

Policy

Debtor Collection



Debtor Collection

Adopted:	13/12/2017 #054
Last reviewed:	14/08/2019
New review date:	14/08/2021
Legal Authority:	Local Government Act Section 2.7 – The Role of Council [Insert other relevant legislation here]
Directorate:	City Business
Department:	Finance
Related documents:	Acts/Regulations Local Government Act 1995 Local Government (Financial Management)

Note: Changes to References may be made without the need to take the Policy to Council for review.

Policy:

1. Title

Debtor Collection

2. Purpose

The purpose of this policy is to outline the City of Kwinana's process for efficient and effective collection of outstanding debtor amounts (not including rates and service charges).

3. Scope

This policy is applicable to all City debtors with the exception of debtors in respect of rates and service charges.

4. Definitions

“Debtor” an individual, organisation or other party that transacts with the City 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 City.

“Minor Case Claim” means the claim lodged with the Magistrates Court where the value of the debt or damages you are claiming does not exceed \$10,000.

“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 debtors real or personal property as necessary to satisfy the judgment debt wholly or partially.

5. Policy Statement

5.1 Debt Management

- 5.1.1 Where practical, pre-payment will be sought for works, services and facilities. The estimated cost may form the basis of pre-payment.
- 5.1.2 In all other cases invoices shall be forwarded within seven (7) days of the debt being incurred.
- 5.1.3 If payment has not been received within 30 days of the invoice date, a reminder notice/statement will be issued to the debtor requesting payment within seven (7) days.
- 5.1.4 After seven (7) days from the issue of a reminder notice/statement remain outstanding, three attempts to contact the debtor will be made by telephone and email (where provided). If no details are on file with the City, the City Officer will attempt to contact potential other leads.
- 5.1.5 Should the debtor be unable to be contacted and where the account remains outstanding after a further fourteen (14) days from the reminder notice, a “Notice of Intention to Claim” shall be issued allowing seven (7) days for payment.
- 5.1.6 For debts outstanding over \$10,000 the City may refer the debt to a debt collection agency for a General Procedure Claim (GPC) and Court proceedings to commence.
- 5.1.7 Should a GPC be lodged and there is no response to the GPC within fourteen (14) days of issuing the claim, default judgment can be entered into at the Magistrates Court and a Property Seizure and Sale Order (PSSO) will be lodged at the Magistrates Court at the same time and served by an appropriate process server.
 - i. The PSSO authorizes the Bailiff to seize and sell as much of the debtor’s real or personal property as necessary to satisfy the debt wholly.

ii. Where a PSSO involves a seizure of land a report to Council will be submitted for endorsement prior to the seizure of land.

5.1.8 For debts outstanding under \$10,000 a Minor Case Claim may be lodged by the City. Should there be no response to the claim within fourteen (14) days if served within Western Australia or twenty one (21) days if served within another State or Territory of Australia, default judgment can be entered into at the Magistrates Court

5.1.9 Interest on outstanding debtors will be set by Council with the adoption of the annual budget.

5.1.10 A debtor experiencing difficulties in paying their debts by the specified date may apply to the City to enter into a Special Payment Arrangement.

5.2 Special Payment Arrangement

Payment by special arrangement to clear outstanding debts must be made in writing. An administration fee as per the City's adopted Fees and Charges plus penalty interest, at a rate adopted by Council, calculated daily will be charged upon successful application. Acceptance of the special payment arrangement will be for regular instalments via the City's direct debit facility with all outstanding amounts to be finalised by 30 June of that financial year. Arrangements outside of these terms will be at the discretion of the Chief Executive Officer or the relevant Director.

5.3 Provision of Doubtful Debts

Aged debts will be reviewed regularly and accounted for in accordance with the relevant Australian Accounting Standard, AASB 9 Financial Instruments, that deals with provisions for doubtful debts.

5.4 Write-Off of Bad Debts

Debts shall be written off only when all reasonable attempts at recovery have been exhausted. Recommendations for write off shall be made by the Manager Finance to the relevant delegated officer following discussion with the business unit responsible for the raising of the debt.

In accordance with section 6.12(c) of the Local Government Act 1995 all debts which require Council approval to be written off will be reported to Council.

5.5 Reporting

A report to Council will be provided as part of the Monthly Financial Statements detailing the following:

- a summary of the aged trial balance for Debtors;
- a list of debtors that are outstanding over 90 days with a balance that exceeds \$1,000 and will include:

the debtor number;

- a description of the charges incurred;
- the amount outstanding over 90 days; and
- an explanation of the status of the outstanding debt.

6. Financial/Budget Implications

All costs incurred in relation to recovery action will be included in the current budget and where applicable will be on charged to the debtor.

7. Asset Management Implications

There are no specific asset management implications associated with this Policy.

8. Environmental Implications

There are no specific financial or budget implications associated with this Policy.

9. Public Health Implications

There are no specific public health implications associated with this Policy.

10. Strategic/Social Implications

Plan	Objective	Strategy
Corporate Business Plan	6.1 Ensure the financial sustainability of the City of Kwinana into the future	6.1.2 Implement sound revenue and expenditure policies, seek additional revenue sources and optimise financial management system

11. Occupational Safety and Health Implications

There are no specific OSH implications associated with this Policy.