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## 4.9 Debt Collection (Rates and Sundry Debtors)

<b>Policy Owner</b>	<b>Administration and Financial Services</b>
<b>Person Responsible</b>	<b>Deputy Chief Executive Officer</b>
<b>Date of Adoption</b>	<b>01 February 2005 – Resolution 040906</b>
<b>Date of Last Review</b>	<b>25 March 2026 - Resolution 110326</b>
<b>Date of Next Review</b>	<b>3 years or earlier if required</b>

### **OBJECTIVE**

The purpose of this policy is to outline the Shire of Wongan-Ballidu’s process for efficient and effective management of outstanding Rates and Sundry Debtor Accounts.

### **POLICY SCOPE**

The Shire of Wongan-Ballidu will exercise its debt recovery powers, as outlined in Part 6 of the *Local Government Act 1995* (the Act), in order to reduce the overall debt burden on ratepayers. It will be guided by the principles of:

- 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 ensuring that they 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 Wongan-Ballidu is compliant with all regulatory obligations;
- promoting effective governance and definition of roles and responsibilities;
- upholding recognition from the public and industry for the Shire of Wongan-Ballidu practices that withstand probity.

## Definitions

**Debtor** an individual, organisation or other party that transacts with the Shire where goods or services are provided, use of facilities are made available, fines and license fees are levied and any other transaction that results in an expected future payment to the Shire.

**General Procedure Claim (GPC)** means the claim lodged with the Magistrates Court where the value of the claim or the relief claimed does not exceed \$75,000.

**Property Seizure and Sale Order (PSSO)** is a court order that authorises a bailiff to seize and sell as much of the judgment debtor's real or personal property as necessary to satisfy the judgment debt wholly or partially.

**Financial Hardship** A person in a situation of vulnerability may have low income or, as a result of their circumstances, be experiencing a financial shock, leading to difficulties in paying rates by the due date. This can take the form of 'payment difficulties' or 'financial hardship'.

## POLICY

### 1. Recovery of Sundry Debtor Accounts

The recovery of outstanding sundry debtors will be collected in a fair and timely manner. Sundry debts are due for payments 21 days from date of issue. The process for sundry debt collection is as follows:

- a. Sundry debtors will be issued an invoice as soon as possible after the amount is known, providing 21-day payment terms.
- b. Statements will be issued to all sundry debtors within five (5) working days of the start of each month, as a reminder for all outstanding amounts owing to the Shire.
- c. At the end of each month, invoices that are overdue will be followed up by a phone call or email to the sundry debtor, requesting immediate payment is made.
- d. If, after 14 days no payment has been received, a statement with final notice of account and a copy of the outstanding invoices will be sent by email to the debtor, or posted if no email address is available.
- e. If, after 90 days from invoicing no payment has been received, communication will be issued advising that legal action may be taken without further warning should the debt remain outstanding for a further 7 days.

Where the customer fails to pay in full by the expiry of the period defined above, credit may be suspended, or services limited, and legal action may be commenced.

## **2. Recovery of Rate and Service Charges**

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 Act.

***Amounts that remain outstanding past the prescribed due date will have interest applied,*** up to a maximum interest rate as legislated and imposed annually by Council as part of the Annual Budget. 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 Wongan-Ballidu. This includes overdue amounts where the rate payer has elected to pay by an instalment option.

### ***Accounts unpaid by the due date shown on the Rate Notice***

Where accounts remain outstanding after the prescribed due date, a Final Notice shall be issued requesting full payment within fourteen (14) days (this to be commenced within two weeks of accounts falling due).

If payment has not been received after the 14-day period prescribed on the Final Notice, the rates debtor will be contacted, and requested to make payment in full.

Accounts that remain outstanding after the above process has been carried out will be issued with a Final Demand Letter requesting full payment within seven (7) days (to be commenced within a week of accounts falling due).

Accounts with eligible persons registered to receive a pensioner or senior rebate under the *Rates and Charges (Rebates and Deferments) Act 1992* will not be subjected to the above recovery process, however those accounts with service charges or rates that are unable to be deferred (Seniors) from the previous year will be contacted requesting payment of overdue charges.

### ***Accounts unpaid after the expiry date shown on the Final Demand***

Where amounts remain outstanding after the expiry date shown on the Final Demand and no communication has been entered into, recovery action will commence.

Accounts will be sent to the Shire's debt collection agency for issuance of a Final Demand (Agency Letterhead) with a due date of fourteen (14) days. The demand is to be issued by mail and email (if an email exists). Those accounts with existing action carried over from the previous year will receive a demand from the Shire's solicitors.

### ***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 Act 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 Shire will not be liable for the maintenance and repairs of the property whilst seizing the rent from the property owner.

***Options to recover rates debt where rates remain unpaid***

Under the guidance of the Shire's debt collection service provider, legal action may be undertaken to recover outstanding rates and charges. This action may include General Procedure Claims and Property Seizure and Sale Orders (Goods). Any costs incurred in undertaking legal action in a Court of competent jurisdiction are recoverable from ratepayers under section 6.56 of the Act.

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

Lodging a Caveat on the Title for 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 a caveat may be registered on the title for the land, under the provisions of Section 6.64 (3) of the Act. The approval of Council is required before this course of action is undertaken.

**Sale of Property**

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 Act. The approval of Council is required to be obtained before this course of action is undertaken.

**3. Write off Debts**

The power to write off debt is contained in the Act, under section 6.12(1)(c). The local government may write off any amount of money which is owed to the local government. This requires a resolution of Council, subject to delegation of powers in place from Council to the Chief Executive Officer.

**4. Financial Hardship**

While evidence of hardship will be required, the Shire recognises that not all circumstances are alike. The Shire will consider a range of individual circumstances including, but not limited to, the following situations:

- Recent unemployment or under-employment.
- Sickness or recovery from sickness.
- Low income or loss of income.
- Unanticipated circumstances such as caring for and supporting extended family.

Ratepayers will be required to provide information about their individual circumstances that may be relevant. This includes demonstrating a capacity to make some payment where possible and entering into a formal payment arrangement. The Shire will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with all statutory responsibilities.

Where a ratepayer meets the Financial Hardship Criteria, payment arrangements will incur a \$0 administration fee and the Shire reserves the right to waive late penalty interest, excluding the late payment interest and Service Charges applicable to the Emergency Services Levy.

The Shire will suspend debt recovery processes whilst negotiating a suitable payment arrangement with a debtor. Where a debtor is unable to make payments in accordance with the agreed payment plan and the debtor advises the Shire and makes an alternative plan before defaulting on the 3rd due payment, then the debt recovery process will continue to be suspended.

## **5. Payment Arrangements**

Payment arrangements are facilitated in accordance with Section 6.49 of the Act and will be offered to rate payers in circumstances evident of financial hardship. A payment arrangement must be negotiated to reflect a ratepayer's capacity to repay outstanding rates and contain the details of the agreed repayment schedule.

### **These payment arrangements will include the following:**

1. It is the responsibility of the ratepayer to ensure that the agreed payment amounts are paid on or before the agreed due date.
2. The Shire of Wongan-Ballidu requires full payment of the outstanding rates by the end of the current financial year.
3. If a ratepayer requires an extension on this timeframe an end date must be negotiated and approved by the Deputy Chief Executive Officer.
4. The ratepayer will be responsible for informing the Shire of any change in circumstance that jeopardizes the agreed repayment schedule.

For the purpose of recovering rates and service charges, where a ratepayer defaults on more than two repayments, the payment arrangement will become void and be subject to the Shire's debt recovery procedures outlined in this policy.

## **6. Supplementary Provisions**

- a. All costs involved in recovery actions (including legal proceedings) will be charged against the property and deemed recoverable;
- b. At the end of each month, any amount owing less than \$1.00 will be classified as a small balance and subsequently written off;
- c. Overpayments are to be credited against future years rates accounts, ratepayers can only pay up to a maximum of one financial year of rates billing in advance;
- d. Any interim rates that are calculated at less than \$15.00 is not to be charged to the assessment.

## **REVIEW**

Reviews of this policy are to be undertaken every 3 years or earlier if required.

### **RESPONSIBILITY FOR IMPLEMENTATION**

The Deputy Chief Executive Officer is responsible for the implementation and operation of this policy.