

Policy



STRATEGIC/GOVERNANCE

RATES AND CHARGES DEBT COLLECTION AND RECOVERY

Head of Power

Local Government Regulation 2012 - sections 132 - 134

Key Supporting Council Document

Lockyer Valley Regional Council Corporate Plan 2017-2022

- 5.4 Commit to open and accountable governance to ensure community confidence and trust in council and our democratic values
- 5.7 Compliant with relevant legislation

Definitions

Rates and charges are defined in the *Local Government Regulation 2012* as including differential general rates, minimum general rate levies, separate rates and charges, special rates and charges, utility charges and accrued interest on outstanding balances.

In addition as defined in Section 132 of the *Local Government Regulation 2012*, *overdue rates or charges are made up of:*

- if the local government takes the property owner to court to recover rates or charges and the court orders the property owner to pay the council's costs—the costs; and
- the interest, if interest is payable, on the rates or charges, or costs.

Policy Objective

The objective of this policy is to set out Council's principles in regard to the management of debt, and to provide a process which is consistent and ethical for the recovery of outstanding rates and charges across the organisation in accordance with the parameters and requirements of the *Local Government Regulation 2012*.

Policy Statement

The management and recovery of outstanding revenue is an important aspect of Council's financial management function. It is Council's policy to pursue the collection of outstanding revenue diligently but with due concern for any financial hardship faced by property owners.

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

- Transparency by making clear the obligations of property owners and the processes used by Council in assisting them meet their financial obligations.
- Making the processes used to recover overdue rates and charges simple to administer and cost effective.
- Equity by having regard to providing the same treatment for property owners with similar circumstances.
- Flexibility by responding where necessary to changes in the local economy.

Recovery Actions – Overdue Rates & Charges

STAGE	TIMING	ACTION TYPE	AUTHORITY LEVEL
1.	14 days after expiration of the discount period	Notice informing property owner that they have missed the discount and that they should make payment in full by the due date to avoid interest and further action.	Manager Finance and Customer Services
2.	28 days after expiration of the discount period	<p>Reminder Letter 1 - Notice advising rates are overdue and interest charges are continuing to accrue at 9.83%. Legal action may be initiated unless the debt is paid in full or approved repayment arrangements are entered into.</p> <p>Separate Reminder Notice to Property owners who are already with a Debt Recovery Agent – Notice advising of the balance outstanding with the debt recovery agent and the balance that remains with Council and interest charges are continuing to accrue at 9.83%.</p> <p>Further action suspended if:</p> <ul style="list-style-type: none"> • payment is made in full or • property owner enters into and maintains an approved repayment arrangement. 	Manager Finance and Customer Services

STAGE	TIMING	ACTION TYPE	AUTHORITY LEVEL
3.	21 days after issue date of Reminder Letter 1	<p>Notice of Proposed Legal Action – Notice advising Property owner and Mortgagee (if any) that legal action may be initiated unless the debt is paid in full or approved repayment arrangements are entered into within twenty-one (21) days of the issue date of Notice of Proposed Legal Action. Further action suspended if:</p> <ul style="list-style-type: none"> • payment is made in full or • Property owner enters into and maintains an approved repayment arrangement. 	Executive Manager – Corporate and Community Services
4.	21 days after issue date of Notice of Proposed Legal Action	<p>Council shall proceed with legal recovery action against any Property Owner who has not satisfactorily responded to any Notices previously sent.</p> <p>Council will advise the Property Owner that the debt has been referred to Council’s appointed Legal Representative or Debt Recovery Agent, if applicable.</p> <p>Council or Council’s appointed Legal Representative or Debt Recovery Agent will issue a letter of final demand to advise that if payment in full or an agreed payment arrangement is not entered into within fourteen (14) days, legal recovery action may commence. Council will seek full payment of outstanding rates & charges. It will also advise that action may involve the Sale of Land should rates and charges be in arrears for:</p> <ul style="list-style-type: none"> • 1 year - vacant land and • 3years - for all other land, overdue rates and charges 	Executive Manager – Corporate and Community Services
5.	Potential Sale of Land Letter	<p>Notice informing owners their property will be considered for the Sale of Land process if the outstanding rates and charges are not paid in full or an approved payment commitment is not entered into and honoured with the outstanding balance being reduced to under the three years in arrears within the time frame stated on the Potential Sale of Land Notice (1 Month from the date of notice)</p>	Council
6.	Notice of Sale of Land	<p>Notice in accordance with legislation informing owner of Council’s intention to make a resolution to sell the land for recovery of outstanding rates and charges in arrears for:</p>	Council

STAGE	TIMING	ACTION TYPE	AUTHORITY LEVEL
		<ul style="list-style-type: none"> • 1 year - vacant land and • 3 years - for all other land, <p>Full payment including costs will be required to cease action.</p>	
7.	Sale of land within legislative timeframes	<p>Sale of Land should rates and charges be in arrears for:</p> <ul style="list-style-type: none"> • 1 year - vacant land and • 3 years - for all other land, <p>Full payment including costs will be required to cease action.</p>	Council

Reminder Letter 1 will not be issued to:

- Property Owners with an outstanding balance of less than \$100.
- Property Owners who are maintaining an approved payment commitment.
- Property Owners who have lodged a formal notice of Objection or have advised Council of a formal dispute with their most recent notice of rates and charges.
- Property Owners in receipt of a Missed Discount Letter as this serves as Reminder 1.

Payment Arrangements

Council will consider any reasonable offer for periodic payments. To avoid recovery action these requests are to be made to Council **in writing** at which time the Manager Finance and Customer Services or Council delegate will consider the offer on a case by case basis. If approved, the Manager Finance and Customer Services or Council delegate will document the arrangement to be brought into effect and a copy will be provided in writing to the property owner.

An agreed periodic payment commitment should ensure all current rates and charges are paid as issued, to ensure the account does not fall further into arrears. An appropriate periodic payment commitment will generally result in all overdue rates and charges being paid in full, by the end of the half year period in which the payment commitment is made.

Council reserves the right to renegotiate or cancel a payment commitment should circumstances change where the debt will not be paid within Council's current policy time frame. In these circumstances, Council will not initiate further recovery action without reference to the ratepayer concerned.

Council will not pursue further recovery action against a property owner who has an agreed written periodic payment commitment, while the commitment is current and the property owner adheres to the agreed repayment schedule.

In the event that a payment commitment is not maintained within the agreed terms, the following action will occur:

The first payment default - A Payment Commitment First Notice of Default letter will be issued to the property owner, advising that the commitment has been dishonoured, the overdue amount and the next payment commitment due date.

The second and final payment default - The payment commitment will be removed from Council's rate assessment and the debt forwarded to Council's external debt recovery agency. The Executive Manager Corporate and Community Services will formally advise the Property Owner that the debt has been referred to Council's appointed Legal Representative or Debt Recovery Agent.

Interest

In accordance with Section 133 of the *Local Government Regulation 2012*, rates and charges which remain outstanding for greater than 30 days, shall bear interest at the rate of 9.83%, compounding on daily rests.

Related Documents

Nil