

**GO3 – Write-off of Bad Debt**

GO3

**Write-off of Bad Debt**

135

TRIM 139

**EXECUTIVE SUMMARY**

- Council undertakes legal recovery actions for outstanding debtor accounts. Once all legal avenues have been exhausted and payment of the outstanding debt has not been achieved, Council has little recourse other than to write the debt off.
- This report recommends that one debt of \$12,154.33 be written-off.

**REPORT**

Annually, Council generates around \$5 million revenue from the fees and services it provides. Outstanding invoices are pursued by Council's Debt Recovery Officer and if required a debt recovery agency is engaged. Recovery actions commence once a debt is more than thirty (30) days overdue.

Similar to most other organisations, when the legal process is exhausted, a proportion of the total debt raised remains unpaid and should be considered for write-off. A Council authorisation to write-off a bad debt does not stop Council reinstating the debt if future circumstances change and the debt can be collected.

Under Section 377(1) of the Local Government Act 1993 pursuant to Clauses 213(2) and (3) of the Local Government (General) Regulation 2005, Council is permitted to set a limit upon which the General Manager may exercise his discretion writing off monies owing to Council. On 19 August 2013, Council delegated to the General Manager the authority to write-off monies due to Council up to a limit of \$5,000 per debtor. An analysis of Council's overdue sundry debtor accounts has highlighted only one doubtful debt greater than \$5,000 in value. Details of the doubtful debt are as follows:

Debtor A/C No.	Debt Category	Amount to Write off	Invoice Date	Details of Debt	Actions/ Comments
12904	Nursery	\$12,154.33	26/03/2015	Debtor purchased plants from Council's Nursery and then filed for bankruptcy prior to paying for purchases	Bankrupt Debtor

Governance

**GO3 – Write-off of Bad Debt**

All possible attempts have been made to recover the outstanding amount, however the debtor has been declared bankrupt and there is no likelihood of receiving payment. It would be uneconomical and an inefficient use of Council resources to continue to pursue this debt and it is therefore proposed that the debt be written off.

**CONSULTATION**

Revenue Team Leader  
Finance Officer - Revenue (Debt Recovery Officer)

**FINANCIAL IMPLICATIONS**

Council has a provision for doubtful debts. The proposed write-off amount is within the provision.

**ATTACHMENTS**

Nil

**RECOMMENDATION**

That the debt of \$12,154.33 be written-off and debtor account number 10338.03 be marked as written off in the ledger.