

Council Policy

Debtor Collection



Legislation/local law requirements	Local Government Act Section 2.7 – The Role of Council
Relevant Delegation	Please see the Register of Delegated Authority
Related policy procedures and documents	

Introduction

The effective management of outstanding debtor amounts is essential to the financial sustainability and operational efficiency of the City of Kwinana. Uncollected debts can impact the City's ability to deliver vital community services and maintain fiscal responsibility. This policy has been developed to provide a clear and consistent framework for the collection of outstanding debts (excluding rates and service charges), ensuring that all recovery actions are undertaken in a fair, transparent, and timely manner. By setting out the principles and procedures for debt recovery, the City seeks to minimise financial risk, support equitable treatment of debtors, and uphold the integrity of its financial processes.

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).

Objective

The objective of this policy is to establish a structured, fair, and transparent approach to the collection and management of outstanding debts owed to the City of Kwinana (excluding rates and service charges), in order to protect the City's financial sustainability, minimise financial risk, and ensure equitable treatment of all debtors.

Scope

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

Policy Provisions

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.

Policy

1. Debt Management

- 1.1. Where practical, pre-payment, bank guarantees or bonds will be sought for works, services and facilities. The estimated cost may form the basis of pre-payment.
- 1.2. In all other cases invoice requests shall be forwarded to Finance within seven (7) days of Receivable Department receiving Invoice request with required information including calculations after the debt being incurred.
- 1.3. If payment has not been received within 30 days of the invoice date, a reminder email/ notice will be issued to the debtor requesting payment within seven (7) days.
- 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.
- 1.5. Should the debtor be unable to be contacted and where the account remains outstanding after a further twenty-eight (28) days from the reminder notice, a “Notice of Intention to Claim” shall be issued allowing seven (7) days for payment.
- 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.
- 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 authorises 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.
- 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
- 1.9. Interest on outstanding debtors will be set by Council with the adoption of the annual budget.
- 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.

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 Chief Financial Officer.

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.

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 Finance Coordinator 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. 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.

OFFICER USE ONLY

Officers may amend this section without council approval.

Responsible Team	Finance	
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