



## 3.6 Debt Management

Responsible Areas	Finance
Responsible Officer	Manager Finance and Administration
Affected Staff	CEO, Finance Staff

### Objective

To assist the CEO with conducting debt collection in a clear, efficient and consistent manner to improve transparency and reduce the likelihood of unrecoverable debts.

This policy provides a framework for the recovery of debts that incorporates effective and flexible payment arrangements in order to achieve Council's budgetary objectives, whilst giving all due consideration and assistance to ratepayers and debtors who display a genuine commitment to clearing their debt.

### Scope

This policy applies to any person or organisation owing rates, charges, fees or other debts to the Shire of Victoria Plains.

### Policy

1. In order for the Shire of Victoria Plains to operate effectively it must manage and control overdue accounts to reduce the likely occurrence of unrecoverable debts and to ensure consistency across all debt collection activities.
2. Council recognises that under Regulation 5 (1)(a) of the *Local Government (Financial Management) Regulations 1996* the CEO is directly responsible for establishing efficient systems and procedures for the proper collection of all money owing to the Shire of Victoria Plains including debt recovery practices. This includes requirements in line with legislation and with due regard to ensuring that debt collection is carried out in a fair and equitable manner.
3. The Shire of Victoria Plains observes separate practices used for the collection of general debts and those attributed to outstanding rates.

### General Debts

All general debts older (including sundry debtors) than 180 days and over \$5,000 must be presented by the CEO to Council with a report outlining actions taken by the administration to recover the debt and proposing a way forward in terms of debt recovery.

The CEO may implement, for this purpose, an Executive Policy related to general debtor management outlining the Shire's credit terms and debt collection practices. Making at least two attempts to contact a debtor before submitting the debt to the Shire's debt collection agency is considered appropriate.

### Outstanding Rates

#### General Requirements

Rate notices are due 35 days from the issue date in accordance with the *Local Government Act 1995*.

Amounts that remain outstanding past the prescribed due date will have daily interest applied as detailed on the rates notice. This requirement may be waived through further Council Policy or decision on the grounds of financial hardship or exceptional circumstances (declaration of a State of Emergency or a natural hazard).



Details of outstanding rates do not need to be presented to Council each month.

The CEO must present a report to Council on all rates that are overdue by more than 36 months or in excess of \$5,000. This report must detail all actions taken by the Shire to recover the debt and provide Council with a proposed way forward, noting that provisions exist under Section 6.64 of the *Local Government Act 1995* for the recovery of unpaid rates.

### **Executive Policy**

The CEO may implement, for the collection of outstanding rates, an Executive Policy that encapsulates the following:

#### Payment by Installments

The Administration to determine what portion of the full rates bill being paid would constitute a rate payers intention to pay by instalments if they have not paid the full first instalment amount by the due date – this portion must be a suitable percentage of the first instalment amount listed on the rates notice e.g. 20%.

#### Pensioner/Seniors Rebate

Ratepayers who have provided evidence of their pensioner or seniors rebate eligibility have until 30 June to make payment on their rates without incurring any interest penalties under the *Rates and Charges (Rebates and Deferments) Act 1992*, however their ESL and waste service charges must still be paid in full by the due date.

If it is determined that the ratepayer is not a pensioner/senior and has not made a suitable payment to be deemed to be paying by instalments, and rates remain outstanding then:

- I. 14 days after the rates notice due date, the ratepayer must be issued with a final notice requesting they contact the Shire to make payment or enter into a payment arrangement.
- II. 30 days after issuing final notices the Shire must review all outstanding rates and issue a letter of demand to all ratepayers with no payment arrangement or evidence of suitable payments being made to the Shire.
- III. Within 14 days of issuing letters of demand the Shire must attempt to make contact with the ratepayer via phone, email or another method that may involve consulting other agencies, to try and facilitate payment.
- IV. 60 days after the rates being due the Shire must instruct their debt collection agency to issue letters of demand to all ratepayers with overdue rates and no approved payment arrangement.

#### Pursuit of Rates

The Administration to manage how the Shire will pursue rates overdue for more than 60 days.

The Administration to Issue notices to lessees/tenants, where the property owner of a leased or rented property on which rates and service charges have been outstanding for more than 90 days, cannot be located or refuses to settle rates and service charges owed. This is in line with the provisions under Section 6.60 of the *Local Government Act 1995*. The lessee or tenant would be required 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.



## Definitions

**Debt:** A sum of money owed or due to the Shire. This may be a rate, fee or charge or other debt.

**Rates:** Amounts owed to a local government based on charges laid upon the rateable land within its district.

**Payment Arrangement :** A bilateral agreement between the Shire and an individual/organisation to facilitate the repayment of overdue money owed to the Shire.

**ESL:** Emergency Services Levy.

## Relevant management practices/documents

To be developed

## Legislation/local law requirements

*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

*Local Government (Financial Management) Regulations 1996:* Regulations 5 and 11

*Rates and Charges (Rebates and Deferments) Act 1992*

Departmental Guideline Possession of Land For Recovery of Rates and Service Charges

Office Use Only			
Relevant delegations	Delegation 3.6 – Write Off of Sundry Debts (CEO up to \$100)		
Initial Council adoption	Date	28 April 2020	Resolution #
Last reviewed	Date	N/A	Resolution #
Next review due	Date	April 2022	