

# DEBT COLLECTION

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## 1. OBJECTIVE

The purpose of this policy is to provide guidance to Council in determining efficient, effective and economical procedures for debt collection.

This is achieved through manageable and efficient control over overdue accounts by closely monitoring aged accounts in an attempt to reduce the likely occurrence of unrecoverable debts and to ensure consistency for all debt collection activities.

## 2. PRINCIPLES

Council will exercise its debt recovery powers in order to reduce the overall debt burden on ratepayers. It will be guided by the principles of:

- Providing the Shire of Roebourne with a more effective method over the collection of outstanding debtors;
- Ensuring that debt collection procedures are carried out in a fair and equitable manner;
- Making the processes used to recover outstanding debt clear, simple to administer and cost effective;
- Transparency by making clear the obligations of its ratepayers and sundry debtors to the processes used by Council in assisting them to meet their financial obligations;
- Equity by having regard to providing the same treatment for ratepayers and sundry debtors with similar circumstances;
- Flexibility by responding where necessary to changes in the local economy;
- Ensuring the Shire of Roebourne is compliant with all regulatory obligations;
- Promoting effective governance and definition of roles and responsibilities;
- Upholding respect from the public and industry for the Shire of Roebourne's collection practices that withstand probity.

### 2.1 Recovery of Sundry Debtor Accounts

The Shire of Roebourne's credit terms are as stated on the issued tax invoice. The recovery of outstanding sundry debtor accounts will be collected in a fair and timely manner.

~~Accounts 40 days in arrears after the initial invoice~~

- Where payment is not received within forty (40) days from the date of the initial invoice, a Final Notice shall be issued requesting full payment within seven (7) days unless the debtor has agreed to enter into a special repayment arrangement.

~~Accounts 60 days or more in arrears after the initial invoice~~

- Where amounts remain outstanding sixty (60) days from the date of the initial invoice after the due date for payment, recovery action will commence based upon a risk management approach as determined by the value and type of debt including referral to a debt collection agency.

Interest

Where payment is not received within forty (40) days from the date of the initial invoice, interest will be applied on money that remains outstanding. Interest is calculated on the number of days from the due date of payment until the day the payment is received by the Shire of Roebourne. Interest (percentage) charged on sundry debtors is the percentage as adopted at the annual budget meeting in accordance with section 6.13(1) of the *Local Government Act 1995*. The rate as set under section 6.13(1) of the *Local Government Act 1995* is not to exceed the maximum rate of interest as prescribed within regulation 19A of the *Local Government (Financial Management) Regulations 1996*.

## **2.2 Recovery of Rate Arrears**

The recovery of outstanding rates will be collected in a fair and timely manner. Rate notices are due for payment 35 days from date of issue in accordance with the *Local Government Act 1995*.

Interest on money that remains outstanding past the payment terms will have interest applied. Interest is calculated on the number of days from the due date of payment until the day the payment is received by the Shire of Roebourne. This includes overdue amounts where the debtor has elected the instalment option.

### Accounts 35 days in arrears after the initial invoice

Where payment is not received within thirty five (35) days after the due date for payment, a Final Notice shall be issued requesting full payment within fourteen (14) days unless the debtor has agreed to enter into a special repayment arrangement.

Final Notices are not to be issued to eligible persons registered to receive pensioner or senior rebate under the *Rates and Charges (Rebates and Deferrals) Act 1992* as such persons have until 30 June in the year of rating to make payment, without incurring any late payment penalties.

### Accounts 60 days or more in arrears after the initial invoice

Where amounts remain outstanding sixty (60) days after the due date for payment, recovery action will commence based upon a risk management approach as determined by the value and type of debt and may include such action as referral to a debt collection agency.

### Seizure of Rent for Non Payment of Rates

Where the property owner of a leased or rented property on which rates and service charges are outstanding cannot be located or refuses to settle rates and service charges owed, a notice may be served on the lessee or tenant under the provisions of Section 6.60 of the *Local Government Act 1995* whereby requiring the lessee or tenant to pay to the Shire the rent due that they would otherwise pay under the lease/tenancy agreement as it becomes due, until the amount in arrears has been paid. The approval of Council is required to be obtained before this course of action is undertaken.

Options to recover rates debt where rates are in arrears for in excess of three (3) years.

- i) Lodging a Caveat on the Title for Land  
If rates and service charges which are due to Council in respect of any rateable land has been unpaid for at least three (3) years a caveat may be registered on the title for the land, under the provisions of Section 6.64 (3) of the *Local Government Act 1995*.
- ii) Sale of Land  
If rates and service charges which are due to Council in respect of any rateable land have been unpaid for at least three (3) years, Council may take possession of the land under the provisions of Section 6.64 of the *Local Government Act 1995*. The approval of Council is required to be obtained before this course of action is undertaken.

## **2.3 Bad Debts**

Where a sundry debtor has accounts unpaid for a period exceeding four months (120 days) and

- i) The debtor has provided documentary evidence of having filed for Bankruptcy/ Insolvency; or
- ii) The debtor has moved and all reasonable attempts to locate the debtor have been unsuccessful;

Council Officers shall prepare a report for the Manager Financial Services/CFO listing the name of the debtor, the description of the debt, the amount outstanding, the period overdue and a reason for write off. Bad debts will be recognised when the sundry or rates debt is seen to be no longer commercially collectable.

### 3. CONSEQUENCES

This policy represents the formal policy and expected standards of the Shire. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and Employees are reminded of their obligations under the Shire's Code of Conduct to give full effect to the lawful policies, decisions and practices of the Shire.

### 4. ROLES AND RESPONSIBILITIES

The Chief Executive Officer shall be responsible for the application of delegations of authority in regards to the policy.

The Director Corporate Services shall be responsible for referring matters to Council in regards to this policy and the collection of outstanding debts.

The Manager Financial Services/CFO shall be responsible for the review and monitoring of the operations of the policy.

The Financial Services Team shall be responsible for the day to day operations of the policy.

### 5. REFERENCES TO RELATED DOCUMENTS

- *Local Government Act 1995*: Part 6, Division 4, Clause 6.13 – Interest on money owing to local governments
- *Local Government Act 1995*: Part 6, Division 6, Subdivision 4, Clause 6.45 – Options for payment of rates and service charges
- *Local Government Act 1995*: Part 6, Division 6, Subdivision 4, Clause 6.51 - Accrual of interest on overdue rates or service charges
- *Local Government Act 1995*: Part 6, Division 6, Subdivision 5, Clause 6.56 - Rates or service charges recoverable in court
- *Local Government Act 1995*: Part 6, Division 6, Subdivision 5, Clause 6.60 - Local government may require lessee to pay rent
- *Local Government Act 1995*: Part 6, Division 6, Subdivision 6, Clause 6.64 - Actions to be taken
- Shire of Roebourne – 'Code of Conduct'

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*This Policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.*