



## Rates Recovery Policy

*To ensure effective and timely recovery of outstanding rates and charges*

<b>Category</b>	<b>Office of CFO – Rates</b>	<b>Policy number: FIN020</b>
<b>Related forms, policies and procedures</b>	<ul style="list-style-type: none"> <li>• Formal Payment Arrangement</li> <li>• General Payment Arrangement</li> <li>• Short Term Payment Arrangement</li> </ul>	
<b>Key words</b>	Rates payments, arrangements, recovery, overdue	
<b>Relevant legislation</b>	<ul style="list-style-type: none"> <li>• <i>Local Government Act 2009</i></li> <li>• <i>Local Government Regulation 2012</i></li> </ul>	
<b>References and resources</b>	<i>Financial and Performance Management Standards 2019</i>	

<b>Review due by</b>	Manager Finance	Date: Annually
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## RATES RECOVERY

### 1. Purpose

The objective of this policy is to ensure effective and timely recovery of outstanding rates and charges.

### 2. Scope

This policy applies to all ratepayers with overdue rates and charges levied by Council.

### 3. Definitions and principles

**Agreed Arrangement:** An undertaking from the owner of a property to pay rates and charges by instalments over a time period that is satisfactory to Council.

**Arrangement:** A regular payment of equal amounts at consistent intervals.

**Due Date:** 30 days from the date of issue of the rates notice.

**Date of Issue:** The date the rates notice was distributed to the ratepayer.

**Rating Period:** The half year period the rates have been issued for; 1 July to 31 December, and 1 January to 30 June.

### 4. Procedure

In order to ensure all ratepayers meet their obligations to pay the rates and charges levied, Council will apply the following procedures to recover any overdue rates and charges.

#### 4.1 Payment Arrangements

Council will allow property owners who are unable to pay their rates by the due date to enter into an agreed arrangement. Council will deem an agreed arrangement to be one of three types. These types are classified as:

##### 4.1.1 Formal Arrangement

- (a) Ratepayers are required to contact Council to organise this type of agreed arrangement;
- (b) Only the rates and charges relating to the current rates period remain outstanding;
- (c) Arrangement will result in all overdue rates and charges being paid in full prior to the end of the rating period;
- (d) Once approved, no interest shall be charged for the duration of the agreed arrangement.

##### 4.1.2 General Arrangement

- (a) Ratepayers are required to contact Council to organise this type of agreed arrangement;
- (b) There is no restriction on the amount or time rates have been outstanding (this excludes rate files under legal and/or recovery action);
- (c) Council will agree to this type of arrangement on a case by case basis in relation to the amount and period the arrangement will remain valid;
- (d) Interest will continue to be charged as per Council's Revenue Statement;
- (e) This type of arrangement can be altered by the ratepayer provided Council is in agreement to the changes. Any change is to be confirmed in writing.

#### 4.1.3 Informal Arrangement

- (a) Ratepayers are not required to contact Council to organise this type of arrangement;
- (b) An informal arrangement is recognised when Council becomes aware that periodic payments are being made which, on an ongoing basis, would result in the clearance of the outstanding rates balance;
- (c) There is more flexibility on the amount or time rates have been outstanding;
- (d) Interest will continue to be charged as per Council's Revenue Statement.

#### 4.1.4 Short Term Arrangement

- (a) Ratepayers are required to contact Council to organise this type of arrangement;
- (b) Council will agree to a short term arrangement (usually 3 month period) with a small regular payment on the understanding that such payments will not pay the total debt in a timely manner. These cases are designed to afford the ratepayer the time to seek financial assistance or refinancing with a view to either settling the entire debt at the end of the short term arrangement or to enter into an agreed General Arrangement;
- (c) Interest will continue to be charged as per Council's Revenue Statement;
- (d) A Council officer will follow-up on these short term arrangements.

#### 4.2 Arrangement Conditions

- (a) Where the ratepayers have an agreed arrangement in place, no recovery action under Section 4.3 will be undertaken;
- (b) For Formal, General and Short Term Arrangements, written confirmation outlining all relevant conditions will be sent to the ratepayer;
- (c) If Council does not receive the payment by the payment dates, a reminder letter will be sent advising the ratepayer that unless payment of the outstanding amount is made within seven (7) days, the arrangement will be cancelled without further notice to the ratepayer;
- (d) If Council does not receive payment within the further seven (7) days, the agreed arrangement will be cancelled immediately and may be referred to Council's collection agency;
- (e) In situations where an agreed arrangement has been cancelled due to non-compliance, further arrangements will only be considered by Council on a case-by-case basis.

#### 4.3 Recovery Action

Where rates and charges have not been paid by the due date and no agreed arrangement established under section 4.1, Council will undertake the following recovery action:

##### 4.3.1 Reminders

- (a) Fourteen (14) days from the due date, the **first and final reminder letter** will be issued to all ratepayers with an amount outstanding of more than \$9.99;
- (b) This letter will advise the ratepayer of the amount overdue, details of interest accumulating on the amount and that if payment is not received in full within fourteen (14) days, collection proceedings for recovery of the outstanding amount may be taken. The ratepayer will be invited to contact Council to enter into an agreed arrangement;

- (c) Twenty-eight (28) days after the due date, should ratepayers fail to have paid in full, **telephone and/or email contact** will be attempted to organise an agreed arrangement with the ratepayer. If contact is unable to be made with the ratepayer, this will not stop the recovery action. If the ratepayer is not willing to enter into an agreed arrangement, they may be notified that legal action may commence through Council's collection agency.

#### **4.3.2 Collection agency**

Council's collection agency will issue further correspondence regarding the outstanding amount and undertake direct contact and other debt collection activities in order to secure payment of the debt. At this stage it will still be possible for ratepayers to enter into a payment arrangement which is determined on a case-by-case basis. Once the files are sent to Council's collection agency, all contact and arrangements made are to be dealt with by Council's collection agency.

#### **4.3.3 Legal action**

- (a) Legal action is approved where the initial recovery action by Council's collection agency is unsuccessful;
- (b) Council's collection agency recommends legal action as a feasible and practical method of recovering the debt;
- (c) A quarterly report will be presented to Council on the current legal files being actioned.

#### **4.4 Sale of Land for Overdue Rates**

- (a) Provision is made for Council under Chapter 4, Part 12, Division 3 of the *Local Government Regulation 2012* to initiate legal action for the sale of land for overdue rates and charges. For this to commence, the overdue rates and charges need to be overdue for at least:
  - (i) Generally - 3 years; or
  - (ii) If the rates or charges were levied on vacant land or land used only for commercial purposes, and the local government has obtained judgement for the overdue rates or charges - 1 year; or
  - (iii) If the rates or charges were levied on a mining claim - 3 months.
- (b) Prior to the commencement of the sale of land for overdue rates, a letter will be sent to the ratepayers of potential sale of land for overdue rates, warning them of the possible action that may commence;
- (c) This letter would contain details of the sale of land for overdue rates procedure and the consequences of not paying in-full immediately;
- (d) Twice each year a list of all ratepayers with rates outstanding in excess of the period allowed shall be prepared in accordance with the requirements of Chapter 4, Part 12, Division 3 of the *Local Government Regulation 2012*;
- (e) This list is tabled for Council's consideration and approval to commence Sale of Land for Overdue Rates.

#### **4.5 Miscellaneous**

- (a) Council will accept full or part payment whether or not an agreed arrangement is in place. Council will send a letter outlining an acceptable amount and timeframe Council would agree to under one of the types of agreed arrangements described in 4.1;
- (b) A quarterly report will be provided to Council outlining the actions taken regarding recovery activities and the status of overall rate arrears;
- (c) Council retains the right to deal with special circumstances at its discretion.