

Rate Debt Management Policy

Policy – CP062

Prepared	Reviewed	Approved	Date	Council Minute No.
Manager Financial Services	ELT	Council	March 2025	2025/0075
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1. The purpose of this policy is

To establish a framework for Mildura Rural City Council to manage and implement a consistent approach to the collection of rates and charges that is consistent with Council's KRA of financial sustainability while adhering to the parameters of the *Local Government Act 1989*..

2. Policy Statement

Council derives a large share of its revenue from rates and charges, and therefore has a responsibility to ensure that all monies owing are collected in a timely, effective, and efficient manner, to finance its operations and to ensure effective cash flow management.

3. Principles

In formulating this policy, Council is committed to the following principles:

- Assisting customers to attend to any rates arrears in a progressive manner.
- Adherence to Part 8 of the *Local Government Act 1989* in relation to the recovery of unpaid rates and charges.
- Ensure a fair, equitable and accountable approach to collection decisions and practices.
- Rate 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 instigate legal action without first making reasonable endeavours to contact the debtor directly to advise of such action. However, Council will proceed with each step of the legal process without further notice where a debtor:
 - Fails to respond to communications from Council or its nominated Debt Collection Agency;
 - Fails to enter an agreed Rates Payment Plan for a period no less than 24 months; or
 - Fails to meet repayments as agreed

Process

If a customer falls into arrears of rates, written correspondence will be sent to them advising of the need to pay in full or enter a Rates Payment Plan. The correspondence will also inform them of assistance available under our Rates Financial Hardship Policy. In the event that a customer does not pay in full or enter and adhere to a Rates Payment Plan for a period of no less than 24 months from the date of issue of that correspondence, the debt will be referred to a Debt Collection Agent and the following steps will commence.

The convention that shall be applied for Debt Collection is:

Reasonable Endeavours Checklist	Recovery of Rates, Charges & Levies
Step	Action
1. Referral to Debt Collection Agency	Rates assessments with balances no less than \$2,000.00 (or with aged debt of more than three years) are to be referred to our nominated debt collection agency.
2. SMS, Email sent and Demand Letter issued	The debt collection agency will: - send a SMS text message to the customer (if we have a mobile phone number), and - send an email to the customer (if we have an email address), and - send a Demand letter in the mail to the customer.
3. Second Attempt to Contact Customer	After 7 days, rates assessments with balances no less than \$2,000.00 (or with aged debt of more than three years) where no contact has been received from the customer by either Council or the debt collection agency, the debt collection agency will: - make one attempt to contact the customer by phone. Successful phone contact is defined as being: - The call is answered and the customer is spoken to, or

	<ul style="list-style-type: none"> - The call is answered and this person agrees to pass on a message to the customer, or - The call isn't answered but a message is left on an answering machine, message bank or message-to-text service <p>If phone contact is unsuccessful the debt collection agency is to refer the customer back to Council. Council will then search for alternative points of contact (within its customer database and document archive system) and make one attempt on each to contact the customer. If successful contact cannot be made, the customer is referred back to the debt collection agency.</p>
4. Issue Complaint (Magistrates' Court)	<p>After a minimum of 21 days since the initial SMS text, email or Demand letter, should no contact (including the receipt of full or part payment) be received from the customer by either Council or the debt collection agency and the amount of the debt is no less than \$2,000.00 (or is aged more than three years), the debt may be referred to the Magistrates' Court and a Complaint issued in accordance with Section 180 Local Government Act 1989.</p> <p>Note: where the debtor is not a registered owner, their details will be deleted from the rates assessment and their debt collection account will be closed. An updated Rate and Valuation Notice is then issued in the registered owner's name, accompanied with a letter advising their tenant has defaulted on payment, and they now have 14 days in which to pay in full or make an agreeable payment arrangement. No further contact or negotiation with the tenant will be entered into. After the 14-day period, the collection process will commence.</p>
5. Issue Judgement (Magistrates' Court)	<p>After 21 days, should no contact (including the receipt of full or part payment) be received from the customer by either Council or the debt collection agency, the matter may proceed to Judgement. Judgement is also to be obtained in the event that Council is required to attend a 'Defence' instigated</p>

<p>6. Issue Summons Oral Examination (Magistrates' Court)</p> <p>7. Other Methods of Enforcement (Magistrates' Court)</p> <p>8. Section 181 Property Sale</p> <p>Notes:</p>	<p>by the customer, or if an agreed Rates Payment Plan isn't adhered to. <u>Judgement must be obtained prior to the expiry of the Complaint (regardless of the debtor's circumstances) if the debt including legal costs aren't paid in full.</u></p> <p>After 14 days from the date of issue of the Judgement, should no contact (including the receipt of full or part payment) be received from the customer by either Council or the debt collection agency the matter may proceed to Summons Oral Examination (SOE). The matter may also proceed if an agreed Rates Payment Plan isn't adhered to.</p> <p>After 14 days from attending the SOE, should no contact (including the receipt of full or part payment) be received from the customer by either Council or the debt collection agency, the matter may proceed to any other available method of payment enforcement not limited to the garnishee of wages or rental income, or the seizure of goods. The matter may also proceed if an agreed Rates Payment Plan isn't adhered to.</p> <p>Where more than three years of unpaid rates, charges or levies exists, Council may initiate the sale of property pursuant to Section 181 Local Government Act 1989 Part 8. Council approval is required before proceeding with any property sale. However, a Warning Property Sale letter may be issued at any time once the property has met the criteria set out in Section 181.</p> <p>Once a customer is referred to our nominated debt collection agency, Council is not obliged to accept a Rates Payment Plan application. In this situation, the customer can only enter into an agreement with our debt collection agency.</p>
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4. Who is responsible for implementing this policy?

5. Definitions

Arrears Any monies unpaid after the statutory payment due date, including legal costs (if any).

6. Legislation and other references

6.1 Legislation

For further information related to this policy see:

- Section 177 *Local Government Act 1989*
- Section 180 *Local Government Act 1989*
- Section 181A *Local Government Act 1989*
- *Local Government Legislation Amendment (Rating and Other Matters) Act 2022*

6.2 Documents

This Policy is implemented in conjunction with the following documents:

- Rates Payment Plan Application Form
- Tenant Default letter

6.3 Risk Assessment Reference

Please tick the corporate risk(s) that this policy is addressing.

Risk Category		Risk Category	
Asset Management		Financial Sustainability	✓
Committees		Human Resource Management	
Compliance – Legal & Regulatory	✓	Leadership & Organisational Culture	
Contract Management		Occupational Health & Safety	
Contract Tendering & Procurement		Organisational Risk Management	✓
Corporate Governance	✓	Project Management	
Environmental Sustainability		Public Image and Reputation	