

COUNCIL POLICY – Rates Debt Recovery Policy

Reference Number	704116
Responsible Business Unit	Finance
Responsible Officer	General Manager Corporate Services
Legislation	Local Government Act 1999 Local Government General Regulations 1999 Local Government Financial Management Regulations 2011 Local Government Finance Authority Act 1983 Rates and Land Tax Remissions Act 1986 As found on Legislative Register Reference Number 792726
Relevant Delegations	Chief Executive Officer General Manager Corporate Services
Related Policies Management Guidelines Frameworks	Financial Sustainability Policy Rating Policy Rates Financial Hardship Policy Rates Senior Postponement Policy Debt Recovery Policy Rate Debt Recovery Management Guideline Privacy Policy
Link to Strategic Plan	5.4 - Transparent
Council resolution	275.1
Date Adopted	11 December 2023
Review Date	December 2025
Previous Revisions	Item 220.1 – 14 September 2015 Item 122.8 – September 2014 Item 137.1 – August 2017 Item 72.5 – February 2023

POLICY STATEMENT

To ensure a fair, equitable and consistent approach to Council's rates debt management and collection processes in an effective and timely manner. Council will attempt to recover all costs, interest and expenses incurred by Council while recognising the need to identify and consider individual cases of genuine hardship.

OBJECTIVES

Council depends on income from rates to fund services and facilities for the community. Council also has a responsibility to ensure outstanding rate monies are recovered in a timely manner to finance its operations and to ensure effective cash management, and compliance with the Local Government Act 1999.

Council will attempt to recover all costs, interest and expenses incurred by council while recognising the need to identify and consider individual cases of genuine hardship.

SCOPE

This policy will apply to the collection of outstanding monies from all rates debtors of Council.

PRINCIPLES

The principles that will apply in the management and recovery of debt are:

- Council has a responsibility to recover monies owing to it through an effective and efficient manner to finance its operations and ensure effective cash flow management
- Council will operate effective and efficient billing and debt collection processes
- Council aims to minimise the amount of outstanding monies that it is owed
- Council will recognise genuine financial hardship and treat people with respect and compassion in considering their circumstances
- Council will treat all people fairly and consistently under this policy
- Rates debtors are expected to take responsibility for their Council debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required
- Council will not place an outstanding debtor with Council's debt collection agency without taking all reasonable steps to establish a payment arrangement or negotiate settlement of the outstanding debt
- Once a final letter of demand is issued and where no response is received, legal action may proceed. Any settlement negotiations will be made on a "without prejudice" basis so that the legal right to collect the debt is not comprised
- Council will keep all details of any individual debt recovery process confidential
- If a ratepayer is unable to meet their obligations on the due dates, it's in the best interest of the ratepayer to contact council at their earliest opportunity to make appropriate arrangements to address the debt
- This policy will assist and ensure a strategic, equitable accountable, consistent and transparent approach to council's debt recovery, collection decisions and practices but also retain the flexibility to respond to the unique circumstances of individual customers

IMPLEMENTATION

Council rates become overdue when they are not paid in accordance with rate notices that are issued pursuant to Section 180 of the Local Government Act 1999. It is at this time that the instalment is regarded as being in arrears.

Council will apply quarterly fines and monthly interest for overdue rates as per Section 181 of the Local Government Act 1999. All payment arrangements for rates debts must be applied for in writing and are only recognised when the rates debtor is provided with written approval from Council of the payment arrangement. Information regarding payment arrangement plans and progress payments of overdue rates accounts will be made available to the ratepayer upon written application. Interest and fines will continue to be applied to any outstanding rates even when a payment arrangement is in place.

Ratepayers may apply for financial hardship, postponement of rates or Seniors postponement of rates where their financial circumstances do not allow them the means to meet their financial liability when due at councils discretion and inline with Council's Hardship Policy.

The Council may, at its discretion, remit penalties and related expenses for late payment of rates where genuine financial hardship can be substantiated.

Council will commence its legal recovery process as per Section 184 of the Local Government Act 1999 through a debt collection agency on all overdue amounts for rates debtors (and including sundry debts linked to a rateable property where applicable), after all reasonable attempts to collect the debt have been made by Council staff.

Any ratepayer with debts that have been sent to the Debt Recovery Agency should be aware that their credit history may be affected. Section 184 payment arrangements of overdue rate balances will not exceed a three (3) year term, including the three (3) years of ongoing rates

Where Council incurs legal costs for debt recovery, the legal costs are recoverable from the ratepayer.

Where rates on a property become in arrears for 3 years or more Council may sell land in accordance with Section 184 of the Local Government Act 1999. A confidential report of all properties which fall into the Section 184 category will be provided to Council prior to the commencement of this action.

A provision for doubtful debts shall be made and considered where the ratepayer is in liquidation, bankrupt or not locatable and/or where the property cannot be sold.

Under Section 143 of the act, council can consider a rate debt write off in accordance with Councils approved delegations if there is no reasonable prospect of recovering the debt, or the costs of recovery are likely to equal or exceed the amount to be recovered and, after all reasonable attempts have been made to recover the outstanding amounts.

All written off debts will be reported to Council on an annual basis and will include the amount written off, description and reason for the write off.

Rate Debt Management

The following debt collection practices will be applied to all outstanding rate debts with no approved payment arrangements in place or rate debts with defaulted payment arrangements:

- i. The following debt collection practices will be applied to all overdue debts above \$500.00 with no approved payment arrangements in place, or those rate debtors that have defaulted on agreed payment arrangements. A final demand letter is to be forwarded to the rate payer to notify them that their instalment is overdue and request that they contact the Council if they need to enter into a payment arrangement. The rate payer is given 21 days to respond.
- ii. Where no response is received to the final demand letter and with no written approved payment arrangement in place or there has been a default against the agreed payment arrangements, the rate debt will be forwarded to Council's debt collection agent who will issue a letter of final demand to pay within 21 days.

If the debt includes other charges against the property then the debtor will be advised that the debt will be added onto their rates account in accordance with Section 144 of the Local Government Act 1999. The letter will state that failure to make payment in full or to enter into a payment arrangement will result in the commencement of legal action.

If an amount payable by way of rates in respect of land has been in arrears for three years or more then Council reserves the right to sell the land to secure payment in accordance with the Local Government Act 1999. This is considered to be a last resort and each case will be considered on an individual basis and determined by Council resolution.

Payment Methods

BPay or BPay View – payments can be made using BPay or BPay View. Payment details are on the rates notices.

Please allow up to 3 business days for payments to be processed.

Australia Post – payments can be made at any Australia Post office with a "one stop Bill Pay" service. Payment details are on the rates notices with the barcode for reference.

Centrepay – this is a direct bill paying service offered to customers who receive payments from Centerlink. The rate payment is deducted from the ratepayers' Centerlink payment before it goes into their bank account. Ratepayers should

contact Centerlink or register online to get this setup. Payment details are on the rates notices.

Phone – payments can be made by calling Council on 08 8539 1100 during normal office hours 8:30am-4:45pm Monday to Friday.

Internet – E Services – payments can be made via the Council's website (www.murraybridge.sa.gov.au). Go to Your Council tab – rates fees and charges – make a payment – online payment – ratepayers will need their assessment number and valuation number to progress payment. Payment details are on the rates notices.

Mail – Payments can be made via cheque or credit card. Cheques need to be made out to Rural City of Murray Bridge. Credit Card details can be filled out on the back of the rates notice. Payment details need to be included if using either of these payment options which has the assessment number and amount paying as reference.

In Person – Ratepayers can make payments in person at the Council Office, 2 Seventh Street, Murray Bridge. Office hours Mon-Fri 8:30 – 4:45pm. Eftpos and credit card facilities are available.

Direct Debit – Ratepayers can opt to have council direct debit their nominated bank account. This is on a Wednesday, fortnightly basis only as per the direct debit schedule. After 3 direct debit rejections Council reserves the right to cancel any future direct debits.

DEFINITIONS

"Act" is the Local Government Act 1999 (SA)

"Council" is the Local Government entity known as the Rural City of Murray Bridge

"Default" means where a Council approved payment arrangement is in place and payments are not made as agreed by the principal ratepayer.

"Financial hardship" means a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt. Refer to Council's Financial Hardship Policy.

"Instalment of rates" means rates declared or payable in respect of a particular financial Year. Rates instalments will fall due in 4 equal or approximately equal amounts payable in the months of September, December, March and June of the financial year for which the rates are declared. The day on which each instalment falls due will be determined by the Council when declaring rates and approving the annual budget.

"Payment arrangements" means where the principal ratepayer forwards a written proposal for alternative arrangements for payment of rates to the instalment of rates defined on the rates notices for the financial year and Council provides written approval of the proposal.

"Policy" means this debt recovery policy

"Principal ratepayer" means the nominated person, organisation or other party that is responsible for ensuring rates are paid and accurate contact details are provided for the rateable property.