

Council Policy

Debt Management



POLICY OBJECTIVES

To ensure the Shire conducts debt collection in a clear, efficient and consistent manner to improve transparency and reduce the likelihood of unrecoverable debts.

This policy provides scope for recovery procedures to facilitate 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.

POLICY SCOPE

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

POLICY DETAIL

In order for the Shire of Narembreen to operate effectively it must manage and control over overdue accounts to reduce the likely occurrence of unrecoverable debts and to ensure consistency across all debt collection activities.

Council directs the CEO to administer debt recovery practices in line legislation and with due regard to ensuring that debt collection is carried out in a fair and equitable manner.

The Shire of Narembreen must separate practices used for the collection of general debts and those attributed to outstanding rates.

General Debts

The CEO must establish an Executive Policy related to debtor management outlining the Shire's credit terms and debt collection practices. The Shire must make at least two attempts to contact a debtor before submitting the debt to the Shire's debt collection agency.

All general debts older than 180 days and over \$5,000 must be presented 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.

Outstanding Rates

Rates 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.

The CEO must set a policy to allow 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

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have not paid the full first instalment amount by the due date – this portion must be at least 20% of the first instalment amount listed on the rates notice.

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.

The CEO must develop an Executive Policy to manage how the Shire will pursue rates overdue for more than 60 days.

Council directs the CEO 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.

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.

DEFINITIONS

Debt – a sum of money owed or due to the Shire

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

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RELATED LEGISLATION

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

Rates and Charges (Rebates and Deferments) Act 1992

OTHER RELATED POLICIES/KEY DOCUMENTS

Executive Policies to be developed

DELEGATED AUTHORITY

Delegated Authority 04 – Writing Off Debts

REVIEW DATE

June 2022

HISTORY

Adopted:	19 June 2019	MIN:	6864/19
Reviewed:	xxxxxxx	MIN:	xxxx/xx
Reviewed:	xxxxxxx	MIN:	xxxx/xx