

	DEBT COLLECTION		
POLICY OWNER:	Council		
DEPARTMENT:	Office of the CEO	**RESPONSIBLE OFFICER:**	Executive Manager Corporate Strategy & Performance
CREATION DATE:		**REVIEW SCHEDULE:**	Annually
RELATED PROCEDURES:			
RELATED FORMS:			
RELATED DELEGATIONS:			
RELATED POLICIES:			
LEGISLATION:	Local Government Act 1995 Local Government (Financial Management) Regulations 1996		
DOCUMENT CONTROL			
DATE REVIEWED:	**REVIEWED BY:**	**CHANGES (IF ANY):**	**ENDORSED BY COUNCIL:**
23/08/2022	Council	Nil	FC 7/8/2022
28/11/2023	Council	Nil	OCM 11/11/2023
24/09/2024	Council	Nil	OCM 03/09/2024
19/10/2026	Council	Refer to minutes	OCM 07/10/26

Debt Collection

OBJECTIVES

The objective of this policy is to ensure:

- an efficient, effective, and economical approach to debt collection; and
- timely control of overdue accounts and close monitoring aged accounts; and
- reduction in the likely occurrence of unrecoverable debts; and
- consistency and transparency for all debt collection activities.

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

- Fairness and equity in debt recovery processes;
- Clarity and simplicity;
- Cost effectiveness to ensure the cost of collecting the debt, including staff time, does not outweigh the benefit;
- Transparency by making clear the obligations of its sundry debtors to the processes used by Council in ensuring that they meet their financial obligations;
- Flexibility by responding where necessary to changes in the local economy;
- Compliance with all regulatory obligations; and
- Effective governance and definition of roles and responsibilities.



SCOPE

This policy applies to all debts owed to the Shire, including rates, service charges, sundry debtors, and any other recoverable amounts.

POLICY STATEMENT/S

The following guidelines provide direction for the ethical and effective management of the Shire's range of debtors:

The Shire will apply a consistent, transparent, and proportionate approach to debt recovery, balancing the need to recover public funds with fairness to debtors, while ensuring recovery actions remain cost-effective and compliant with legislative requirements.

Debt Recovery Approach

The Shire will actively pursue the recovery of outstanding debts through a structured escalation process, which may include reminder notices, formal demands, payment arrangements, referral to external debt collection agencies, and legal action where required.

Recovery actions will be undertaken in a timely manner, no later than 90 days after incurred and will be proportionate to the value and age of the debt.

Payment Terms

Payment terms for debts will be specified on the relevant invoice or notice. Debts not paid within the specified timeframe will be subject to recovery action in accordance with this policy.

Interest and Costs

Interest may be applied to overdue debts in accordance with Section 6.13(1) of the Local Government Act 1995 (WA) and the Local Government (Financial Management) Regulations 1996 (WA).

Where applicable, costs incurred in the recovery of debts, including legal and collection agency fees, may be charged to the debtor.

Payment Arrangements, Hardship and Recovery Action

The Shire may approve payment arrangements where a debtor demonstrates an inability to pay the full amount. All arrangements must be documented and adhered to. Failure to comply with an approved arrangement will result in escalation of recovery action.

Financial hardship may be considered on a case-by-case basis. Assistance may include payment arrangements or temporary deferral of recovery action, subject to appropriate documentation and approval.

Where debts remain unpaid following reasonable recovery efforts, the Shire may refer the debt to a collection agency or initiate legal proceedings to recover the outstanding amount.

Low-value debts may be written off where the cost of recovery exceeds the value of the debt, in accordance with delegated authority.

Financial Hardship

The Shire may consider financial hardship on a case-by-case basis. Assistance may include payment arrangements or temporary deferral of recovery action, subject to appropriate documentation and approval from the relevant Manager.



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Write-Off of Debts

Debts will only be written off where recovery is no longer considered cost-effective or reasonably achievable. Circumstances may include, but are not limited to:

- the debtor is bankrupt, insolvent, or deceased with no recoverable estate;
- the debtor cannot be located after reasonable attempts;
- the cost of recovery exceeds the value of the debt; or
- legal advice indicates recovery is unlikely to be successful.

All write-offs must be supported by appropriate documentation and approved in accordance with delegated authority.

Write-off of a debt does not extinguish the legal right to recover the debt at a future time.

Low-value debts may be written off where the cost of recovery exceeds the value of the debt, in accordance with delegated authority.

Compliance & Reporting

Appropriate internal controls, including segregation of duties, will be maintained in the raising, recovery, and write-off of debts to ensure accountability and transparency.

A report will be prepared for the Council listing the name of the debtor, the description of the debt, the amount outstanding, efforts undertaken to recover funds, the period overdue and a reason for write off. Bad debts will be recognized when the sundry debt is seen to be no longer commercially collectable.

This policy ensures that debt recovery activities are undertaken in a consistent, transparent, and defensible manner, supporting the responsible management of public funds while maintaining fairness to debtors.