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|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------|
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| <b>Internal endorsement required:</b>                        | Audit & Risk Advisory Committee                                                                                                                                                                 |                      |              |
| <b>Final Approval by:</b>                                    | Council                                                                                                                                                                                         |                      |              |
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| <b>Date rescinded:</b>                                       | Click here to enter a date. OR <input checked="" type="checkbox"/> Not applicable                                                                                                               |                      |              |
| <b>Related legislation:</b>                                  | Local Government Act 1989<br>Local Government Act 2020<br>Infringements Act 20016                                                                                                               |                      |              |
| <b>Related strategic documents, policies, or procedures:</b> | <ul style="list-style-type: none"> <li>• Financial Hardship Policy (draft)</li> <li>• Cash Handling Policy (DOC/13/45569)</li> <li>• COVID-19 Financial Hardship Policy - April 2020</li> </ul> |                      |              |

| Date       | Version Number | Details of Version | Modified by                    |
|------------|----------------|--------------------|--------------------------------|
| 20/05/2020 | 1              | Draft              | Financial Services Coordinator |

## 1. Purpose

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 owing to it in a timely and efficient manner in order to finance its operations and ensure effective cash flow management.
- Ensure the integrity of all collection proceedings for both Council and the debtor.

## 2. Scope

This Policy applies to:

- All staff who are involved in either raising invoices or collecting debts.
- Customers who owe monies to Council. This includes revenue included on rate notices or other miscellaneous invoices.

This Policy does not apply to the collection of rates and charges where financial hardship has been established according to the Financial Hardship Policy.

## 3. Policy

### 3.1. Property rates and charges

#### Invoicing and payment terms

Annual Rates Notices are sent in the first quarter of the financial year, with instalment notices sent for the remaining three quarters of the year.

Arrangements and instalment dates for the payment of rates and charges are detailed in s167 of the *Local Government Act 1989* (the Act).

Interest will be charged on all overdue amounts in accordance with section 172 of the 1989 Act or section 120 of the 2020 Act (whichever is applicable), at the rate set under the *Penalty Interest Rates Act 1983*.

#### Payment arrangements

A payment arrangement can be made at any time and interest will continue to accrue on overdue amounts. If rate payments are in arrears, any default from the payment arrangement may result in legal action to recover the debt.

To assist ratepayers, Council will be flexible regarding the type of arrangement entered into. However, to ensure the arrears do not increase in value, payments over a twenty four month period must cover the outstanding amount, the current year rates and any interest charges. Ratepayers who are unable to make this repayment should be assessed under the Financial Hardship Policy.

## Collection

Council may commence collection of overdue rates under the Act where:

- Financial hardship cannot be established and
- Where the payment of rates remains outstanding or
- Where there has been a default in an agreed payment arrangement.

Council will work with ratepayers to seek payment of any arrears. In some cases the collection process may involve legal action which could result in:

- Legal costs being incurred by the ratepayer or
- The credit history of the ratepayer being affected or
- The sale of property, by resolution of Council in accordance with the Local Government Act.

There are several other options available to Council to recover debt and these options will be exercised if appropriate (refer to the table in section 4).

## **3.2. Non-property related charges i.e. general debtors**

### Invoicing and payment terms

A debt is created when the service is provided or when the invoice is created; whichever occurs first. Each tax invoice shall contain sufficient information so that the debtor can recognise the transactions included on the invoice.

Council's payment terms for general debtors are 30 days unless specific regulations apply. Council's payment terms for Community Wellbeing clients are 21 days from the issued statement date. Payments are to be receipted according to Council's Cash Handling Policy.

Interest will not be charged on overdue general debtors accounts. Where appropriate, legal costs will be charged on general debtor accounts that have been referred to Council's debt collection agency.

### Collection

Unless subject to special collection arrangements, outstanding general debtor accounts will be followed up according to Council processes.

In extreme cases of non-payment, the Executive Manager Corporate Services, in conjunction with the appropriate service manager, can temporarily cease the provision of relevant Council services, with the exception of Community Wellbeing clients.

### Deferral of an outstanding amount

If a debtor cannot meet their obligations by the due date it is in the interests of the debtor to contact Council at the earliest opportunity to negotiate a payment arrangement.

## 3.3. Special collection arrangements

### Food and Health Registrations

All food and health registration renewals, regardless of their value, must be followed up according to Council processes. Staff reporting to the Coordinator of Public and Environmental Health will perform outreach services to premises to assist in ensuring compliance with the relevant registration and communicating the consequence of non-payment may result in infringements being issued.

### Infringement Notices

The collection of infringements is governed by the *Infringements Act 2006* and is managed by Council's Community Safety and Amenity team. An infringement penalty 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.

### Community Wellbeing Clients

In accordance with State and Federal Government funding guidelines, Council will assess a client's ability to financially contribute to the cost of their services. Any instances of inability to pay will be referred to the Community Wellbeing Unit for their feedback and guidance.

## 3.4. Writing off an outstanding amount

Outstanding debts may be written off under the following delegations:

|                       |                                           |
|-----------------------|-------------------------------------------|
| Less than \$20        | Customer Service Officers                 |
| Less than \$100       | Rates Officer and Collections Officer     |
| \$101 up to \$500     | Financial Services Coordinator            |
| Up to \$1,000         | Manager Community Wellbeing               |
| \$501 up to \$1,000   | Executive Manager Corporate Services      |
| \$1,001 up to \$5,000 | Director Corporate and Community Services |
| \$5,001 and above     | Chief Executive Officer                   |

## 3.5. Responsibilities

| <b>Position</b>                                  | <b>Responsibility</b>                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Collections Officer</b>                       | Debtor management<br>Administration of debts and payment arrangements<br>Approval of property debts referred to our Debt Collection Agency<br>Performing credit checks before a new account for landfill customers can be created.                                                                                           |
| <b>Financial Services Coordinator</b>            | Overall responsibility for the implementation of this Policy.<br>Approval of general debts referred to our Debt Collection Agency.<br>Write off of debts within delegated value.                                                                                                                                             |
| <b>Executive Manager Corporate Services</b>      | Approval of debtors to be issued Judgement through the debt collection process.<br>Write off of debts within delegated value.                                                                                                                                                                                                |
| <b>Director Corporate and Community Services</b> | Write off of debts within delegated value.                                                                                                                                                                                                                                                                                   |
| <b>Chief Executive Officer</b>                   | Write off of debts within delegated value.                                                                                                                                                                                                                                                                                   |
| <b>Ratepayer</b>                                 | Communicate with Council regarding any change in circumstances affecting their ability to pay monies owed.                                                                                                                                                                                                                   |
| <b>Other</b>                                     | Waste and Recycling Coordinator is to approve the creation of any landfill debtor accounts.<br>Coordinator Public and Environmental Health must approve all food and health registration debts referred to the debt collection agency.<br>Manager Community Wellbeing to approve any Community Wellbeing write off of debts. |

## 4. Definitions of Abbreviations Used

A table of terms and their definitions as they relate to the Policy

| Term                         | Definition                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Summons for Oral Examination | Ratepayer is interviewed by the Clerk of Courts regarding their financial situation and intentions in relation to repaying the debt.                                                                                                                                                                                                                                                     |
| Mortgagee Letter             | <p>This is a letter written to the ratepayer's mortgagee (i.e. their bank or financial institution), advising them the rates have not been paid.</p> <p>Most mortgages will require that the ratepayer pay their rates on time.</p> <p>If the rates remain unpaid, depending on the equity in the property, the bank may pay the outstanding amounts and add this onto the mortgage.</p> |
| Rent Demand                  | A Rent Demand orders the tenant of a property, for which the owner has outstanding rates, to pay their rent to the Council until the outstanding rates are paid.                                                                                                                                                                                                                         |
| Garnishee of Wages           | A Garnishee Order for wages or salary is a court order that allows Council to recover the judgment debt from the ratepayer's wages. The ratepayer's employer will be required to pay to Council a portion of their employee's wage or salary until the debt is paid off.                                                                                                                 |
| Bankruptcy                   | The process where a corporation or company is legally declared unable to pay its debts.                                                                                                                                                                                                                                                                                                  |
| Liquidation                  | The process of winding up and finalising a corporation or company's affairs.                                                                                                                                                                                                                                                                                                             |

## 5. Human Rights and Diversity Statement

### Human Rights Statement

It is considered that this Policy does not impact negatively on any rights identified in the Charter of Human Rights and Responsibilities Act (2006). Mount Alexander Shire Council is committed to consultation and cooperation between management and employees. Mount Alexander Shire Council will formally involve the Workplace Consultative Committee in any workplace change that may affect employees.