

1. PURPOSE

The purpose of this policy is to provide a charter for the efficient and effective collection of outstanding rates and charges owed to the municipality.

2. INTRODUCTION

The management and recovery of outstanding debt is an important aspect of Council's financial management function. Council derives a large share of its revenue from rates and charges, and therefore has a responsibility to ensure that monies owing are collected in a timely, effective and efficient manner.

Municipal rates are raised in accordance with the Local Government Act 1989 and every rateable property in the municipality receives an annual rate notice showing the amount payable and the options through which payments can be made.

3. SCOPE

This Policy applies to Council staff with the responsibility to ensure collection of Council's rates and charges.

4. PRINCIPLES

4.1 General Principles

Council will enforce the legislative powers available under the Local Government Act 1989 in the pursuit of outstanding rates and charges debts.

Council will collect outstanding monies owed using all possible means before engaging in legal action, whilst remaining acutely aware of all ratepayers experiencing genuine financial hardship.

Council will undertake legal action only once all other collection avenues have been exhausted.

Council is committed to:

- Ensuring that the collection process is transparent
- Treating all people fairly, consistently, respectfully and with sensitivity
- All collection matters under this policy are strictly confidential

4.2 Notices

Notices will be clear, concise and provide sufficient information to enable the debtor to be aware of their obligations. Returned mail will be thoroughly investigated promptly.

Annual rate notices will be issued not less than one month prior to the due date of the first instalment. Ratepayers are given the choice of one in full payment or four instalment payments. Ratepayers who choose the instalment option need to pay the first instalment by the due date. A reminder notice for the second, third and fourth instalments will be issued at least 14 days before the due dates for payment. Where the first instalment is not paid by the due date, the property will not be entered on the four instalment plan and rates will be payable in full by 15 February each year.

4.3 Interest on overdue rates

Interest on rates and charges is calculated in accordance with Section 173 of the Local Government Act with the rate set by the Attorney-General under the Penalty Interest Rates Act 1983 and gazetted each year. The interest penalty will be applied after the due date of an instalment. For lump sum payers, interest penalty will be applied after the due date of the lump sum, but calculated on each of the instalment amounts that are overdue from the day after their due dates. Interest continues to accrue daily until the outstanding amount is paid in full, but may be waived in cases of genuine financial hardship and/or where a formal payment arrangement has been negotiated with Council.

4.4 Council Final Reminder (Overdue) Notice

A Final reminder (overdue) notice will be issued by Council within 14 days following the prescribed due date of payment for in full payers, and within 14 days following the prescribed due date of the fourth instalment for instalment payers. Applicable penalty interest will be included in this notice. Ratepayers who do not pay the Final Reminder Notice by the due date and who have not entered into a negotiated payment arrangement will be shortlisted to be referred to Council's debt collection agency for recovery action. All efforts will be made to contact the ratepayers via phone/text/email by Council staff prior to the referral for recovery action, but if no contact can be established the referral will commence.

4.5 Negotiated Payment Arrangements

Ratepayers may negotiate a suitable payment arrangement which provides for flexible payment of debts at any time. Any such arrangements that pertain to overdue amounts should aim to clear the debt within a twelve month period where possible. Interest, if applicable, will cease to accrue for the term of the payment arrangement unless the ratepayer were to default on their arrangement and neglect to discuss the matter with a member of the rates department. Failure to adhere to an agreed payment arrangement will result in default reminder text messages being sent, followed by a letter being issued. If no contact is made by the due date stipulated in the letter, then the account will have penalty interest applied and may be referred to Council's debt collection agency for recovery action.

It is encouraged that any outstanding debt be cleared in full before the next rating year commences where possible in order to avoid the ratepayer getting too far behind before the next years rates are levied. The payment arrangement period may be lengthened beyond the 12 month period on the approval of the Co-ordinator Revenue.

4.6 Financial Hardship

If a Ratepayer has been identified as experiencing genuine financial hardship, Council staff will refer to the Rates and Charges Financial Hardship Policy for guidance.

4.7 Debt Collection Agency Referrals

Ratepayers with either a rate balance in excess of \$1,000.00, or with a full years rates outstanding, who do not respond to Council’s final overdue notice and further attempts at contact, or who default on their negotiated payment arrangement, will be referred to Council’s Debt Collection Agency for recovery action through a formal debt collection process. Legal action will only be taken as a last resort with due consideration given to the prior responses to request for payment and the costs involved.

Council will through its contractual arrangements ensure that its Debt Collection Agency complies with the Australian Competition and Consumer Commission (ACCC) and Australian Securities and Investments Commission (ASIC) guidelines for debt collection at all times.

4.8 Rate Recovery Sales

In accordance with Section 181 of the Local Government Act, a property may be proposed for sale to recover unpaid rates and charges where all other measures to collect the debt have been unsuccessful, and a Rate Recovery Sale process is justified and worthwhile. A report will be prepared for the consideration of the Chief Executive and the Director Corporate Services, and will include the debtor’s financial circumstances if known, debt history, debt collection costs, sale costs, expected proceeds and any other relevant matters. A recommendation to list a property for Rate Recovery Sale is to be endorsed by Council before any action is taken. Under no circumstances will any property considered a ratepayers principal place of residence be sold to recover unpaid rates.

5. COMMUNICATION

Horsham Rural City Council’s website, Horsham Rural City Council’s intranet

6. RESPONSIBILITY

Policy Owner: Co-ordinator Revenue

7. DEFINITIONS

Definition	Meaning
N/A	

8. SUPPORTING DOCUMENTS

Document	Location
Rates and Charges Financial Hardship Policy	Website, Intranet
Local Government Act 1989	Internet
Municipal Association of Victoria Hardship Policy Guidelines	Internet

9. DOCUMENT CONTROL

Version Number	Approval Date	Approval By	Amendment	Review Date
01	7 December 2015	Council	Replaces existing Debt Collection Policy adopted by Council in 2003	7 December 2019
02	28 June 2021	Council	Reviewed and updated	28 June 2024