

Sundry Debtor Collection Policy

(Policy Number – KL-FINPOL005)

(Policy Type – Council)

1. Aim

The aim of the Policy is to outline the Council's approach to collecting sundry debts and to writing off bad debts.

This policy does not cover remissions of property rates, reversal of charges or the collection of penalties and infringements which are covered by other policies.

This Policy ensures Council complies with its statutory responsibility as required by section 76 of the Local Government Act 1993.

2. Policy Statement

To provide fair and consistent guidelines for the recovery of outstanding sundry debts, minimise the level of outstanding sundry debts, ensure that uncollectable sundry debts are written off in a timely manner and ensure timely reporting on outstanding sundry debts.

3. Definitions

Term	Definition
Debt Write Off	An administrative decision to stop pursuing the payment of an unrecoverable debt and to remove its value from the financial records.
Remissions	A remission is the full or partial cancellation of rates, fees, or penalties imposed by the Council. It is a deliberate action, generally based on specific criteria outlined in a Council's policy, to provide financial relief to certain ratepayers or for special community purposes. Remissions are a key tool for councils to balance their financial needs with the well-being of their communities. They are distinct from a write-off, or a reversal. A remission explicitly reduces a valid charge.
Reversal of a debt	A reversal of a debt due to error or changed circumstances is the process of cancelling a sundry debtor invoice that was incorrectly issued. Unlike a debt "write-off", a reversal acknowledges that the debt was never valid in the first place. The goal is to correct the financial records so that the debtor is not pursued for an amount they do not legitimately owe.

Term	Definition
	Reasons for a reversal may include an administrative error where an invoice was sent to the wrong person, calculated incorrectly, or was a duplicate. It could also be incorrect due to a customer service error, or the conditions are no longer valid such as the goods or services were never delivered, for example, a booking for a council facility may be cancelled before the event took place.
Sundry Debtor	A Sundry Debtor is any individual, organisation, or entity that owes money to the Council for goods or services. Sundry debtor invoices are typically issued for fees and charges such as leased property, reimbursement of outgoings under lease agreements and hire of public halls and sporting grounds. This policy does not apply to debts relating to property rates and charges, animal charges, or development and regulatory charges and infringements, that are either enforceable against the property or under the Monetary Penalties Enforcement Act.

4. Policy Detail

Payment Terms

Council's standard payment terms for sundry debts are 14 days from the date of invoice, except where documented in an agreement or other contract.

Collection

- 30 days and over – Overdue Reminder Notice will be sent.
- 60 days and over – Final Notice will be sent.
- 90 days and over – Pre-Collection Notice will be letter sent.

Depending on the value of the debt, if payment is not received after 90 days, the debt may be referred to a collection agency.

Phone contact will be made where possible prior to referral, reinforcing that referral to a collection agency is imminent unless appropriate action is taken.

Additional fees for late payment and debt recovery

Where an account remains unpaid after reasonable attempts to recover the debt, Council may apply additional fees to cover costs incurred in managing late payment or referring the debt to a collection agency.

These costs may include:

- Administrative charges for issuing reminder notices.
- Legal fees and court costs.
- Debt collection agency fees.

Hardship and payment arrangements

Council acknowledges that some debtors may experience genuine financial hardship. In such cases, Council will apply the principles outlined in the Financial Hardship Assistance Policy to assess eligibility for relief or alternative payment arrangements.

If an arrangement is agreed to and the debtor continues to adhere to the arrangement, referral to a collection agency will not be required.

Payment arrangements will be recorded and monitored, until full payment is received.

Bad Debts

Bad debts can only be written off in accordance with Section 76 of the Local Government Act 1993.

Recommendations for writing off bad debt will be made to the General Manager following discussion with the department responsible for raising the debt.

In all cases before a recommendation is made to the General Manager to write off a bad debt, the Director of the relevant department is to confirm that;

- There are no reasonable prospects of recovering the debt, or
- The cost of recovery is likely to equal or exceed the debt amount

The General Manager is to certify that;

- Reasonable attempts have been made to recover the debt, or
- The likely recovery costs equal or exceed the amount recoverable.

The General Manager has Delegated Authority to write off any Sundry Debtor bad debt to the amount of \$500.

Bad debts over the amount of \$500 will be referred to Council for a decision.

Reporting

A summary debtor aging report will be submitted to Council on a monthly basis.

Any bad debts written off over \$500 will be reported to Council on a monthly basis.

5. Associated Documents and References

This Policy is made in accordance with the *Local Government Act 1993* (the Act) specifically Section 76.

Council's Delegations Register

L-FINPOL001 – Latrobe Council Financial Hardship Assistance Policy

K-FINPOL001 – Kentish Council Financial Hardship Assistance Policy

Strategic Plan Reference

Kentish Council

Area	1	Governance and Organisational Development
Project	1.2	Governance
Objective	1.2	To provide consistent, accountable, transparent and effective governance of the Council
Strategy	1.2.7	Communicate the Council's decisions, policies and activities and the reasons behind them, through the Council's website and standardised publications.

Latrobe Council

Area	1	Governance
Project	1.2	Governance
Objective	1.2	Provide consistent, accountable, transparent and effective governance
Strategy	1.2.9	Ensure Council information meets community and stakeholder interests, is accessible, easy to understand and complies with legislative requirements.

APPROVED BY COUNCIL:

Kentish Council: 22 April 2026 Minute: 14.5

Latrobe Council: 27 April 2026 Minute: 14.3

EFFECTIVE DATE: 27 April 2026

ADMINISTERED BY: General Manager

This policy will be reviewed periodically to ensure its relevance in terms of community needs and expectations and Council goals, targets, budget and statutory requirements.