

# Kyogle Council

## Debt Recovery and Hardship Policy



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### **1. Title**

This Policy may be cited as the Debt Recovery Policy.

### **2. Validity of Policy**

This Policy derives its validity from Council Resolution 21062010.

### **3. Effect**

The Policy shall be effective from 21 June 2010

### **4. Department Responsible**

Corporate Services Department.

### **5. Policy Objective**

This policy establishes the framework for recovery action of all amounts due to Council. It provides the process for debt recovery to ensure the prompt recovery of all amounts due to Council.

### **6. Definitions**

***Debt Recovery Module*** – Councils software module containing accounts that currently have debt recovery procedures being undertaken

***Water Usage*** – Water that has passed through the meter

***Restrictor*** – A device used by Council to lesson the flow of water that is supplied through the meter

### **7. Debt Recovery Provisions**

#### **7.1 Recovery of Rates and Charges**

The following steps should be taken in respect of outstanding rates and charges:

- Reminder letters will be issued to accounts not currently held within Council's Debt Recovery Module, allowing fourteen (14) days from the date on notice for payment or an arrangement to be established.
- If no response is provided or no arrangement entered into a Letter of Demand will be issued allowing fourteen (14) days from the date on notice.
  - a) If no response is provided or an arrangement entered for account/s that are connected to Council's Water supply Council may issue a "notice of intention" to restrict the water flow on the premises with outstanding water usage, allowing fourteen (14) days to make payment or make an arrangement for payment.
  - b) Restrictor to be placed on meter and appropriate fee will be added to the debt.
  - c) The General Manager be delegated with the authority to approve the disconnection of the water supply to premises that have ignored the notice of intention or have not entered into and adhered to a suitable arrangement.
- If no response is provide or no arrangement is entered into:

- (a) Outstanding debts with balances less than \$400 will have a Final Notice issued allowing an additional fourteen (14) days from date of notice before a Statement of Claim is issued. Or
- (b) Outstanding debts with balance of more than \$400 will have a Statement of Liquidated Claim (Summons) issued .
- Default Judgement will be issued if summons is ignored or a suitable arrangement has not been adhered to.
- Action to recover outstanding debts that will be considered, may include but not be limited to:
  - A garnishee of income
  - Writ of execution on goods and chattels
  - Examination summons; and
  - Service of a rent order where the property is tenanted
  - Sale of land for unpaid rates
  - Registration of debt with the Credit Reference Authority

## 8. All Other Outstanding Amounts

The following actions should be taken in respect of sundry debtor accounts or other amounts due to Council:

- Statements will be issued on a monthly basis for Debtor accounts
- Reminder letters will be issued to accounts not currently within Councils Debt Recovery Module, allowing fourteen (14) days from the date of notice for payment
- If no response is provided or no arrangement entered into a Letter of Demand will be issued allowing fourteen (14) days from the date on notice.
- If no response is provided or no arrangement entered into a Statement of Liquidated Claim (Summons) will be issued.
- Default Judgement issued if summons is ignored or a suitable arrangement has not been adhered to.
- Action to recover outstanding debts that will be considered, may include but not be limited to:
  - A garnishee of income
  - Writ of execution on goods and chattels
  - Examination summons; and
  - Registration of debt with the Credit Reference Authority

The General Manager has delegated authority to write-off debts of less than \$2,000.00 where recovery is judged not to be possible.

**Note:** Actions taken to recover outstanding debts may incur legal fee's, which are to be passed on to the debtor.

## 7. Hardship Provisions

Council recognises that at times, certain ratepayers may experience difficulty in paying their rates and charges. Council is willing to provide assistance to ratepayers in this situation. The Local Government Act allows Council to provide a range of assistance measures, that Council may apply to assist ratepayers facing genuine financial hardship.

*Deferral of the General Rate when new land values are used.*

In accordance with Section 601 of the Local Government Act if a property owner is eligible, Council will defer payment of the whole of the increase of the Ordinary rate due, to the following rating year.

This is subject to one quarter of the amount of the increase being added to each instalment due in the following rating year. Interest is not charged on the deferred amount, unless it remains unpaid when the following rate instalment it was added to, becomes overdue.

The criteria used to determine eligibility is as follows:

- The property must be categorized residential or farmland for rating purposes
- The increase in the land value must be greater than the council wide average increase
- The ratepayer must own the property and also occupy the property as their sole place of abode
- The ratepayer will suffer substantial financial hardship if required to pay rates and charges when they fall due. The ratepayer must provide details of their income and expenses, with supporting evidence as required by Council.
- This option is only available in the first year that the new land values are used to levy rates.

*Writing Off of Accrued Interest*

In accordance with Sections 564 and 567 of the Local Government Act ratepayers may make written application for consideration of the writing off of interest on both rates and charges. Accrued interest on rates and charges may be written off where the payment of the accrued interest would cause the person hardship. Council may request information from the ratepayer to understand the issues causing hardship.