

Moira Shire Council

Revenue Collection and Hardship Policy

Policy type	Council
Version Number	1
Responsible Director	Corporate Performance
Responsible Officer	Manager Finance
Date endorsed by ELT	28 January 2025
Date adopted by Council	28 May 2025
Scheduled for review	This policy will be reviewed four years from the date of adoption, or sooner if required.

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Administrative changes do not materially alter the document (such as spelling/typographical errors, change to the name of a Council department, a change to the name of a Federal or State Government department). Administrative updates can be made in accordance with the Policy Framework Guidelines.

PURPOSE

Council is committed to ensuring all ratepayers as well as general debtors are treated respectfully and provided with a fair opportunity to pay their outstanding debts.

The objective of this policy is to ensure Council is meeting its compliance obligations in the collection of its revenue and ensuring we provide adequate flexibility to those members of the community experiencing hardship.

SCOPE

The policy applies to all Council employees recovering or managing funds owed to Council, including all rates and charges levied under the *Local Government Act 1989* and other sources of revenue payable to Council, including:

- Fire Services Property Levy (until 30 June 2025)¹
- Emergency Services and Volunteers Fund (from 1 July 2025)¹
- Statutory fees
- Associated property debts
- User fees and charges
- Administrative charges and Grant receivables; and
- Commercial, community and residential leases and on-costed utilities statutory and non-statutory fees charged by Council.

DEFINITIONS

Term	Definition
Council	Moira Shire Council
Debt Owner	Council Department which conducts the activity or delivers the service for which a fee or debt applies.
Deferral	Payment of levied rates and charges is suspended or withheld for an agreed upon period with Council.
Fees	This includes but is not limited to the other fees and charges set out within the scope of the policy that are not included in 'Levied Rates and Charges'.
Hardship	Situations where a person is unable to meet their financial obligations and the payment of rates, fees or charges may be detrimental to their quality of life or impact their ability to afford the basic necessities of life.
Instalment payments	Provides for ratepayers to pay on-time payment of rates and charges in instalments throughout the year, rather than in a lump sum.
Levied rates and charges	Includes: - Council levied general rates and service charges. - Payments in lieu of rates.

¹ On 13 December 2024, the Victorian Government announced changes to the Fire Services Property Levy, which will take effect from 30 June 2025. This policy covers both levies during the transition period.

Term	Definition
	- Emergency services and volunteer's fund.
Necessities of life	May include, but is not limited to: - essential medical treatments or supplies - utility services - basic living needs, including food, accommodation, clothing, and education for dependent children
Payment Plan	A schedule of payments agreed to by both the Council and the ratepayer or debtor which provides for flexible payment of outstanding amounts.
Penalty Units	Penalty units determine the amount a person is fined when they commit an infringement offence. The penalty unit is set annually by the Treasurer of the State of Victoria under section 6 of the <i>Monetary Units Act 2004</i> , through a Victoria Government Gazette.
The Act	<i>Local Government Act 1989</i>
Waiver	Is the relinquishment or removal of the liability to pay and may include the whole or part of any interest or legal costs.

POLICY STATEMENT

1. Council Fees

Any person or organisation who uses a Council activity or service for which a fee is payable, is required to pay the fee in full.

Fees may be either statutory or non-statutory. In both cases, these fees are approved by Council as part of its annual budget cycle and are displayed in the Budget Report.

If the fee is not paid at the time of the activity or service, then an invoice shall be created and issued outlining Council's payment terms.

1.1 Payment Terms

Council's payment terms for fees vary from 14 to 35 days, depending on the service provided.

Where a person(s) is experiencing hardship, support by way of payment arrangement may be provided upon application in accordance with Section 6 of this Policy.

If a current payment plan does not exist and the debt remains unpaid after 60 days of the due date, then the Debt Owner will contact the debtor to understand why the debt remains unpaid and discuss the risks that are present; including that a failure to pay may result in the discontinuance of services.

If no action taken by the debtor to settle the outstanding debt, the overdue debt may be referred to Council's debt collection as per section 3 of this policy.

1.2 Penalty Interest

Council may charge penalty interest on debts that are overdue by more than 60 days, unless:

- The Director Corporate Performance or Manager Finance determines penalty interest is not appropriate, based on the hardship circumstances of the debtor; or
- The debt is governed by relevant legislation or regulations that prohibit the charging of penalty interest.

In accordance with s.120 (2) of the *Local Government Act 2020*, the interest –

- a. is to be calculated at the rate set from time to time for the purposes of this section by the Council; and
- b. becomes payable—
 - i. on and from the date on which the money became due; or
 - ii. in the case of a court order requiring payment of the money, on and from the date of the court order; and
- c. continues to be payable until the payment or recovery of the money.

The penalty interest rate, as applied on 1 July each year, is determined under Section 2 of the *Penalty Interest Rates Act 1983*.

2. Levied Rates and Charges

Council is committed to ensuring the equitable and efficient collection of rates to fund essential services and infrastructure for the Community. Timely collection of levied rates and charges supports the meeting of these goals.

2.1 Payment Methods

After the adoption of the annual Budget Report, Valuation and Rates Notices will be prepared and issued not less than 14 days before the due date of the first instalment.

Quarterly Instalments

Arrangements for the payment of rates and charges are detailed in section 167 of the Act. The current instalment due dates for those who have elected to make quarterly instalments are:

- First instalment 30 September
- Second instalment 30 November
- Third instalment 28 February
- Fourth instalment 31 May

Ratepayers that have chosen to pay in quarterly instalments will receive an instalment notice at least 14 days before each of the second, third and fourth instalments are due.

Ratepayers paying through a Flexible Payment Method (refer below) are excluded from this process and will not receive an instalment notice after the first notice is issued, as ratepayers will have online access to their payment arrangement, outstanding balances and the relevant due dates via the payment portal.

Annual Lump Sum

Annual lump sum payments are due by 15 February.

Ratepayers that are on a lump sum payment will receive an instalment notice at least 14 days before the due date of 15 February.

Flexible Payment Method

Ratepayers can elect to sign up to a flexible payment method with Council's third-party service provider. Under this arrangement, ratepayers will have full access to self-manage their payments to Council and therefore will not be issued instalment notices.

All flexible payment arrangements have a completion due date of 31 May.

2.2 Early Intervention Strategies

When a ratepayer does not meet their payment obligations Council will make genuine and respectful endeavours to inform them of the overdue amount and ensure that they have received the instalment notice and been provided with an opportunity to enter into a payment plan.

If no further payment is forthcoming, as a minimum, the following intervention actions will be undertaken to provide ratepayers with further opportunities to discuss with Council their outstanding debt before the debt is passed onto Council's debt collection service provider.

Ratepayers may request a payment plan or deferral on outstanding debts at any stage in the early intervention if they are experiencing hardship.

Intervention Action	Description
Reminder Notice issued	A reminder notice requesting payment will be issued 14 days after the final instalment notice is due (31 May).
Final Notice issued	If no payment or action has been taken by the ratepayer 28 days after a reminder notice has been sent and the amount of rates outstanding is greater than \$2,500, a final notice will be issued.
Phone Call, text and/or Email contact	If the account remains unpaid after the Final Notice issued, Council will attempt to contact with the ratepayer in the form of a text, phone call and emails. The methods of contact and success or otherwise of the attempt will be recorded on the rate payer file.

2.3 Penalty Interest

Council will require a ratepayer to pay penalty interest on overdue rates:

- a) which the ratepayer is liable to pay.
- b) which have not been paid by the applicable due date; and

- c) are not subject to an application of hardship or active payment plan.

The penalty interest percentage rate is fixed under section 2 of the *Penalty Interest Rates Act 1983* as applied on 1 July each year.

Penalty interest will be calculated and charged from the date on which the payment was due and will continue to accrue until the overdue amounts are paid in full.

2.4 Allocating part payments

If Council receives a part payment, (that is a payment which is not for the full amount that is due and/or overdue), then the part payment, will be allocated to the ratepayers account in the following order where applicable:

1. Debt collection costs.
2. Penalty interest.
3. Rates arrears.
4. Current rates.

3. Debt Collection Referral

Ratepayers

If a debt remains unpaid after early intervention by Council and/or the debt is over the referral threshold for outstanding rates, then the debt will be referred to Council's third-party debt collection agency.

The debt referral threshold for outstanding Council rates is \$2,500 where the debt is overdue by 18 months or more.

A mutually agreed payment arrangement between Council and the ratepayer may be put in place at any time during the debt collection process – including during legal proceedings. The arrangement will result in the suspension of any legal proceedings. If the arrangement is breached, then legal proceedings will recommence.

Sundry Debtors

If a debt is greater than \$100 and is overdue by more than 180 days with no active hardship support arrangements in place, then the outstanding debt will be referred to Council's debt collection agency.

4. Legal Proceedings

All associated legal fees in relation to debt recovery action are as per the Magistrates Court General Civil Procedure Rules – Scale of Costs, all of which are recoverable from the ratepayer or debtor.

Unless exceptional circumstances exist, legal costs incurred will not be waived as ratepayers and debtors are afforded ample opportunity to engage with Council on overdue debts before the debt progresses to legal action.

If there are exceptional circumstances resulting in a ratepayer or debtor not being contacted prior to a debt progressing to legal action, a written application can be made to Council's revenue team to have the legal fees waived in part or full.

Council staff delegated with authority to waiver charges is noted in the Instrument of Sub Delegation by CEO.

4.1 Issuing of Complaint

Per section 180A of the Act, Council will not commence legal proceedings for an unpaid rate or charge that has not been deferred or the subject of a payment plan unless:

- a. Council, in writing –
 - a. Notifies the person(s) liable to pay the rate or charge of the arrears; and
 - b. Advises the person(s) of the payment options available including deferrals and payment plans; and
- b. It has been at least 24 months since the person(s) was notified and advised in accordance with paragraph (a) and the person has not deferred payment, entered a payment plan or used any other available payment option.

If the above criteria are satisfied, the debt will be referred to the Magistrates' Court and a Complaint issued in accordance with Section 180 of the Act.

Once a complaint is prepared and lodged with the Court for issue, the associated legal costs become chargeable to the ratepayer.

4.2 Other recovery methods

Where the above action fails to result in the collection of the outstanding debts, other legal avenues may be pursued based on the advice of Council's debt recovery legal advisor, including:

- Instalment order
- Summons of Oral Examination
- Issue of Attachment of Earnings
- Rental Demands
- Mortgagee Letter
- Caveats
- Warrant Seizing Goods
- Sale of Land for Unpaid Rates and Charges

4.3 Sale of Land for Unpaid Rates and Charges

The final course of action available to Council under section 181 of the Act allows for the sale of property for the purpose of collection of the outstanding rates and charges. This method of recovery is only enacted once Council has exhausted all other debt collection options.

To demonstrate that all avenues of recovery have been exhausted, Council officers will prepare a report detailing all recovery actions that have been undertaken to recover the outstanding debt

when a report is put forward to Council to decide if the property should progress to sale to recover outstanding rates and charges.

Under section 181 of the Act, this method of recovery is available if all the following criteria are satisfied:

- Rates and charges are outstanding for a period of more than 3 years.
- Council has obtained appropriate orders from a Magistrates Court of Victoria.
- Council must not have an existing payment plan or arrangement for the outstanding rates and charges.
- A written valuation of the land, no older than six months, must be obtained from a Valuer.
- Serve a notice on anyone appearing from the Land Title Register as having an interest in the land.
- Give public notice of Council's intention to sell; and
- Notify registered parties of auction details (if sold by auction).

If the above criteria are satisfied and Council resolve to sell the property, as a last resort measure to engage with the ratepayer, a section 181 letter will be issued to the property owner advising of Council's intention to proceed with selling the property if no action is taken within 14 days.

5. Correcting Errors

If it is discovered that an error has been made and a debtor or ratepayer has been incorrectly undercharged, Council officers will:

- a) correct the error for current billing periods; and
- b) not apply the correct fees retrospectively.

If it is discovered that an error has been made and a debtor or ratepayer has been incorrectly overcharged, Council officers will:

- a) correct the error for current and future billing periods; and
- b) where the error occurred in a prior year, will apply the correct fees retrospectively up to 4 financial years.

The Valuer-General oversees valuations for Victorian rating valuations, which includes valuations for council rates. Whilst Council has no control over the valuation process, errors in the valuation data as provided by the Valuer-General may also be considered for retrospective adjustment if the error disadvantages the ratepayer over multiple financial years.

Objections to property valuation assumptions if upheld, and other determinations by the Valuer-General will not be treated as errors for the purpose of this policy.

An error is distinguishable from an adjustment to a valuation assumption made by the Valuer-General, which may be validated through an objection process. For example, the Valuer-General may make assumptions on soil type, use of land or apply historical sales trends to determine a property's valuation. Upon updating these assumptions, property valuations are rating outcomes adjusted prospectively. An error however could be the size of land being incorrectly applied as 500ha instead of 5ha. In this instance retrospective correction of the error is appropriate.

6. Hardship

It is recognised that from time-to-time debtor and ratepayer circumstances can change, and we want to ensure that they are aware of the options available to them to support them during this time.

6.1 Waiving of Fees, Rates and Charges

To uphold the principles of equity and fairness in the application of Council's Revenue and Rating Plan, Council will not approve the waiver of fees, rates, and charges. Instead, alternative tailored support options are afforded to those members of the Community experiencing hardship.

6.2 Hardship Supports

Council recognises that hardship can impact debtors and ratepayers' ability to meet their payment obligations. Council is therefore committed to aiding debtors and ratepayers experiencing genuine hardship while encouraging the timely resolution of outstanding debts. To achieve this, Council will:

- Treat all applications with fairness, sensitivity, and confidentiality.
- Assess each application on a case-by-case basis.
- Ensure compliance with legislative requirements; and
- Maintain transparency in decision making processes.

For residential ratepayer's, a request for hardship consideration will only apply to their principal place of residence in the Moira Shire. Other property type owners may apply for the hardship provisions under this Policy in limited circumstances. Approval of other property type hardship requests, to the value of \$20,000, can be approved at the discretion of the Manager Finance. Hardship requests above \$20,000 are delegated to the Director of Corporate Performance for approval.

In particular, the policy applies to those ratepayers or debtors who have been identified, either by themselves, Council Officers or by an independent accredited financial counsellor, as having the intention to pay their rates, fees, or charges, but who do not have the financial capacity to make the required payments.

Hardship applications must be in writing and submitted with Council's revenue team. All applications and supporting information will be handled in accordance with the *Privacy and Data Protect Act 2014* and Council's Privacy Policy.

Based on the circumstances of the ratepayer or debtor, the following hardship assistance options may be considered:

Hardship Assistance	Description
Payment Plan	Flexible payment arrangement tailored to the debtor or ratepayer's circumstances up to a term of 24 months. <i>Only three payment plans will be offered to ratepayers or debtors, on the same debt, where they consistently default on their arrangement obligations without proper cause.</i>
Deferral	Temporary deferral of rates and/or charges without penalty interest. Deferrals can be offered up to 12 months.
Waiver of interest	Waiver of existing interest and/or postponement of all future interest while an active payment plan is in place.

Council's Revenue Coordinator will receive and review hardship applications in accordance with this policy and upon completion of the paperwork, and once verified will engage with the person(s) to implement a suitable hardship arrangement.

Responses to hardship applications will be made, in writing, within 10 business days of receipt of a complete application and / or after all information requested has been provided to Council.

6.3 Termination of arrangements

Council may terminate a payment plan at any time if the person is not complying with the terms of the plan. The ratepayer or debtor will be advised of this cancellation within 7 business days from the date of the decision.

Upon termination of a payment plan, interest charges will be reinstated on all outstanding debts from the date of termination.

Hardship arrangements also cease when the debt is paid in full.

Hardship arrangements may also be terminated by the applicant where a person(s) is no longer experiencing hardship and the hardship assistance is no longer required. Ratepayers and debtors can request this termination by doing so in writing.

6.4 Decision Review and Appeals

Ratepayers or debtors who are dissatisfied with a decision under this policy may request a review by writing to Council to have the facts and the decision reassessed for the purpose of reaching a final resolution on the matter.

For requests to review financial hardship application decisions that are less than \$20,000, the review will be performed by Council's Director Corporate Performance. For financial hardship applications greater than \$20,000, the review will be performed by Council's Chief Executive Officer.

If the applicant is still aggrieved by Council's decision under this policy, they may refer the matter to the Victorian Ombudsman who manage disputes concerning Victorian public organisations.

7. Providing false or misleading information

If a person(s) provides false or misleading information to Council or fails to notify Council of any change in circumstance, which is relevant to a hardship application, this will result in the immediate cancellation of existing hardship arrangements.

Council will advise the debtor or ratepayer of this decision within 7 business days via phone and written correspondence.

Council may also charge any ratepayer providing false or misleading information with a fine, which will be determined by applying section 171 (6) of the Act. The fine will be issued separately to the rates notice and will require payment within 30 days.

A penalty fine cannot be subject to application for a payment plan, deferred payment, or waiver of payment.

8. Bad & Doubtful Debts

Council will maintain a provision for doubtful debts in accordance with Australian Accounting Standards and the provision for doubtful debts will be disclosed in the annual financial statements.

If, after all attempts to collect the debt have been exhausted, then a decision may be made to declare the debt uncollectable and cause it to be written off. A recommendation to write off the debt may be made, in writing, by the Debt Owner to the Director Corporate Performance or Manager Finance.

The delegation to write off the debt is noted in the Instrument of Sub Delegation by CEO.

MONITORING AND EVALUATION

On a monthly basis the following information relating to the monitoring of this policy will be reported to Council's Executive Leadership Team:

- the total balance of unpaid rates, charges, and interest;
- the number of occupancies with unpaid rates and charges and interest;
- the number of occupancies on payment plans;
- all occupancies not on payment plans with unpaid rates and charges of three years or more and reasons why the land has not been sold or transferred under section 181 of the Act;
- aging report of all sundry debtors; and
- the number and outcomes of hardship applications.

RELATED LEGISLATION

Local Government Act 1989

Charter of Human Rights & Responsibilities Act 2006

Magistrates Court Act 1989

Penalty Interest Rates Act 1983

Fire Services Property Levy Act 2012

RELATED POLICIES AND PROCEDURES

Financial Hardship Procedure

Revenue and Rating Plan

REFERENCES

Financial Hardship Application Form

Instrument of (Sub) Delegation by the Chief Executive Officer

DOCUMENT REVISIONS

Version	Summary of Changes	Approved by	Date
1	Original Policy adopted	Council	28/05/2025