

## REVENUE & DEBT COLLECTION POLICY INCLUDING HARDSHIP

<b>Approval Level:</b>	Council
<b>Policy Type:</b>	Council
<b>Approval Date:</b>	24/06/2024
<b>Review cycle:</b>	4 Years
<b>Review Date:</b>	24/06/2028
<b>Responsible Officer:</b>	Manager Financial Strategy
<b>Owner:</b>	Financial Strategy
<b>Responsible Director:</b>	Corporate Performance
<b>Relevant Legislation/Authority:</b>	Local Government Act 1989 Local Government Act 2020 Competition and Consumer Act 2010
<b>DOCSETID:</b>	5100777

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## 1. PURPOSE

This policy outlines and details the City's debt management and recovery decisions, process and practices. The policy aims to ensure overdue general debts, rates and charges are collected in a fair and reasonable manner, and where required in line with the City's Financial Hardship Guidelines. The City is committed to ensuring all ratepayers and general debtors are treated equally and given a fair opportunity to pay outstanding debts.

## 2. SCOPE

This policy applies to all City staff and departments recovering or managing funds owed to the City including:

- Rates and charges;
- Fire Services Property Levy;
- Associated property debts;
- User fees and charges
- Administrative charges and Grant receivables; and
- Commercial, community and residential leases and on-costed utilities.

## 3. DEFINITIONS

**ACCC** means the Australian Competition and Consumer Commission

**Act** means the *Local Government Act 1989* (Vic)

**ASIC** means the Australian Securities and Investments Commission

**CCA** means the Competition and Consumer Act 2010 (Cth)

**City** means the Greater Bendigo City Council

**CIV** means Capital Improved Value

**Debt** means an amount of money owed, including an alleged outstanding balance

**General Debtor** means any individual, organisation, business or other entity owing monies to the City other than rates, charges levy collection through the rating valuation process.

## 4. PRINCIPLES

The management and recovery of overdue debts is an important aspect of the City's financial management function. Debtor management is an essential element of the City's budget monitoring, cash management and Revenue and Rating Plan. The principles that apply to the management and recovery of overdue debts are as follows:

**Transparency and accountability** – the City will provide targeted and consistent information, payment terms and advice for the type of service being charged. This includes processes around the follow up of non-payment, and decisions made in accordance with the relevant legislation. This policy provides the community with the overarching principles associated with applying for hardship ensuring transparency of the process.

**Consistency** – the City will consistently apply and interpret the policy across all debts.

**Equity** – ensuring the fair and consistent application of lawful recovery principles without bias, taking into account all relevant considerations.

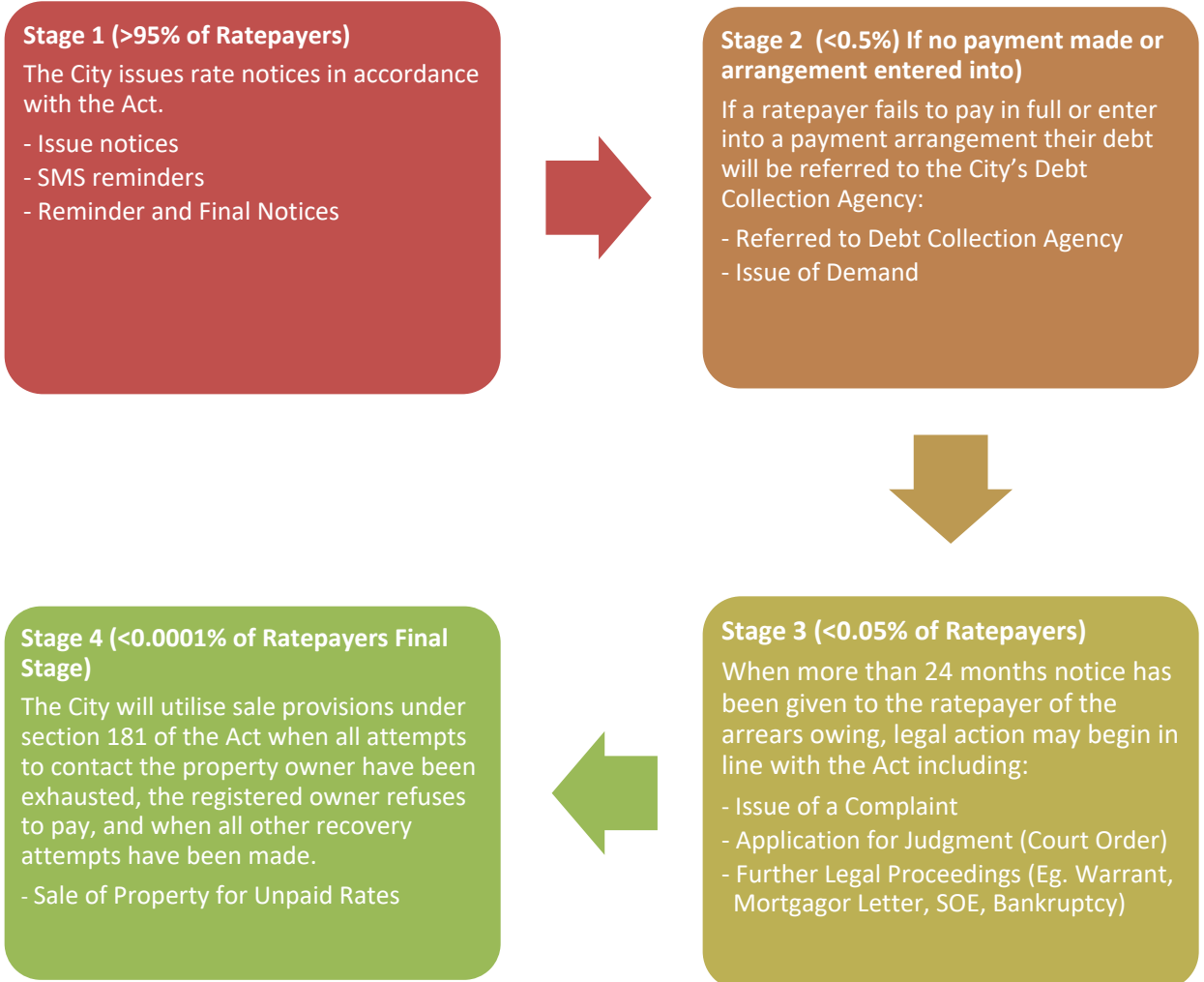
**Fairness and sensitivity** – requests for assistance will be treated consistently, objectively and in a sensitive and confidential manner.

**Financial Viability** – The ongoing financial viability of the City is ensured. The provision of hardship relief must not affect the ongoing financial viability of the City.

## 5. POLICY

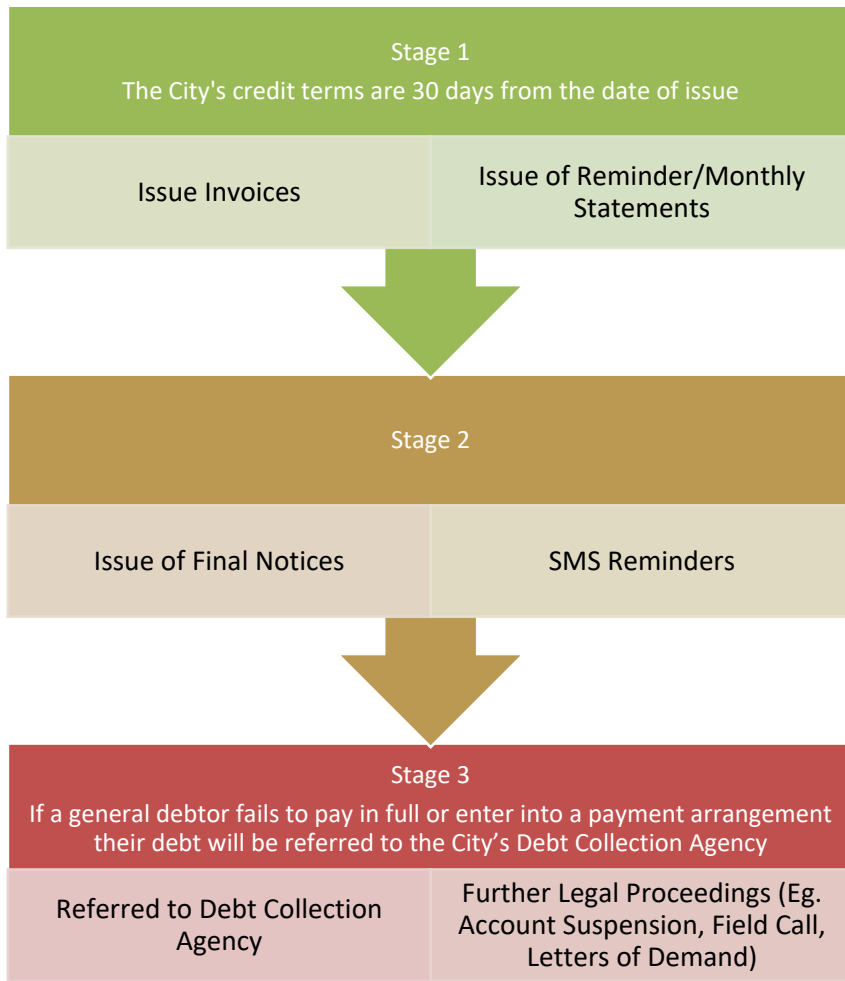
### 5.1 Rates Collection Process

*(For more detailed information regarding the stages of debt collection please refer to Appendix 2)*



## 5.2 General Debtor Collection Process

*(For more information regarding the stages please refer to Appendix 3)*



## 5.3 Calculating Interest – Rates and Charges

Interest is set by the Minister in accordance with section 172 of the Act and published in the Government Gazette

**5.3.1** Where rates are paid by instalments and an instalment amount is not paid by the due date, interest will accrue from the due date of the missed instalment to the date the payment is made in full.

**5.3.2** Interest will be charged on the fifth day of the month on any overdue amounts.

#### 5.4 Calculating Interest – General Debtors

The City will not charge interest on any general debt account unless permitted under legislation.

#### 5.5 Authority to Waive Debt

The City acknowledges there are situations where recovering a debt is difficult and it may be uneconomic to recover or pursue further action. In these situations, the debt may be waived.

General debts can only be waived under the following authority:

Management Level	Authorisation Level
CEO	Over \$50,000
Director	Up to \$50,000
Unit Manager	Up to \$10,000
Coordinator/Team Leader in Financial Strategy	Up to \$1,000

Rates interest can only be waived under the following authority:

Management Level	Authorisation Level
CEO	Over \$50,000
Director	Up to \$50,000
Manager Financial Strategy	Up to \$10,000
Coordinator/Team Leader in Financial Strategy	Up to \$1,000
Staff in Financial Strategy	Up to \$100

#### 5.6 Administrative Waivers/Amendments

A debt may be waived or amended in situations caused solely by administrative issue, error, or omission, including administrative errors related to Goods and Services Tax (GST).

#### 5.7 Minor Debts

When other economical avenues have been exhausted and a balance on an account within the scope of this policy is identified as less than the threshold, for a 'minor debt', the amount will be either written off or paid by the City, with the corresponding expense recorded against a budget established for this purpose.

#### 5.8 Legal Costs

Legal costs will not be waived once proceedings have commenced unless there was an administrative error made by the City causing legal proceedings to be issued incorrectly.

#### 5.9 Property Owner Responsibilities

A property owner is responsible for:

- Keeping their contact details (in writing) up to date with the City (e.g. residential address, mailing address, mobile number, email address)

- Communicating with the City if their financial circumstances change and they are unable to make payment by the due date
- If they are experiencing extreme financial hardship, contacting the National Debt Helpline on 1800 007 007 or at [www.ndh.org.au](http://www.ndh.org.au)

### **5.10 Confidentiality**

All communication, including written communication, will remain confidential and subject to the City's Privacy Policy.

## **6. ROLES AND RESPONSIBILITIES**

*List as required, for example: Councillors, Committee / Community Group Members, City of Greater Bendigo Employees*

## **7. RELATED DOCUMENTS**

Readers are encouraged to access relevant documents and/or resources which are available as per the below.

These include:

- Local Government Act 1989
- Local Government Act 2020
- Local Government Legislation Amendment (Rating and Other Matters) Act 2022
- Fire Services Property Levy Act 2012
- Internal Review of Infringements Policy

Further information or advice on this policy should be directed to Financial Strategy

## **8. HUMAN RIGHTS COMPATIBILITY**

The implications of this policy have been assessed in accordance with the requirements of the Victorian Charter of Human Rights and Responsibilities.

## **9. ADMINISTRATIVE UPDATES**

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this, such a change may be made administratively. Examples include a change to the name of a City unit, a change to the name of a Federal or State Government department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be made through consultation with the staff Consultative Committee and with the approval of EMT or where required, resolution of Council.



## 10. DOCUMENT HISTORY

<b>Date Approved</b>	<b>Responsible Officer</b>	<b>Unit</b>	<b>Change Type</b>	<b>Version</b>	<b>Next Review Date</b>
15/06/2021	NM	Financial Strategy	Update	1	15/06/2024
24/06/2024	KS	Financial Strategy	Update	2	24/06/2024

## 11. APPENDICES

Appendix 1 – Financial Hardship Guidelines

Appendix 2 – Rates Collection Process

Appendix 3 – General Debtor Collection Process

## APPENDIX 1

### FINANCIAL HARDSHIP GUIDELINES

Sometimes situations happen that affect your ability to pay for services. This could be illness, accident, loss of employment, some family issues, or another change in your circumstances.

The City's Financial Hardship Guidelines allow for flexible payment arrangements and the ability to defer payments on eligible debts.

We recommend anyone facing financial difficulty seeks free financial counselling. You can be referred to a local financial counsellor by calling 1800 007 007 (Monday to Friday, 9.30 am – 4.30 pm) or you can visit the National Debt Helpline <https://ndh.org.au/financial-counselling/find-a-financial-counsellor/>. This service provides access to a range of support options.

Alternatively, please contact the City as soon as possible on 1300 002 642 or visit [www.bendigo.vic.gov.au](http://www.bendigo.vic.gov.au) if you are unable to pay, so that we can advise you of your options.

These guidelines outline:

- the definition of hardship
- the definition of financial hardship
- your eligibility for financial hardship consideration
- the process for applying for a payment arrangement
- the process for applying for a payment deferral.

#### 1. Hardship

Hardship is where a person is experiencing short term financial difficulty. This may include when a person has limited or low income and is temporarily unable to make a repayment on outstanding debts.

If you believe you are experiencing hardship you can apply for a short-term payment arrangement directly with the City. Please refer to section 5.

#### 2. Financial Hardship

Financial hardship is where a person is having difficulty providing for themselves, their family or other dependents and the financial hardship is likely to continue for the foreseeable future, longer than one year.

Financial hardship assistance will be considered on an individual basis and always with a view to the ratepayer or debtor re-establishing financial capacity and meeting their financial obligations.

If you believe you are experiencing financial hardship you may be eligible for a payment deferral or a long-term payment arrangement.

### **3. Eligibility**

The property must be the ratepayer's principal place of residence and only applications from the property owner will be eligible. If a ratepayer who is not the property owner would like to seek financial hardship assistance, they will be referred to the property owner.

### **4. Application for Hardship Assistance**

Any eligible ratepayer may apply for hardship assistance. Applications can be made directly with the City or through a financial counsellor. The City may recommend applicants seek financial counselling via a counselling service as they provide access to a greater range of support options than what the City can offer.

### **5. Late Payments**

Late payments will be subject to interest. A late payment is a payment that is not received within two weeks after the due date.

### **6. Payment Arrangements – Rates and Charges (short term)**

Ratepayers experiencing hardship causing temporary financial difficulties and are not able to pay their outstanding rates and charges can apply for a short-term payment arrangement.

Proposed arrangements must be regular (e.g. weekly, fortnightly, or monthly) and paid in full by June 30 of the current financial year.

The City will review and communicate with ratepayers to ensure payment arrangements are followed or modified as circumstances change.

No legal action will be undertaken while there is an active arrangement in place and interest will not be charged on outstanding amounts. If two or more payments have defaulted under an arrangement the City will contact the ratepayer, and if not rectified the arrangement will be cancelled, and the ratepayer will be advised.

### **7. Payment Arrangements – General Debtors (Short Term)**

Limited financial assistance arrangements will be considered for general debtors. Arrangements will only be negotiated for outstanding balances at the time of granting the arrangement, with subsequent invoices payable on the due date.

Proposed arrangements must be regular (eg. weekly, fortnightly or monthly) and paid in full within six months.

No legal action will be undertaken while there is an active arrangement in place. Where an arrangement is in place and two or more payments have defaulted, the arrangement will be cancelled, and the debtor will be notified.

## **8. Payment Deferral and Long-Term Arrangements – Rates and Charges**

This option only applies to long term cases of extreme financial hardship. Where a long-term arrangement is in place, the City may require the ratepayer to attend financial counselling.

Ratepayers experiencing long term financial hardship and are not able to pay their outstanding rates and charges can apply for a long-term payment arrangement. Arrangements negotiated will be based on weekly or fortnightly payments, but irregular arrangements will be considered based on the ratepayer's individual circumstances.

Any payment arrangement negotiated under this section must consider the ratepayer's capacity to pay and allow for the arrangement to be re-negotiated at the request of the ratepayer if there is a demonstrable change in their circumstances.

To support ratepayers who are unable to enter into any form of payment arrangement, the City will outline options for a range of programs that the ratepayer may use including information about appropriate government concession programs and financial counselling services.

Ratepayers who are experiencing financial hardship may apply to have rates and charges, or part thereof, deferred under the following conditions:

- must be the ratepayers sole or principal place of residence
- the ratepayer must be able to show they are experiencing financial hardship
- a confidential Statement of Financial Position must be submitted by the ratepayer as evidence of financial hardship
- for a Debt exceeding \$500 the ratepayer may be requested to provide a confidential statement from a recognised financial counsellor, or similarly qualified person, in support of the application.

Where interest has accrued on rates and charges, a partial interest waiver may be granted on special considerations. No legal action to recover the debt will be instigated whilst the deferral is in place.

The City will review the application annually and may contact the ratepayer or nominated representative to confirm that financial hardship conditions still exist.

If two or more payments have defaulted on an arrangement, this will cause the arrangement to be cancelled, and the ratepayer will be notified.

## **9. Waiving Rates and Charges**

The City does not generally waive rates or charges. Any waiver of rates or charges must be approved by the Chief Executive Officer.

Hardship assistance is provided to support ratepayers experiencing financial difficulty and delays action that could otherwise be undertaken to recover the debt. In situations of financial

hardship, rates may also be deferred in recognition of the longer term financial difficulty being experienced.

## APPENDIX 2 – Stages of Debt Collection (Rates and Charges)

### STAGE 1

#### 1. Issue of Rates and Charges

Rates and charges are levied by rates notice or a supplementary notice. This notice will be issued no fewer than 14 days before the due date for payment in accordance with the Act. Rate notices will be sent to the last known mailing address as advised in writing by the property owner.

Rates can be paid by four quarterly instalments. If payment is to be made by instalment, then the first instalment must be paid in full on or by the first instalment date being September 30. Subsequent instalment payments are due on November 30, February 28, and May 31 of each financial year. Where a due date falls on a weekend or public holiday, the next business day will be deemed to be the due date.

#### 2. Issue of Reminder SMS

Where an instalment or annual notice has not been paid and the City has a record of the property owner's mobile phone number, a reminder SMS will be sent prior to issuing a reminder notice.

#### 3. Issue of Reminder and Final Notices

The City will issue a reminder letter and final notice including penalty interest raised where:

- the ratepayer has rates or charges owing to council seven days after the due date; and
- a current payment arrangement is not in place; and
- a financial hardship application has not been approved; and
- no other recovery action has been commenced.

Reminder and final notices will be sent to the last known mailing address as directed in writing by the property owner. The notice advises the property owner that if they fail to pay in full or enter into a payment arrangement that the debt could be referred to the City's Debt Collection Agency.

### STAGE 2

#### 1. Issue of Demand Letter (Debt Collection Agency)

If a ratepayer fails to pay in full or enter into a payment arrangement, their debt will be referred to the City's Debt Collection Agency.

The Debt Collection Agency may issue a letter of demand, make telephone calls and/or issue an SMS/email as instructed by the City.

## **STAGE 3**

### **2. Issue of a Complaint in the Magistrates Court**

If rates and charges remain unpaid the City may, recover it in the Magistrates' Court or by suing for debt.

If 24 months have passed since the ratepayer was notified of the debt owing, legal action may begin where:

- the City has notified the person liable to pay the rate or charge in writing of the arrears and advised them of payment options available;
- they have failed to make payment or enter into another payment option, including deferral and payment plans;
- if payment of the rate or charge was deferred by the City, the City has sent a notice requiring payment of the deferred rate or charge and the person has failed to make payment required by that notice;
- if a payment plan was entered by the person, the plan has been cancelled by the City due to the person not complying with its terms and at least 24 months have passed since the cancellation of the plan.

Note this action is only considered following the issue of a demand letter where it was advised that legal action may be taken if debt remains unpaid.

### **3. Application for Judgement (Court Order)**

Upon the issue of a Court order relating to arrears of rates or charges, the City will take any steps it considers appropriate in the circumstances to recover the judgement debt owed. Judgments are recorded against the ratepayers credit rating.

The City may also consider utilising its power under section 181 of the Act.

### **4. Further Legal proceedings**

Further legal proceedings may be initiated which could include but not limited to:

- Writ of Oral Examination
- Issue of a Warrant
- Attachment of Earnings (deduction from wages)
- Issue of a Rent Demand
- Mortgagor Letter
- Bankruptcy

## **STAGE 4**

### **1. Sale of Property for Unpaid Rates**

The City may utilise the power of sale provisions under section 181 of the Act in the following circumstances:

- the amount due to the City for, or in respect of, rates or charges (including enforcement costs and interest) in respect of any rateable land is more than three years overdue;
- where all attempts to contact the registered owner are exhausted
- no current arrangement, including a payment plan, exists for the payment of that amount to the City; and
- the City has a Court order requiring the payment of the amount (or part of the amount).
- the outstanding rates, legal and other costs do not exceed the CIV of the property, except in cases where the property has a CIV of less than \$10,000.

In exercising its rights under section 181 the City will strictly comply with the various procedural requirements prescribed by the Act.



## APPENDIX 3 – General Debtors

### STAGE 1

#### **Issue of Invoice**

An invoice is raised showing the details of the goods and/or services provided and a due date for payment. The City's credit terms are strictly 30 days from the date of issue.

### STAGE 2

#### **Issue of Reminder and Final Notices of General Debt**

Where an invoice remains outstanding after 30 days from the date of issue of the invoice, reminder notices will be issued 14 days after the invoice due date. If the invoice remains unpaid, a final notice will be issued 14 days after the reminder notice is issued.

### STAGE 3

#### **Debt Collection Services**

If a debtor has failed to pay in full or enter into a payment arrangement, their debt will be referred to the City's Debt Collection Agency.

The debt collection agency will:

- contact the debtor via SMS, mail, phone, email or other methods; and
- administer any legal action on behalf of the City.