



## Bellingen Shire Council **POLICY**



Internal Use Only



External Use

### **RECOVERY OF OUTSTANDING DEBT POLICY**

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Department: Corporate and Community  
Responsible Officer: Deputy General Manager  
Contact Officer: Manager, Finance  
Date Approved by General Manager:  
Date Confirmed by SCC:

**Adopted: 27 February 2013**  
Minute No: 09.009/13  
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IR No.:

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#### **Purpose:**

This policy is to formalise the procedure dealing with defaulting debtors including:

1. Rate Debtors
2. Water/Sewerage Debtors
3. Sundry Debtors

#### **Objective:**

To ensure that all debtors not meeting their obligations to Council will be treated in a fair and consistent manner.

To fulfil the statutory requirements of the *NSW Local Government Act 1993* and the *NSW Local Government (General) Regulation 2005*.

#### **Policy:**

This policy allows for Council's procedure to be followed by staff when dealing with overdue debtors.

#### **Raising of Accounts:**

Council undertakes to issue rate and instalment notices, water accounts and tax invoices as soon as practicable following the debt being raised. Staff will endeavour to ensure that they are correctly addressed and contain sufficient detail for the debtor to ascertain the amount of the debt, the due date, the purpose of the account and any other information which will assist the debtor in understanding the account/notice.

#### **Interest on Overdue Rates and Charges:**

Council shall apply the maximum interest rate and charges as determined annually by the Minister for Local Government under Section 566(3) of the *NSW Local Government Act 1993*.

#### **Financial Hardship:**

All applications under Section 564(1) of the *NSW Local Government Act 1993* will be considered on their merits and the following guidelines may be used in making a determination.

- Illness or injury
- Natural disaster (bushfire, flood, drought)
- Personal hardship beyond the debtors control

## **RATES AND CHARGES:**

### **Notification of Overdue Account:**

Following the due payment date, Council will issue a reminder letter to the debtor advising that full payment is required within fourteen (14) days of the date of the letter unless a suitable arrangement is entered into. This is for all outstanding rates and annual charges debts over \$50.00 and usage debts over \$10.00. The reminder letter will advise the ratepayer that failure to respond by the nominated date will result in referral of the debt to Council's debt recovery agency for commencement of legal action.

### **Failure to comply with Notification of Overdue Rates:**

Failure to respond to the reminder letter by the nominated date will result in referral of the debt to Council's debt recovery agency.

The debt recovery agency will issue a letter of demand to the ratepayer advising that full payment is required within fourteen (14) days of the date of the demand letter, unless a suitable arrangement with Council is entered into.

### **Failure to comply with Letter of Demand from Debt Recovery Agency:**

Failure to respond to the letter of demand by the nominated date will result in legal action commencing without further notice.

The outstanding debt will include any costs incurred by the referral and these costs will be borne by the ratepayer and added to the outstanding debt.

### **Arrangements:**

Under Section 564 of the *NSW Local Government Act 1993*, the Revenue Staff through the Revenue Supervisor are empowered by delegation from the General Manager to enter into payment arrangements with ratepayers.

Satisfactory and preferred arrangements are those that undertake to satisfy the total amount outstanding (including current amounts) by 31 May in the current financial year. Arrangements for larger debts may be granted up to two years to pay (including current amounts).

Further recovery action will be taken should an arrangement be defaulted upon.

Rate arrangements can only be entered into with:

- The owner of the property

- A person who holds Power of Attorney for the property owner. (Council must receive a copy of the Power of Attorney)
- A person given written authority from the property owner authorising them to act on their behalf. (Council must receive a copy of the authority.)

**Failure to comply with the terms of an arrangement:**

Where a ratepayer fails to comply with the terms of an arrangement, Council will issue a pay arrangement failure letter to the debtor advising that full payment is required within fourteen (14) days from the date of the letter. Upon this a ratepayer may make a further payment arrangement. If no arrangement is made the debt is to be referred to Council's debt recovery agency.

Where a ratepayer has breached two payment arrangements a reminder notice will be issued to the debtor advising that full payment is required within fourteen (14) days. Further arrangements will not be entered into.

**Sale of land for Unpaid Rates:**

In accordance with Section 713 of the *NSW Local Government Act 1993*, Council will act to sell property to recover outstanding rates where the debt has been outstanding for more than five (5) years from the date on which it became due and payable and other attempts to collect the debt have failed. Due to the resources and cost involved, sale of such properties will be conducted in bulk lots.

**Rent for Rates and Charges:**

Council may under Section 569 of the *NSW Local Government Act 1993* serve on the occupier of the property a notice for the amount of rates and charges unpaid or for the amount of any judgement.

**WATER AND SEWERAGE USAGE CHARGES**

**Notification of Overdue Account:**

A reminder notice shall be issued within 14 days after the due date of the water and sewerage usage account to those ratepayers who have not made previous satisfactory payment arrangements. Reminder Notices will be issued for amounts outstanding over \$10.00 and will request payment within 14 days from the posting date of the notice.

**Failure to comply with Notification of Overdue Water/Sewerage Usage Account:**

Arrangements to pay off water and sewerage usage charges will be the same as the procedures for the recovery of rates and charges. All arrangements to pay outstanding water and sewerage usage accounts must be made with the owner of the property. No arrangement for payment is to be entered into with the tenant of the property.

**Proceeding with Recovery Action (Notice of Water Restriction):**

The restriction of water supply due to non payment is pursuant to the *NSW Local Government (General) Regulations 2005*. Such restriction, when made, will allow restricted water use so as to maintain personal hygiene only.

**Notice of Intention to Restrict:**

Where amounts remain unpaid or an arrangement for payment is not entered into after the due date of the reminder notice, a notice of Intention to Restrict Water Supply will be issued advising that the normal water supply of water will be restricted in 14 days from the date of the notice. The notice will be sent to the owner of the property at the last known address, and a copy of the notice will be issued to "The Occupier" addressed to the property address.

#### **Water Restriction Notice:**

If Council receives no response from the issue of the Intention to Restrict Notice/Final Notice, a further notice, named Water Restriction Notice, will be served (hand delivered) on the occupier of the property. It will be addressed to "The Occupier" at the property address advising that the water supply will be restricted on a specified day being 7 days from the date of the notice. The Water Restriction Notice will also be issued to the owner of the property at their last known address.

#### **Restriction of Water Supply:**

If the water and sewerage usage account remains unpaid the normal supply of water will be restricted on the day specified on the notice. A notification addressed to "The Occupier" advising that the restrictor has been installed is to be given to the occupier when the restrictor is installed. If the notification cannot be given to the occupier for whatever reason the notification is to be left at the property address.

The water supply will not be restored until the account is paid in full along with the reconnection fee. No arrangement for payment of the account will be entered into after the water restrictor has been installed.

#### **SUNDRY DEBTOR ACCOUNTS:**

##### **Notification of Overdue Account:**

Following the due payment date, Council will issue a reminder letter to the debtor advising that full payment is required within fourteen (14) days of the date of the letter unless a suitable arrangement is entered into. The reminder letter will advise the debtor that failure to respond by the nominated date will result in referral of the debt to Council's debt recovery agency for legal action to commence.

##### **Failure to comply with Notification of Overdue Accounts:**

Failure to respond to the reminder letter by the nominated date will result in referral of the debt to Council's debt recovery agency. The debt recovery agency will issue a letter of demand to the debtor advising that full payment is required within fourteen (14) days of the date of the demand letter, unless a suitable arrangement is entered into.

##### **Failure to comply with Letter of Demand from Debt Recovery Agency:**

Failure to respond to the letter of demand by the nominated date will result in legal action commencing without further notice.

The outstanding debt will include any cost incurred by the referral and this cost will be borne by the debtor and added to the outstanding debt.

#### **Arrangements:**

Under Section 564 of the *Local Government Act 1993*, the Revenue Staff through the Revenue Supervisor are empowered by delegation from the General Manager to enter into payment arrangements with debtors.

Satisfactory and preferred arrangements are those that undertake to satisfy the total amount outstanding by 30 June in the current financial year.

Further recovery action will be taken should an arrangement be defaulted upon.

**Failure to comply with the terms of an arrangement:**

Where a debtor fails to comply with the terms of an arrangement, Council will issue a pay arrangement failure letter to the debtor advising that full payment is required within fourteen (14) days from the date of the letter. Upon this a debtor may make a further payment arrangement.

Where a debtor has breached two payment arrangements a reminder notice will be issued to the debtor advising that full payment is required within fourteen (14) days. Further arrangements will not be entered into. Normal debt recovery action as stated above will commence.

**Writing off Bad Debts:**

Bad sundry debts can be written off to the extent of the delegated authority of the General Manager.