



POLICY NO	CP/FIN-3214	
POLICY	Sundry Debt Collection	
RESPONSIBLE DIRECTORATE	Corporate Services	
RESPONSIBLE OFFICER	Debtors Officer	
COUNCIL ADOPTION	Date: 26/08/2014	Resolution No: 10504
REVIEWED/MODIFIED	Date: 25/08/2015	Resolution No: 11088
	Date: <u>26/09/2017</u>	Resolution No:
REVIEW DUE	August 2017 <u>2019</u>	
LEGISLATION	<ol style="list-style-type: none"> 1. Local Government Act 1995 – Sections 6.12, 6.13, 6.16 2. Local Government (Financial Management) Regulations - Regulations 19A and 19B 3. Magistrates Court (Civil Proceedings) Act 2004 – Section 12 4. Civil Judgments Enforcement Act 2004 – Section 8 5. Civil Judgments Enforcement Regulations 2005 – Regulation 4 	
RELATED POLICIES	<ol style="list-style-type: none"> 1. CP/FIN-3211 Fees and Charges Pricing 2. CP/FIN-3210 Notice of Discontinuance (Rates and Debtors) 	
RELATED ORGANISATIONAL DIRECTIVES	<ol style="list-style-type: none"> 1. Code of Conduct for Council Members, Committee Members and Employees 2. Audit (Finance and Risk) Committee Terms of Reference 3. Organisational Directive – Sundry Debt Collection (under development) 	

PURPOSE:

This policy will establish clear guidelines for the efficient, effective and economical collection of sundry debts and fees and charges to reduce the likely occurrence of unrecoverable debts and to ensure consistency for all debt collection activities.

DEFINITIONS:

Claim means a claim made to the Court by a party (whether a claimant, a defendant or another party).

Complaint is an expression of dissatisfaction with Council's level of service, employees, or policies and procedures affecting an individual or group of customers that has been received in writing.

Concern is any matter of interest or importance to the customer.

Council means the Council of the Shire of Wyndham East Kimberley.

Court means the Magistrates Court.

Default means that the customer has failed to meet their obligations in accordance with the special payment arrangement that they have entered into with the Shire of Wyndham East Kimberley.

Financial year means the period commencing on 1 July and ending on the next following 30 June.

General procedure claim means a claim where the value of the claim or the relief claimed does not exceed \$75,000.

Judgment means —

- (a) a monetary judgment; or
- (b) a judgment or an order of a court that requires or has the effect of requiring a person —
 - (i) to give possession of any property to another person; or
 - (ii) to do an act, to not do an act, or to cease doing an act.

Judgment creditor means a person who is entitled to the benefit of a monetary judgment, including a person to whom the benefit of a monetary judgment has passed (by assignment or any other way).

Judgment sum means the amount of money ordered to be paid under a monetary judgment, whether or not the money is or includes costs or pre judgment interest.

Local government is the Shire of Wyndham East Kimberley.

Magistrate means a magistrate of the Court.

Stop credit means that the Shire of Wyndham East Kimberley will not have any further business dealings with the customer unless the customer pays in cash, or the account is paid in full.

Property seizure and sale order 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, and is effective for 12 months from the date the order is made.

Suspension order means an order made under section 15(3) of the *Civil Judgments Enforcement Act 2004* which states "On such an application, the court may only make such an order if there are special circumstances that justify doing so."

Time for payment order means an order made under section 32(2) of the *Civil Judgments Enforcement Act 2004* which states "The court may make such an order, subject to sections 21 and 22."

POLICY STATEMENTS:

The Shire of Wyndham East Kimberley will exercise its debt recovery powers in order to reduce the overall sundry debt. It will be guided by the principles of:

1. Equity

Ensuring that the debt collection procedures are undertaken in a fair and equitable manner and therefore providing the same treatment for all sundry debtors with similar circumstances.

2. Administrative Efficiency

Providing the Shire of Wyndham East Kimberley with a more effective method over the collection of outstanding debtors and ensuring that the processes used to recover outstanding debts are clear, simple to administer and cost effective.

3. Transparency

Ensuring the obligations of the Shire's sundry debtors are clear, and assisting them to meet their financial obligations where possible.

4. Compliance

Ensuring that the Shire of Wyndham East Kimberley is compliant with the *Local Government Act 1995* and all associated regulations.

POLICY

The Shire of Wyndham East Kimberley'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.

1. Fees and Charges

- 1.1. Only approved account holders can request to be invoiced for fees and charges, however in the case of building, planning, research / retrieval and Leisure Centre fees, these must be paid in full before service / approval is received or the Leisure Centre facilities can be used.
- 1.2. Exceptions to 1.1 are listed below and the recovery of monies for some of these fees and charges are handled differently to the standard sundry debtors and are explained further in the policy.
 - a) Bonds;
 - b) Annual registration for caravan park and camping fees and food business licence fees;
 - c) Annual lodging house fees;
 - d) Quarterly swimming pool sampling fees;
 - e) Annual Lease Fees;
 - f) Regular / seasonal hires of community and recreation facilities and equipment;
 - g) Annual waste receptacle charges, waste management charges and swimming pool / spa inspection fees are charge on the annual rate notice and are collected as per Council Policy *CP/FIN-3212 Rates and Charges Debt Collection*;
 - h) Bin replacement or repairs are charged on rates interim notices and are collected as per Council Policy *CP/FIN-3212 Rates and Charges Debt Collection*;
 - i) Fees and charges collected under contract by external agencies, such as **Annual** Airport aircraft parking fees, Aircraft landing fees, passenger taxes and screening fees; ~~whereby the contracted company adhere to the current Council Policy CP/FIN-3212 Rates and Charges Debt Collection~~;
 - j) Fees and Charges collected under a memorandum of understanding arrangement;
 - k) Infringements and fines.

Discretion for invoicing of fees and charges not covered in the exceptions list is delegated to the Director Corporate Services and in the case of the Director being on leave the Coordinator Financial Operations.

2. Invoices and Statements

- 2.1. All invoices are raised within five (5) working days after receiving an authorised invoice request.

- 2.2. Due date for payment is strictly thirty five (35) days after the date of invoice.
- 2.3. Statements are to be sent out within five (5) working days after the end of month.

3. Special Payment Arrangements

Before authorising any special payment arrangement in accordance with sub-delegation provided by the Chief Executive Officer, the Director Corporates Services will consider the following:

- 3.1. That the terms of the agreement require that all outstanding amounts will be recovered by the Shire of Wyndham East Kimberley by 30 June of the financial year in which the agreement is entered into.
- 3.2. That the sundry debtor is aware of the costs and charges associated with entering into a payment arrangement, of which the charges will be those adopted by the Council each year.
- 3.3. At the discretion of the Chief Executive Officer, a payment arrangement term may be extended beyond 30 June, but not exceed two (2) successive financial years.
- 3.4. Where a sundry debtor fails to meet their full obligation under the agreement, the agreement ~~will~~ may be terminated and legal action ~~shall~~ may commence for outstanding charges.
- 3.5. If a sundry debtor defaults on the special payment arrangement agreement twice in any 12 month period, no further special payment arrangements can be made and charges are required to be paid in full.

4. Recovery of Sundry Debtors in Arrears

- 4.1. Fees and charges are due and payable within thirty-five (35) days from the date of issue of the invoice, as shown on that invoice.
- 4.2. Where payment is not received within thirty-five (35) days from the date of the initial invoice, interest will be applied on money that remains outstanding, excluding those charges prescribed under other legislation. Interest is calculated from the number of days from the due date of payment until the payment is received in full by the Shire of Wyndham East Kimberley.
- 4.3. The interest (percentage) charged on sundry debtors is the percentage as adopted by the Council in accordance with section 6.13 (1) of the *Local Government Act 1995*. The rate as set out 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*.
- 4.4. At the end of each month a Final Notice will be issued for all accounts exceeding 35 days, allowing fourteen (14) days for payment, unless the debtor has agreed to enter into a special payment arrangement.

4.5. If payment is not received fourteen (14) days after the issue of a the Final Notice a Letter of Demand will be issued by the Shire's debt collection agency allowing seven (7) days for payment or for the sundry debtor to contact the Shire to enter into a payment arrangement. The debtor will also be placed on "stop credit" and the account will be placed on hold until the outstanding amount is paid in full.

~~4.6. If no response is received after the seven (7) days a second Notice of Intent to Summons (Demand) will be issued by the Shire's debt collection agency.~~

~~4.7.4.6. Accounts under \$400.00 \$500.00 will not may be referred to the Shire's debt collection agency at the discretion of the Director Corporate Services or the Coordinator Financial Operations.~~

~~4.8.4.7. If the sundry debtor has made no contact with the Shire and no payment is received, it will be determined in consultation with the Shire's debt collection agency whether it is economical to proceed with a General Procedure Claim (GPC). This action will be based on a risk management approach as determined by the value and type of debt incurred.~~

~~4.9.4.8. If any payment is received or contact has been made by the sundry debtor of against whom legal action has been started commenced, resulting in an acceptable payment arrangement, the Shire's debt collection agency will be notified that legal action must be placed on hold immediately not to proceed to legal action.~~

~~4.10. If the sundry debtor has made no contact with the Shire and no payment is received, it will be determined in consultation with the Shire's debt collection agency whether it is economical to proceed with a General Procedure Claim (GPC). This action will be based on a risk management approach as determined by the value and type of debt incurred.~~

~~4.11.4.9. When payment has been received in full, the Shire's debt collection agency will be notified to close the account.~~

~~4.12.4.10. If the Sundry Debtor defaults a payment or no further contact is received from the sundry debtor, the payment arrangement will be terminated and a General Procedure Claim (GPC) will be issued by the Shire's debt collection agency.~~

~~4.13.4.11. It should be noted that when a General Procedure Claim (GPC) is issued, this will impact upon the sundry debtor's credit rating – refer to Council Policy CP/FIN-3210 Notice of Discontinuance (Rates and Debtors) for further information.~~

~~4.14.4.12. If no response to the General Procedure Claim (GPC) is received within fourteen (14) days after being issued served, default judgement will be applied for and a Property Seizure and Sale Order on goods will be issued by the Shire's debt collection agency.~~

5. **Cancellation of an Account**

If an account has received three (3) stop credits, the account is to be referred to Coordinator Financial Operations to determine if the account should be closed. In the

case that the Coordinator Financial Operations is on leave the Director Corporate Service or the Coordinator Financial Management is to be notified and a determination made.

6. Bonds

- 6.1. An invoice for a bond will not be issued.
- 6.2. Bonds are to be received in full five (5) working days prior to the hiring of Shire facilities / equipment.
- 6.3. Bonds will be refunded ~~by cheque~~ once a Shire Officer has inspected the facility / equipment hired and approve of the bond release.
- 6.4. Bonds are only to be refund if the company / person do not owe any monies (current or outstanding) with the Shire.

7. Annual Registration Fees for Caravan Parks, Camping Grounds, Food Business Licence, Lodging Houses, Swimming Pool Sampling fees

- 7.1. The collection of these charges will be handled by the Community Development Support Officer for Health.
- 7.2. On a weekly basis, a list is to be sent to the Officer outlining the outstanding charges.
- 7.3. In the case of the Food Business Licence, if the licence is to be cancelled, the holder of the licence is to notify the Shire in writing and the invoice is to be cancelled on notification.

8. Infringements and Fines

- 8.1. The collection of these charges is handled by the Infrastructure Support Officer or Customer Service Officer.
- 8.2. In accordance with the *Fines, Penalties and Infringement Notices Enforcement Act 1994*; twenty-eight (28) days after the issue of the Infringement/fine notice a final notice will be issued. A final notice must identify the infringement notice concerned and the alleged offence.
- 8.3. Twenty-Eight (28) days after the issue of the final notice the account will be registered with the Fines Enforcement Registry (FER).
- 8.4. Any further action is to be taken by the Fines Enforcement Registry (FER) according to the *Fines, Penalties and Infringement Notices Enforcement Act 1994*.

9. Debt Collection / Legal Expenses

- 9.1. Debt collection and legal fees associated with the recovery of outstanding debts will be recovered from the sundry debtor to the extent allowable under legislation and will be assessed on a case by case basis.

10. Responsibility of Sundry Debtors

- 10.1 It is the responsibility of the sundry debtor to ensure that the payments made _____ electronically use the correct reference number. If an incorrect reference number is

_____ used and the Shire is not advised by the sundry debtor that this error has occurred,
_____ then the sundry debtor will be responsible for the payment of any interest or debt
_____ collection charges that may have been incurred in the meantime.

EXPLANATORY NOTES:

The collection of sundry debtors and fees and charges is an important component of the Shire's management of adequate cash-flows as well as the overall management of the Shire's financial performance and position.

The Shire's fees and charges are adopted by a Council resolution in accordance with the *Local Government Act 1995*. These fees and charges can only be modified by a resolution of the Council or under delegated authority by the Chief Executive Officer. All requests for concessions on fees and charges must be made in advance, in writing and addressed to the Chief Executive Officer.

This policy aims to provide manageable and efficient control over sundry debts by closely monitoring aged accounts in order to reduce the likely occurrence of unrecoverable debts.

Scope & Limitations

In accordance with the *Local Government Act 1995*:-

6.12. Power to defer, grant discounts, waive or write off debts

- (1) Subject to subsection (2) and any other written law, a local government may —
- (a) when adopting the annual budget, grant* a discount or other incentive for the early payment of any amount of money; or
 - (b) waive or grant concessions in relation to any amount of money; or
 - (c) write off any amount of money,

which is owed to the local government.

* Absolute majority required.

- (2) Subsection (1)(a) and (b) do not apply to an amount of money owing in respect of rates and service charges.
- (3) The grant of a concession under subsection (1)(b) may be subject to any conditions determined by the local government.
- (4) Regulations may prescribe circumstances in which a local government is not to exercise a power under subsection (1) or regulate the exercise of that power.

6.13. Interest on money owing to local governments

- (1) Subject to any other written law, a local government may resolve* to require a person to pay interest at the rate set in its annual budget on any amount of money (other than rates and service charges) which —
- (a) that person owes to the local government; and
 - (b) has been owed for the period of time referred to in subsection (6).

* Absolute majority required.

- (2) A resolution under subsection (1) is to be included in the annual budget.

- (3) *The rate of interest that may be set by the local government under this section is not to exceed the rate for the time being prescribed as the maximum rate of interest that may be set for the purposes of this section.*
- (4) *Where a local government imposes interest under subsection (1) on any outstanding amount of money the local government is not to also impose an additional charge in relation to that amount.*
- (5) *Accrued interest is, for the purpose of its recovery, taken to form part of the money owed to the local government on which it is charged.*
- (6) *A local government is not to impose interest on any amount of money under subsection (1) until the money has been owed to the local government for the period of time set by the local government in its annual budget (not being less than 35 days) after the date which is stated on the relevant account for payment as being the date the account was issued.*
- (7) *Regulations may provide for the method of calculation of interest.*

6.16. Imposition of fees and charges

- (1) *A local government may impose* and recover a fee or charge for any goods or service it provides or proposes to provide, other than a service for which a service charge is imposed.*
** Absolute majority required.*
- (2) *A fee or charge may be imposed for the following —*
 - (a) *providing the use of, or allowing admission to, any property or facility wholly or partly owned, controlled, managed or maintained by the local government;*
 - (b) *supplying a service or carrying out work at the request of a person;*
 - (c) *subject to section 5.94, providing information from local government records;*
 - (d) *receiving an application for approval, granting an approval, making an inspection and issuing a licence, permit, authorisation or certificate;*
 - (e) *supplying goods;*
 - (f) *such other service as may be prescribed.*
- (3) *Fees and charges are to be imposed when adopting the annual budget but may be —*
 - (a) *imposed* during a financial year; and*
 - (b) *amended* from time to time during a financial year.*

** Absolute majority required.*

In accordance with the *Local Government (Financial Management) Regulations 1996:-*

19A. Maximum rate of interest prescribed (Act s. 6.13(3))

The maximum rate of interest to be imposed under section 6.13(1) is prescribed as 11%.

19B. Interest on money owing, calculating (Act s. 6.13)

- (1) Interest on money that remains owing after the date determined in accordance with section 6.13(6) (the **due date**) is to be calculated on a simple interest basis for the number of days from the due date until the day before the day on which a payment is received by the local government.
- (2) The principal sum on which interest is calculated for a financial year may include interest accrued but not paid in a previous financial year but is not to include interest accrued in the current financial year.
- (3) If payment is received by the local government during the period from 1 July in a financial year until the annual budget for that financial year is adopted, interest referred to in sub regulation (1) for that period is to be at the rate of interest imposed under section 6.13(1) for the previous financial year.
- (4) If under section 6.13 interest is to be imposed on money owing, a request for payment of that money is to include or be accompanied by a statement that interest is to accrue on money that remains owing after the due date and stating —
 - (a) the date from which interest will be imposed; and
 - (b) the rate of interest.

In accordance with the *Magistrates Court (Civil Proceedings) Act 2004*:-

12. Pre judgment interest may be awarded

- (1) If the Court gives judgment in favour of a claim for money, including a debt, damages or the value of goods, it may include in the judgment sum either —
 - (a) interest, at a rate decided by the Court, on the whole or a part of the money for the whole or a part of the period that —
 - (i) begins on the date when the cause of action arose; and
 - (ii) ends on the date when the judgment is given;
 - or
 - (b) a lump sum of money in lieu of such interest.

In accordance with the *Civil Judgments Enforcement Act 2004*:-

8. Interest on judgment sums

- (1) Interest is to be paid on the unpaid amount of a judgment sum from the date of the judgment until the date on which the judgment sum is paid —
 - (a) at the rate prescribed by the regulations; or
 - (b) at the rate set by the court in the judgment or by an order made after the judgment is given.
- (2) Subsection (1) applies whether or not —
 - (a) a suspension order has been made; or
 - (b) a time for payment order or an instalment order has been made, unless the court that made such an order orders otherwise.
- (3) The judgment creditor may waive the payment of the whole or a part of the interest referred to in subsection (1).
- (4) A judgment creditor who waives interest under subsection (3) must advise the court of the fact when applying for an enforcement order under Part 4.

- (5) *Subsection (1) does not apply to —*
- (a) *a judgment that is registered under section 105(1) of the Service and Execution of Process Act 1992 of the Commonwealth; or*
 - (b) *a judgment sum on which interest is payable under another written law.*

In accordance with the *Civil Judgments Enforcement Regulations 2005*:-

4. Interest on unpaid amount of judgment sum

- (1) *The rate of interest for the purposes of the Act section 8(1)(a) is 6.00% per annum.*
- (2) *The waiver of the payment of the whole or a part of the interest by a judgment creditor under the Act section 8(3) must be in writing.*

RISK:

Risk: Failure to comply with legislative requirements leading to damage of reputation and/or financial loss.

Control: Review policies and procedures in accordance with review schedule.