*Local Government Act 2020* – Unpaid Money

If a former owner or occupier owes the Council money, and does not pay the money, then the Council can require the present owner or occupier to pay the amount owed plus interest.

Sections 119 and 120 of the [*Local Government Act 2020* (the 2020 Act)](https://go.vic.gov.au/ItwMvR) specify the requirements for a Council to recover money owed to them by a former owner or occupier (other than rates, charges or money for personal services carried out by the Council). It also provides for the Council to charge interest on unpaid money.

Council’s ability to recover money owed (section 119)

What happens if a former owner or occupier owes money to council and does not pay?

Council may require payment from the present owner or occupier of a building or land if a former owner or occupier of the building or land owes money (other than rates or charges or money for personal services carried out by the Council) to the Council.

Money may be owed to Council if it carried out work on a property that was required by law, such as cutting grass that was for a fire risk or

Council may institute proceedings for the recovery of fees money due to the Council.

How would it be known if money is owed?

A Council cannot recover an amount owed (or interest) if that amount was omitted from the Land Information Certificate issued under section 121 of the 2020 Act. Purchasers are always encouraged to obtain a Land Information Certificate to find out charges owning to the Council on the relevant land.

Interest on unpaid money (section 120)

Can Council charge interest on unpaid money?

Yes. A Council may require a person to pay interest on any amount of money not paid by the due date or owed to the Council.

How is the interest calculated?

The interest is calculated at the rate set by the Council, and becomes payable—

* on and from the date on which the money became due; or
* on and from the date of the court order (in the case of a court order); and
* continues to be payable until the payment or recovery of the money.

What will the interest rate be?

The interest rate specified by the Council must not be more than the rate fixed by the Attorney-General under section 2 of the *Penalty Interest Rates Act 1983*. More information on the interest rate can be found at [Penalties and values](https://www.justice.vic.gov.au/justice-system/fines-and-penalties/penalties-and-values).

Relationship to the *Local Government Act 1989*

*Was this in the previous Local Government Act 1989* (the 1989 Act)?

Similar provisions sat under sections 227 & 227A of the 1989 Act – these have now been replaced by sections 119 and 120 of the 2020 Act.