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## F1.1 REVENUE COLLECTION

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### Policy Objective

To provide guidance in the collection of all outstanding revenues owed to the Shire to ensure timely cashflow and to minimise bad debts.

### Policy Scope

This Policy covers the recovery of all revenues owed to the Shire, including outstanding rates, service charges and all other general debts. It also covers a rates incentive scheme to encourage the early payment of rates in full.

### Policy Statement

#### Introduction

The Shire requires reliable revenue streams in order to meet the service provisions of the organisation. A significant proportion of revenue generated by the Shire is from property rates/charges and general fees and charges. To enable the Shire to meet its service obligations, it must ensure that revenues are received in a timely manner. It must also ensure that where revenue is not received in a timely manner, that appropriate measures are undertaken to recover outstanding amounts. As a means to encourage the early payment of rates in full, the Shire can administer a 'Rates Incentive Scheme'. This scheme provides eligible ratepayers with the opportunity to win prizes for prompt and full payment.

#### Principles

- (a) the Shire's cashflow is optimised and bad debts minimised by ensuring timely collection of all revenue owing to the Shire.
- (b) the recovery of the Shire's revenue is fair, consistent and transparent.
- (c) that account is taken of the circumstances of people with debt owing to the Shire and every attempt is made to structure payments in a way that ensures repayment but minimises distress before instituting external debt collection or recovery of debt, provided that the debtor is judged to be acting in good faith.
- (d) all reasonable action be undertaken to recover revenue before the debt is written off.
- (e) debt collection activities are in accordance with relevant legislation and standards.

(f) credit controls are monitored to minimise potential financial loss.

## **Provisions**

### **Recovery of Rates and Service Charges**

#### **1.0 Unpaid for less than two (2) years**

- 1.1 The Chief Executive Officer be authorised to recover rates and service charges in a court of competent jurisdiction.
- 1.2 The Chief Executive Officer be authorised to recover rates and service charges by engaging the services of a debt collection agency firm, provided that prior to instituting such an action every attempt has been made directly by the Shire to enter into a structured debt repayment programme with the debtor, in a way that minimises where possible the imposition of financial sanctions.

#### **2.0 Unpaid for two (2) years**

- 2.1 The Chief Executive Officer be authorised to lodge caveats on land where rates and Service charges are in arrears and it is considered appropriate that the interest of the Council should be protected.
- 2.2 The Chief Executive Officer be authorised to withdraw caveats lodged on land where the owner has met his/her obligation to full in relation to the rates and service charges outstanding.

#### **3.0 Unpaid for at least three (3) years**

- 3.1 A report be presented to Council on an annual basis, detailing the amount of rates and services charges outstanding, by Assessment Number, and recommended action to be authorised by the Council. The Privacy Act prevents the property and owner's details from being published in a report to Council.

In addition to the above, the Shire will outline annually, in the Annual Budget, the interest charges for the late payment of rates charges and the number and general nature of debt repayment programmes entered into with debtors.

### **Recovery of Non-Rates Charges**

#### **1.0 Debt Management**

If the invoice is not paid by the due date then the following procedure will take place:

- 1.1 A letter or reminder notice will be issued advising the debtor that if there exists a dispute or query to contact administration otherwise payment is expected within two weeks of the issue date of letter;

- 1.2 If no response is received from the debtor then following a review of the circumstances with the relevant staff members involved, a demand notice may be sent to the debtor advising that if payment is not made within two weeks of the date of the notice, then further action may be taken to recover the debt which could involve legal action. The debtor will be advised that any fees incurred in recovering the debt will be passed on to the debtor.
- 1.3 Before any third party is engaged to recover an outstanding debt, the Deputy Chief Executive Officer involved will be consulted to ensure that this action is appropriate given due consideration to all issues which have led to the debt being overdue and not paid. This will include consideration of the Shire entering into a structured debt repayment programme with the debtor, in a way that minimises where possible the imposition of financial sanctions.
- 1.4 Once all reasonable attempts to either locate the Debtor or to obtain payment have failed, the staff member responsible for raising the debt will be asked to submit a written request for the invoice to be considered for write off.
- 1.5 Approval will be sought from the Chief Executive Officer and subsequently Council for approval for the debt to be written off. Once approval has been received, the appropriate entries will be made in the Accounts Receivable Ledger.

## **2.0 Debt Raised in Error or Debt Adjustment**

If a debt has been raised in error or requires an adjustment then an explanation will be sought from the relevant staff members. Once this has been received a credit note request will be raised which is to be authorised by both the staff member who raised the initial invoice and the Deputy Chief Executive Officer.

## **3.0 Interest on Overdue Accounts**

Interest can be calculated on the total outstanding debt once it has exceeded the due date of the invoice. The decision to impose interest is up to the discretion of the Deputy Chief Executive Officer. The rate of interest imposed is that as determined by Council as contained in the Annual Budget and in accordance with Section 6.13 of the Local Government Act.

## **Recovery of Fines and Infringements**

Infringements are issued by authorised officers of the Shire of York. There is no provision for part payments or payment arrangements with infringements due to making them unenforceable with the Fines Enforcement Registry (FER).

## 1.0 Debt Management

- 1.1 Where payment is not received within twenty eight (28) days from the date of the infringement, a First Warning letter shall be issued requesting full payment within ten (10) days.
- 1.2 Where the customer fails to pay the infringement by the expiry of the period defined above, a Final Demand Notice will be issued, with an applicable fee. The final demand Notice gives the customer a further twenty eight (28) days to pay the infringement.
- 1.3 Where the customer fails to pay the infringement by the expiry of the period defined above, the infringement is referred to the Fines Enforcement Registry where further charges will be incurred.
- 1.4 Referrals to the Fines Enforcement Registry may result in an individual's licence being suspended.
- 1.5 The Shire has no control over the collection process undertaken by the Fines Enforcement Registry and cannot take any action on its own.
- 1.6 From time to time, write off of debts will be required when the Fines Enforcement Registry deem the fines and/or costs uncollectible. Approval will be sought from the Chief Executive Officer and subsequently Council for approval for the debt to be written off. Once approval has been received, the appropriate entries will be made in the Accounts Receivable Ledger.

## Rates Incentive Scheme

A rate incentive scheme, in the form of prizes donated by sponsors, will be operated in each rating year on the basis that:

- A. Only those who have paid their rates in full, within thirty-five days of the date of assessment, be eligible for the draw.
- B. The winners to be selected electronically at random via the Shire Rating System in the presence of the major sponsor (other than the Shire).

## Key Terms/Definitions

Not Applicable

## Policy Administration

Responsible Directorate/Division: Finance Department

Author/Contact Officer Position: Chief Executive Officer

Relevant Delegation: DE10 – Write Off of Debts  
DE11 – Write Off of Interest and Penalty Payments

Relevant Legislation: Local Government Act 1995 – Section 6.13  
Local Government Act 1995 – Section 6 (Subdivision 5)

Relevant Documents:

Date Adopted: XXXXXXXXX

Reviews/Amendments:

Replaces: Revenue Collection  
28 January 2016 – Council Resolution 120116

Recovery of Rates and Service Charges  
15 February 2010 – Council Resolution 200210

Recovery of Non-Rate Charges  
15 February 2010 – Council Resolution 200210

Rates Collection and Incentive Scheme  
18 June 1989  
18 March 1996  
15 September 1997  
21 August 2006 – Council Resolution 190806