



## **8. FINANCE**

Policy 8.4

DEBT RECOVERY

**Version 5**

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### **8.4 DEBT RECOVERY**

#### **Objective of this Policy**

The objectives of this Policy are to:

- Provide a framework for the efficient and effective collection of outstanding debts and to fulfil statutory requirements in relation to the recovery of rates, water, charges, fees and other debts.
- Recover monies owing to Council in a timely and effective manner and ensure effective cash flow management.
- Provide a process that is consistent, fair, ethical, transparent and compliant with legal obligations and legislation
- Treat all customers fairly and consistently whilst carrying out Council`s responsibilities. Council will act with respect and sensitivity in considering their circumstances. All matters will be treated confidentially under this policy.

#### **Scope of this Policy**

This policy relates to all parties that owe monies to Council (debtors), including but not limited to:

- Rates and charges;
- Water; and
- Sundry Debtors

#### **Rates and Charges**

##### **Payment of Rates and Charges**

Rates and charges notices are issued in July of each year and are payable in four instalments on 31 August, 30 November, 28 February and 31 May each year in accordance with section 540 of the Local Government Act.

A rates instalment notice issued 30 days before each instalment is due.

Ratepayers have the option to pay the rates in full (payable by 31 August) or in four (4) instalments.

Each instalment that becomes overdue will be recovered by:

- Issue of a Reminder Notice when the instalment is overdue for greater than fourteen (14) days.

- Issue of a Letter of Demand by Council's recovery agent.
- Commencement of legal action without further notice if required.

Commencement of Recovery action will only commence once all attempts have been made to allow the ratepayer the opportunity to pay the outstanding amount or contact Council to enter a payment arrangement.

Council will commence legal action with the issue and service of a statement of claim against any ratepayer who is not a pensioner, with at least two quarterly instalments unpaid.

If legal action has already commenced to recover the previous instalment, then no further legal action is to be taken on later instalments until such time as the amount claimed in those legal proceedings (including costs) has been paid.

If legal action has not already commenced to recover the previous instalment, then the amount of any later instalment is to be added to the earlier instalment for the taking of that legal action.

## **Water**

Water meter readings are collected four times a year and accounts are sent to the property owners after each meter reading. The due date for payment is a minimum 21 days from the date of the Water Consumption Charge Notice.

Water usage accounts are considered overdue immediately following the due date.

A reminder notice will be issued on any water account that remains unpaid 7 days after the due date, where no formal payment arrangement has been made.

## **Sundry Debtors**

Sundry debtors are debtors that cannot be legally related to a property.

Council will issue invoices to sundry debtors weekly.

Council will provide a monthly statement to sundry debtors.

## **Due Date for Payment**

Invoices sent to sundry debtors are due for payment thirty (30) days from the date of issue of the invoice.

Each invoice that becomes overdue will be recovered by:

- A reminder letter within fourteen (14) days of the due date for payment giving seven (7) days to pay.
- Issue of a Letter of Demand by council's recovery agent giving 7 days to pay.
- Commencement of legal action without further notice if required on any sundry debtor with an amount owing of greater than \$500.

## **Payment Arrangements**

It is not Council's intention to cause financial difficulties to any ratepayer, therefore, Council will enter into a mutually agreed arrangement of payments with a view to having the debt cleared prior to the end of the financial year so that the problem is not compounded.

Arrangements can be made on a weekly, fortnightly or monthly basis.

Arrangements include all arrears (including any costs incurred in legal proceedings).

If the arrangement would cause the ratepayer to suffer hardship, the arrangement can be extended over no more than a 24 month period from the date of the arrangement.

Council will confirm any arrangement in writing.

Council reserves the right to continue recovery action without notice should the ratepayer default on the arrangement.

If the debt has already been referred to Council's external law firm the arrangement will be confirmed by them.

All payment arrangements will be recorded in the Property & Rating System and on the property file.

## **Interest and legal costs**

In accordance with section 566 of the Act, interest will accrue daily on any overdue rates and charges at the maximum allowable rate. Interest will accrue daily on any outstanding amount immediately following the due date.

The ratepayer will be liable for all debt recovery costs and fees associated with any legal action which will be charged on the property until paid. If after the commencement of legal proceedings, a ratepayer makes payment on the overdue amount but not the legal costs of those proceedings, Council will issue a letter setting out the amount payable for costs, demanding payment within fourteen (14) days.

If the ratepayer does not make payment of those costs within fourteen days of the sending of the letter, then legal action is to be continued for the recovery of those costs.

In relation to interest on Sundry Debtor accounts, if the agreement by which Council provided the services that led to the sundry debt being incurred does not provide for interest to be charged, Council is to claim interest in any legal proceedings taken as allowed under relevant legislation at the applicable rate.

If the agreement by which Council provided the services that led to the sundry debt being incurred provides for interest to be charged, Council is to charge the interest under the agreement to the sundry debtor. However, Council at its discretion may choose to alternatively claim interest in any legal proceedings taken as allowed under relevant legislation at the applicable rate.

## **Hardship**

It is not the intention of this policy to cause hardship to any ratepayer through Council's recovery procedures. At all times, consideration will be given to clear the debt by way of mutually agreed arrangement of payments with a view to having the debt cleared prior to the end of the current financial year so that the problem is not compounded.

The Act provides a number of circumstances where a discretion is available to Council to release ratepayers from some (or all) of their obligations due to what has come to be termed hardship. The sections include:

- Section 567 – writing off accrued interest
- Section 577 – concessions for pensioners
- Section 582 – waiver or reduction of amounts owing by pensioners

Any application by a ratepayer on the grounds of hardship, which must be in writing, are to be referred to the Chief Financial and Information Officer (CFIO), following a recommendation from the Financial Services Manager, for consideration by Council in accordance with Council's adopted policies.

## **Sale of Land for Rates**

A Council may in accordance with Section 713 of the Local Government Act sell any land (including vacant land) on which any rate or charge has remained unpaid for more than 5 years from the date on which it became payable. This course of action will only be used when all other recovery options have been exhausted.

## **Inbound Contact**

To avoid confusion, double-handling and adverse legal issues, once a matter has been referred to Council's external legal firm for collection, all inbound contact from debtors is to be handled by them. Council staff are to advise such debtors to deal directly with Council's external law firm and, if necessary, provide appropriate contact details for same.

## **Delegation of Authority**

Council hereby expressly authorises its General Manager, CFIO, Financial Services Manager or such person as any of them delegates such authority to take such action as they deem fit to achieve the purposes of this policy with the adherence to same.

<b>Maintained by Department:</b>	Corporate & Community	<b>Approved by:</b>	Council		
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