

CATEGORY: FINANCE/COMMERCIAL
GROUP TEAM: Corporate Services
POLICY NAME: DEBT MANAGEMENT POLICY



PURPOSE

The purpose of this policy is to:

1. Ensure effective control over all invoiced debts owed to Council. These include Rates, Sundry Debtors and Water and Sewerage charges;
2. Fulfill the statutory requirements of both the Local Government Act, 1993 and Local Courts (Civil Claims) Act, 1970, with respect to the recovery of rates and other debts;
3. Ensure the integrity and confidentiality of all proceedings for both the Council and its customers; and
4. Ensure a fair and equitable approach is taken with those persons suffering genuine financial hardship.

SCOPE

This policy applies to all debtors of Corowa Shire Council regardless of whether the debt is in relation to ordinary rates, special rates, charges, fees or income from services provided.

CONTENT

This Debt Management Policy should be used in conjunction with the Debt Management Procedures, which includes procedures for outstanding Rates and Annual Charges, Water and Sewer Accounts and Sundry Debtors.

- Debt Recovery
- Payment Plans
- Proceeding with legal action
- Interest and other outstanding fees
- Hardship considerations; and
- Pensioners

1. Recovery Steps

- 1.1 Recovery action may be commenced for all debts unless arrangements have been made for payment by periodic payments under Section 564 of the Local Government Act, 1993 or the debtor is currently being evaluated for hardship considerations.
- 1.2 Recovery action shall include Reminder Notices and Final Notices, prior to legal action being commenced. For customers who breach Section 564 payment plan agreements no further notice will be issued prior to legal action.

- 1.3 Unpaid water and sewerage accounts, recovery action may include restriction of the flow of water to the property and disconnection of water supply to the property. This action is empowered by Local Government (General) Regulation 2005 Clause 144.
- 1.4 Legal action may be undertaken for any delinquent debts and shall include a Notice of Demand, Statement of Liquidated Claim (Summons), Judgment, Writs, garnishee orders, Section 569 notices, warrants of apprehension, notices to wind up a company and sale of land for overdue rates under Section 713 of the Local Government Act 1993.
- 1.5 Credit restrictions may be imposed on any debtor at Councils discretion.

2. Interest

- 2.1 Interest accrues on a daily basis in accordance with Section 566 of the Local Government Act 1993 on rates and charges, water and sewer accounts that remain unpaid after they become due and payable. The rate to be charged is the maximum allowed as announced by the Department of Local Government each year.
- 2.2 Section 567 of the Act empowers Council to write-off accrued interest on rates or charges payable by a person/s.

3. Payment Plans

- 3.1 Council is empowered under Section 564 of the Act to enter into a payment plan agreement with a person to accept part payments of rates and charges due and payable by a person/s.
- 3.2 Arrangements are to be negotiated in accordance with current payment plan procedures and with the aim of recovering all arrears and the current year's rates and charges within the current rating year, where possible.
- 3.3 Where a ratepayer defaults on approved payment plan agreements, recovery action will commence with no further notification from Council, which may result in direct referral to Council's Debt Collection Agency.

4. Hardship

- 4.1 Council is empowered under Section 567 of the Act to write off accrued interest on rates and charges payable by a person if, in its opinion, that payment of the accrued interest would cause the person hardship.
- 4.2 Consideration will be given to cases of hardship only on the following grounds:
 - Terminal illness – consideration will be given to waiving interest on rate and water accounts for a specific term.
 - Temporary illness – consideration will be given to waiving interest on rate and water accounts for a specific term.
 - Natural disasters (bushfire, flooding, drought – consideration will be given to waiving Interest for rates and water accounts for a specific term. Details of the extent of the losses will be required.

- 4.3 Under Section 601 of the Act which relates to Hardship resulting from certain valuation changes Council has discretion to defer the payment of the whole or any part of the increase in the amount of the rate payable by the ratepayer, for such period and subject to such conditions as it thinks fit. Council will not waive or reduce whole or any part of the increase.

5. Pensioner/s

- 5.1 Eligible pensioners shall be required to pay the amounts of rates and charges remaining following any statutory reduction in rates required under the Act. Such amounts shall be paid by the due date.
- 5.2 Eligible pensioners who are unable to pay rates and charges or accrued interest may apply for relief under provisions of Section 564 and 567. (see Section 3 and 2 of this policy).

AUTHORISATION

Status Committee: When was this approved?

Manex: When was this approved?

Council: When was this approved (if required)?

Owner: Ian Rich

Compliance: Mandatory or optional under certain circumstances (give details).

History: A running summary of when changes were approved and details of any previous documents that this supersedes.

Other: Provide details of any other associated documents.

Last issued: **Date last issued Review Enter review date**