



LITHGOW CITY COUNCIL

8. FINANCE

Policy 8.1

DEBT RECOVERY

Version 2

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8.1 DEBT RECOVERY

OBJECTIVE: To establish a debt collection program for both property related and other debts, which maximises Council's cash flow and provides the flexibility to manage Council debt in a sensitive manner and at minimal expense to both Council and the respective debtor.

GENERAL:

For debt recovery purposes, debts are considered to be overdue in the following circumstances:

- Rates and Annual Charges - five (5) days after the instalment due date.
- Water and other User-Pays Charges - thirty (30) days after the account issue date.
- Other Property related debts – twenty one (21) days after the invoice issue date.
- Other debts – twenty one (21) days after the invoice issue date.

POLICY:

STATEMENT OF INTENT

Recovery procedures are to be initiated for all amounts owing to Council, irrespective of the amount. However, for debts not exceeding \$1,000 (in each instance), where it is deemed necessary by the General Manager, after consideration with the Group Manager Community and Corporate, either before or during the debt recovery process, that the cost of attempting to recover the debt exceeds the amount thereof, then that debt may be written-off.

Where non-recoverable legal costs to Council, either internal, external or both, of collecting a debt is deemed by the Group Manager Community and Corporate to be substantial, or potentially substantial, the prior approval of the General Manager will be obtained in relation to the most cost effective method of recovering the debt.

It is not the intention 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 the problem is not compounded.

All debts, with a value less than \$1,000, deemed to be uneconomical to recover or unrecoverable by the Group Manager Community and Corporate will be referred to the General Manager. The General Manager may determine whether such debts will be written-off. All debts written-off will be reported to Council on an annual basis.

PROCEDURES OF DEBT RECOVERY PROCESS

1. Recovery action shall be instigated if current rates and charges are not paid by the due date unless arrangements have been made for payment by instalments either pursuant to Section 562 of the Local Government Act or by mutual agreements with Council Internal Services Division.
2. An outstanding instalment reminder notice shall be sent by council to any defaulting ratepayer after 14 day of the instalment due date.
3. Recovery action shall commence where there is no suitable response and/or payment agreement with Council in relation to the outstanding instalment reminder notice within 14 day. Recovery action by Council Debt Recovery agent may include telephone calls, notices of demand, Statement of Liquidated Claim, Judgement, Writ of Execution, Garnishee Orders, section 569 Notices, Warrant of Apprehension, notice to wind up a company and sale of land for overdue rates under Section 713 of the Act. The letter will include a statement advising the ratepayer that legal costs will be added to the outstanding account.
4. Ratepayers, who because of hardship and who comply with Council's Hardship Policy, may enter into a mutual payment agreement with Council/Debt Recovery agent to pay off the rates and charges account. Such ratepayers need to submit a written request and / or complete and sign Council's prescribed payment arrangement form.
5. Where a ratepayer who has made arrangements to pay rates and charges by mutual agreement fails to meet his/her full obligations under the agreement, the agreement will be terminated and legal action shall be immediately instituted for the recovery of any outstanding rates and charges.
6. Any payment agreement entered into with a ratepayer for the outstanding rates other than pursuant to Section 562 of the Local Government Act, shall endeavour to ensure that all rates outstanding are fully paid by 30 June of the rating year in which the agreement is entered into, and an agreement for payment of outstanding rates shall not extend beyond two years.
7. If the supplementary rates and charges notices issued involves more than the current year's levy, then the ratepayer is asked to make payments on a quarterly basis, providing all payments of amounts due is made by 30 June of that financial year.
8. Arrears of rates report are provided to Council's Management on a quarterly basis for accounts greater than \$1,000. The report is also to contain details of the action which has been taken by Council to recover those debts.
9. Interest will be charged in accordance with Section 566 of the Local Government Act 1993, calculated daily by applying the maximum rate specified by the Minister, on a yearly basis.

DEBT RECOVERY IN RESPECT OF WATER USAGE ACCOUNTS

1. Water usage accounts are to be issued by clinical billing to enable water revenue to be raised in the year costs of the water supply are incurred.
2. Fourteen (14) days after the due date for payment, an OVERDUE REMINDER NOTICE requesting payment within 14 days will be issued. The letter will include: total outstanding water usage debt, notification that interest will continue to accrue at the adopted rate, intention to insert water restriction device if account is not paid, notification that reconnection will cost \$200 and council contact for further information.
3. Where the account remains unpaid or suitable arrangements to pay the account are not made, a FINAL NOTICE and a NOTICE OF INTENTION TO RESTRICT WATER SUPPLY will be issued advising that council will install a flow limiting device after 14 days notice if payment is not made and/or suitable payment arrangements are made.
4. The water flow-restricting device shall only be inserted for amounts greater than \$200 where all other recovery avenues have been exhausted. Council will continue to pursue all other avenues of recovery of outstanding water usage accounts.
5. Water flow-restricting device will be inserted following 7 days expiration of the issuing of such a notice.
6. Outstanding water usage accounts will be recovered in any of the above-mentioned circumstances through a legal process instigated for the recovery of the rates and charges and any other property related debts

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