



ESC - C046 RATES RECOVERY POLICY

POLICY VERSION AND REVISION

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1. BACKGROUND & CONTEXT

The Etheridge Shire Council (ESC) is committed to the collection of overdue rates and charges in a fair, equitable and timely manner, but with due consideration to financial hardship faced by ratepayers.

ESC will show due diligence in the application of administrative processes relating to payment arrangements and the selection of various actions for the effective recovery of overdue debts. The management and recovery of outstanding debts is an important aspect of ESC's financial management function.

Objectives & Measures

Objectives	The objective of this policy is to ensure a fair, consistent, timely and accountable approach to ESC's debt management and collection decisions, processes and practices.
Performance Measures	Aged Rates Debtor Balances Level of payment arrangement compliance
Risk Assessment	Low

2. PURPOSE & SCOPE

The purpose of this policy is to set out Council's principles in regard to the management of debt, and to provide consistent and ethical recovery of outstanding Rates and Charges across Etheridge Shire in accordance with the parameters and requirements of the *Local Government Regulation 2012*.

This policy applies to all owners of property within the Etheridge Shire Council who have outstanding rates and charges on any rateable property including any special rates and charges.

3. DEFINITIONS

CEO means the Chief Executive Officer of Etheridge Shire Council appointed in accordance with the *Local Government Act 2009*.

Council means Etheridge Shire Council, its elected Councillors, its management and its employees.

ESC means Etheridge Shire Council.

Payment Arrangement means a written agreement between Council and the debtor for payment of overdue rates and charges other than in accordance with the due date stated on the rate notice, approved by Council in accordance with clause 4.3.

Rates and charges carries the definition contained in the *Local Government Regulation (Qld) 2012* to include differential rates, minimum general rates levies, separate rates and charges, special rates and charges, utility charges and accrued interest on outstanding balances.

Overdue rates and charges as defined in section 132 of the *Local Government Regulation 2012* includes (a) rates or charges that are not paid by the due date for payment stated in the rate notice; (b) if the local government takes the ratepayer to court to recover rates or charges and the court orders the ratepayer to pay the council's costs—the costs; and (c) interest, if interest is payable, on the rates and charges or costs.



4. POLICY PROVISIONS

4.1 OVERARCHING PRINCIPLES REGARDING RECOVERY OF RATES AND CHARGES DEBT

The management and recovery of outstanding revenue is an important aspect of the Council's financial management function. It is Council's policy to pursue the collection of outstanding revenue diligently but with due concern for any financial hardship faced by ratepayers.

The principles that apply in the management of and recovery of debt are as follows:

- Effectiveness/Efficiency – meeting the financial, social, economic and environmental, and other corporate objectives stated in ESC's Corporate Plan and other related policies.
- Sustainability – revenue decisions support the financial strategies for the delivery of infrastructure and services identified in ESC's long-term planning.
- Equity – ensuring the fair and consistent application of lawful recovery principles, without bias, taking account of all relevant considerations.
- Simplicity – endeavour to ensure widespread community or stakeholder understanding of ESC's debtor management activities.
- Communication - making clear the obligations of ratepayers and the processes used by Council in assisting them meet their financial obligations
- Transparency - making the processes used to recover overdue rates and charges simple to administer and cost effective
- Flexibility - responding where necessary to changes in the local economy.

To achieve these principles consideration is given to the following:

- ESC has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management.
- ESC must operate effective debt collection processes.
- ESC aims to minimise the amount of outstanding monies that it is owed.
- Ratepayers are expected to take responsibility for their debt obligations and to organise their affairs in such a way as to be able to discharge these obligations when required.
- Where financial hardship has been determined, all reasonable steps will be taken to establish a payment arrangement or negotiate settlement of the outstanding debt with the debtor concerned.

4.2 RECOVERY ACTIONS – OVERDUE RATES & CHARGES

4.2.1 Initial Recovery – 1st Reminder Letter

At close of discount period, once a debt becomes overdue, initial recovery will commence. Initial Recovery includes the issuing of at least one Reminder Letter advising rates and charges are overdue. This Reminder Letter is to be approved by the Director of Corporate Services and may be issued via post or email (multiple communication options may be utilised).

4.2.2 Intermediate Recovery – Final Reminder Letter

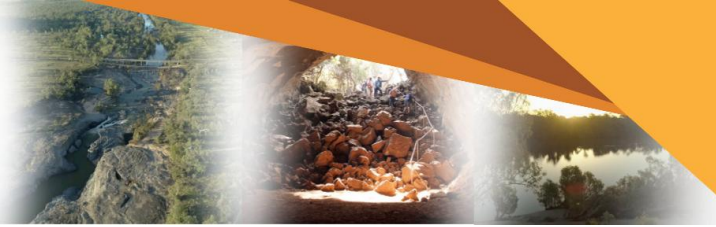
At 30 days after initial recovery commences, intermediate recovery will commence. Intermediate recovery includes issuing a Final Reminder Letter advising that rates and charges remain overdue. This letter also advises the ratepayer that, if outstanding rates and charges are not paid within 14 days of the date of the letter, Council may refer the matter to a commercial debt collection agency for recovery.

The purpose of intermediate recovery is to also identify potential financial hardship.

4.2.3 Advanced Recovery – Debt Recovery Letter of Demand

At 14 days after the Final Reminder Letter has been sent, advanced recovery will begin. This includes referring all outstanding rates and charges to Council's debt collection agency (Recoveries & Reconstruction Aust Pty Ltd) for the issuing of a Letter of Demand.

Where a ratepayer raises a genuine dispute about liability for rates and charges, the correctness of a rate notice, or the basis on which an amount has been levied, Council may defer further recovery action while the matter is reviewed. Any undisputed amount remains payable in accordance with the relevant rate notice unless otherwise determined by Council.



Council may proceed with legal recovery action against a property owner who has not satisfactorily responded to previous notices by issuing a claim to be served on the property owner. Once judgment is obtained, any application for enforcement and the method of enforcement will be approved by the appropriately delegated officer. Further action will proceed as outlined in the Collection Process Flowchart.

4.2.4 Advanced Recovery – Sale of Land

At least once in each financial year, the rates and charges debtors ledger will be analysed to identify properties eligible for sale of land for rate arrears under the *Local Government Regulation 2012*. Properties identified under these provisions, including those owned by ratepayers receiving rate concessions from ESC who do not enter into a payment arrangement for overdue rates and charges, will be presented to Council for consideration of a recommendation to sell the properties to recover the arrears. Once Council has resolved to sell land for arrears of rates, payment arrangements will not be considered.

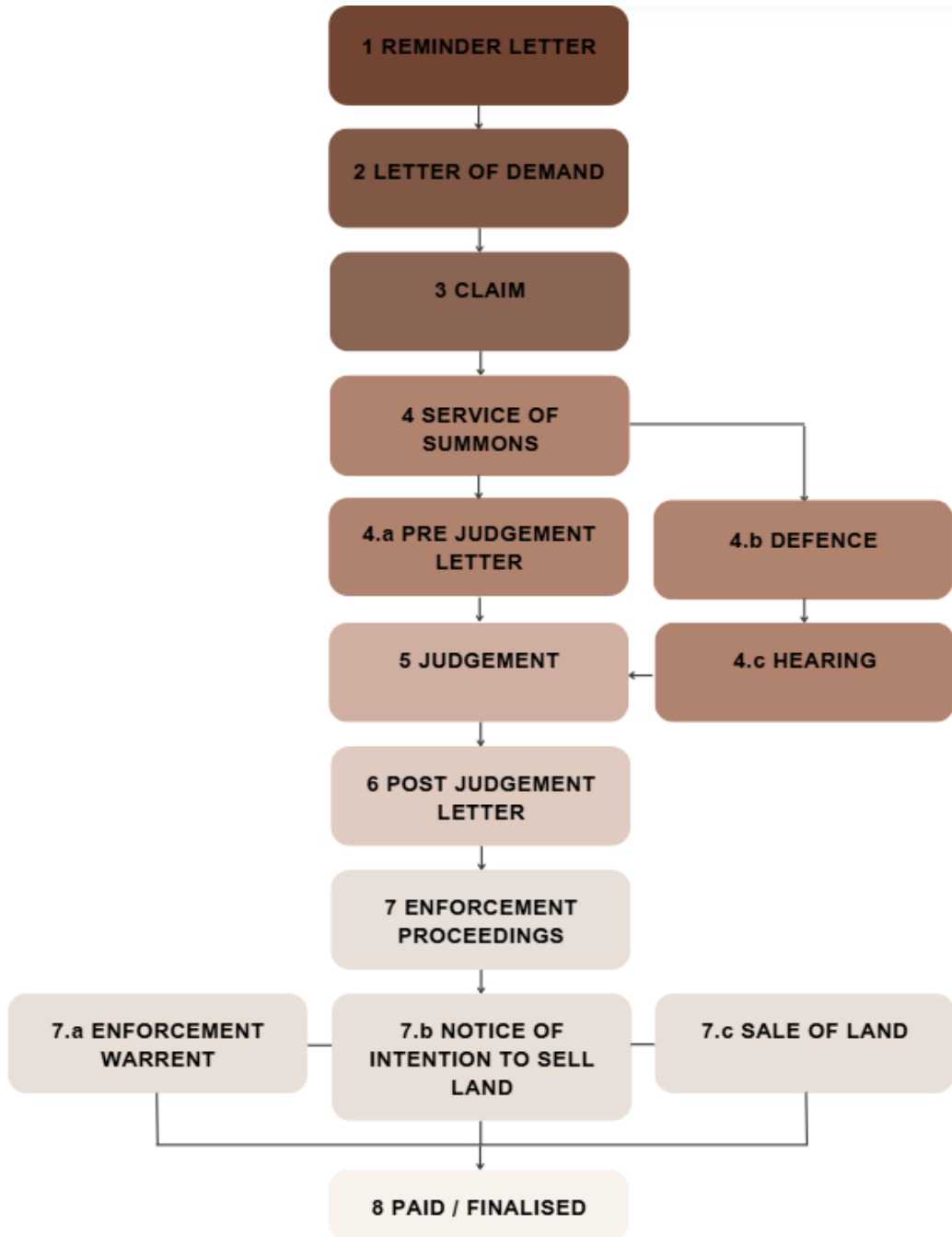
4.2.5 Cease Recovery

Further recovery action is suspended at any point in the policy process if:

- Payment is made in full; or
- The ratepayer enters into and complies with an approved payment arrangement.



4.2.6 Collection Process Flowchart





4.3 PAYMENT ARRANGEMENTS

Identifying ratepayers experiencing financial hardship is an intrinsic component of the rates recovery process. Where a ratepayer has the intention, but not the capacity, to make payment within the required timeframe, consideration will be given to hardship assistance. A lack of capacity to pay may be identified by any of the following:

- the ratepayer themselves
- Council's Rates Officer, Director of Corporate Services and / or Chief Executive Officer
- an independent accredited financial counsellor
- a not-for-profit organisation providing assistance to people experiencing financial difficulties.

An application for consideration under this section must be completed on an approved form. A request by a ratepayer to renegotiate an arrangement requires an amended form to be lodged. Any payment arrangement negotiated under this section must take into account the ratepayer's capacity to pay and may be renegotiated at the request of the ratepayer where there is a demonstrable change in circumstances. Arrangements negotiated under this section will generally be based on weekly or fortnightly instalments; however, irregular arrangements may be considered based on the ratepayer's individual circumstances.

Council will not pursue further recovery action against a ratepayer who has a signed payment arrangement agreed by Council, while the arrangement is current, and the ratepayer adheres to the agreed payment schedule.

An agreed payment arrangement ensures outstanding rates and charges are paid and the rate account does not fall further in arrears. An agreed payment arrangement will result in all overdue rates and charges being paid in full within 26 weeks of the arrangement being made. In the event a payment commitment is not maintained within the agreed terms, recovery action will continue.

If a ratepayer defaults under an approved payment arrangement, Council may cancel the arrangement and resume recovery action without further notice, unless Council determines otherwise having regard to the ratepayer's circumstances.

4.4 INTEREST

In accordance with Section 133 of the *Local Government Regulation 2012*, any rates and charges which are not paid within the specified timeframe as per the respective Council Revenue Statement, shall bear interest compounding daily at the rate resolved by Council at its Budget Meeting.

4.5 RISK

This policy aims to address the risk that debt owed to Council due to overdue rates and charges grows to unacceptable levels and affects Council operations and financial sustainability. It also aims to reduce the risk that such debts are recovered inconsistently or unfairly. It addresses these risks by outlining how staff are to manage and recover such debts consistently and ethically, in accordance with the *Local Government Regulation 2012*.

In administering this policy, Council will manage personal information in accordance with applicable privacy legislation and will only disclose information to third parties, including debt recovery agencies and legal representatives, where authorised by law and reasonably necessary for the recovery of overdue rates and charges.

Council is responsible for resolving the sale of land for arrears where required by legislation. The Chief Executive Officer is responsible for ensuring this policy is implemented. The Director of Corporate Services and other delegated officers are responsible for administering recovery action, approving payment arrangements within delegation, and determining whether matters should be referred for external debt recovery or legal action.



5. AUTHORITIES

Local Government Act 2009

Local Government Regulation 2012

Information Privacy Act 2009

6. RELATED DOCUMENTATION

Etheridge Shire Council Revenue Policy

Etheridge Shire Council Revenue Statement