

RECOVERY OF SUNDRY DEBTS POLICY

Policy Objective

The Town of Bassendean aims to ensure that all payments due to the Town are received by the due date for payment and, through close monitoring of aged accounts, to reduce the likelihood of sundry debts becoming unrecoverable. Sometimes, however, sundry debts to the Town remain outstanding after the due date for payment.

The purpose of this policy is to provide a clear, accountable, and transparent process for the Town's sundry debt management and collection practices and ensure consistency for all sundry debt recovery.

Policy Scope

This policy applies to all debts due to the Town except debts in respect of rates and service charges.

Definitions

In this policy unless the contrary intention appears:

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

Financial Hardship – A person will be considered to be in financial hardship if paying their rates, service charges or sundry debts due to the Town will affect their ability to meet their basic living needs.

Payment Agreement – means an arrangement whereby the debtor pays amounts over a period, agreed to by the Town, to pay the total amount outstanding. A payment agreement would normally require payments to be made by direct debit and be structured to clear the debt due to the Town within a period of 12 months.

Sundry Debt – means any debt due to the Town other than rates or service charges.

Policy Statement

1. Debt Recovery

- 1.1 Sundry debts not received by the due date shall be recovered in accordance with this Policy and any relevant legislation.
- 1.2 Where the Town has not entered into a payment agreement with the debtor, the Town will adopt the following process to recover outstanding sundry debts due to the Town:
 - 1.2.1 Issue an invoice to the debtor;
 - 1.2.2 If payment has not been received within thirty (30) days of the invoice date, issue a Reminder Notice to the debtor requesting payment within fourteen (14) days;



- 1.2.3 If payment has not been received by the due date shown on the Reminder Notice, attempt to contact the debtor by other means, including telephone and email, regarding payment of the debt;
 - 1.2.4 Where contact was not possible or did not result in payment of the debt or the Town entering into a payment agreement with the debtor, issue a Final Notice to the debtor requiring payment within fourteen (14) days;
 - 1.2.5 If payment has not been received by the due date shown on the Final Notice, issue a “Notice of Intention to Claim” demanding immediate payment; and
 - 1.2.6 The Town may lodge a Minor Case Claim (where the debt is less than \$10,000) or a General Procedure Claim (where the debt is \$10,000 or more) with the Magistrates Court. Should the debtor not respond within the timeframes established by the Court, default judgment may be requested. Where a General Procedure Claim has been lodged and default judgement requested and granted, a Property Seizure and Sale Order (PSSO) may be lodged. The PSSO authorises the Bailiff to seize and sell as much of the debtor’s real or personal property as necessary to satisfy the debt wholly.
- 1.3 The Town may engage a debt collection agency and/or legal representative to act on its behalf in taking debt recovery action.

2. Payment Agreement

- 2.1 Debtors who are unable to pay outstanding debts by the due date may apply in writing to the Town to enter into a payment agreement to make periodical payments. The payment agreement will generally be structured to clear the outstanding debt within twelve (12) months and require payments to be made by direct debit.
- 2.2 Where the debtor fails to adhere to a payment agreement and has not contacted the Town to discuss the payment agreement or negotiate an amended payment agreement, the Town may commence debt recovery in accordance with this Policy. Where legal action had commenced, but had been suspended due to the debtor entering into a payment agreement, the legal action may be reactivated.
- 2.3 The Town may decline to enter into a payment agreement with a debtor and may restrict access to Town services that may give rise to further debt.
- 2.4 The Manager Finance may enter into payment agreements with debtors for the Town where the payment agreement will result in payment of the outstanding debt within twelve (12) months. Payment agreements outside of these terms will be at the discretion of the Director Corporate Services.
- 2.5 Interest will continue to be payable on outstanding debts that are subject to a payment agreement with the Town, at the rate determined by Council.

3. Financial Hardship

- 3.1 Where a debtor is experiencing financial hardship and is unable to enter into a payment agreement to pay the outstanding debt within twelve (12) months, application can be made for financial hardship support under the Town’s Financial Hardship Policy.

4. Provision of Doubtful Debts

- 4.1 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. Write-Off of Bad Debts

- 5.1 Section 6.12(c) of the *Local Government Act 1995* provides that a Local Government may write off any amount of money.
- 5.2 The CEO or delegate may write off debts in accordance with any delegation by Council.
- 5.3 Where the proposed debt write-off is not within the delegated authority of the CEO or delegate, a report will be prepared for Council with recommendations for Council to write off debts owed to the Town. Such recommendations will be made when the Town has exhausted reasonable attempts at recovery commensurate with the size of the debt.

6. Financial/Budget Implications

- 6.1 Debt recovery costs incurred by the Town will be passed on to the debtor wherever possible.

Legislation

Local Government Act 1995

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