



## COUNCIL POLICY

1.3.9

### Finance

<b>Title:</b>	<b>1.3.9 DEBT COLLECTION POLICY</b>
<b>Adopted:</b>	9 October 2019
<b>Reviewed:</b>	Annually (last reviewed 14 December 2022)
<b>Associated Legislation:</b>	Local Government Act 1995 Local Government (Financial Management) Regulations
<b>Associated Documents:</b>	Code of Conduct
<b>Review Responsibility:</b>	Finance and Administration Manager
<b>Delegation:</b>	Chief Executive Officer

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Previous Policy Number (2.3.2 – CEO Directive)

#### Objective:

To ensure proper records are maintained of debts owed to the Shire as required by the Local Government Act 1995 and to provide guidance to Council in determining efficient, effective and economical procedures for debt collection.

#### Policy Statement:

The Shire of Mingenew will exercise its debt recovery powers in order to reduce the overall debt burden on ratepayers and it will be guided by the following principles:

- Providing the Shire of Mingenew with an effective method for the collection of any and all outstanding debts;
- Ensuring that debt collection procedures are carried out in a fair and equitable manner;
- Making the process used to recover outstanding debts clear, simple to administer and cost effective;
- Transparency, by making clear the obligations of it's Ratepayers and Sundry Debtors to the processes used by the Shire is assisting them to meet their financial obligations;
- Ensuring that the Shire of Mingenew is compliant with all regulatory obligations; and
- Promoting effective governance of the Shire's finances.

#### 1. Sundry Debtors

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

- Where a payment is not received within 35 days from the date of the initial invoice, a Final Notice shall be issued requesting full payment within 14 days, unless the debtor has agreed to enter into a special repayment arrangement.
- Interest will be applied on balances that are over 35 days unless otherwise specified in a special repayment arrangement. The percentage interest charged is the percentage as approved by Council when the Annual Budget is adopted, in accordance with Section 6.13(1) of the Local Government Act 1995. The rate as set is not to exceed the maximum rate of interest as prescribed within Regulation 19A of the Local Government (Financial Management) Regulations 1996.



- Where amounts remain outstanding for more than 60 days from date of invoice, recovery action will commence, based upon a risk management approach as determined by the value and type of debt. This action may include referral to a debt collection agency.

## 2. Rates Arrears

The recovery of outstanding rates will be collected in a fair and timely manner.

- Where a payment is not received within 35 days from the date of the initial Rates Notice, a Final Notice shall be issued requesting full payment within 14 days, unless the debtor has agreed to enter into a special repayment arrangement or is on an instalment plan.
- Interest will be applied on balances that are over 35 days. The percentage interest charged is the percentage as approved by Council when the Annual Budget is adopted, in accordance with Section 6.13(1) of the Local Government Act 1995. The rate as set is not to exceed the maximum rate of interest as prescribed within Regulation 19A of the Local Government (Financial Management) Regulations 1996.
- Once the debt is overdue for more than 90 days, then a letter of demand is sent requesting payment within 14 days and notifying the debtor that further action will be taken.
- After 14 days from the date of the letter of demand, legal action may be taken, including handing over to a debt collection agency. All associated legal costs are passed on to the debtor.
- In cases where the owner of a leased or rented property on which municipal rates are outstanding cannot be located or refuses to settle rates and service charges owed, notice may be served on the lessee or tenant to pay to the Shire the rent due under the lease/tenancy agreement as it becomes due until the amount in arrears has been paid.
- If rates and service charges remain unpaid for at least 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, and the Shire may take possession of the land. Before this course of action is to be taken, approval is to be obtained from Council.

## 3. Bad Debts

Where a Sundry Debtor has accounts unpaid for a period exceeding 6 months and the debtor has provided documentary evidence of having filed for bankruptcy or insolvency, or the debtor has proven untraceable; the debt may be written off under Delegated Authority by the Chief Executive Officer or the Finance and Administration Manager. Any amounts above the Delegated Authority shall be referred to Council for a decision.