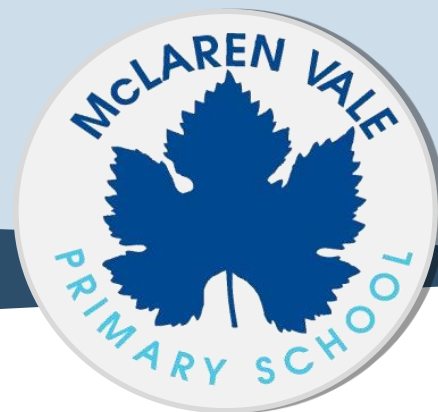


# DEBT COLLECTION POLICY



## PURPOSE:

1. The 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 charge instruction
  - Other Charges (specifically extra-curricular charges).
3. This policy is to be read and applied subject to the Department for Education's (DfE) invoicing and managing unpaid debts instruction for schools and preschools.

## LIABILITY FOR DEBT – MATERIAL AND SERVICES CHARGES:

Section 129 of the Education and Children's Services Act 2019 allows schools, in consultation with the governing council, to set, collect and recover a materials and services charge.

Liability for the charge is determined as follows:

- if the student is not an adult, then the student's parents are jointly and severally liable
- if the student is an adult and a dependant of their parents, the student and the parents are jointly and severally liable
- if the student is an adult and not a dependant, then the student is liable for the charge.

An adult is someone who is 18 years old or older.

The parents are jointly and severally liable only when both parents have been given a compliant tax invoice.

If the parents are separated and the enrolment form is signed by both parents, the materials and services charge invoice must be in the name of both parents (with both parents' names on the single invoice), and the invoice must be sent to both parents. If, however, the enrolment form is signed by only one parent, the invoice can only be in the name of that parent, and only that parent is liable.

Approved school card holders are exempt from paying their or their child's materials and services charge for the approved year.

Students who are not Australian citizens or Australian permanent residents can enrol in government schools, however the type of visa held by the student will determine how the school charges the materials and services charge.

## LEGALLY PURSUABLE CHARGES:

The legislation allows governing councils to legally pursue the materials and services charge, unless the student has been approved for School Card.

Other charges are also legally recoverable, if a parent, caregiver or independent student has entered into a written agreement or commitment to pay.

## INVOICING:

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

## INSTALMENT PLANS:

The principal must provide the option of payment by instalments. To do this:

- instalment arrangements must be in writing, and must be negotiated between the individual parents, caregivers or independent students and the principal. This negotiation and arrangements must consider the specific circumstances of the family, including any financial hardship.
- instalment conditions, for example the final payment date, cannot be changed without agreement from the individual parent, caregiver or independent student.

# DEBT COLLECTION POLICY



## AMOUNT RECOVERABLE – MATERIAL AND SERVICES CHARGES:

The prescribed amount is the amount set out in Regulation 81 of the *Education and Children's Services Regulations* that schools can charge as a compulsory component of their materials and services charge without the requirement to poll the school community. The prescribed amount is advised by DfE each year.

Approval of the materials and services charge is dependent on whether the proposed charge is less than or equal to the prescribed amount, or more than the prescribed amount.

Where the proposed charge is less than or equal to the prescribed amount the Principal can proceed with seeking the governing council's approval of the charge by providing a copy of the watermarked notice to all persons who are responsible for the charge, along with an invitation to attend the governing council meeting where the charge is to be discussed prior to final approval being sought at that governing council meeting. The notice and invitation must be sent at least two weeks prior to the meeting. A poll is not required.

If the proposed charge is greater than the prescribed amount the Principal must choose whether they wish for the proposed charge in total to be compulsory and therefore recoverable, or for the difference between the proposed materials and services charge and the prescribed amount to be voluntary.

If it is proposed that the materials and services charge is to be compulsory and therefore recoverable, all parents, caregivers and independent students (including school card holders) must be given an opportunity to participate in a poll about the proposed charge. The poll is held as per the instructions in the Material and Services charge instruction.

If the school's materials and service charge is above the prescribed amount there will be a gap. This gap is not legally recoverable from the parent, caregiver or independent student. The school can ask the parents, caregivers or independent students to make a voluntary payment to cover the gap.

The school must have complied with the Materials and services charge instruction.

## AMOUNT RECOVERABLE – OTHER CHARGES:

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.

## RECOVERING UNPAID MATERIAL AND SERVICES CHARGES:

School card holders or those with a school card application pending cannot be pursued for unpaid materials and services charges.

To begin the recovery of unpaid materials and services charges, the following steps must be taken:

1. Ensure the charge was correctly created and invoiced.
2. Ensure that invoices have been sent to all liable parents, caregivers and independent students before the end of term 1.
3. At the beginning of term 2, a final notice letter, with the statement of account, must be sent to the parents, caregivers and independent students informing them that further action will be taken if the account is not paid within the next 30 days.
4. If the account remains unpaid, the governing council must approve the recovery or legal action before it begins. The approval must be minuted but the family or families must remain anonymous at all times.

Once the above steps have been completed, the following options are available:

- waive or reduce the materials and services charge
- engage an independent debt collector
- pursue the debt through the Magistrates Court
- engage central debt collection.

# DEBT COLLECTION POLICY



## RECOVERY ACTION – OTHER CHARGES:

To begin the recovery of unpaid charges, the following steps must be taken:

1. Ensure the charge was correctly created and invoiced.
2. Check that the debt is legally recoverable before following up in a formal or legal manner.
3. 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.

## WAIVE OR REDUCE THE MATERIAL AND SERVICES CHARGE

Section 129 (6) of the Education and Children's Services Act 2019 allows a principal to waive or reduce a materials and services charge.

All debts waived must be recorded in a register with the following details:

- the debtor's name
- the amount waived
- details of the transaction and claim related to the debt
- the reason the debt is to be waived
- any recovery action
- the principal's approval to waive the debt.

## WRITING OFF DEBTS:

While a principal may approve waiving or reducing the materials and services charge, only the governing council can approve the write off of outstanding debts. The approval must be minuted.

To gain approval for the write off of bad debts:

- the recommendation for write off must come from the principal
- confidentiality must be maintained
- the governing council must know about the debt collection steps undertaken to date and the age, quantity and value of the debts recommended for write off. The governing council under no circumstances can know the name of the debtors.

Last updated June 2023