



## SUNDRY DEBTORS COLLECTION POLICY

### POLICY OBJECTIVE

The objective of this policy is to clearly set out guidelines for the collection of outstanding fees and charges, and the undertaking of legal action in relation to debt collection for sundry debtors.

### POLICY SCOPE

The Shire of Derby/West Kimberley will exercise its debt recovery powers, as outlined in Part 6 of the *Local Government Act 1995*, in order to reduce the overall debt burden on ratepayers. It will be guided by the principles of:

1. ensuring that debt collection procedures are carried out in a fair and equitable manner;
2. making the processes used to recover outstanding debt clear, simple to administer and cost effective;
3. transparency by making clear the obligations of its ratepayers and sundry debtors to the processes used by the Shire in ensuring that they meet their financial obligations; and
4. equity by having regard to providing the same treatment for ratepayers and sundry debtors with similar circumstances.

### POLICY STATEMENT

#### 1. Credit Management

- a) *Invoice* – Each invoice shall be dated and request payment within fourteen days.
- b) *Statement* – Statements will be sent to all debtors at the end of each month. Monthly Statements shall be issued for all invoices that have not been paid. Statements shall clearly indicate the due date.
- c) *Aged Debtor Report* – will be reviewed monthly.

The debt recovery process is always subject to the priority positions as outlined in the Financial Hardship Policy.

#### 2. Debt Management

1. Should the invoice/statement remain unpaid after close of business on the thirtieth day after the original invoice was issued the following steps shall be taken;
  - a) A statement with a final sticker/stamp will be posted to the debtor advising of the invoices still to be paid.
  - b) If payment has still not been received within sixty days of the invoice date, where possible, telephone contact is made with the debtor requesting payment. A reminder is also issued via post or email.
  - c) If payment has not been received within ninety days of the invoice date, a letter of demand is sent to the debtor advising that debt collection will commence if the invoices is not paid in full with seven days and all costs associated with this process will be added to the outstanding debt.
  - d) A list of all outstanding debts of more than ninety days is to be sent to the Council's debt collection agency.
2. Letter of Demand – The debtor will be issued with a letter of demand by Council's debt collection agency, the letter shall advise of impending legal action for recovery of the unpaid amounts, allowing seven days for payment.
3. If no response is received and no alternative payment arrangement is entered into following the Letter of Demand, the Manager Corporate Services is required to be consulted prior to further legal action being undertaken. The invoice is then to be processed by Council's debt collection agency for the lodgment of a general procedure claim and served by a bailiff.
4. Debtors are required to either pay the full amount on the general procedure claim, or enter into an alternative payment arrangement plan as agreed between the debtors and Council.



5. Any payments received from the debtor whom a general procedure claim has been issued, must immediately be removed from any further legal action.
6. In cases where the debtor cannot be located, Council's debt collection agency can be requested to carry out a "skip trace" on the debtor. The costs associated with a skip trace cannot be recovered from the debtor.
7. If the debtor has not responded to the general procedure claim, court action may be taken to recover the debt. A Property Seizure and Sale Order (PSSO) is to be lodged within fourteen days after the date of service of the general procedure claim. The PSSO is to be served by a bailiff.
8. Alternative Payment Arrangements – In order to be considered for an alternative payment arrangement, the following is required:
  - a) Debtor must prove financial hardship.
  - b) An arrangement must be entered into on the appropriate form.
  - c) All invoices are to be cleared by 30th June of the applicable financial year.
  - d) Should an alternative instalment payment not be made by the date specified in the agreement between Council and the debtor, Council will proceed with recovery action on the balance of the outstanding debtors account.

### 3. **Financial Hardship**

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

- a) Recent unemployment or under-employment;
- b) Sickness or recovery from illness;
- c) Low income or loss of income; and
- d) 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.

### 4. **Provision for Doubtful Debts**

Where the debt has not been recovered after the above steps, a provision for doubtful debt shall be made. Write off:

1. Section 6.12 of the *Local Government Act 1995* will apply when determining if an outstanding debt should be written off.
2. Debts will only be written off when all reasonable attempts to recover outstanding amounts have been made or the costs of recovery are likely to equal or exceed the amount to be recovered.
3. The writing off of a debt and any associated debt recovery or legal costs will be charged to the account where the invoice was originally raised.
4. The thresholds contained in Council's Delegations Register will be applied when approving the write-off of an existing debt.
5. All write-offs will be reported to Council on a quarterly basis and will include the amount written off, description of the invoice and reason for write-off.



Policy Details			
Original Adoption date:	27 August 2009	Review Frequency (Annual/Bi-ennial):	2 years
		Next Review Due:	November 2027
Policy Implementing Officer or Team:	Manager Corporate Services	Policy Reviewer:	Director Corporate Services
Legislative Head of Power (Act, Regulation, or Local Law):	Local Government Act 1995, Part 6, Div. 4		
Related Documents (other Policies, Operational Procedures, Delegations, etc.):	Financial Hardship Policy Delegation 1.1.22 Defer, Grant Discounts, Waive or Write Off Debts Delegation 1.1.258 Agreement as to Payment of Rates and Service Charges Delegation 1.1.27 Recovery of Rates or Service Charges Delegation 1.1.28 Recovery of Rates Debts – Require Lessee to Pay Rent Delegation 1.1.29 Recovery of Rates Debts – Actions to Take Possession of Land Delegation 4.1.6 Reduce or Waiver Cat Registration Fee Delegation 5.1.4 Recovery of Moneys Due Under the Dog Act Delegation 6.1.5 Debt Recovery and Prosecutions (Food Act) Delegation 6.1.6 Abattoir Inspections and Fees		
Version Control Council Meeting Review Details:			
Review #:	Council Meeting Date:	Item/Resolution#:	
1.	28 February 2019	Item 9.1.1 Res. 005/2019	
2.	24 June 2021	Item 11.2 Res. 57/21	
3.	24 February 2022	Item 11.5 Res. 07/22	
4.	29 June 2023	Item 12.3 Res. 70/23	
5.	27 November 2025	Item 14.1 Res. 46/25	