



REVENUE AND DEBT RECOVERY POLICY

Policy No.	C15	Adoption Date:	Council Meeting 18 August 2021
Revision Date:	August 2025		
Directorate:	Performance & Innovation	Department:	Financial Strategy
GOOD GOVERNANCE FRAMEWORK – OVERARCHING PRINCIPLES			
Supporting Pillar:	Pillar 1 - Direction & Leadership Pillar 4 - Structure, Systems & Policies Pillar 8 - Monitoring & Performance Review		
Link to Pillar:	This Policy strengthens Council's governance framework by establishing financial management of outstanding debts and outlines the principles that Council officers are to consider.		

1. PURPOSE

The purpose of the *Revenue and Debt Recovery Policy* (C15) (the Policy) is to define Council's policy for the management of outstanding debts. It outlines the principles that Council officers must consider when collecting debt and providing relief to individuals.

This Policy has been developed to support the Council to comply with its good governance and conduct obligations in line with various legislation, principally the *Local Government Act 1989* and *2020* (whilst both Acts remain in effect, they will be referred to as the Act in the following Policy provisions). It ensures that the collection of debt is also consistent with Accounting Standards and recognised financial practices.

2. SCOPE

This Policy covers all monetary debts. It provides direction to Council's Officers when collecting and providing for debts owed to Council and to ensure Council manages its accounts receivable in such a way that it does not jeopardise the funding of its operations.

The Policy provides specific guidelines for rates and charges deferment and waiver requests made pursuant to ss. 170, 171 and 171A of the *Local Government Act 1989* and *2020*. Its purpose is to provide financial relief to ratepayers who can demonstrate that they are suffering severe Financial Hardship.

This Policy does not provide guidelines for ongoing Financial Hardship beyond twelve months. This information is provided in the *Rates and Charges Hardship Policy* (C53).



The Policy will be guided by the principles of:

- 2.1. Transparency, efficiency, capacity to pay and equity by treating all debtors consistently and in a fair manner.
- 2.2. Customers are encouraged to utilise financial counselling, legal and other supports.
- 2.3. Legal action to recover debt should be the last resort.

3. POLICY PRINCIPLES

Rates and Debt Collection

- 3.1. Annual rate notices and instalment notices will be issued no less than 14 days before due dates for payment in accordance with s.158 of the Act.
- 3.2. All notices will be clear and provide sufficient information in regard to payment terms and the type of rate, charge or levy.
- 3.3. Debt collection costs incurred, including legal fees, are generally also recoverable and added to the account.
- 3.4. A Rate Notice is sent on or around 1 September each year.
- 3.5. Rates are payable in four separate instalments due 30 September, 30 November, 28 February and 31 May.

Interest on Rates and Charges

- 3.6. Council will charge interest on rates and charges in accordance with s.172 of the Act. The interest percentage charge is the rate fixed under Section 2 of the *Penalty Interest Rates Act 1983 (Vic)*. This rate will be confirmed each year in the declaration of rates and charges.

Overdue Rates and Charges

- 3.7. Sections 180 and 181 of the Act outlines Council's powers in relation to overdue rates and charges. Debtors who are experiencing difficulty in paying a debt is encouraged to contact Council's *Rates and Valuation Department* to make a payment arrangement to pay-off the debt in a reasonable and manageable time.

Payment Arrangements

- 3.8. A payment arrangement can be made at any time but are subject to the following conditions:
 - 3.8.1. Accounts on arrangement will continue to accrue interest on overdue amounts.
 - 3.8.2. Where rate payments are in arrears, any default from the payment arrangement may result in legal action to recover the debt without further notice



- 3.8.3. Council will be flexible regarding the type of arrangement entered into, to best suit the property owner's circumstance. If the property owner is unable to make a regular repayment arrangement their application should be assessed under the financial hardship provisions in this Policy.

Waiving of Rates and Charges

- 3.9. Rates are a first charge on the property pursuant to the Act and will not be waived (subject to 3.11 below).
- 3.10. It is considered inequitable for the majority of ratepayers to subsidise the property assets of hardship applicants. A more equitable solution for the community is to defer payment of rates and charges.
- 3.11. Rates will only be waived if Council is selling land due to debt recovery and the rates debt is higher than the recovery value.

Waiving Rates Charges Interest

- 3.12. The waiver of interest will only be granted on the following grounds:

Administrative Waivers

- 3.12.1. Ratepayers may have interest waived in the event of an administrative issue, error or omission which caused or significantly contributed to the failure to pay rates in a timely manner.
- 3.12.2. In such a circumstance interest debt may be written-off in accordance with the delegations set out in Council's *S.7 Instrument of Sub-delegation Chief Executive Officer to Council Staff*.

Waiver on Financial Hardship Grounds – Short-Term Hardship

- 3.12.3. Ratepayers may have interest or part thereof waived, subject to the assessment of the financial counsellor's report by the Coordinator Revenue Services. The application must be in writing.
- 3.12.4. In such a circumstance interest debt may be written-off in accordance with the delegations set out in the *S.7 Instrument of Sub-delegation Chief Executive Officer to Council Staff*.

Interest Amount	Officer Role of Council
Interest and charges for any one property up to \$50	Senior Revenue Officer
Interest and charges for any one property up to \$500	Manager Financial Strategy
Interest and charges over \$500	Director Performance and Innovation
Interest and charges over \$1000	Chief Executive Officer



- 3.12.5. Non-receipt of a rate notice, travelling overseas, forgetfulness, failure to contact Council prior to the due date to advise of financial difficulty, a failure to advise of a change of residential or mailing address, or previous Payment Arrangements not being maintained are not deemed to be extenuating circumstances.

Rate Payment Deferrals

- 3.13. A deferral of rates and charges is a postponement of payment in whole or in part and can be for a specified period and subject to any conditions determined by Council. In all applications for rate deferrals, the Property Owners who are the subject of a Deferral under this paragraph should be urged to continue to make such contributions to Rates payments as they are able.
- 3.14. Council may reject a deferral application or cease a deferral arrangement if the total outstanding balance of rates and charges exceeds 50 per cent of the Capital Improved Value (CIV) of the property.
- 3.15. A deferral of rates and charges may be considered by Council where the applicant can provide supporting documentation of the following:
- 3.15.1. Is in receipt of a Commonwealth Centrelink aged pension payment, a veteran's pension as a war widow, because they are totally or permanently impaired; OR
 - 3.15.2. They are subject to an extreme disability adjustment evidenced by: a Pensioner Concession card; or a Veterans Affairs Gold card; OR
 - 3.15.3. They can provide evidence of genuine financial hardship as certified by an assessment carried out by an independent financial counsellor.
- 3.16. Rate deferral agreements under this policy will be for a maximum of 12 months, with the applicant having a maximum of 12 months in which to fully repay all rates deferred. Should the ratepayer seek a term longer than 12 months, this should be referred to Council's *Rates and Charges Hardship Policy (C53)*.
- 3.17. Rates that accrue during the interim period must also be paid by the extended payment date. Deferred rates are a charge on the property and will continue to accrue interest until the account is paid in full.
- 3.18. Where the Council Officer determines that this Policy may apply, the Applicant must complete the Application for assistance due to Financial Hardship.
- 3.19. If on receipt of the *Deferral Application Form*, the *Manager Financial Services (MFS)* or the *Director Performance and Innovation* determines that a failure to defer would cause serious Financial Hardship to the Property Owner; and it is appropriate and equitable in the circumstances, the MFS will notify the Property Owner in writing of agreement.
- 3.19.1. The Council Officer will ensure that its contracted Debt Collection Agency is notified that action is deferred on a property the subject of this



paragraph. Those that have been assessed for a successful deferral are ineligible to reapply in the future for further deferrals.

Debt Collection Arrangements where no Financial Hardship has been Identified

- 3.20. Within one month after the due date of the principal charge a *Reminder/Final Notice* will be sent for default accounts. The *Reminder/Final Notice* shall advise the ratepayer of the *Rates and Charges Hardship Policy (C53)*.
- 3.21. Ratepayers can apply under the *Rates and Charges Hardship Policy (C53)*, in writing within ten days of receiving the *Reminder/Final Notice*. Failure to do so will result in an account in default and will be referred to Council's *Debt Collection Agency* for issuing of Demand Letters.
- 3.22. Council's *Debt Collection Agency* will send a Letter of Demand on behalf of Council advising ratepayers they have ten days to pay or to make a payment arrangement.
- 3.23. If there is no response from the ratepayer to the Letter of Demand, the *Debt Collection Agency* shall refer default accounts to Council for authorisation to proceed with legal action.
- 3.24. If at any time a payment arrangement is received from the ratepayer it shall be monitored by the *Debt Collection Agency*. If a hardship application is received and accepted, the account is closed and monitored internally.
- 3.25. If the debt is greater than three years and all debt recovery avenues have been exhausted, Council may sell the property in accordance with the provisions of s.181 of the *Local Government Act 1989*.

No Interest Charged

- 3.26. Council will not charge interest on any general debtor account unless permitted under legislation.

Debt Collection

- 3.27. Collection and management of relevant contracts will be undertaken in a fair, transparent and consistent manner, including the formal processes for the follow up of non-payment. Follow up of non-payment will generally be referred to a Debt collection agency where collection is unsuccessful.

Authority to Waive a General Debt

- 3.28. General Debts can only be waived by the following delegated authority:

General Debtor Amount	Officer
Up to \$500	Applicable Manager
Up to \$1,000	Manager Financial Strategy
Up to \$5,000	Applicable Director
Any amount over \$10,000	Chief Executive Officer



- 3.29. Where General Debts are waived, it will result in a cost for that Department.
- 3.30. The *Manager Financial Strategy* is to provide a summary of write-offs to the *Audit and Risk Committee* at least annually, including steps taken to recover debts and the rationale for writing-off debts over \$5,000.

Parking and Animal Services Infringements

- 3.31. The collection of outstanding Parking Infringements is governed by the *Infringements Act 2006 (Vic)* and the *Fines Reform Act 2014 (Vic)* and includes processes administered by Fines Victoria. The collection of outstanding Animal Services Infringements is governed by the *Domestic Animals Act 1994 (Vic)* and the *Impounding of Livestock Act 1994 (Vic)*.
- 3.32. Reminder notices will be sent if the debt is unpaid 31 days after the due date. An administration fee will be added to the penalty if payment has not been made.
- 3.33. If payment is not received within a further 22 days of the reminder notice, debts may be referred to either Fines Victoria or the Magistrates' Court for debt collection.

4. RISK ASSESSMENT

This Policy mitigates Council's risks as described below:

4.1. Reputational

- 4.1.1. The operation of this Policy is to ensure that Council Officers maintain the required standard of approach in Revenue and Debt collection.

4.2. Financial

- 4.2.1. Income from rates and charges is the prime source of revenue for Council and timely debt collection is vital to maintain Council's ability to deliver services.

4.3. Governance – Open and Transparency

- 4.3.1. Information regarding Council's Policy on debt collection should be readily available for the community to ensure openness and transparency of operations.

5. IMPLEMENTATION STATEMENT

5.1. Human Rights Charter

This Policy has considered the *Charter of Human Rights and Responsibilities Act 2006* in its development.

5.2. Gender Equality

This Policy has considered the *Gender Equality Act 2020* in its development.



5.3. Roles and Responsibilities

- 5.3.1. It is the responsibility of the *Manager Financial Strategy* in consultation with the relevant managers and executive to maintain the Policy and establish internal guidelines for the management of debt collection practices covered by this Policy.
- 5.3.2. It is the responsibility of the Department Managers to investigate and respond to disputes regarding the existence, amount or nature of the debt owed to Council within respective service areas.

5.4. Non-compliance with this Policy

- 5.4.1. Breaches of this Policy may result in action being taken in accordance with Council's Disciplinary Code and may result in termination of employment.

6. MONITORING, EVALUATION AND REVIEW

- 6.1. This Policy will be reviewed and adopted by Council on a four-year cycle.

7. REFERENCE DOCUMENTS

Legislative Provisions	Charter of Human Rights and Responsibilities Act 2006 Domestic Animals Act 1994 Fines Reform Act 2014 Freedom of Information Act 1982 Gender Equity Act 2020 Infringements Act 2006 Impounding of Livestock Act 1994 Local Government Act 1989 Local Government Act 2020 Penalty Interest Rates Act 1983
Council Supporting Documents	Rates and Charges Hardship Policy (C53) Staff Code of Conduct Policy (CE20)

8. DEFINITIONS

Debt	An amount owed, including and alleged debt.
Debtor	A natural person (which includes a company or corporation) obligated or allegedly obligated to pay a debt.
General Debtors	Debts owed to Council (excluding rates and charges).
Short term financial hardship	Temporary hardship which is expected to resolve within 12 months. Claims of financial hardship will be considered on an individual basis with a view to the ratepayer or debtor re-establishing financial capacity and meeting their financial obligations.
Long term financial hardship	Where a ratepayer is unable to meet their financial obligations due to prolonged illness, unemployment, or other cause. All claims of financial hardship will be considered on an individual basis.



9. REVISION HISTORY

Version	Approved By	Approval Date	Sections Modified	CM9 Ref#
1.0	Council	22 May 2013	New Policy	D8199814
1.1	Council	25 May 2016	Revision	D2521619
1.2	Council	26 February 2020	Revision	D2521819
2.0	Council	18 August 2021	New Policy – formally called Debt Recovery on Unpaid Rates and Charges Policy	D7043721