

ITEM 22 WRITE OFF BAD DEBTS - SUNDRY DEBTORS

Council has a small number of court imposed charges, regulatory charges and property rental/license debts that have been through extensive recovery processes without payment being made. This report seeks to write off these amounts as they are now considered either unrecoverable or uneconomical to recover.

Council has already made a financial provision for the write off of these debts in its annual financial statements over a period of time, which reflected the probability that these accounts would not be recovered.

RECOMMENDATION

Council agree to write off the outstanding debt of the seven accounts listed against the provision of doubtful debts.

REPORT AUTHORISATIONS

Report of: Brian Jenkins, Manager Finance

Authorised by: Renee Campbell, Director Corporate Services - Connected and Engaged City

ATTACHMENTS

- 1 List of Bad Debts Greater than \$3,000

BACKGROUND

Council raises invoices for goods and services of Council as well as other miscellaneous debts such as property leases, court imposed charges and regulatory charges.

The current billing and recovery process is outlined below:

- Request received to raise an invoice with the appropriate documentation.
- An invoice is issued to the debtor who then has 30 days from the date of invoice to pay the amount due.
- If payment is not received by the end of the month, a statement is produced and mailed to the debtor (additional property management processes are carried out for property leases and licenses in accordance with specific legislation).
- For those accounts that do not have payment at 45 days, a seven day reminder letter is generated and mailed.
- A follow up telephone call is made at 60 days for those accounts that remain unpaid.
- If payment is still not received or a negotiated payment arrangement is not made, the account is considered for further recovery action, which can include follow up telephone calls, skip tracing (eg white pages, Facebook, ABN look up, Google, LinkedIn etc), demand letters and, where the amount is financially viable for legal action and recovery prospects are reasonable, the account is handed to Council's external solicitors for legal action.

As part of our review process into debt recovery within Sundry Debtors, we have streamlined the process and shortened the time frames that trigger actions in accordance with the Debt Recovery and Hardship Assistance Policy. These changes will ultimately lead to improved recovery rates and allow for a more efficient process of commencing litigation and write off of bad debt.

The attached list consists of debtors that have balances greater than \$3,000 that are considered unrecoverable or uneconomical to pursue further and require Council consideration and resolution to write off. Council has already made financial provision for the write off of these debts in its annual

financial statements over a period of time, which reflected the likelihood that these accounts would not be recovered.

This recommendation is to formally write off the amounts from the debtor's system by resolution of Council as required by the Local Government Act. The list includes debts that have now been outstanding for an extended period of time totalling \$40,723.00. During that time, Council has issued \$325 million of invoices. Council's annual expense for doubtful debts in recent years has averaged 0.072% of invoices raised.

Although the debts will be written off, Council can still collect these debts in the future should circumstances change, providing they are under the six year statute of limitation for NSW as per the Limitations Act 1909, and the debtor is not classified insolvent as per the Bankruptcy Act 1966.

PROPOSAL

Council to authorise the writing off of these bad debts against the provision for doubtful debts.

CONSULTATION AND COMMUNICATION

Consultation with relevant staff has been undertaken, including legal advice.

PLANNING AND POLICY IMPACT

This report contributes to the delivery of Wollongong 2022 goal "We are a connected and engaged community".

It specifically delivers on core business activities as detailed in the Financial Services Plan 2017-18.

FINANCIAL IMPLICATIONS

Provision has been made in prior periods to reflect the likelihood that these accounts would not be recovered. The write-off of these debts therefore has no financial impact in the current year.

CONCLUSION

All reasonable recovery actions have been undertaken by Council to secure payment of the listed debts. It would be uneconomical and an inefficient use of Council resources to continue to pursue these debts.

List of Bad Debts Greater than \$3,000

Debtor Account N°	Debt Category	Amount Outstanding \$	Details of Debt	Actions	Reasons for Write Off
407137.4	Property Lease/License	14,063.31	Lease of Cliffhanger Café at Bulli Tops, 851 Princes Highway, Maddens Plains	Debtor does not own property within Wollongong LGA. The ABN linked with the account shows the address for service of notices is the business address, no current contact details.	Uneconomical to pursue further
200695.0	Debtors - Property	6,526.05	Reimbursement of Rates & Charges on Lot 51 DP1022266 115 Reddalls Road, Kembla Grange	Multiple contacts to resolve with nil result.	Statute barred, greater than 6 years
200335.3	Tourist Parks Annual Site Fees	4,810.70	Annual Site fees for Corrimal Beach Tourist Park	Tribunal orders granted in NSW civil administrative tribunal (NCAT) to pay Council costs. Unable to locate debtor or contact debtor to pay or enforce NCAT order.	Uneconomical to pursue further
406173.0	Clearing of Lands	4,483.00	Charge for clearing of land at Lot 208 DP 203414 74 Laver Road, Dapto	Commenced statement of claim to recover amount, unable to serve debtor.	Uneconomical to pursue further
407042.6	Tourist Parks Annual Site Fees	4,029.72	Annual Site fees for Corrimal Beach Tourist Park.	Tribunal orders granted in NSW Civil Administrative Tribunal (NCAT) to pay Council costs. Unable to locate debtor or contact debtor to pay or enforce NCAT order.	Uneconomical to pursue further
209023.6	Tourist Parks Annual Site Fees	3,728.72	Annual site fees for Bulli Beach Tourist Park.	Orders not granted in NCAT as debtor terminated agreement, returned mail to PO Box. Nil other details to locate debtor.	Uneconomical to pursue further
403287.4	Food Premises Re-inspection Fee	3,081.50	Illawarra Business Sampler	Sent demand letter and multiple broken arrangements to repay debt.	Uneconomical to pursue further