

1.0 Policy Purpose

Central Highlands Regional Council (“Council”) requires payment of Rates and Charges within a specified time period and will pursue the recovery of overdue Rates and Charges diligently. The objective of the Rates and Charges Collection Policy (“Policy”) is to set out Council’s principles in relation to the management of debt, and to provide procedural direction to Council officers that is consistent and ethical for the recovery of outstanding Rates and Charges in accordance with the parameters and requirements of The Regulation and other legislation.

2.0 Policy Statement

The management and recovery of outstanding revenue is an important aspect of Council’s financial management function and helps to ensure all ratepayers are contributing equitably to Council services, without an unfair burden being placed on those ratepayers who meet their legal obligation in full. At Council’s Budget Meeting each year, and in accordance with section 118 of The Regulation, Council resolves a period within which the Rates and Charges must be paid. Council requires payment of Rates and Charges within that period and will pursue the collection of overdue Rates and Charges diligently.

For the purposes of this Policy, Rates and Charges are defined as:

- a. general rates (including differential general rates), separate rates and charges, special rates and charges, and utility charges (section 92(1) of the Act); and
- b. interest accrued on overdue rates and charges (section 132(1)(d) of The Regulation); and
- c. legal costs to take a ratepayer to court to recover overdue rates and charges, subject to a court order in Council’s favour (section 132(1)(b) of The Regulation); and
- d. if the Council decides to sell land under section 140 of The Regulation and the land is not sold within one year after Council gives the registered owner a notice of intention to sell — the expenses incurred by Council in relation to selling the land (section 132(1)(c) of The Regulation).

When pursuing the collection of overdue Rates and Charges, Council will have due concern to the following principles:

- a. Transparency, by making clear the obligations of ratepayers and the processes used by Council is assisting them to meet their financial obligations;
- b. Effectiveness, by making the administrative processes used to recover overdue Rates and Charges clearly defined and cost effective;
- c. Consistency, by having regard to providing the same treatment for ratepayers in similar circumstances.
- d. Flexibility, by responding, where necessary, to changes in the local economy; and
- e. Adherence to the debt collection guidelines developed by the Australian Competition and Consumer Commission.

This Policy guides the administrative process that will be used in the collection of overdue Rates or Charges which may include Payment Arrangements and / or the selection of various recovery actions, including the sale of land in accordance with legislative requirements.

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3.0 Application

3.1. Recovery Action

3.1.1. Summary of Initial and Advanced Recovery Actions

The following actions will be used in the recovery of overdue Rates and Charges:

Debt Recovery Action	Timing of Action	Action Type	Required Response Time	Required Response to Suspend Further Action	Minimum Authority Level
Initial Recovery Action:					
Stage 1	At least 14 days after the due date listed on the Rate Notice or Water Notice	First Reminder Notice - issued by Council Must advise the ratepayer that legal action may be initiated unless the debt is paid in full or an approved Payment Arrangement is entered into within 14 days.	14 days	Full payment or agreed Payment Arrangement entered into under section 3.3	Coordinator Rates
Stage 2a	At least 14 days after the issue of Stage 1	Second Reminder Notice for debts under \$1,000 - issued by Council	14 days	Full payment or agreed Payment Arrangement entered into under section 3.3	Coordinator Rates
Stage 2b		Demand Letter for debts over \$1,000 - issued by debt collection agency; or Second Reminder Notice for debts over \$1,000 - issued by Council. Must advise the ratepayer that if payment in full is not made or an agreed Payment Arrangement is not entered into within fourteen days, legal recovery action may commence.			
Advanced Recovery Action:					
Debt recovery stages 3 to 6 will only relate to debts over \$1,000 (refer section 3.5):					
Stage 3	At least 28 days after the issue of Stage 2b	Statement of Claim issued and personally served - by debt collection agency	28 days	Full payment or agreed Payment Arrangement entered into under section 3.3	Manager Finance
Stage 4	At least 28 days after the issue of Stage 3	Pre-Judgement Warning Letter issued - by debt collection agency	7 days	Full payment or agreed Payment Arrangement entered into under section 3.3	Manager Finance

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Debt Recovery Action	Timing of Action	Action Type	Required Response Time	Required Response to Suspend Further Action	Minimum Authority Level
Stage 5	At least 7 days after the issue of Stage 4	Judgement granted by the Court and Warning Letter issued - by debt collection agency	7 days	Full payment or agreed Payment Arrangement entered into under section 3.3	Manager Finance
Stage 6	At least 7 days after the issue of Stage 5	Enforcement Warrant Sale and Seizure of Property - by debt collection agency	Subject to circumstances	Full payment or agreed Payment Arrangement entered into under section 3.3	Council
Stage 7	3 years of overdue rates or charges*	Potential Sale of Land Letter	Subject to circumstances	Full payment or agreed Payment Arrangement entered into under section 3.3	Council
Stage 8	3 years of overdue rates or charges*	Notice of Intention to Sell To be issued in accordance with the requirements of section 140 of The Regulation.	Subject to circumstances	Full payment	Council
Stage 9	3* – 6 months after Notice of Intention to Sell is given	Sale of Land To be conducted in accordance with sections 142 to 146 of The Regulation.	In accordance with LG Regulation	Full payment	Council

*Shorter periods apply for vacant land (one year), and land used only for commercial purposes where Council has obtained judgment for the overdue Rates or Charges (one year), and mining claims (three months) – refer to section 140(1) of The Regulation.

3.2. Deferment of Recovery Actions

The Recovery action stages listed in section 3.1 may be deferred by the Coordinator Rates or Manager Finance under the following circumstances:

- when the property is part of a deceased estate in probate
- when the property owner is subject to bankruptcy liquidations
- if a receivership or administration is in effect
- where a property sale is in progress with an unconditional contract having been signed
- in a case of approved hardship under Council’s Financial Hardship Policy
- there is a current Payment Arrangement active under section 3.3 of this Policy

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3.3. Payment Arrangements

Council will generally not pursue or escalate recovery action against a ratepayer who has a Payment Arrangement approved by Council, where the arrangement is current, and the ratepayer is adhering to the agreed repayment schedule.

If a Payment Arrangement is not maintained within the agreed terms, the ratepayer will be offered an opportunity to either bring the Payment Arrangement back into compliance or to enter into a revised Payment Arrangement that is acceptable to Council. Failure to make and maintain an appropriate Payment Arrangement may result in the commencement or reinstatement of recovery action.

Council reserves the right to renegotiate or cancel a Payment Arrangement should circumstances change which may result in the debt not being paid within the required timeframe (refer to section 3.3(i) to (iii)).

In the case of an extenuating circumstance, and where a required payment instalment is unable to be made, the onus is on the ratepayer to notify Council in writing as soon as practicably possible. Where a Payment Arrangement has been defaulted on at least three (3) occasions, Council reserves the right to revoke the arrangement and commence recovery actions.

- i. **Formal Payment Arrangements – normal terms and conditions:** Applications for formal Payment Arrangements must be in writing (in an approved format) and are approved by the Coordinator Rates or Manager Finance. The commitment should be made on the following terms:
 - a) for debts of \$1,000 or less, the payments should be of a sufficient amount and regularity to clear all outstanding debt over a period of no longer than six (6) months; or
 - b) for debts greater than \$1,000 the payments should be of a sufficient amount and regularity to clear all outstanding debt over a period of no longer than twelve (12) months.

The Payment Arrangement instalment amounts should also ensure that new levies raised during the period are able to be paid prior to the end date of the arrangement.

- ii. **Other Formal Payment Arrangements – outside of normal terms and conditions:** Council may consider requests for arrangements which fall outside the terms outlined above in section 3.3(i), in cases of genuine hardship or extenuating and special circumstances such as long-term illness or unemployment or similar. These requests must be made in writing and are approved by the Coordinator Rates, Manager Finance or Chief Financial Officer. All genuine, realistic and reasonable offers for periodic payments in these situations will be considered and recommended approval only once the repayment proposal is assessed by Rates staff as being financially sustainable. This requires that the proposed repayment amount be sufficient for the debt to be cleared within a reasonable timeframe, including new levies raised during the repayment period. Further assistance may be available in accordance with Council's Financial Hardship Policy.
- iii. **Periodic Payments Not Representing a Formal Arrangement:** Requests for arrangements that are assessed as being unsustainable as per section 3.3(ii) will not be recommended for approval. Instead, these ratepayers may, at Council's sole discretion, be granted a three (3) month grace period whereby further debt recovery action will be suspended to allow sufficient time for financial advice to be obtained by the ratepayer in relation to their options. During this period reasonable attempts must be made by the ratepayer to make periodic payments to their rate accounts and failure to do so will result in the commencement of recovery action. At the end of this three (3) month period the ratepayer must either pay the outstanding debt in full or enter into a Payment Arrangement in accordance with the terms and conditions outlined in section 3.3(i) or 3.3(ii) above. Failure to do either of these actions will result in recovery action in line with section 3.1 of this Policy.

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3.4. Interest

In accordance with section 133 of The Regulation, interest is payable on overdue Rates and Charges at a rate decided by council at each annual Budget Meeting. For the 2023-24 financial year this rate was resolved to be 8.00% per annum, compounding daily, on all overdue Rates and Charges from the date on which the Rates and Charges became overdue. Subject to Council's discretion, interest will not apply to debts under an agreed Payment Arrangement as defined in section 3.3 above.

The Coordinator Rates may apply an interest threshold when interest is calculated, if:

- a) a rate assessment has been fully paid prior to the interest run; and
- b) the interest calculated as outstanding between the date of the last interest run and the date of payment is less than the interest threshold.

If the interest threshold is applied, the interest calculated in the current run is not charged to the assessment.

The interest threshold is \$25.00.

3.5. Criteria for the Implementation of Legal Action

Council has set a threshold for the referral of debts for legal action of \$1,000. As per section 3.1 above, debts equal to or greater than this threshold will initially be referred for legal debt recovery after Stage 2b commences.

- i. **debts equal to or greater than \$1,000** may be referred for legal debt recovery where there is no approved Payment Arrangement, as per section 3.3 above, in place. All legal debt recovery action is administered by Council's approved external debt collection agency and the relevant information in relation to the referred debt will be supplied by council to the agency. Legal charges incurred are charged against the individual rate assessment or ratepayer and recovered in full by Council in accordance with section 132 of The Regulation.
- ii. **debts less than \$1,000** will generally not be referred to an external debt collection agency for legal recovery action. The recovery process for these debts is a two-step process as per Stages 1 and 2(a) of the table at section 3.1 above. The first step is the issuing of a First Reminder Notice and then at action Stage 2(a), Council issues a Second Reminder Notice. This does not represent a referral for legal action, it is merely a process for the management of these smaller debts and will generally not result in the further escalation of legal recovery action while the debt remains under the \$1,000 threshold. However, legal action may be instigated in circumstances where the debt remains outstanding for a period of at least twelve months and an approved Payment Arrangement (as per section 3.3) has not been entered into.

3.6. Criteria for Taking Action to Sell Land for Overdue Rates

In accordance with Chapter 4, Part 12, Division 3, of the Regulation, Council has the ability to instigate sale proceedings where rates or charges remain outstanding beyond set periods of time. These periods are a minimum of:

- three (3) months if the Rates or Charges were levied on a mining claim;
- one (1) year for vacant land and land used only for commercial purposes where Council has obtained judgment for the overdue Rates or Charges
- three (3) years for all other land

Refer to the table at section 3.1, specifically Stages 7, 8 and 9 of the debt recoveries actions.

For the avoidance of doubt, partial payments of Rates and Charges received will be applied to overdue balances, starting with the Rates or Charges that have been overdue the longest in accordance with section 128 of The Regulation. This means payments will have the effect of minimising the outstanding period in the ratepayer's favour.

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4.0 Small Debts Write-Off

Small debts can accrue on rate assessments for several reasons including accidental short payments of Rates and Charges and minor historical adjustments. In order to reduce the administrative costs and burden of managing small debts, the Coordinator Rates is delegated the authority to write-off balances up to \$25.00.

5.0 Privacy

To limit the disclosure of personal information in compliance with Schedule 3, IPP 11(1)(e)(v) of the IP Act; the list of properties on which Council is required to resolve to commence sale of land for overdue Rates and Charges or other recovery action in accordance with this Policy will generally be presented to council identifying the Assessment Number, Property Location, Real Property Description, amount owing and length of time outstanding only.

6.0 Definitions

CEO:	The person appointed to the position of Chief Executive Officer under section 194 of the Act and anyone acting in that position under section 195 of the Act.
Council:	Central Highlands Regional Council.
The Act:	The Queensland <i>Local Government Act 2009</i> .
The Regulation:	The Queensland Local Government Regulation 2012.
The IP Act:	The Queensland <i>Information Privacy Act 2009</i> .
Payment Arrangement:	A formal agreement between Council and a ratepayer for the regular repayment of a portion of the overdue Rates and Charges balance at agreed intervals until the debt is paid in full.
Personal Information:	Information or an opinion, including information or an opinion forming part of a database, whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained, from the information or opinion as per the <i>Information Privacy Act 2009</i> .
Rates and Charges:	As defined in section 2 of this Policy.
Overdue Rates and Charges	Refer to section 132 of The Regulation.

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Strategic Link	Revenue Policy Revenue Statement <i>Local Government Act 2009</i> Local Government Regulation 2012 Australian Competition and Consumer Commission Debt Collection Guidelines <i>Information Privacy Act 2009</i>
Category	Finance
Lead Business Unit	CFO Office
Public Consultation	No
Adoption Date	28 June 2023
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Document Number	ECM 1783309
Record Keeping	The Vine, ECM, CHRC website
Related Documents	Revenue Statement Financial Hardship Policy

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