be invoiced as soon as they are incurred.
2. Invoices are to contain the following minimum data:
  - a. name, address, telephone and fax numbers of the school
  - b. the date of the invoice
  - c. name and postal address of the debtor
  - d. the date on which the debt was incurred
  - e. particulars of the transaction or the facts giving rise to the debt
  - f. the total amount of the debt including GST if applicable

#### **Invoicing and Debt Recovery Action Plan**

Every opportunity will be given to the debtor to make arrangements for payment of the debt.

The debtor will be offered **three options**.

**Option 1:** Compulsory Materials and Services Charge may be paid in full.

**Option 2:** Compulsory Materials and Services Charge may be paid by instalment plan.

**Option 3:** School Card Scheme or part paid with Abstudy payments.

All parents/caregivers wishing to use the instalment scheme will be asked to sign a commitment to that effect. If the commitment is not signed the school will automatically expect the Charge to be paid in full. Should parents/caregivers fail to meet these commitments, or fail to contact the school re non-payment, the Governing Council will start the necessary steps to retrieve the outstanding Compulsory Materials and Services Charges.

<b>Time for Action</b>	<b>Description</b>	<b>Time for Compliance</b>
Week 3 of Term 1	Invoice posted to all families	By the end of term 1.
Week 1 of Term 2	Statements to be sent to all families requesting payment with friendly reminder stamp.	30 days
Week 7 of Term 2	Letter No. 1 (see attached) Overdue Compulsory M&S Charges	30 days
Week 2 of Term 3	Letter No. 2 (see attached) Final Notice with copy of highlighted current Act	30 days
Week 8 of Term 3	Governing Council approve debtors to be placed in the hands of the DECD Central Debt Collection Agency.	
Week 9 of Term 3	Debtors will be placed in the hands of the DECD Central Debt Collection Agency.	
Week 3 of Term 4	Governing Council approves bad debts to be written off.	



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## Sample Letter No. 1

20/10/14

Dear

### ***Re: Overdue Compulsory Materials & Services Charge***

Payment of your account for Compulsory Materials & Services Charge was due on

The School's operating budget is based on the assumption that the Compulsory Material and Services Fees will be paid by parents/caregivers within the time limit stated on the invoice. The non-payment of your fees puts the school's finances under very real strain and adds to the pressure for the fees to be increased in future years. As you know, the Compulsory Materials and Services Charge is used to provide our students with, classroom materials and consumables. Unless parents and carers contribute their fair share, on time, our students' education will undoubtedly suffer.

The Regulations under the Education Act provide schools with the legal power to enforce payment of Compulsory Materials and Services Charge.

These procedures are in line with the policies of the Department for Education and Child Development and have been endorsed by the whole school community through the Mallala Primary School Finance Committee and the Governing Council.

Your account is now overdue, please pay within 30 days of the date of this letter.

Yours sincerely

**Alec Tibbitts**

Principal

On behalf of the Governing Council



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## AGREEMENT TO PAY OVERDUE DEBT BY INSTALMENTS

I/We \_\_\_\_\_ agree that I/we am/are indebted to School Governing Council Incorporated ("the school") for the sum of \$ \_\_\_\_\_ and that I/we will pay this sum in accordance with the following terms:

1. I/we will pay an instalment of \$ \_\_\_\_\_ every [week/fortnight/month].
2. The first instalment must be in the hands of the Principal no later than 4:00 p.m. [date].
3. Every following instalment must be in the hands of the Principal no later than 4:00 p.m. on [every Monday/every second Monday/the 1<sup>st</sup> day of every month] until the full amount of the debt is paid.
4. Should two instalments not be paid on time, the Governing Council may, without any further notice, cancel this agreement and undertake legal proceedings to recover the sum outstanding.
5. I/we agree to notify the school immediately if I/we change my/our address or telephone number. I/we understand that, if I/we do not notify the school of such a change, the school may, without any further notice cancel this agreement and commence legal action for recovery of the amount outstanding.
6. This agreement will only be operative if a signed copy of it is in the hands of the Principal before the date stated in Paragraph 2 above.

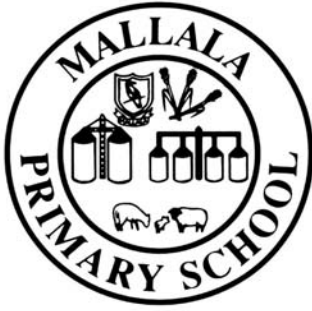
Name: \_\_\_\_\_ (Parent/Caregiver)

Signed: \_\_\_\_\_ Date \_\_/\_\_/\_\_

Name: \_\_\_\_\_ (Parent/Caregiver)

Signed: \_\_\_\_\_ Date \_\_/\_\_/\_\_

Signed and agreed by Principal \_\_\_\_\_ Date: \_\_/\_\_/\_\_



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20/10/14

[Name}  
[Address Line 1]  
[Address Line 2]  
[SUBURB] SA [Post Code]

## FINAL NOTICE

### RE: OUTSTANDING MATERIALS AND SERVICES CHARGES

Dear [Name]

I write in relation to your child's [Year] Materials and Services Charges which were required to be paid by [Insert Date]. To date our records show that this charge remains outstanding.

The Governing Council therefore wish to advise that if payment or arrangements to pay are not made within the next 30 days that the Council intends to commence further debt recovery action. All debt recovery action will be in accordance with Section 106A of the Education Act which allows Governing Councils to legally recover outstanding Materials and Services Charges.

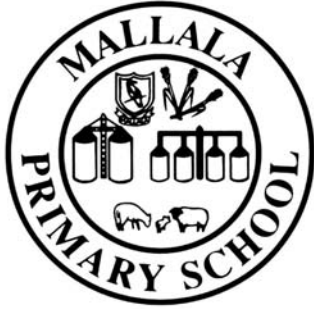
If you believe that you may be entitled to School Card assistance, a completed application form must be lodged with the school within 30 days to cease any further action.

If you have any questions in relation to the above matter please contact [school's nominated contact person with position title] on [phone number] as soon as possible.

Yours sincerely,

**Alec Tibbitts**  
Principal





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## Bad Debt Procedures

An outstanding balance will be declared a Bad Debt when all reasonable avenues, taking into account the financial position of the debtor, have been pursued but the debt remains outstanding.

The total of Bad Debts will be presented to the Governing Council for approval, giving only details of number and total of debts to be written off. Following approval of Bad Debts to be written off, the Chairperson will sign a statement to that effect and the Finance Officer will write off the debts in the EDSAS system as per DECD requirements



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## Bad Debts for Approval by Governing Council

The following \_\_\_\_\_ Bad Debts, totalling \$ \_\_\_\_\_ have been approved to be written off.

Approval granted at meeting of Mallala Primary School Governing held on \_\_\_\_\_.

Signed \_\_\_\_\_

Chairperson  
Mallala Primary School Governing Council

20/10/14