

COUNCIL POLICY

# Debtor Management

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**DOCUMENT UNCONTROLLED WHEN PRINTED**

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Directorate Corporate and Community	Department Corporate	External

**REVISION RECORD**

Date	Version	Revision description
07/06/2016	1.0	Endorsed by Finance Committee
05/02/2019	2.0	Updated to incorporate the Application for Financial Hardship Policy, the Debt Write Off Policy and the Sale of Occupied Land for Unpaid Rates and Charges Policy
30/07/2022	3.0	Standard Review re Legislation changes etc
16/05/2023	4.0	Updated to remove rates and charges to be included in new Rates Financial Hardship Policy.
30/06/2025	4.1	Review and Update
09/09/2025	5.0	Approved by Council

## 1. Purpose

Alpine Shire Council (Council) relies on income from rates, grants, leases, fees, and charges to fund its operations. Good revenue and debtor management practises are essential in enabling Council's income to be collected effectively.

Policy objectives include ensuring that the collection of debts is undertaken equitably (that is, fairly and impartially), consistently, efficiently, effectively and in accordance with good governance.

## 2. Scope

This policy applies to Council employees and contractors who have responsibility to collect payments due to Council.

Council may engage a debt collection agency to assist with collection of outstanding debts. Council staff responsible for overseeing the activities of debt collection agencies ensure that practises are applied in line with this policy.

This policy does not apply to transactions where the payment is received prior to the receipt of works, services, or permits by the customer. Receipt of these payments is governed by the Cash Handling policy (no 94).

This policy should be read in conjunction with the Council's Financial Hardship Policy (no - 127).

## 3. Policy details

### 3.1 INVOICING

Invoices are to be raised whenever goods or services are provided by Council prior to payment being made by the recipient of those goods or services. For example, invoices may be raised for grant income, lease and license income, and provision of services such as waste collection or use of sporting facilities.

It is the responsibility of the officer that provides the good or service to ensure that the invoice is raised, and to raise any credit notes where required. Invoice and credit note requests are to be lodged with Finance who will record the associated revenue in the general ledger.

Debtor accounts may be established for credit approved debtors where there is a genuine business need that has been approved by the relevant Manager. Where there is any doubt, Finance should be contacted to assist with obtaining a credit check.

All invoices are to be charged as per the fees and charges schedule in the current Council budget or as per the relevant legislation.

## 3.2 GENERAL MANAGEMENT OF OUTSTANDING DEBT

### 3.2.1 Aging Debtor Management

The following actions are to be undertaken for debts that are outstanding beyond Council's standard terms of 30 days:

- 31 - 60 days: the finance system will send a reminder of payment being overdue, and issue a debtor statement.
- 61 - 90 days: the responsible officer will contact the debtor to remind them of payment being overdue (second contact) and issue a further debtor statement.
- 91 - 120 days: the responsible officer will contact the debtor to remind them of payment being overdue and to organise a payment arrangement if necessary. Debtor may also be advised that legal action may be commenced if payments are not received within the stipulated timeframe.
- 120+ days overdue: amounts 120 days and over require direction from the relevant manager (or the responsible officer in their team) in relation to:
  - Whether debt collection proceedings are to commence for pursuit of legal recovery of the debt at the expense of the relevant area or debtor
  - Whether there are any special circumstances relating to the debt that justify the recovery action to be held for any reason or
  - Whether the debt is recoverable and if the debt should be recommended to be written off. This may have budgetary implications.

### 3.2.2 Payment Arrangements

Any person, organisation or company who is having difficulty in paying their debt is encouraged to contact customer service or the Responsible Officer.

The Responsible Officer may raise a request with finance to establish a personal payment arrangement with the debtor to pay off the debt in a reasonable and manageable timeframe. This can occur before the debt becomes overdue. For example, the plan may involve making a weekly payment of an agreed amount until the debt is paid in full. The responsible officer must ensure arrangements are adhered to.

### 3.2.3 Provision for Doubtful Debts

An annual review shall be undertaken of outstanding debts by the Accountant, for the purposes of maintaining a provision for doubtful debts based on the following factors:

- All debts known to be doubtful shall be included in the provision, for example if a debtor is known to have gone into liquidation; and
- Debts aged over 90 days will be reviewed and a proportion of these debts maybe included in the provision, as deemed appropriate.

### 3.2.4 Write-Off of Bad Debts

All cost-effective actions to recover debt should be taken by Council officers in accordance with sector practices. Debts may be written-off either, when Council is unable to collect the debt, or when Council chooses not to collect a debt for compassionate reasons.

The reason for proposing the debt write-off must be clearly documented and authorised by either the Manager Corporate (up to \$10,000), the Director Corporate and Community (between \$10,001 and \$30,000) and the Chief Executive Officer (between \$30,001 and \$50,000). Write-offs over \$50,000 must be authorised by Council by resolution.

All approved debt write-offs are to be reported to the next meeting of the Audit and Risk Committee. Reports are to be marked "Confidential" in line with Local Government Act 2020 requirements.

## 4. Roles and responsibilities

The following positions are responsible for

Role/Position	Responsibility
Council	Approving Debt write-offs over \$50,000 by Council resolution.
Chief Executive Officer	For ensuring the Policy and procedures are in place. For approving all applications for Debt write offs between \$30,001 and \$50,000.
Director Corporate and Community	For ensuring the Policy and procedures are implemented and for reviewing any complaints received with respect to the application of the Policy by the Manager Corporate. For approving all applications for Debt Write offs of between \$10,001 and \$30,000.
Manager Corporate	For monitoring and reporting on implementation of this Policy For approving all applications for Debt write offs up to \$10,000. For reviewing any complaints received with respect to the application of the Policy by the responsible officer.

## 5. Breaches

Failure to comply with Council policy, supporting procedures or guidelines, will be subject to investigation which may lead to disciplinary action.

## 6. Human Rights Charter compatibility

This policy has been assessed as being compatible with the *Charter of Human Rights and Responsibilities Act 2006 [Vic]*.

## 7. Gender Impact Assessment

The implications of this policy have been assessed in accordance with the requirements of the *Gender Equality Act 2020*. In this instance, a gender lens was applied in the development of policy to consider how the policy impacts on the health and wellbeing of people with different genders. A Gender Impact Assessment has been undertaken and is available upon request.

## 8. Supporting documents

This policy should be read in conjunction with all other relevant, Council policies and procedures, as well as relevant legislative requirements.

### Related Legislation

- *Charter of Human Rights and Responsibilities Act 2006*
- *Gender Equality Act 2020*
- *Local Government Act 2020 [Vic]*
- *Local Government Legislation Amendment (Rating and Other Matters) Bill 2022 [Vic]*.

### Related Guidelines, Operational Directives or Policies

- Cash Handling Policy, No.94
- Financial Hardship Policy, No. 127
- Annual Budget: Rating Policy and Fee Schedule

### Related Procedures

- Nil

## 9. Definitions and abbreviations

Term	Meaning
Bad Debts	A bad debt expense is incurred when Council abandons its claim to the amount owing where there is no reasonable prospect of collection, or the costs of collection are expected to be greater than the amount owed.
Compassionate Grounds	Means circumstances of a compassionate nature including financial hardship, illness, or death.

Term	Meaning
Credit	Credit refers to the purchase and provision of goods and/or services from Council by debtors based on a promise to pay at a future time.
Debt (Goods and/or Services)	Debt is the amount of money owed by a debtor as a result of a credit transaction with Council.
Deferment	A 'deferment' of payment can be provided in whole or in part and be for a specific period and subject to any conditions determined by Council. A deferral only suspends the payment for a specified period of time, but the full amount will eventually be recovered.
Financial Hardship	Financial hardship applies where a person demonstrates a severely diminished ability to fulfil their financial obligations to Council in regards to Rates and Charges and where hardship assistance through alternative payment plans and/or deferral of payments may be of assistance. Refer to Policy 127 - Financial Hardship.
Responsible Officer	The officer responsible for the management of the relevant revenue stream.
Waiver	A "waiver" is a one-off abandonment, which removes the liability to pay, and may be offered to include the whole or part of any interest and costs.



## 10. Approval

THE COMMON SEAL OF THE ALPINE SHIRE COUNCIL was hereunto affixed this 9th September 2025 in the presence of:



JOHN ANDERSEN  
COUNCILLOR

Noah Tanzen  
COUNCILLOR

WILL JEREMY  
CHIEF EXECUTIVE OFFICER

Version 5 of the Debtor Management Policy was signed and sealed at the Ordinary Council Meeting held on 9 September 2025.

The original signed copy is held in Council's records.