

ITEM NO. 9

FILE NO: PSC2005-3699

WRITE OFF OF UNRECOVERABLE DEBT**REPORT OF: STEVEN BERNASCONI – COMMUNITY SERVICES SECTION MANAGER**
GROUP: FACILITIES & SERVICES

RECOMMENDATION IS THAT COUNCIL:

- 1) Write off electricity charge debt totalling \$20,000 owing from the previous proprietor of the Longboat Café Pty Limited - Fingal Beach Surf Club Inc. (sundry debtor account no 12667.01) as unrecoverable.

BACKGROUND

The purpose of this report is to obtain approval from Council to write off a debt (sundry debtor account no. 12667.01) that is unrecoverable

On 4 January 2010, the Fingal Beach Surf Club Inc. entered into a five (5) year sub lease agreement with the then proprietor of the Long Boat Café. At the time Council understood that the sub lease required the proprietor to pay for all outgoings relating to the Long Boat Café including electricity usage. From the start of the sub lease the proprietor made regular electricity usage payments up until September 2011. However between September 2011 and March 2013 electricity bills were not forwarded to the proprietor resulting in Council carrying the usage costs for this period.

The proprietor at the time agreed to maintain a payment plan for the electricity usage for this period totalling \$20,000. However, whilst reviewing the sub lease with the Fingal Beach Surf Club Inc, the proprietor discovered that the sub lease was ambiguous on who pays "outgoings" and subsequently withdrew the intention to pay the debt. The proprietor has since left the region and the debt collection process has been exhausted.

For clarity, the current sub lease between Fingal Beach Surf Life Club Inc and the current proprietor of the Long Boat Café does specify the responsibilities for the payment of outgoings.

FINANCIAL/RESOURCE IMPLICATIONS

Adopting the recommendation will result in the loss of \$20,000 in debt recovery for the Community Services Section/Contracts and Services Team budget. This loss will be absorbed within current funding arrangements.

ORDINARY COUNCIL – 28 OCTOBER 2014

Source of Funds	Yes/No	Funding (\$)	Comment
Existing budget	Yes	20,000	Lost debt recovery to be absorbed from within existing budget.
Reserve Funds	No		
Section 94	No		
External Grants	No		
Other	No		

LEGAL, POLICY AND RISK IMPLICATIONS

There are no policy or legal implications from adopting the recommendations.

The Local Government General Regulation requires a resolution of Council to write of a debt of more than \$5,000.

A review of the original sub lease shows that Council does not have any legal recourse to pursue the debt.

Risk	Risk Ranking	Proposed Treatments	Within Existing Resources?
There is a risk that if the debt is pursued the cost to pursue it will be more than the return resulting in greater financial loss.	Medium	Adopt the recommendation	Yes
There is a risk that if the debt is pursued and stills fails to recover the debt then there may be localised reputation damage to Council.	Low	Adopt the recommendation	Yes
There is a risk that not reviewing the sub leasing processes with lessees may result in Council's interests not being catered for in future sub leases resulting in financial, legal, environmental and reputation damage.	Medium	Note that the Community Leasing Policy and the new processes in place for the recovery of electricity and water usage on Council properties now have checks and balances to ensure timely accounts and follow up on debts.	Yes

SUSTAINABILITY IMPLICATIONS

Includes Social, Economic and Environmental Implications

There are no social, economic or environmental implications from adopting the recommendation.

CONSULTATION

- 1) President Fingal Beach Surf Lifesaving Club;
- 2) Contracts & Services Coordinator;
- 3) Accounting and Revenue Coordinator;
- 4) Revenue Officer.

OPTIONS

- 1) Adopt the recommendation;
- 2) Reject the recommendation.

ATTACHMENTS

Nil.

COUNCILLORS ROOM

Nil.

TABLED DOCUMENTS

Nil.