



Council Policy

Revenue and Debt Recovery Policy

Department/Unit	Business & Finance	First Implemented	July 2025	Review Date	July 2029
Origin	Coordinator Revenue	Reviewed	-	Version	1
Authorising Officer	Endorsement by Council	Effective From	15 July 2025	Records Reference	E1533

Purpose/Objective

The purpose of this Policy is to define Mansfield Shire Council's (Council's) approach to managing outstanding debts. It outlines the principles to guide debt collection and provide relief to individuals experiencing financial difficulty.

This Policy supports Council to comply with its good governance and conduct obligations under the *Local Government Act 1989* (the Act) and any associated regulations. It also aligns debt collection practices with Accounting Standards and recognised financial practices ensuring it is conducted fairly, impartially, and consistently.

Policy Statement

The policy promotes ethical, transparent, and consistent debt recovery practices by Council officers and contracted agents. It clarifies the circumstances under which unrecoverable or bad debts may be written off and encourages individuals or organisations experiencing financial difficulty to contact Council to establish a payment plan or discuss available support.

Scope

This policy applies to Council employees, contracted employees and other authorised personnel of Mansfield Shire Council responsible for, and activities relating to, the creation of invoices, rates notices and recovering of outstanding debts.

This Policy is subordinate to any regulations in relation to debts and debtors.

The Act establishes the law that applies to the declaration of rates, payment of rates, interest on outstanding rates and the collection of overdue rates.

Final notices, interest penalties and debt collection processes will not be undertaken for unpaid invoices relating to government departments who have issued grants to Council.

Rates Collection

Council will levy and collect rates due on properties in the municipality in accordance with Council's *Revenue and Rating Plan* and will take prompt action on rate arrears to minimise the financial impact on ratepayers and on Council.

Rate notices are sent annually on, or around, 1 September.

Payment options and due dates are as follows:

Paying as	Payment is required by
Quarterly Instalments	<ul style="list-style-type: none"> ▶ First Instalment: 30 September ▶ Second Instalment: 30 November ▶ Third Instalment: 28 February ▶ Fourth (Final) Instalment: 31 May
Single Lump Sum Payment	<ul style="list-style-type: none"> ▶ 30 September
Fortnightly, Monthly or Quarterly Direct Debit	As per approved direct debit form.

In addition to the distribution of the Annual Rates Notice, Council also proactively distributes reminder notices to ratepayers. Ratepayers who fall into arrears two weeks after the instalment due date will receive a reminder notice.

Reminder Notices have a due date and if the Ratepayer fails to pay by that date a Payment Plan agreement may be issued by the Revenue Team in accordance with the Act.

Council will not exempt any properties from payment of rates, other than those properties defined as "not-rateable", such as properties owned by public authorities, government organisations or Council.

Properties that are defined as "non rateable" such as properties owned by public authorities, government organisations or Council will be exempt for payment of rates.

Financial Hardship

Under s170 and s171A of the Act Council has the authority to:

- ▶ Defer payment of rates and charges due to hardship (s170); and
- ▶ Waive rates and charges and interest due to financial hardship (s171A).

To address these sections of the Act, Council has a *Rates and Charges Financial Hardship Policy*.

Payment Plan

Any person or organisation who is having difficulty in paying rates is encouraged to contact Council and make a personal payment plan to pay off the rates in a reasonable and manageable timeframe.

Council will consider all requests submitted for a personal payment plan and may agree upon a payment plan (eg. a weekly payment of an agreed amount until the rates are paid in full). Details of the payment plan will be recorded and payments monitored.

Council is required to offer a Payment Plan under the Act before any Legal action can be taken inline with legislation.

Council will review the Ratepayers who have not paid their Rate Reminders and issue them with a Payment Plan Agreement. This agreement will provide the balance of the amount in arrears and the required fortnightly payments.

Any defaults (that is, payment not made by the agreed date) will be followed up by Council.

If the ratepayer defaults on the payment plan by missing two or more consecutive payments, the payment plan is cancelled, and debt recovery may be commenced. The Ratepayer will be advised in writing of the cancellation of the Payment Plan and the debt will be forwarded to Council's Debt Collection Agency if no action is agreed to between the Ratepayer and Council.

Interest on Rates and Charges

Council will charge interest on unpaid rate and charges payments in accordance with s172 of the Act.

The rate of interest percentage is determined by the Minister in accordance the Act and applied on the 15th of each month.

Ratepayers may have interest waived in the event of approved Financial Hardship, or an administrative issue, error or omission which caused or significantly contributed to the failure to pay rates in a timely manner.

Debt Recovery

Unless there is a specific regulation or other requirements, or a payment plan has been agreed to Council will refer a debt that is overdue by 60 days or more to a debt collection agency.

The ratepayer will be liable for all legal costs incurred by Council in the debt collection process. Generally only debts over \$500 will be referred to the debt collection agency.

For debt recovery action not to be taken approval from Council's Chief Executive Officer is required.

Legal Action

If the initial action by the debt collection agency does not result in payment of the debt Council's Coordinator Revenue Services in consultation with the Financial Controller and Chief Executive Officer will determine if it is financially beneficial to pursue legal recovery inline with legislation.

A minimum debt of over \$4,000 must be overdue before Council will proceed with debt collection legal action which commences with filing a Complaint. Legal costs of a Complaint will be added to the outstanding balance owed by the Ratepayer.

Unpaid Rates

Under the Act unpaid rates remain as a charge against the property and they must be paid first when a property is sold.

In exceptional circumstances debt write offs may be considered in relation to unpaid rates with Council approval.

Sale of land to recover unpaid rates

Under s181 of the Act Council has the power to sell land to recover unpaid rates and charges if the rates and charges have been unpaid for more than three years.

Council will not exercise the power it has under s181 of the Act—

- ▶ Until all other relevant requirements of this Policy (to recover the unpaid rates and charges) have been taken.
- ▶ If a payment plan is currently in place with the Ratepayer.
- ▶ If an application has been made and granted under Council's *Rates and Charges Financial Hardship Policy*.

Prior to any action being undertaken in relation to s181 of the Act approval must be obtained from Council. This will include consideration of whether there is a dwelling constructed on the land which is currently being used as the ratepayer's primary place of residence.

Debtor Debts

A debt is created when the service is provided or when the invoice is created (whichever occurs first). Invoices will be clear and provide sufficient information in regard to payment terms and the type of charge or levy.

Doubtful Debts

A provision for doubtful debts is a liability to reflect debt that is likely never to be collected and is expected to be written off in future periods. Council will maintain a provision for doubtful debts and review annually.

Doubtful Debt does not apply to Rates.

Bad Debts

After all avenues to collect the debt have been exhausted, approval may be sought to write off a bad debt. Bad debts are referred to the delegated authority for approval.

If debts are over one year old they will be reviewed for consideration as a bad debt.

All approved write offs will be recorded in the nominated accounts under the Business & Finance Department.

Authority to Write Off Debt

Debts can only be waived by the following delegated authority:

Amount (excluding GST)	Officer
Up to \$2,500	Financial Controller
Up to \$25,000	Chief Executive Officer
Any amount over \$25,000	Council

Authorisation for the write off of accounts up to \$25,000 (excluding GST) must be on the Account Write off /Refund Authorisation form and approved as per the delegated amounts in the table above.

If the amount to be written off or refunded is over \$25,000 (excluding GST), a confidential report must be put to Council explaining the reasons and requesting approval.

Local Laws Infringement Notices

Local Laws are governed by the *Infringements Act 2006* and *Fines Reform Act 2014* and includes processes administered by Fines Victoria. The collection of outstanding Animal Services Infringements is governed by the *Domestic Animals Act 1994* and the *Impounding of Livestock Act 1994*.

Definitions

Term	Definition
Council	Mansfield Shire Council
Financial Hardship	As defined in Council's <i>Rates and Charges Financial Hardship Policy</i>
Payment Plans	In such circumstances Council, or its delegate, may provide relief by offering a payment plan of a rate and charge, and associated interest, for a specified period of time. Payment plans may be provided for a special rate or special charge in accordance with section 171B of the Act
The Act	<i>Local Government Act 1989</i>

Responsibilities

Overall responsibility for the application of this Policy is held by the Chief Executive Officer.

The Revenue Department is the owner of this policy. Any reviews of this Policy must be made in consultation with the Coordinator Revenue and Financial Controller.

References / Related Policies

- ▶ Mansfield Shire Council Rates and Charges Financial Hardship Policy
- ▶ Mansfield Shire Council Account Write Off Refund Procedure
- ▶ Mansfield Shire Council Revenue and Debt Recovery Procedure
- ▶ *Local Government Act 1989*
- ▶ *Local Government Legislative Amendment (Rating and Other Matters) Act 2022*

Gender Impact Assessment

The Revenue and Debt Recovery Policy has considered the Gender Equality Act 2020 in its preparation but is not relevant to its content. The Policy has been assessed as not requiring a Gender Impact Assessment (GIA) as it is purely administrative in its nature and does not have the potential to influence broader social norms and gender roles.

Implementation

This Policy is effective from 15 July 2025.

Review Date

This Policy is to be reviewed by July 2027.

Authorisation to Implement Policy

Signed: _____

Councillor

Witnessed: _____

Chief Executive Officer

Approval dated: 15 July 2025

Mansfield Shire Council reserves the right to review, vary or revoke this Policy at any time.