

Policy

Title: Collection of Rates Arrears

Categories: Rates and Charges

Date Last Adopted 19 March 2024

1. Objectives

The objective of this policy is to set out Council's position in relation to the collection of rates arrears including the steps that will be taken prior to selling land to recover rates debts.

2. Background

Within the parameters of the *Local Government Act 1993 (Tas)* (LG Act), the below policy outlines the Council's process in relation to the collection of rates that are in arrears.

3. Principles

The principles that will apply in the management of and recovery of rates arrears are as follows:

- Simplicity – by making the processes used to recover rates arrears straight forward as well as easy and cost effective to administer.
- Transparency - by making clear the obligations of the ratepayer to pay rates and the consequences of failing to pay rates.
- Responsibility – making clear the obligations of ratepayers to pay rates.
- Equity – applying the same treatment and processes for ratepayers with the same circumstances.
- Flexibility by responding where necessary to changes in the local economy.
- Capacity to pay – having regards to the financial hardship of individual ratepayers and negotiating support under the City's Financial Hardship Assistance Policy on application.

4. Policy

The management and recovery of rates arrears is an important part of Council's financial management. Council will pursue the collection of rates arrears in line with

the principles in section 3 above. Council exercises its rate recovery powers under the LG Act in order to reduce the overall rate burden on ratepayers and to better manage the scarce resources of Council.

That in addition to the mechanisms available under the LG Act, for the collection of outstanding rates, the following remedies shall be pursued by the Council in order to ensure that rates are collected in full:

1. Where rates remain unpaid, a summons for arrears will be issued.
2. If a ratepayer has made satisfactory arrangements with the Council to clear rates arrears and has adhered to those arrangements, summoning in accordance with Clause 1 above shall not be required.
3. Due to the cost of summoning, outstanding amounts of less than \$800 shall not be collected through the process outlined in Clause 1 above.
4. Notwithstanding Clause 1 above, the Council's ability to serve a notice on tenants of properties, in accordance with Section 135 of the *Local Government Act 1993 (Tas)*, for rent to be paid to the Council in lieu of rates, be considered as an alternative to Clause 1 above.
5. In response to approaches by ratepayers who have difficulty in meeting scheduled payments, suitable arrangement for payments may be considered and entered into.
6. Any arrangements arising from Clause 5 above be recorded in Council's property and rating system and monitored, in an effort to achieve the full payment of rates.
7. In response to applications from ratepayers for assistance under the City of Hobart Financial Hardship Assistance Policy, support with meeting rate payment obligations may be offered as outlined under that Policy.
8. For ratepayers who do not contact the Council, a Notice in writing, pursuant to section 133 of the *Local Government Act 1993 (Tas)* is to be sent advising the ratepayer that any arrears will be summonsed, 14 days from the date of the letter, unless arrears are paid or a satisfactory arrangement entered into, thereby incurring extra costs to them.
9. Should the arrears noted in Clause 7 above not be paid and where a satisfactory arrangement for payment has not been entered into, phone or email contact be made where possible with the ratepayer, reinforcing the message in Clause 7 and the imminent issue of a summons, unless appropriate action is taken.
10. For the collection of outstanding rates from particularly challenging ratepayers, every effort be made to implement this policy, however, officers be cognisant

of the benefits in making personal contact and executing formal arrangements for payments which are satisfactory to the Council.

11. Council recognises that the sale of land would have a severe impact on property owners and accordingly this action will only be undertaken when all other methods of rates arrears collection outlined in this policy have been exhausted and recovery action is deemed unlikely.
12. For situations where all avenues for the collection of outstanding rates prove to be ineffective and the arrears of rates have become three or more years old, then the Council will consider selling the property to recover those arrears in accordance with Section 137 of the *Local Government Act 1993 (Tas)*.
13. Notwithstanding Clause 11 above, the sale of a property shall not generally occur where the owner is a pensioner and the property in question is their principal place of residence.
14. By 30 September each year, where the arrears of rates have been outstanding for 3 years or more, the ratepayer will be advised in writing the following:
 - (i) Council's ability to recover rates via sale of land and requesting contact and payment arrangement;
 - (ii) The process outlined in Section 137 of the *Local Government Act 1993 (Tas)* for the sale of land for unpaid rates;
 - (iii) That any person who has a registered interest in the land, including any registered mortgagee will be notified if arrangements are not made to clear the debt.
15. If the ratepayer does not contact or make appropriate arrangements to clear the outstanding debt within 30 days of the letter being sent, Council may commence proceedings to sell the property subject to and by virtue of its powers under Section 137 of the *Local Government Act 1993*, following the tabling of a report to Council for a resolution to initiate sale proceedings.
16. If Council resolves to proceed with the sale of land, a Notice in writing will be served on the ratepayer to:
 - (i) notify the owner of the land of Council's intention to sell the land,
 - (ii) provide the owner with details of the outstanding amounts and the period for which the rates have been in arrears; and
 - (iii) advise the owner of the Council's intention to sell the land if payment of the outstanding amount is not received within 90 days.

17. Council will end the sale of land process if the amount of the overdue rates and all expenses that Council incurs in attempting to sell the land are paid in full. Otherwise, Council will enforce the sale of land for unpaid rates.
18. Records of important conversations between officers and ratepayers relating to the administration of this policy be maintained on the appropriate Council file.
19. A list of properties with arrears of rates as at 30 June is to be provided to the Council annually.
20. The list in Clause 18 above shall include all properties where the arrears:
 - As at June 30 are at least \$3,000;
 - Represent more than one instalment; and
 - Have not arisen through a supplementary rate (e.g. through a new building or development) late in the financial year, until full clearance of outstanding rates.

5. Legislation, Terminology and References

Sections 133, 135 and 137 of the *Local Government Act 1993 (Tas)*

Related Documents

City of Hobart Financial Hardship Assistance Policy

City of Hobart Rates and Charges Policy

Responsible Officer:	Director City Enablers
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