

ANNEXURE 9
DEBT RECOVERY
POLICY -
Draft Debt Recovery
Policy

Draft Debt Recovery Policy

Program: Organisational Support and Development
Sub Program: Financial Management
Review Details: As required
Responsible Officer: Manager Finance

Adopted on: _____

Amended on: _____

Objectives:

- a) To provide clear guidelines within which debt recovery personnel may operate which maximises cash-flow and provides flexibility to manage debts to Council.
- b) To ensure that the action is implemented efficiently and effectively in a sensitive manner with minimal cost to both the debtor and Council

Policy:

1. Rates & Annual Charges

- a) Rates and Annual Charges payment timetable:

Initial Rates & Charges notice issued with a due date of 31st August.
(Section 562(3)(a) Local Government Act, 1993)

If full payment is not made by 31st August quarterly instalment notices are issued with the due dates for payment being 30th November, 28th February and 31st May of each year. (Section 562(3)(b) Local Government Act, 1993)

Reminder Notices are sent seven (7) days after the due date to ratepayers who have not paid the indicated amount or made satisfactory payment arrangements and where the overdue amount exceeds \$20. The Reminder Notice will have a due date for payment fourteen (14) days from the date of the notice and will indicate that interest is accruing.

- b) After the second & fourth instalment notice issues and the above processes have been completed a list of ratepayers with overdue balances greater than \$500 will be forwarded to the Mercantile agents of Council for a ***Notice of Intent*** to be issued.
- c) Ratepayers who have defaulted on an initial payment arrangement agreement will be sent a *default on arrangement letter*. If no response is received the debt is referred to Council's Mercantile agents.

2. Sundry Debtors

a) Sundry Debtors payment timetable:

Initial invoice issued notifying a debt payable within 30 days.
Statement issued at the end of the month summarising all transactions.

b) If sundry debtor remains unpaid at the end of the month following the month of invoice **and** an arrangement for payment has not been entered into the debt will be referred to Council's Debt Collection Agency.

3. Pensioners under s.575 Local Government Act, 1993

a) Any debts owed to Council by eligible pensioners will not be pursued through legal action.

b) Any debts owed to Council by eligible pensioners will have any interest charges written off if their debt is paid in full by the end of the financial year in which the debt was raised.

4. Interest

a) Interest will apply to sundry debtor invoices remaining unpaid after 30 days in accordance with Council's Fees and Charges Policy as permitted under section 608 Local Government Act, 1993.

b) Interest will not apply to outstanding grants or subsidies from Government Agencies.

c) Interest will apply to rates and annual charges in accordance with section 566 Local Government Act, 1993.

5. Reminder Fees

a) A reminder fee of will apply to sundry debtor invoices remaining unpaid after 30 days in accordance with Council's Fees and Charges Policy as under section 608 Local Government Act, 1993.

b) Reminder fees will not be applied to

1.

Rates & Annual Charges

Suitable arrangements:

- (i) All arrangements for payment should clear the total debt by the end of the current financial year.
- (ii) The Finance Manager is to approve arrangements for payment that will not be cleared by the end of the current financial year.
- (iii) Ratepayers may make a suitable payment arrangement with Council at any time for the payment of their rates.
- (iv) Payment Arrangements must be in writing and Council will issue a written confirmation of the arrangement.

d) Debt collection procedure:

The following procedure is to be employed by Council's Mercantile agents.

Step 1:

A Notice of intent sent to ratepayer by Mercantile agents:

A Notice of intent is to be forwarded to the ratepayer notifying that unless the account is paid in full within 7 days or a suitable payment arrangement made, legal action will commence for the outstanding amount.

Step 2:

Summons issued

Where a response to Step 1 is not received and the debt is over \$300, a summons is to be issued through the Local Court at Kogarah by the Mercantile agents

Step 3:

Judgement

Where a response to the summons is not received, default judgement is to be entered by the Mercantile agents.

Step 4:

Warrant Issued

On the entry of judgement and the failing of the debtor to enter into a payment arrangement, a warrant is to be issued by the Court against the ratepayer to recover personal property.

OR

Garnishee issued:

Where subsequent details are known and an arrangement is not maintained, a garnishee is to be attached to the debtors wage in recovery of the debt. A summons process is initiated with the court.

OR

An Oral Examination Summons Issued:

Oral examination summons action is taken when there is insufficient knowledge to effectively use a garnishee or warrant. (This summons requires the ratepayer to attend court and be questioned as to the ratepayer's current financial situation and ability to meet Council's claim).

Council's Manager Finance will determine whether a warrant or garnishee or oral examination summons will be issued, based on the individual circumstances of the ratepayer.

Step 5:

Where the above policy and procedures have not been successful in relation to the recovery of the outstanding rates and charges, Part 2, Division 5 of the Local Government Act, 1993 (Sale of land for unpaid rates and charges, Sections 713-726) is to be instigated where applicable.

- e) Other rate debt recovery procedures:
 - (i) The Finance Manager enforce judgement on Summons and enact Warrants, Garnishees, etc.
 - (ii) Where a matter proceeds to a pre-trial consultation or a hearing, Council's Mercantile agent is to be instructed to act on Council's behalf.
 - (iii) Interest is applied to all outstanding rates, whether a suitable agreement is in place or not. The interest rate is determined by Council as part of adopting the Management Plan. Interest commences to accrue on unpaid rates as soon as practical after the due date.
 - (iv) The General Manager has delegated authority to write-off rates, fees, charges and other debts up to an including an amount resolved by council. (See Delegation to Write Off Debts Policy)
 - (v) The General Manager to be advised by the Manager- Finance of any staff member or Councillor that has been referred to Council Debt Collection Agency.

- (vi) Nominated Council staff be required to act as authorised officers in relation to the recovery of rates and charges where that nominated person is required to represent Council at Court.
- (iv) The General Manager to be advised by the Manager Finance of any staff member or Councillor that has been referred to Council Debt Collection Agency.
- (v) Nominated Council staff be required to act as authorised officers in relation to the recovery of rates and charges where that nominated person is required to represent Council at Court.