

## 1.12 Debt Recovery Procedures

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POLICY TITLE: DEBT RECOVERY PROCEDURES

FILE REF: SC67; SC209

REVIEW DATE: APRIL 2026

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### OBJECTIVES

1. Ensure effective control over debts owed to Council.
2. Be sympathetic and helpful to those ratepayers and other debtors suffering genuine financial hardship.
3. Fulfill the statutory requirements of the Local Government Act with respect to the recovery of rates and other debts.
4. Maximise cash flow.

### POLICY STATEMENT

#### 1. OUTSTANDING RATES

- 1.1 Recovery action shall be instituted if current rates are not paid by the due date and the outstanding amount is over \$600.00 unless arrangements have been made for payment by instalments either pursuant to Section 562 of the Local Government Act (the "Act") or by mutual agreement with Council's Officers when payment of rates would cause hardship.
- 1.2 Recovery action shall also be instituted for the recovery of outstanding rates, where one month after service of the rate notice there remains an amount outstanding from previous rating years and the ratepayer has not entered into a mutual agreement with Council's Officers as referred to in paragraph 1.1 to reduce the liability.
- 1.3 Recovery action may include letters, telephone calls, Reminder Notices or Notices of Demand, Summonses, Writs, Garnishee Orders, Section 569 Notices, Warrant of Apprehension, Notices to wind up a company and sale of land for overdue rates under Section 713 of the Act.

The process for the recovery of outstanding rates will consist of:

- i) An overdue notice from Council advising that the account is overdue and should be paid within seven days or legal action may be taken. The notice is to include an option to contact Council to make an arrangement in order to pay the account, should the ratepayer be experiencing difficulties meeting payments.  
  
A similar notice is to be sent to pensioners. The notice will be termed a reminder notice and will carry appropriate terminology without referring to legal action at this stage. Refer to Policy Statement 3 for further information on recovery action for pensioners.
  - ii) Should the account not be paid within the fourteen days a letter is to be sent advising that legal action will commence unless the amount is paid within 7 days.
  - iii) Should the account not be paid within the seven days the account will be referred to one of Council's preferred Debt Collection Recovery Agencies or Council's Solicitors for Legal action to commence.
- 1.4 Ratepayers who because of hardship wish to enter into a mutual agreement with Council to pay rates by instalments, other than Section 562, shall supply to Council's Officers such information as is required by them to determine the matter.
  - 1.5 Where a ratepayer who has made arrangements to pay rates in instalments by mutual agreement with Council's Officers does not meet their full obligations under the agreement, the agreement is terminated and legal action shall be immediately instituted for the recovery of any outstanding rates.
  - 1.6 Any agreement entered into with a ratepayer for the payment of outstanding rates other than pursuant to Section 562 of the Act, shall endeavour to ensure that all rates outstanding are fully paid by 31st May of the rating year in which the agreement is entered into, and an agreement for payment of outstanding rates shall not extend beyond two years during which time all later levied rates shall be liquidated.

#### 2. INTEREST CHARGES

- 2.1 Interest will be charged on overdue rates in accordance with Section 566 of the Act by the maximum allowable under the Act.
- 2.2 Extra charges may be written off in accordance with Section 567 of the Act by Council resolution or by delegation of authority to the General Manager.

## 1.12 Debt Recovery Procedures (cont'd)

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### 3. REBATES/PENSIONERS

- 3.1 Eligible pensioners shall be required to pay the amounts of rates remaining following any statutory reduction in rates granted under the Act. Such amounts remaining may be paid by instalments pursuant to Section 562 of the Act.
- 3.2 Council's Officers shall take into account the limited income of eligible pensioners and may enter into a mutual agreement with them for the payment of rates by arrangement but within the rating years in which the rates were levied.
- 3.3 Where payment of rates is likely to cause extreme hardship to an eligible pensioner, the General Manager upon the recommendation of the Director of Corporate and Community Services may allow rates and interest charges to accrue against the property until the estate of the pensioner is settled.  
  
Before allowing rates and interest charges to accrue against a property in accordance with paragraph 3.4, Council's Officers shall obtain from the ratepayer relevant financial and other details in order to determine that the payment of rates and interest charges would cause extreme hardship.
- 3.4 In relation to pensioners with outstanding debts, each case will be treated on its merits with a preference to deferring the debt given to the pensioner wherever possible.

### 4. SUNDRY DEBTORS

- 4.1 Monthly statements are to be forwarded to Sundry Debtors. Amounts outstanding for more than thirty days are to be regarded as overdue.
- 4.2 Where amounts are outstanding for more than thirty days credit or services may be stopped. Where it is not practicable to cease a service or credit, a letter (other than a statement) is to be forwarded to the debtor advising that legal action will commence should the debt not be finalised within fourteen days.
- 4.3 Where applicable recovery action is to be taken where amounts of \$100.00 or more are outstanding for more than sixty days. The account to be referred to one of Council's preferred Debt Collection Recovery Agencies or Council's Solicitors for Legal action to commence.
- 4.4 A monthly report on outstanding Sundry Debtor amounts to be provided to the Director Corporate and Community Services for review.

It should be noted the use of external Debt Collection Agencies will only be utilised following Council's best internal efforts.

### REFERENCE DOCUMENTS

This policy should be read in conjunction with the following documents:

- Policy 2.33 – Pensioner Concession.

Adopted by Council 17 April 2023  
Refer minute 60/23

Adopted by Council 18 May 2020  
Refer minute 91/20

Reviewed by General Manager in February 2017.

Adopted by Council 20 July 2009  
Refer minute 246/09