POLICY NO:-
CP2-010 DEBT RECOVERY

GOVERNANCE INFORMATION			
Procedure Link:	PR009 – Financial Hardship Application Form	**Administrative Policy Link:**	

ADMINISTRATION INFORMATION					
History	1	CP2-010	OCM 08/09/2026 Res: 9834	**Synopsis:**	Policy created.
Version:	2				

1. RESPONSIBLE DIRECTORATE

Corporate Services

2. PURPOSE OR OBJECTIVE

This policy is to ensure the efficient collection of rates and sundry debtors and to provide a fair, transparent and consistent and equitable approach to debt collection in accordance with documented procedures, whilst maintaining a high quality customer service.

The aim is to maintain end of year outstanding debtor balances at a maximum of 4% for Rates debtors and 2% for Sundry debtors in excess of 90 days.

3. SCOPE

This Policy applies to all ratepayers, residents, businesses and other debtors who owe monies to the Shire of Collie.

It covers all debts lawfully owed to the Shire, including (but not limited to) rates, service charges, fees and other sundry debts.

4. DEFINITIONS

Notice of Discontinuance - a formal legal document used by a plaintiff or applicant to voluntarily stop or withdraw their own lawsuit, claim, or tribunal application. It officially tells the court and the other people involved that the case is over

Memorandum of Consent Orders - is a signed written document lodged by parties in a legal dispute to formally notify the court that they have reached an agreement. It asks the registrar or judge to turn their private settlement into official, legally binding court orders without a trial.

Magistrates Court General Procedure Claim – is a formal civil lawsuit used to resolve legal disputes involving debts, damages, or property values generally ranging from $10,000 up to $75,000. Key features include formal court rules, the right to legal representation, and standard cost orders where the loser typically pays the winner's legal fees.

Default judgment - is a binding court order granted in favor of a plaintiff when a defendant fails to respond to a lawsuit within the legally required timeframe. It acts like a "forfeit victory", meaning the plaintiff wins without a trial because the defendant's inaction implies an admission of the claims.

Means Inquiry - is a formal court hearing used to check if a person who owes money (a debtor) can pay a court-ordered debt, looking at their income, assets, and living costs.

Property Seizure and Sale Order (PSSO) - is a court instruction that lets a sheriff or bailiff take and sell a debtor's personal items or real estate to pay off an unpaid court debt.

Caveat - A caveat is a warning, a condition, or a formal legal notice that limits an agreement or stops an action. It comes from a Latin word that means "let him beware".

5. POLICY

Rates and Charges

5.1 Rates payments due to the Shire of Collie that have not been received by the due date shall be recovered in accordance with this policy, with the exception of eligible Pensioners in accordance with the *Rates and Charges (Rebates and Deferments) Act 1992* and rate payers who opt for the instalment payment option.

5.2 Prior to commencement of recovery action for unpaid rates, the debtor shall be fully informed of payment options and objection/appeal provisions set out in the *Local Government Act 1995*.

5.3 Alternate payment arrangements, other than the options offered on the rate notice, will be considered at the request of the ratepayer in writing. The arrangement must be a Direct Debit payment plan with regular payments and the debt repaid within the current rating year.

5.4 Payment arrangements extending beyond the current financial year will be considered in circumstances of financial hardship. The hardship must be demonstrated in writing and supported by independent third party information as prescribed in the in accordance with Shire of Collie – CP2-003 Financial Hardship Policy.

5.5 Amounts outstanding after the due date of payment and not subject to an agreed repayment arrangement will be actively pursued within 14 days of the due date in accordance with the *Local Government Act 1995*. The sequence of recovery actions will be as follows:

a) Final notice
b) Formal debt collection agency contact with ratepayer(s)
c) Formal debt collection agency letter of demand

5.6 If the above action is unsuccessful within 42 days of the due date l, the outstanding debt will be referred for legal action through a debt collection agency to commence as follows:

a) Issue of a Magistrates Court General Procedure Claim;
b) Obtain a default judgment; and
c) Obtain a Means Inquiry, Property Seizure and Sale Order (PSSO) or alternative action recommended by legal counsel.

5.7 Other courses of action to recover rates debts under the provisions of the *Local Government Act 1995* that may be undertaken include:

a) Section 6.60 Notice – to divert rental payment from the lessor to the Shire of Collie
b) Section 6.64 – take possession of the land. A resolution of Council is required before proceeding with this action.
c) Section 6.64(3) – Lodge a caveat on the property to preclude any dealings in the land.

5.8 Legal action will not be commenced for a rates debt of less than $500. Instead, the debt will be collected with the subsequent year's rates.

5.9 All actions for rates debt recovery will be taken in accordance with the *Local Government Act 1995* and associated authorised officer delegations.

5.10 Where legal actions are undertaken for rates debt recovery, consideration will be given to issue a Notice of Discontinuance or Memorandum of Consent Orders – whichever is applicable – in accordance with terms and conditions included in the Policy. The purpose of this is to alleviate some of the negative impact on the credit rating of local community members that would otherwise occur as a result of the legal action.

5.11 The Director Corporate Services will report to Council a summary of rates outstanding as part of the Monthly Financial Report.

Sundry Debtors

5.12 Sundry Debtors payments that are due to the Shire of Collie and have not been received by the due date (within 21 days of issue) shall be recovered in accordance with this policy and associated documented procedures.

5.13 Alternate payment arrangements, will be considered at the request of the debtor in writing. Preference is for a direct debit payment plan for regular payments with the debt being finalised within one year.

5.14 Payment arrangements extending beyond one year will be considered in circumstances of financial hardship. The hardship must be demonstrated in writing and supported by independent third party information as prescribed in the in accordance with Shire of Collie – CP2-003 Financial Hardship Policy.

5.15 Amounts outstanding after the due date of payment will be pursued within 14 days of the due date. The sequence of recovery actions will be as follows:

a) Statement
b) Final Notice
c) Formal debt collection agency contact with debtor including by SMS if available
d) Formal debt collection agency letter of demand.

5.16 Amounts outstanding after the due date of payment will be pursued within 42 days of the due date. The sequence of recovery actions will be as follows:

a) Issue of a Magistrates Court General Procedure Claim
b) Obtain a default judgement
c) Obtain a means enquiry, property seizure and sale order (PSSO) or alternative action recommended by legal counsel.

5.17 Unpaid debts shall be written off only when all reasonable attempts at recovery have been taken and where it is inappropriate or uneconomic to pursue further action. A write-off shall be determined in accordance with documented procedures.

5.18 A sundry debt of less than $100 is deemed to be uneconomic to pursue with legal action.

5.19 A monthly report on the status of sundry debtors is to be provided to the Finance Manager and a summary presented to the Council by the Director Corporate Services as part of the Monthly Financial Report.

5. REFERENCE DOCUMENTS

Local Government Act 1995
Rates and Charges (Rebates and Deferments) Act 1992
Department of Local Government, Sport and Cultural Industries – Local Government Operational Guideline Number 22 – Possession of Land for Recovery of Rates and Service Charges.
Shire of Collie – CP2-003 Financial Hardship Policy.
Shire of Collie – PR018 – Debt Recovery – Sundry Debtors
Shire of Collie – PR019 – Debt Recovery – Rates Debtors