



Hawkesbury City Council

attachment 1
to
item 143

Debt Recovery
Policy

date of meeting: 29 June 2010
location: council chambers
time: 6:30 p.m.



Hawkesbury City Council
Policy

DRAFT

Debt Recovery
Policy

Adopted by Council at the
Ordinary Meeting Held on
<<insert date when adopted>>

Hawkesbury City Council



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Objectives

The objectives of this policy are as follows:

- Ensure effective control over debts owed to Council.
- Be sympathetic and helpful to those ratepayers and other debtors suffering genuine financial hardship.
- Fulfil the statutory requirements of the Local Government Act, 1993 and the associated Local Government (General) Regulations, 2005 with respect to the recovery of rates and charges; user pays charges and other debts.
- Maximise cash flow.
- Have a clear and concise debt recovery process and procedure to follow.

Legislative Framework

- Local Government Act 1993
- Local Government (General) Regulation 2005

Related Policies

- Writing Off of Rates & Charges and Other Receivables Policy
- Pensioner Rating Concession Policy

1. Rates and Annual Charges

Rate instalments are due on the same date every year, with the instalment notices (along with the initial rates and charges notice) to be issued at least 6 weeks before the following due dates:

- 31 August
- 30 November
- 28 February
- 31 May

1.1 Unpaid Amounts

Final notices are to be issued to those ratepayers who have not paid their instalment within 14 days of the instalment due date. Final notices are to be issued for all overdue amounts of \$20.00 and over and are due immediately.

If within 14 days of the issue of the Final Notice, payment in full is not made, or a satisfactory arrangement not entered into, a list of remaining ratepayers, along with outstanding balances, are forwarded to Council's Debt Recovery Agent for further action.



1.2 Payment Arrangements

Section 564 of the Local Government Act 1993 makes a provision for payment arrangements. A ratepayer may at any stage make an arrangement to pay off their overdue account by regular instalments/payments. The request must be made by completing Council's Application for Payment Arrangement form (refer Attachment 1).

The preferred payment method is via Direct Debit Authority.

Payments are to be made on a regular basis, weekly, fortnightly or monthly.

Arrangements are to be made to have all overdue rates and charges cleared within 12 months and provision is to be made to include all instalments as they fall due within the arrangement period.

The agreement will be confirmed in writing to the ratepayer.

Any arrangement that is defaulted will automatically cancel the agreement and be immediately referred to the Council's Debt Recovery Agent for appropriate action. Should 2 arrangements within any rating year be defaulted by any ratepayer no further agreements will be entered into for that rating year and payment will be required in full.

For overdue rate amounts, Council's Debt Recovery Agent is to send a 7 Day Demand letter to those ratepayers who have a minimum of 2 instalments overdue or \$500.00 overdue (whichever occurs first) requesting the outstanding balance be paid within 7 Days or legal action will be commenced. Those ratepayers who do not fall into this category will be sent a Final Reminder Letter by the Agent.

Ratepayers who do not pay after receiving a 7 Day Demand Letter, or make satisfactory arrangements to either Council or Council's Debt Recovery Agent, will be subject to legal action as recommended by the Debt Recovery Agent. This action is to be approved by Council officers before commencement.

2. General Debtors

This encompasses all amounts owing to Council excluding Rates and Annual Charges.

2.1 Due Dates

Debtor accounts are issued for numerous services.

Accounts are generally issued on a daily, weekly, fortnightly or monthly basis. Trading terms may be in advance, 7 days, with the majority being 30 days from date of invoice.

A follow up statement is issued on unpaid accounts on a monthly basis.



2.2 Unpaid Amounts

General debtor accounts are considered overdue immediately following the due date.

For any accounts that have not had a payment arrangement made and remain outstanding beyond 60 days, a final notice letter will be sent advising that legal action may be commenced to recover the outstanding balance if payment is not received in full within 14 days or a suitable arrangement entered into.

If within 14 days of the issue of the Final Notice, payment in full is not made, or a satisfactory arrangement not entered into, a list of remaining debtors, along with **outstanding balances**, will be forwarded to Council's Debt Recovery Agent for further action.

For overdue amounts, Council's Debt Recovery Agent is to send a 7 Day Demand letter to those debtors who have a minimum of \$50 overdue requesting the outstanding balance be paid within 7 Days or legal action will be commenced. Those debtors who do not fall into this category will be sent a Final Reminder Letter by the Agent.

Debtors who do not pay after receiving a 7 Day Demand Letter, or make satisfactory arrangements, will be subject to legal action as recommended by the Debt Recovery Agent. This action is to be approved by Council officers before commencement.

2.3 Payment Arrangements

An arrangement may be made at any time to pay off overdue accounts by regular instalments/payments. The request must be made by completing Council's Application for Payment Arrangement form and method of payment. A suitable arrangement is one by which the total debt is cleared within 90 days from the original due date of the invoice in question.

Money paid in respect of general debtor amounts is to be applied towards payment of those amounts in the order in which they became due or as otherwise advised.

3. Pensioners

Variations of the debt recovery process for the recovery of outstanding rates and annual charges and general debtors, detailed previously are applicable to ratepayers or sundry debtors that meet the criteria to be classified as an "eligible pensioner".

"eligible pensioner", in Division 1 of Part 8 of Chapter 15, in relation to a rate or charge levied on land on which a dwelling is situated means a person

- (a) who is a member of a class of persons prescribed by the regulations, and
- (b) who occupies that dwelling as his or her sole or principal place of living.

Clause 136 of the Local Government (General) Regulations 2005, states that "For the purposes of section 582 of the Act, any person who receives a pension, benefit or allowance under Chapter 2 of the Social Security Act 1991 of the Commonwealth and is the holder of a pensioner concession card issued by or on behalf of the Commonwealth Government is a prescribed person.

Eligible Pensioners will be subject to all provisions of this Debt Recovery Policy with the exception of legal action pursued by Council's Debt Recovery Agent.



Any outstanding balance of rates and charges owed by a pensioner is recoverable. Final Notices are to be issued to any pensioner accounts that remain outstanding past the respective due dates.

As detailed in Council's policy on pensioner concessions, legal action is not to be taken to recover any outstanding amounts owed by a pensioner. Recovery of any outstanding debt will be via other avenues other than legal action in accordance with the Pensioner Rating Concession Policy. Discretion and compassion should be exercised with pensioner accounts.

Notwithstanding this policy, wherever possible, payment arrangements should be negotiated for the outstanding balance. Flexibility should be extended to pensioners when negotiating payment arrangements.

4. Interest on Overdue Amounts

Interest is to be charged on all overdue amounts in accordance with Section 566 of the Local Government Act, 1993 and Council's Revenue Pricing Policy.

Sections 564 and 567 of the Local Government Act, 1993, provide for waiving or writing off interest charges in particular circumstances. This will be in accordance with delegated authority of the General Manager and will not be recommended unless substantial efforts have been made by the ratepayer/debtor to adhere to a payment arrangement.

5. Application of Payments

Money paid in respect of debts levied against a property is to be applied towards payment of those amounts in the order in which they became due.

6. Attachments

Attachment 1 – Payment Arrangement Agreement



Attachment 1

PAYMENT ARRANGEMENT AGREEMENT

**TO: The General Manager
Hawkesbury City Council
366 George Street
WINDSOR NSW 2756**

Name:.....

Postal address:.....

Phone Nos: Private: Mobile:Bus:.....

Property Address:.....

Property/Sundry Debtor No:.....

Balance Outstanding:.....

I/We

apply to make the following arrangement to pay the outstanding balances due to Hawkesbury City Council (including Rates and Sundry Debtor Accounts) by instalments of \$ per week/fortnight/month.

Commencement date:.....

I understand:

1. If this arrangement is acceptable, and I opt for the amount to be debited from my bank account, I will complete a Direct Debit authority for the periodic payments as requested.
2. Should I default on any payment Legal Action may commence/continue without further notice.
3. Each payment must be made on or before the due date.
4. Interest will accrue on all overdue amounts until paid in accordance with Section 566 of the Local Government Act 1993 and Council's Revenue Policy.
5. The arrangement will continue until all overdue amounts have been cleared.

I accept and understand these conditions and agree to the payment agreement as outlined above.

Signed:.....

Dated:.....

Reviewed by: - Rates Team Leader

Approved / Not Approved:

Date:

Signature: