

Revenue and Debt Collection



Council Policy Number	148
Date adopted	23 June 2020
Scheduled for review	June 2023

Purpose

To provide a framework for the collection of revenue and general debts in association with the *Local Government Act 1989* ('LGA89'), *Local Government Act 2020* ('LGA20'), *Valuation of Land Act 1960* ('VLA'), *Fire Services Property Levy Act 2012* ('FSPLA') and Department of Justice guidelines.

Policy Statement

1. Rates

The Campaspe Shire Council ('Council') operates a computerised rates billing system which records financial information on a transactional basis and maintains debtor information in accordance with established principles of rating in local government.

Annual rate notices will be issued not less than one month prior to the due date of the first instalment. Second, third and fourth instalment notices will be issued not less than 14 days before the due date of the instalment payment dates.

All notices will be clear, concise and provide sufficient information to enable the debtor to be aware of their obligations. Returned mail will be investigated to a stage whereby the debtor has been given every opportunity to be made aware of their obligations.

All payments made for rates will be applied to legal costs, interest, the oldest outstanding debt and then the current debt (including Fire Service Levy).

Interest

Council will charge interest on rates and charges in accordance with section 172 of the LGA89. The interest rate charged is set by the Attorney General and gazetted each year. This rate will be confirmed each year in the declaration of rates and charges.

Collection

Accounts outstanding after the due date of 15 February will be issued with a reminder notice allowing an additional 14 days to pay their rates. Accounts outstanding after this date will be issued with a final notice which will contain sufficient information regarding the original debt, any interest penalties imposed and the proposed action to be taken by the Council should the account remain unpaid after a further 14 days. Accounts outstanding after instalment due dates will not be issued a reminder notice; a final notice will be issued with sufficient information regarding the original debt, plus any interest penalties imposed.

The debtor will be given the opportunity to dispute the amount owing or make alternative arrangements for payments within that 14 day period.

Those accounts still outstanding after the 14 day final notice period will be referred to a debt collection agency appointed by the Council. The collection agency will issue a final demand at the negotiated cost. Unless an arrangement for payment has been approved by Rates & Debtors Team Leader, accounts still outstanding after the expiry of the final demand letter will be recovered through court proceedings, where the legal costs to be incurred at the time legal action is instigated, do not exceed the outstanding amount of rates, charges, fire service levy and interest.

All legal costs incurred as a result of instigation of recovery through court action will be allocated to the debtor's assessments.

Waiving rates, interest and charges

Rates and Fire Levy are a first charge on the property pursuant to the LGA89 and FSPLA and will not be waived.

Charges are a cost to Council and will not be waived.

Interest may be waived in accordance with the financial hardship provision.

Financial Hardship

Council may provide alternative payment arrangements for property based debts to assist ratepayers deemed to be in financial hardship.

Financial hardship means an inability to fulfil a financial obligation, not an unwillingness to do so. The hardship may be short or long term.

Cases of financial hardship will be considered on an individual basis and always with a view to the ratepayer re-establishing financial capability and wherever possible, meeting their financial obligation.

Ratepayers may apply to the Rates and Debtors Team Leader to have rates, interest and charges deferred, in whole or part, subject to the following conditions:

- a) the ratepayer must be able to demonstrate financial hardship. For example, a statutory declaration from a person familiar with the applicant's circumstances (family doctor, bank officer, financial counsellor);
- b) for a debt exceeding \$1,000, the ratepayer will be expected to provide a confidential statement from a recognised financial counsellor, or similarly qualified person, in support of the application for relief;
- c) the ratepayer must enter into a payment arrangement with Council to pay the debt and meet the terms of such an arrangement; and
- d) if interest has been waived and the ratepayer defaults on the agreed terms for repayment, the interest waived may be withdrawn and interest will then accrue under normal payment arrangements.

All deferments or interest waivers will be determined by the Manager Finance, in consultation with the General Manager Corporate Services.

If deferment is approved the following will occur:

- a) the property will be flagged as a deferred property;
- b) rates and interest will still accrue (although interest may be waived); and
- c) no debt recovery action will be taken while the terms for payment are met.

Deferment will be withdrawn if:

- a) the ratepayer advises financial hardship no longer exists; or
- b) the ratepayer ceases to own or occupy the property; or
- c) the ratepayer has defaulted in meeting the agreed terms for payment of the debt; or
- d) the ratepayer has provided false or misleading information in support of the application for relief.

If an application for relief is approved, the Rates and Debtor Team Leader will implement and monitor the agreed payment plan.

If an application for relief is refused, the applicant may seek a review of the decision by the Chief Executive Officer ('CEO').

Reporting

Revenue/Debtor Clerk will forward to the Rates and Debtors Team Leader a monthly report detailing rates outstanding. The Rates and Debtors Team Leader will prepare a quarterly report detailing all outstanding rates income. The report will include details of any special circumstances or arrangements. The report will also include % collection to date.

Sale of Land to Recover Debt

Council will utilise the sale provisions outlined in section 181 of the LGA89 only in the following circumstances:

- a) if all other recovery attempts have failed;
- b) at least 3 full years rates and charges remain unpaid; and
- c) when approved by Council resolution.

Preparation for sale of property should commence:

- a) as soon as permitted under the LGA in cases apart from a dwelling that is a principal place of residence; or
- b) when 5 years rates and charges remain unpaid on a dwelling that is a principal place of residence.

Council must ensure outstanding rates, legal and other costs never exceed the Capital Improved Value (CIV) of the property, except in cases when a property has a valuation of less than \$10,000.

2. Special Rates and Special Charges

Special rates and charges will be raised per LGA Section 163. Council will issue a notice that contains the prescribed information; a statement about when the special rate or charge is payable; details of the period for which the special rate or charge remains in force.

3. General Debtors

Council operates a computerised debtor accounts system which records financial information on a transactional basis and maintains debtor information in accordance with the principles of commercial business.

Council will issue monthly accounts for money owing, or on a time basis which is applicable to the debtor class (e.g. Aged Care – 4 week cycle; Child Care – 2 week cycle; Quarry - 2 week cycle)

The tax invoice will contain sufficient information so that the debtor can recognise the transaction included on the invoice and reconcile the debt if required.

Seasonal user debtors (i.e. community football club) will receive an invoice at the start of its season. Seasonal users will have 60 days to pay debt in full before further action is taken by Council for collection.

Interest

Council will not charge interest on any general debtor accounts unless permitted under specific legislation.

Collection

The procedure for collection of outstanding general debtor accounts is:

- 30 days invoice is due for payment, a grace period of 2 days is allowed only for non-recurring overdue debtors.
- 32 days duplicate invoice is sent with a “friendly reminder” sticker or stamp requiring payment.
- 62 days duplicate invoice sent with a letter requesting payment within 7 days. Refer to Aged Care, Child Care and Recreation for procedure of overdue accounts.

For quarry accounts, after 6 weeks a letter is sent advising that access to the supply of materials is withdrawn until the account is paid in full.

Referral to debt collection agency

Before referral to a debt collection agency, the Revenue/Debtor Clerk must compile a list by category of those debtors being referred for review by the Rates and Debtors Team Leader. A memo/email will be sent to the responsible service managers notifying them of the intention to refer the debt for collection. The responsible service manager is encouraged to make contact with the debtor to see whether the outstanding debt can be paid.

There are four exceptions to this collection procedure:

- a) Aged Care debtors are reviewed by Aged and Disability Service Coordinator and only those approved by the Coordinator or the Community Care Manager will be referred to a debt collection agency;
- b) Child Care debtors are reviewed by Child Care Coordinator and only those approved by Coordinator or Children Services Manager will be referred to a debt collection agency;
- c) Recreation debtor collection process will begin after 60 days from the date the invoice was raised for seasonal users only of Council recreation facilities.
- d) Lease of Council properties (including Land). Property Manager will ring tenant followed by letter, if no response by due date a Notice of Default in accordance with the lease or licence will be issued by the Legal Officer.

Payment Arrangements on default of a general debt

Council will consider all requests for alternative payment arrangements. However, full payment of the debt in the shortest reasonable time is preferred.

A written request will be required, if the proposed payment arrangement is planned for greater than 3 months and when ongoing services (subject to a fee) are to be provided, stating clearly the amounts to be paid and the dates of payment.

Default of payment arrangement may lead to cancellation of services provided. **Deferment**

Council will consider an application for deferment of an outstanding amount. Council will not take any action against a debtor if deferment has been approved. All deferments will be subject to a timetable for periodic review.

Waiving a general debt

General debtor accounts will only be waived with the approval of General Manager Corporate Services as per the S7 - Instrument of Sub-Delegation by CEO. This would only happen on the recommendation of the Rates and Debtors Team Leader and Finance Manager.

Reporting

The Revenue/Debtor Clerk will prepare a monthly report for the Rates and Debtors Team Leader at the end of each month. The report will contain total from the trial balance with a breakdown of outstanding debtors into current, 30 days, 60 days and 90+ days. The report will also contain a schedule detailing follow-up action for those outstanding debtors exceeding 60-90+ days and the status of any special arrangements currently in place.

4. Parking, Animal and General Infringements

The collection of outstanding Parking, Animal and General infringement is governed by regulation. The general debt collection process for Parking, Animal and General infringement is as follows:

- a) fine issued on the spot client has 21 days to pay (as per the ticket terms),
- b) fine issued and sent by mail client has 21 days plus 7 days for postage (total 28 days)
- c) MVR obtained VicRoads up to 48 hours. RTA 30 days.
- d) PRN issued being by mail client has 14 days plus 7 days for postage (total 21 days)
- e) Infringements court process is completed weekly/fortnightly and lodged with Fines Victoria via online portal.

General Local Law Infringements are processed through the court, if not paid in the prescribed time.

5. Receipting

Official receipts for payments will only be issued in the following instances:

- a) when payment is made in person.
- b) when the customer requests a receipt in writing.
- c) when payment is made at a Council designated payment agency (Australia Post)
- d) when cash is sent through the mail.

Other than for cash payments and payments made in person, official receipts will not be issued unless specifically requested.

Exclusions

Nil

Human Rights

This report has considered and complies with the Human Rights and Responsibilities contained in the Victorian Charter of *Human Rights and Responsibilities Act 2006*.

Definitions

CEO means the Chief Executive Officer of the Council

CIV	means Capital Improved Value
Financial Hardship	means a situation when a ratepayer is unable, reasonably, because of prolonged illness or unemployment, or other reasonable cause, to discharge their financial obligations to the Council and the ratepayer reasonably expects to be able to discharge those obligations if payment arrangements were changed.
Council	means Campaspe Shire Council
General Debtor	means all debts owed to the Council except rates
Infringement Court	means the administrative division of the Department of Justice that makes orders to enforce the payment of fines
LGA89	means the <i>Local Government Act 1989</i>
MVR	means Motor Vehicle Report from Vic Roads and RTA (vehicle ownership details)
PRN	means Penalty Reminder Notice
VLA	means <i>Valuation of Land Act 1960</i>
FSPLA	means <i>Fire Services Property Levy Act 2012</i>

Related Legislation

- Local Government Act 1989*
- Local Government Act 2020*
- Infringement Act 2006*
- Fire Services Levy Property Act 2012*
- Valuation of Land Act 1960*
- Cultural and Recreational Lands Acts 1963*

Attachments

Nil

Related Policies

Council Policy 134 – Rates and Charges

Review Period

Three years

Responsible officer

Rates and Debtors Team Leader

Administrative Updates

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter the policy, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

Approval History

Adopted	19 August 2014	Minutes Book Reference No 887 (Item 6.5)
Revised	17 October 2017	Minutes Book Reference No 2865 (Item 6.3)
Revised	23 June 2020	Minute Book Reference No 2221 (Item 9.6)
Revised	22 February 2021	Administrative update to apply consistent reference to Campaspe Shire Council ('Council') and abbreviations

Chief Executive Officer: 

Date: 24/2/2021