

## REVENUE AND DEBT COLLECTION POLICY

<b>Approval Level:</b>	Council
<b>Policy Type:</b>	Council
<b>Approval Date:</b>	21/11/2019
<b>Review cycle:</b>	4 Years
<b>Review Date:</b>	21/11/2023
<b>Responsible Officer:</b>	Manager Financial Strategy
<b>Owner:</b>	Financial Strategy
<b>Responsible Director:</b>	Corporate Performance
<b>Relevant Legislation/Authority:</b>	<i>Local Government Act 1989 (Vic)</i> <i>Competition and Consumer Act 2010 (Cth)</i>
<b>DOCSETID:</b>	4273095

*If you find yourself in financial difficulty and you cannot pay your rates or other bill, please contact us for assistance as soon as you can and before the due date for payment. Our customer support contact number is 03 5434 6000. The following policy contains the detail of how the City manages revenue and debt collection. If you are experiencing Financial Hardship, please refer to our Financial Hardship Guidelines, also on the City's website.*

### 1. PURPOSE

The purpose of this policy is to support best practice ethical revenue and debt collection practices. This policy aims to ensure the City works with ratepayers and general debtors who have a willingness but not the capacity to pay, and treat them with fairness, equity and sensitivity.

### 2. BACKGROUND

The City has the responsibility to ensure all services they provide meet the community's expectations in terms of cost and quality. Debtor management is an essential element of the City's budget monitoring and control strategy. Rates and charges account for a considerable percentage of the total operating income of the City. Inconsistent and ineffective collection of the City's revenue and Debts has the potential to negatively impact the City's cash flow and consequently diminish the level of service to the community.

### 3. SCOPE

This policy applies to all City staff and departments recovering or managing funds owed to the City. It is also applicable to the City departments that are responsible for managing the provision of paid services and products, including permits and penalties or infringements.

### 4. 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 Debt.

**Financial Hardship** means a situation where the City reasonably considers that a ratepayer or debtor is unable because of prolonged illness or unemployment, or other cause, to discharge their financial obligations to the City. Financial Hardship 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. The Financial Hardship Guidelines outline the framework for administering applications for financial hardship.

**General Debtors** means Debts owed to the City (excluding rates and certain fines).

### 5. PRINCIPLES

Decisions relating to the collection of revenue and outstanding Debts will be considered in the context of:

#### 5.1 Transparency and accountability

- The City will provide targeted and consistent information, payment terms and advice for the type of service being charged.
- The City will be clear, fair and transparent in its approach to the processes of the follow up of non-payment, and decisions will be made in accordance with the relevant legislation.

#### 5.2 Consistency

- The City will consistently apply and interpret the Revenue and Debt Collection Policy across all services that manage debt

#### 5.3 Fairness, equity and sensitivity

- The City will actively work with ratepayers or general debtors experiencing Financial Hardship, as detailed in the guidelines.
- The City will actively work with ratepayers or general debtors on compassionate grounds, as detailed in the guidelines.
- Requests for assistance will be treated consistently, objectively, sensitively, respectfully and in a confidential manner.

- The City's debt collection processes and Financial Hardship Guidelines are intended to be in line with CCA and the *Debt Collection Guideline for Collectors and Creditors* produced by the ACCC and ASIC.
- The City will exhaust all reasonable avenues to prevent matters from proceeding to Court or other formal action.

## **6. POLICY – RATE DEBTORS**

The City operates a rates system which records financial information on a transactional basis and maintains debtor information in accordance with established principles of rating in local government. Rates debtors are diverse, including but not limited to individuals, small businesses, corporations and religious institutions.

### **6.1 Collection**

- 6.1.1 Annual rate notices and instalment notices will be issued no less than 14 days before due dates for payment in accordance with Section 158 of the Act.
- 6.1.2 All notices will be clear and provide sufficient information in regard to payment terms and the type of rate, charge or levy.
- 6.1.3 Debt collection costs incurred, including legal fees, are generally also recoverable and added to the account.

### **6.2 Interest**

The City will charge interest on rates and charges in accordance with Section 172 of the Act. The interest percentage charge is the rate fixed under Section 2 of the *Penalty Interest Rates Act 1983* (Vic). This rate will be confirmed each year in the declaration of rates and charges.

### **6.3 Waiving rates, interest and charges**

- 6.3.1 Rates are a first charge on the property pursuant to the Act and will generally not be waived.
- 6.3.2 Interest, rates and charges may be waived in accordance with clause 6.4.
- 6.3.3 Legal costs incurred may be waived in accordance with clause 6.4.

### **6.4 Financial Hardship**

- 6.4.1 Ratepayers who are suffering Financial Hardship or would suffer Financial Hardship if the full amount of rates and charges for which they are liable were paid, may apply to the City for a deferment. This may be for the whole or part of any rate, charge or interest imposed for late payment. The City will assess each application in accordance with the Financial Hardship Guidelines administered by the City and the hardship provisions set out in the Act.

6.4.2 The City may also provide alternative payment arrangements to assist ratepayers deemed to be under Financial Hardship in accordance with the Financial Hardship Guidelines.

### **6.5 Sale of Land to Recover Debt**

6.5.1 The City will utilise the sale provisions under Section 181 of the Act in the following circumstances:

- a) where all other recovery attempts have failed;
- b) where at least 3 full years rates and charges remain unpaid;

6.5.2 Preparation for sale of property should commence:

- a) as soon as permitted under the Act;
- b) where 5 years rates and charges remain unpaid for owner occupied dwellings.

6.5.3 The City must ensure outstanding rates, legal and other costs never exceed the CIV of the property, except in cases where a property has a valuation of less than \$10,000.

### **6.6 Authority to Waive Interest (Rate Debtors)**

Interest can only be waived by the following delegated authority:

- a) Administrative waiver for any one property up to \$50
  - (i) All staff in the Financial Strategy Unit;
- b) Interest for any one property up to \$500
  - (ii) Senior Coordinator – Financial Strategy;
  - (iii) Coordinator Rates; and
  - (iv) Manager Financial Strategy.
- c) Interest for any one property over \$500
  - (i) Director Corporate Performance; or
  - (ii) Chief Executive Officer.

## **7. POLICY – GENERAL DEBTORS**

The City operates a computerised debtor accounts system which records financial information on a transactional basis and maintains debtor information in accordance with the principles of commercial business. All invoices will be clear and provide sufficient information of payment terms and the service or charge that is being invoiced.

There are a wide range of individual debtor accounts across the 600+ fees which the City charges or administers on behalf of State and Federal agencies. The below policy and principles apply across these debtors – noting that Infringements are briefly discussed at item 8.

### **7.1 Interest**

The City will not charge interest on any General Debtor account unless permitted under specific legislation.

### **7.2 Collection**

Collection and management of relevant contracts will be undertaken in a fair, transparent and consistent manner, including the formal processes for the follow up of non-payment. Follow up of non-payment will generally be referred to a Debt collection agency where collection is unsuccessful.

### **7.3 Authority to Waive General Debt**

General Debts can only be waived by the following delegated authority:

- a) General Debtor for any amount up to \$500
  - (i) Applicable Unit Manager (noting centralised reporting requirement)
- b) General Debtor for any amount up to \$1,000
  - (ii) Manager Financial Strategy; or
  - (iii) Senior Coordinator Rates and Revenue.
- c) General Debtors for any amount up to \$10,000
  - (iv) Applicable Director
- d) General Debtor for any amount over \$10,000
  - (v) Chief Executive Officer.

### **7.4 Arrangements on default of a general Debt**

The City will consider all requests for alternative payment arrangements in accordance with the guidelines, however, full payment of the debt in the shortest reasonable time is preferred.

### **7.5 Financial Hardship**

The Financial Hardship Guidelines provide further detail on the assessment of applications seeking a deferment, waiver or payment arrangement for debts.

### **7.6 Discounts for community purpose**

The City operates a large number of services and facilities for community purpose for which not all may be invoiced or charged. This will be in line with the City's pricing policy (normally items which are classified as accessible) and annual updates to fees and charges.

## 8. PARKING AND ANIMAL SERVICES INFRINGEMENTS

The collection of outstanding Parking infringements is governed by the *Infringements Act 2006* (Vic) and the *Fines Reform Act 2014* (Vic) and includes processes administered by Fines Victoria. The collection of outstanding Animal Services infringements is governed by the *Domestic Animals Act 1994* (Vic) and the *Impounding of Livestock Act 1994* (Vic). Please refer to the Safe and Healthy Environments policies included on the City's website.

## 9. ROLES AND RESPONSIBILITIES

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

## 10. REPORTING

The Manager, Financial Strategy will prepare a quarterly report for the Finance Committee detailing all outstanding rates income. The report will include details of any special circumstances or arrangements.

## 11. RELATED DOCUMENTS

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

These include:

*Financial Hardship Guidelines*  
*Internal Review of Infringements Policy*

## 12. HUMAN RIGHTS COMPATIBILITY

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

## 13. 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 Council 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.

## 14. DOCUMENT HISTORY

Date Approved	Responsible Officer	Unit	Change Type	Version	Next Review Date
June, 2014	TH	Finance	Develop	1	May, 2018
21/11/2019	NM	Financial Strategy	Review (significant) Update	2	21/11/2023