

# Policy

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**Title:** Collection of Rates Arrears

**Categories:** Rates and Charges

Date Last Adopted 7 March 2016

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## 1. Objectives

To define Council's position in relation to the collection of rates arrears including the steps that will be taken prior to selling land to recover rates debts.

## 2. Background

Within the parameters of the Local Government Act 1993, the below policy outlines the process in relation to the collection of rates that are in arrears.

## 3. Policy

That in addition to the mechanisms available under the Local Government Act 1993, for the collection of outstanding rates, the following remedies shall be pursued by the Council in order to ensure that rates are collected in full:

1. Where rates remain unpaid, a summons for arrears will be issued.
2. If a ratepayer has made satisfactory arrangements with the Council to clear rates arrears and has adhered to those arrangements, summoning in accordance with Clause 1 above shall not be required.
3. Due to the cost of summoning, outstanding amounts of less than \$300 shall not be collected through the process outlined in Clause 1 above.
4. Notwithstanding Clause 1 above, the Council's ability to serve a notice on tenants of properties, in accordance with Section 135 of the Local Government Act 1993, for rent to be paid to the Council in lieu of rates, be considered as an alternative to Clause 1 above.
5. In response to approaches by ratepayers who have difficulty in meeting scheduled payments, suitable arrangement for payments may be considered and entered into.

6. Any arrangements arising from Clause 5 above be recorded in the appropriate Council file and monitored, in an effort to achieve the full payment of rates.
7. For ratepayers who do not contact the Council, a letter is to be sent advising the ratepayer that any arrears will be summonsed, 14 days from the date of the letter, unless arrears are paid or a satisfactory arrangement entered into, thereby incurring extra costs to them.
8. Should the arrears noted in Clause 7 above not be paid and where a satisfactory arrangement for payment has not been entered into, phone contact be made where possible with the ratepayer, reinforcing the message in Clause 7 and the imminent issue of a summons, unless appropriate action is taken.
9. For the collection of outstanding rates from particularly challenging ratepayers, every effort be made to implement this policy, however officers be cognisant of the benefits in making personal contact and executing formal arrangements for payments which are satisfactory to the Council.
10. Council recognises that the sale of land would have a severe impact on property owners and accordingly this action will only be undertaken when all other methods of rates arrears collection outlined in this policy have been exhausted and recovery action is deemed unlikely.
11. For situations where all avenues for the collection of outstanding rates prove to be ineffective and the arrears of rates have become three or more years old, then the Council will consider selling the property to recover those arrears in accordance with Section 137 of the *Local Government Act 1993*.
12. Notwithstanding Clause 11 above, the sale of a property shall not generally occur where the owner is a pensioner and the property in question is their principal place of residence.
13. By 31 July each year, where the arrears of rates have been outstanding for 3 years or more, the ratepayer will be advised in writing the following:
  - (i) Council's ability to recover rates via sale of land and requesting contact and payment arrangement;
  - (ii) The process outlined in Section 137 of the *Local Government Act 1993* for the sale of land for unpaid rates;
  - (iii) That any person who has a registered interest in the land, including any registered mortgagee will be notified if arrangements are not made to clear the debt.
14. If the ratepayer does not contact or make appropriate arrangements to clear the outstanding debt within 30 days of the letter being sent, Council may commence proceedings to sell the property subject to and by virtue of its powers under

Section 137 of the *Local Government Act 1993*, following the tabling of a report to Council for a resolution to initiate sale proceedings.

15. If Council resolves to proceed with the sale of land, a Notice in writing will be served on the ratepayer to:
  - (i) notify the owner of the land of Council's intention to sell the land,
  - (ii) provide the owner with details of the outstanding amounts and the period for which the rates have been in arrears; and
  - (iii) advise the owner of the Council's intention to sell the land if payment of the outstanding amount is not received within 90 days.
16. Council will end the sale of land process if the amount of the overdue rates and all expenses that Council incurs in attempting to sell the land are paid in full. Otherwise, Council will enforce the sale of land for unpaid rates.
17. Records of important conversations between officers and ratepayers relating to the administration of this policy be maintained on the appropriate Council file.
18. A list of properties with arrears of rates is to be provided to the Council at the desired frequency of the Finance Committee.
19. The list in Clause 18 above shall be maintained to include all properties where the arrears:
  - As at June 30 are at least \$2,000;
  - Represent more than one instalment; and
  - Have not arisen through a supplementary rate imposition (e.g. through a new building or development) late in the financial year,until full clearance of outstanding rates.

#### **4. Legislation, Terminology and References**

Sections 135 and 137 of the *Local Government Act 1993*

<b>Responsible Officer:</b>	Director Financial Services
<b>Policy first adopted by the Council:</b>	9/11/1998
<b>History</b>	
Amended by Council	14/3/2006
Amended by Council	30/4/2012
Amended by Council	10/12/2012
Amended by Council	24/8/2015
Amended by Council	7/3/2016
<b>Next Review Date:</b>	March 2017