Revenue Collection and Financial Hardship

COUNCIL POLICY NO. 025

1. POLICY OBJECTIVE

The purpose of this Policy is to establish a consistent approach for Council to manage the collection of revenue. Council has a responsibility to recover monies in a timely and efficient manner to finance its operations and ensure effective cash flow management.

Council needs to ensure the integrity of all collection proceedings for both Council and the customer. Council has a responsibility to undertake best practice ethical revenue and debt collection practices.

In administering this policy, Council is committed to a fair, proportionate, compassionate and transparent approach that balances financial sustainability with appropriate support for customers experiencing hardship.

2. GUIDING PRINCIPLES

Council will apply the following guiding principles when collecting revenue and considering hardship or financial hardship applications:

- early and proactive engagement to prevent escalation of debt
- fair, equitable and compassionate treatment of all customers
- flexible and place-based payment options tailored to individual circumstances
- clear, accessible and timely communication using plain language
- protection of privacy and confidentiality in accordance with legislation
- legal enforcement action, including sale of property, as a last resort only.

3. SCOPE

This policy applies to staff responsible for administering activities relating to raising debts (including determination and collection of rates) and recovering of outstanding debtors. Debtors are defined by any customers who owe monies to Council for goods or services received or infringements issued.

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

This policy does not include invoices raised for childcare services, please see relevant policy for these debtor conditions.

4. REFERENCES

Local Government Act 1989 and *Local Government Act* 2020.

5. RATES AND 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.

5.1 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.

5.2 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 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.

5.3 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:

Paying as:	**Payment is required the first business day on or after:**			
Lump sum	15 February			
Quarterly instalments	First:	30 September	Third:	28 February
	Second:	30 November	Final:	31 May

5.3.1 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.

5.4 Reminders

In addition to the distribution of the original rates notice, Council will undertake the proactive measure of distributing reminder notices or SMS messages to ratepayers. Ratepayers who have opted to pay via instalments will receive a reminder 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 during the middle of January each year.

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

5.5 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 refer the property to Council's debt collection agency. 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.

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.

5.6 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.

5.7 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.

5.8 Classification

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

6. DEBTOR CHARGES

Council will issue invoices for private works/hire and general debtors. Trading terms are strictly 30 days from date of invoice.

Where these accounts are unpaid after 60 days, Council may commence legal action to assist with recovery of the amount owing. In relation to outstanding children services fees, a final notice will be issued prior to proceeding with legal action to assist with the debt recovery.

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.

Interest may be charged on unpaid amounts for overdue amounts in excess of 60 days in accordance with Section 120 of the *Local Government Act* 2020.

7. INFRINGEMENT NOTICES (FINES)

The collection of outstanding parking infringements is governed by the Infringements Act 2006 and the Fines Reform Act 2014 and includes processes administered by Fines Victoria. The collection of outstanding Animal Services infringements is governed by the Domestic Animals Act 1994, the Impounding of Livestock Act 1994 and the Country Fire Authority Act 1958.

The collection of infringements is governed by the Infringements Act 2006 and is managed by Council's Compliance team. An infringement must be paid within the period specified in the infringement notice, being a period of not less than 28 days after an infringement notice has been served.

Penalty reminder notices are sent out by Council for unpaid infringements that are not paid by the due date.

Where the fine remains unpaid, fines are lodged with Fines Victoria for management on Councils behalf. This may incur additional fees for the administration and enforcement of these late and unpaid fines. These fees are set by legislation.

Further information is available through Fines Victoria at https://online.fines.vic.gov.au.

8. FINANCIAL HARDSHIP

Council will give consideration to assisting a ratepayer experiencing hardship or financial hardship.

For the purposes of this policy, hardship or financial hardship exists where a ratepayer is experiencing difficulty paying rates or charges due to personal, financial, or systemic circumstances, which may be temporary or ongoing.

Such circumstances may include, but are not limited to:

- loss or reduction of income
- illness or medical expenses
- family or caring responsibilities
- family violence or economic abuse
- natural disasters or unexpected events.

Assistance may include:

- deferred payment of rates or charges
- partial or full waiver of rates, charges or interest
- payment plans.

Applications for consideration of assistance may be made in writing, online, by phone, or in person.

8.1 Deferred payment [Refer s170 Local Government Act 1989]

The intent of providing a deferral for payment of rates will be to assist a ratepayer who owns and occupies a single rateable property and who demonstrates that payment of rates will cause hardship.

Council may accept self-declaration of hardship as an initial basis for assessment. Requests for further documentation will only be made where reasonably necessary and proportionate.

Council will consider an application for a deferred payment for such period as it thinks fit and if granted, will be based on the following conditions:

- That the ratepayer pays interest on the amount affected by the deferral at the interest rate adopted by Council for the rating year.
- If the ratepayer does not meet the conditions set by Council within the application, Council may decide to revoke the deferral. If revoked, the deferred rates and accrued interest are immediately payable if the ratepayer ceases to own or occupy the property on which the rates are imposed.
- The deferral ceases if Council, in its discretion, revokes the deferral. In such cases, Council will notify the ratepayer in writing and request full payment of the deferred rates and accrued interest within 30 days.
- The deferral will be reviewed each year within one month of the issue of the annual rate notice.

The granting of a deferral for payment of rates does not apply to the garbage charge, municipal charge and Emergency Services and Volunteers Fund, nor will it alter the due date for payment of rates. An increase in the valuation of a property and a subsequent increase in rates cannot be considered grounds for a deferred payment of rates.

8.2 Waiver of rates and charges [Refer s171 Local Government Act 1989]

The intent of providing a waiver or partial waiver of rates and charges (including interest) will be to assist a ratepayer, who is the owner/occupier of a single rateable property that is used exclusively for residential purposes, to overcome immediate and significant financial difficulties.

Council will consider an application for a waiver or partial waiver of rates and charges (including interest) where such difficulties can be demonstrated and if granted, the waiver or partial waiver will apply only for the rating year in which the application was made.

An increase in rates exceeding 50%, arising from a valuation objection of an owner-occupied single-rateable residential property, may be considered grounds for a partial waiver if it can be demonstrated that the payment of such an increase would impose significant financial difficulties. Applications for waiver cannot be considered if rates increases are caused by valuation increases where improvements or additions to the land have occurred.

Ratepayers that apply for a waiver or partial waiver must be:

- eligible for a rates concession under the *State Concessions Act* 1983
- the owner and occupier of a single rateable property that is used exclusively for residential purposes
- able to provide a Certified Statement of Financial Position
- able to provide documented support for a waiver from a welfare agency, financial counsellor or government agency
- able to provide a Financial Plan to ensure future rates and charges and other household payments can be made.

8.3 Financial hardship

Under Section 171A of the Act a person suffering financial hardship may make application to Council for a waiver of the whole or part of any rate, charge or interest.

Where interest or enforcement action would exacerbate hardship, Council may reduce, suspend or waive interest and review enforcement action for the duration of the hardship.

Where a ratepayer is unable to make rate payments and the charging of interest would cause undue financial hardship, an application under section 171A will be considered subject to the following conditions:

1. This assistance will only be considered –
    a. for a property used for residential purposes and is the sole or principal place of residence of the applicant
    b. for land classified as farmland and is the sole or principal place of residence of the applicant
    c. for land classified as commercial/industrial and is owned and operated by the applicant.
2. The applicant is able to provide a –
    a. Certified Statement of Financial Position signed by a qualified accountant or financial counsellor
    b. Financial Plan to ensure future rates and charges can be paid.

Applications will generally apply to the current rating year and will be reviewed annually, or earlier if circumstances change.

8.4 Hardship as a result of family violence

Council is committed to supporting customers and clients who are experiencing financial hardship as a result of family violence or economic abuse.

In these cases, Council will prioritise safety, confidentiality and dignity. Formal documentation will not be required unless requested by Council.

Council may offer:

- adjusted or paused payment plans
- interest waivers
- expedited assessments
- referrals to specialist support services.

9. DEBT COLLECTION

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.

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.

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

9.1 Formal payment arrangements – debtors

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

9.2 Formal payment arrangements – rates and service charges

Council understands that customers may be unable to comply with standard payment timeframes.

Payment arrangements will be flexible and may include weekly, fortnightly or monthly payments, temporary payment pauses, or interest relief where appropriate.

Where a payment arrangement is not met, Council will review the individual circumstances before progressing enforcement action.

9.3 Debt collection and enforcement

Council will only engage debt collection agencies where reasonable attempts to resolve the debt directly with the customer have been unsuccessful.

Debt collection agencies engaged by Council must comply with applicable Ministerial Guidelines, privacy obligations and hardship provisions. Where hardship indicators are identified, collection activity must be paused and referred back to Council for assessment.

9.4 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.

9.5 '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.

9.6 Recovery of rates through sale of property

Council may sell a property for the recovery of rates in accordance with legislation.

Sale of property is a measure of last resort. Prior to any decision to proceed, Council will:

- undertake a final hardship assessment;
- confirm no reasonable alternative arrangements are available; and
- ensure senior executive approval with documented consideration of vulnerability.

9.7 Exceptional circumstances

Notwithstanding, cases involving exceptional circumstances not already outlined shall be brought to the attention of Council.

10. POLICY REVIEW

This policy will be reviewed within twelve months after a general election of the Council.

At the time of review, this policy was compliant with the Victorian Charter of Human Rights and Responsibilities Act 2006.

11. FURTHER INFORMATION

Members of the public may inspect all Council policies at Gannawarra Shire Council's Kerang and Cohuna Offices, or online at www.gannawarra.vic.gov.au.

Any enquiries in relation to this policy should be directed to the Director Corporate Services on (03) 5450 9333.

12. POLICY AMENDMENTS

For the 2026 version, this Policy combined the previous Rate Relief (034) and Outstanding Debt (025) into one easy to read document for both users within the community, and Council staff who administer.

Revision History

Originally adopted:	1995
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