



# REVENUE AND DEBT COLLECTION POLICY

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RELATED STRATEGIC DOCUMENTS, POLICIES OR PROCEDURES: Revenue and Rating Plan 2021-2025  
Financial Hardship Policy  
Community Support Policy  
Rateable Properties with Environmental Covenants Policy  
Provision for Doubtful Debts Policy  
Financial Management Policy  
Various Rating and Debt Collection Procedures

RELATED LEGISLATION: Local Government Act 1989  
Local Government Act 2020  
Australian Taxation Legislation

EVIDENCE OF APPROVAL:

Signed by Acting Chief Executive Officer

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**This document is available in alternative formats (e.g. larger font) if requested.**

## 1 PURPOSE

The purpose of this policy is to provide guidance to the revenue collection staff of the Loddon Shire Council to levy and collect rates due on properties in the Shire and to ensure sound credit management and recovery of debtors in a timely manner.

## 2 SCOPE

This policy applies to staff responsible for and activities relating to the creation of invoices (including determination and collection of rates) and recovering of outstanding debtors.

Council has a formal Revenue and Rating Plan (the Plan). Guidance provided in this policy is based on the principles outlined in the Plan.

## 3 RATE AND SERVICE CHARGES

Council will levy and collect rates due on properties in the municipality in a correct and appropriate manner and will take prompt action against ratepayers in arrears.

### 3.1 Rebates

Ratepayers who hold a full pension card are eligible to apply for a pension rebate concession on their rates and charges, up to a maximum of 50% of the balance of the current year's rates and charges or the predetermined capped amount, as advised by the Department of Human Services to Council.

If State or Federal Government instigates new legislation that will enable other rebates to be applied to Council rates (e.g. Exceptional Circumstances Rebate for Drought Relief), Council will administer rate rebates in accordance with guidelines provided by the relevant authority.

### 3.2 Interest

Council is required to administer interest charges on overdue rate payments. The rate of interest determined by the Governor in Council in accordance with Section 172(2A) and 227A(3) is the rate set by Council for the purpose of Section 172(2) and 227(A)(1) of the Local Government Act 1989. The Department of Justice will advise councils of the annual interest rate to be charged on overdue rates by the end of each financial year.

### 3.3 Payment of rates

Council rate notices will be distributed prior to the first week of September each financial year.

Council will provide ratepayers with the option of paying rates as a lump sum or quarterly instalment, in accordance with the Local Government Act 1989. Payment of rate notices will fall due on the following dates:

| <b>Paying as:</b> | <b>Payment is required the first business day on or after:</b> |
|-------------------|--|
| Lump sum          | 15 February  |

| Paying as:            | Payment is required the first business day on or after: |              |        |             |
|-----------------------|---|--------------|--------|-------------|
| Quarterly instalments | First:  | 30 September | Third: | 28 February |
|                       | Second:   | 30 November  | Final: | 31 May      |

### 3.3.1 Instalments

To automatically elect to pay by instalments, the exact amount of the first instalment must be paid by 30 September.

If a ratepayer determines after 30 September that they wish to pay by instalments, that ratepayer is required to make full payment of any outstanding instalments and notify Council that they wish to pay by instalments. Council is able to then include the ratepayer in the instalment payment regime.

### 3.4 **Reminder notices**

In addition to the distribution of the original rates notice, Council will undertake the proactive measure of distributing reminder notices to ratepayers. Ratepayers who have opted to pay via instalments will receive a reminder notice a month prior to the second, third and final instalment due dates.

Ratepayers who have opted to pay via a single lump sum will receive a reminder notice during the middle of January each year.

A reminder notice is not an enforceable invoice. It will be distributed with the purpose of providing ratepayers with a reminder of the payment due date.

### 3.5 **Final notices**

Ratepayers who have an outstanding amount on their property after the due date will receive two final notice letters.

The first letter will include a notice that interest has been raised on the property, and will continue to be raised until payment of rates in full.

It also notifies the ratepayer that in order to avoid further debt collection action they must either:

- make payment of rates in full; or
- enter into a formal payment arrangement with Council.

This letter has a time frame of 10 business days for action to be taken.

The second letter advises of further interest being raised on the account and Council reserving the right to commence legal proceedings to recover the debt. This letter also reaffirms that if there is an issue with payment it is strongly recommended to contact Council to discuss the matter.

This letter gives a further time frame of 10 business days when the account would be transferred to debt collection.

The Chief Executive Officer is directed and authorised to institute legal proceedings to recover rates on all properties including property sales and other legal remedies to ensure urgent reduction in rate arrears.

### **3.6 Exemption of rates**

Council will not exempt any properties from payment of rates, other than those properties defined as “not-rateable”, such as properties owned by public authorities, government organisations or Council.

This also applies to properties which have an environment covenant placed on the title. Please refer to the Rateable Properties with Environment Covenants Policy.

### **3.7 Incorrect rate/charge**

If a ratepayer believes that a rate or charge has been incorrectly raised on a property, the ratepayer must provide documentation (if available) to Council in order to establish that this rate/charge is incorrect. If the charge has been raised continuously for a number of years and is proven to be incorrect, Council will refund up to three years retrospectively.

### **3.8 Classification**

The classification of a property may be reassessed where the use of the land has changed.

## **4 DEBTOR CHARGES**

Payment of certificates, permits and fees are payable at the time of service and/or delivery where possible.

Council will operate effective billing and debt collection processes including the efficient management of accounts receivable and related credit management, when a debtor charge is raised.

Council debtors will be managed in accordance with this policy and where applicable the Overdue Debtor Accounts Procedures.

Debts will be recognised at the time services are provided. The tax invoice will contain sufficient information so that the debtor can recognise the transactions included on the invoice and reconcile the debt if required.

The provision of credit is not automatic and credit can be suspended or withdrawn based on compliance with trading terms.

### **4.1 Responsibility for raising debtor invoices**

All debtor invoices are processed by the relevant department staff.

### **4.2 Trading terms**

Trading terms are strictly 30 days from date of invoice.

## 5 OTHER PRINCIPLES

### 5.1 Recovery of outstanding debts

In the event of default or failure of recovery procedures, processes will be implemented through Council's preferred supplier of debt collection services in accordance with the relevant service level agreement for that service provider.

No recovery actions will commence without satisfactory proof of debt.

### 5.2 Debt collection services

Council will engage a debt collector to assist with the collection of outstanding debtors and/or rates in situations where the payer is unable or unwilling to enter into a payment arrangement with Council and has fallen behind in the payment of rates or debtors.

The debt collector will:

- monitor payments that are made for arrears
- coordinate the distribution of final notices on behalf of Council
- provide Council with updates on referrals
- provide Council with a monthly report of referrals
- administer any legal action on behalf of Council.

### 5.3 Collection of debts

Procedures, appropriate to the type and age of the debt to be collected, will be established for the collection of amounts due to Council.

### 5.4 Payment arrangements

#### 5.4.1 Debtors

Payment arrangements must be duly noted and authorised by a responsible officer. Defaulted arrangements will activate enforcement.

#### 5.4.2 Rate and service charges

Council understands that situations will arise where a ratepayer is unable to adhere to the timely payment of their rates. Interest will continue to accrue on all amounts outstanding and the schedule will ensure that the amounts to be paid will be sufficient to clear the debt, including interest, before the following year rates are due.

The individual can instigate this process in writing, via phone or in person.

Conditions of payment arrangements will be negotiated on a case by case basis. Rates staff will be delegated authority to negotiate payment arrangements, however, complex situations will be referred and authorised by Council's Manager Financial Services.

### 5.5 Rate deferral

Refer to Council's Financial Hardship Policy for details on rate deferral application.

## 5.6 Rent orders

Council may implement a rent order to assist with the collection of rates where the owner of a property has failed to comply with the timeframes in a final notice. Rent orders are applicable to properties that receive rental income from a tenant, and enable the Council to collect the rental income paid by the tenant to assist with reducing the rate arrears balance owed by the property owner.

Any charges that are incurred as part of the implementation of a rent order will be added to the property's outstanding debt.

## 5.7 'Securing' unsecured debts

Depending on the circumstances, Council will attempt to 'secure' unsecured debt by either obtaining directors' guarantee (credit application), or other arrangement. If no security can be obtained, proactive management of credit limit will be undertaken.

## 5.8 Provision for doubtful debts – debt write off

Management of doubtful debts and the write off of debts is outlined in the Provision for Doubtful Debts and Writing off Bad Debts Policy.

## 5.9 Recovery of rates through sale of property

Council may sell a property for the recovery of rates in accordance with Section 181 of the Local Government Act 1989. The criteria used to qualify a property for sale via rate recovery are:

- any amount due in relation to the property (rates or charges, enforcement costs or interest) is more than three years overdue
- no current arrangement exists for the payment of the amount to Council or its debt collector
- Council has a Court Order requiring the payment of all or part of the amount
- Council has approved the sale of the property for rate recovery purposes.

## 5.10 Exceptional circumstances

Notwithstanding, cases involving exceptional circumstances shall be brought to the attention of Council. Refer to Council's Financial Hardship Policy for more information.

## 5.11 Reporting

Finance staff will prepare a report for the Manager Financial Services and Financial Accountant at the end of each month. The report will contain the reconciliation between both the debtor ledgers and trial balances and detail the amount outstanding into terms of current, 30 days, 60 days and 90+ days.

The reconciliation will be reviewed by the Revenue Coordinator and a schedule detailing the follow up action for those outstanding debtors exceeding trading terms and the status of any special arrangements currently in place.

Where appropriate, service managers will also be advised of these outstanding accounts.

## 5.12 Heritage interest free loan scheme

Refer to the Community Support Policy for details.

Loans will be managed on Council's Debtor system.

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### **5.14 Taxation**

Council will comply with its taxation and legislative obligations.

GST applies to all invoices except in circumstances where the goods and/or services are not subject to GST.

### **5.15 Confidentiality**

Confidentiality is paramount and staff members will abide by the Staff and Contractors Code of Conduct in their dealings with collection of outstanding debtors and rates.

## **6 DEFINITIONS OF TERMS OR ABBREVIATIONS USED**

| <b>Term</b> | <b>Definition</b>      |
|-------------|------------------------|
| GST         | Goods and Services Tax |

## **7 HUMAN RIGHTS STATEMENT**

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights Act. Loddon Shire Council is committed to consultation and cooperation between management and employees. The Council will formally involve elected employee Health and Safety Representatives in any workplace change that may affect the health and safety of any of its employees.

## **8 REVIEW**

The Manager Financial Services will review this policy for any necessary amendments no later than 3 years after adoption of this current version.