SOUTH GIPPSLAND SHIRE COUNCIL

COUNCIL POLICY

South Gippsland Shire Council

DEBT MANAGEMENT POLICY			
Policy No.	C15	Adoption Date:	Council Meeting 17 June 2026
Directorate:	Strategy and Integrity	Department:	Financial Strategy
Revision Date:	30 June 2030		
GOOD GOVERNANCE FRAMEWORK – OVERARCHING PRINCIPLES			
Supporting Pillar:	Pillar 1. Direction & Leadership Pillar 4. Structure, Systems & Policies Pillar 8. Monitoring & Performance Review		
Link to Pillar:	This Policy strengthens Council's governance framework by establishing financial management of outstanding debts and outlines the principles that Council Officers are to consider.		

1. PURPOSE

1.1. The purpose of the Debt Management Policy (C15) is to provide a clear, consistent, and accountable framework for the effective management of all outstanding debts owed to Council. The Policy outlines the principles and processes that guide how Council identifies, administers, and recovers monies owed, ensuring debt is managed in a fair, transparent, and financially responsible manner.

1.2. This Policy has been developed to ensure Council meets its good governance obligations and complies with all relevant legislation, including the Local Government Act 1989 and Local Government Act 2020 (collectively referred to as the Act throughout this Policy). It also ensures that Council's debt collection practices align with applicable Accounting Standards and recognised financial management principles.

2. SCOPE

2.1. This policy applies to all monies owed to Council. It provides direction to Council Officers on the collection, management and monitoring of debts, including guidance for supporting customers experiencing short-term financial hardship, to ensure Council's financial sustainability is not compromised.

2.2. This policy will be guided by transparency, efficiency, capacity to pay and equity by treating all ratepayers consistently and in a fair manner.

3. POLICY PRINCIPLES – RATES AND CHARGES

Debt management

3.1. Annual rate notices and instalment notices will be issued no less than 14 days before due dates for payment in accordance with s.158 of the Act.

3.2. All notices will be clear and provide relevant information relating to payment terms and the type of rate, charge or levy.

3.3. Rates are payable in four separate instalments due 30 September, 30 November, 28 February and 31 May.

3.4. Council will take reasonable steps to contact a ratepayer about an overdue account. Where no relief measures apply, Council will manage the debt effectively and proportionately using appropriate enforcement mechanisms.

Interest

3.5. Interest charges will be applied to outstanding amounts in accordance with the Act. The applicable interest rate set under Section 2 of the Penalty Interest Rates Act 1983 (Vic) is confirmed annually in the declaration of rates and charges.

Payment Plans

3.6. Short term payment plans can be made at any time and are subject to the following conditions:

3.7. Council will be flexible regarding the type of plan entered into, to best suit the property owner's circumstances. If the property owner is unable to make a regular repayment plan their application should be assessed under Council's Financial Hardship Policy. Payment plan requests can be in writing, online, over the phone or in person.

3.8. Accounts on a payment plan will not accrue interest on overdue amounts as per the Act.

3.9. If a payment plan is not maintained as per the agreed terms, the payment plan may be cancelled and appropriate collection will commence. A cancellation notice will be issued to the ratepayer. Council may choose not to enter further payment plans.

Waiving Interest

3.10. The waiver of interest will only be granted on the following grounds:

Administrative Waivers

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

3.12. In such a circumstance interest debt may be written off in accordance with the delegations set out in Council's S.7 Instrument of Sub-delegation Chief Executive Officer to Council Staff.

Waiver – Short-Term Hardship

3.13. Ratepayers may have interest or part thereof waived, subject to the assessment of the financial counsellor's report by the Coordinator Rates and Revenue. The application must be in writing.

3.14. Council discretion if a significant event (i.e. pandemic) is impacting a large number of ratepayers.

3.15. In such a circumstance interest debt may be written off in accordance with the delegations set out in the S.7 Instrument of Sub-delegation Chief Executive Officer to Council Staff.

Table 1 - Delegations to waive Interest

Interest Amount	Officer
Interest and charges for any one property up to $50	Senior Revenue Officer
Interest and charges for any one property up to $250	Coordinator Rates and Revenue
Interest and charges for any one property up to $500	Manager Financial Strategy
Interest and charges over $500	Executive Director Strategy and Integrity
Interest and charges over $1000	Chief Executive Officer

3.16. Non-receipt of a rate notice, travelling overseas, forgetfulness, failure to contact Council prior to the due date to advise of financial difficulty, a failure to advise of a change of residential or mailing address, or previous Payment Plans not being maintained are not deemed to be extenuating circumstances.

Debt Recovery

3.17. Any outstanding rates and charges not received by the due date will be issued a reminder notice. Failure to make payment may result in the debt being referred to Council's debt collection agents for further recovery action. Council may commence proceedings to recover unpaid rates and charges, interest and additional costs. Any recoverable costs related to debt collection will be added to the account.

Caveat

3.18. Council may register a caveat on title to any rateable land at any time. Council will use caveats where necessary to protect its interest on overdue debt.

Sale of land

3.19. Where a debt has been outstanding for more than three years and all recovery options have been exhausted, Council may sell the property in accordance with s.181 of the Act.

General Debt Collection (non-rates debtors)

3.20. Collection and management of relevant contracts will be undertaken in a fair, transparent and consistent manner, including the formal processes for the follow up of non-payment. Follow up of non-payment will generally be referred to Council's debt collection agency where internal collection is unsuccessful.

Authority to Waive a General Debt

3.21. General Debts can only be waived by the following delegated authority:

Table 2 - Delegations to waive general debt

General Debtor Amount	Officer
Up to $500	Applicable Manager
Up to $1,000	Manager Financial Strategy
Up to $10,000	Applicable Executive Director/Executive Manager
Any amount over $10,000	Chief Executive Officer

3.22. Where General Debts are waived, it will result in a cost for that Department.

3.23. The *Manager Financial Strategy* is to provide a summary of write-offs to the *Audit and Risk Committee* at least annually, including steps taken to recover debts and the rationale for writing-off debts over $10,000.

Parking and Animal Services Infringements

3.24. The collection of outstanding Parking Infringements is governed by the Infringements Act 2006 (Vic) and the Fines Reform Act 2014 (Vic) and includes processes administered by Fines Victoria. The collection of outstanding Animal Services Infringements is governed by the Domestic Animals Act 1994 (Vic) and the Impounding of Livestock Act 1994 (Vic).

3.25. Reminder notices will be sent if the debt is unpaid 31 days after the due date. An administration fee will be added to the penalty if payment has not been made.

3.26. If payment is not received within a further 22 days of the reminder notice, debts may be referred to either Fines Victoria or the Magistrates' Court for debt collection.

4. RISK ASSESSMENT

This Policy mitigates Council's risks as described below:

Reputational

4.1. The operation of this Policy is to ensure that Council Officers maintain the required standard of approach in Revenue and Debt collection.

Financial

4.2. Income from rates and charges is the prime source of revenue for Council and timely debt collection is vital to maintain Council's ability to deliver services.

Governance

4.3. Information regarding Council's Policy on debt collection should be readily available for the community to ensure openness and transparency of operations.

5. IMPLEMENTATION STATEMENT

Human Rights Charter

5.1. This Policy has considered the Charter of Human Rights and Responsibilities Act 2006.

Gender Equality

5.2. This Policy has considered the Gender Equality Act 2020 in its development.

Roles and Responsibilities

5.3. It is the responsibility of the Manager Financial Strategy in consultation with the relevant managers and executive to maintain the Policy and establish internal guidelines for the management of debt collection practices covered by this Policy.

5.4. It is the responsibility of the Department Managers to investigate and respond to disputes regarding the existence, amount or nature of the debt owed to Council within respective service areas.

Non-compliance with this Policy

5.5. Breaches of this Policy may result in action being taken in accordance with Council's Disciplinary Code and may result in termination of employment.

6. MONITORING, EVALUATION AND REVIEW

6.1. This Policy will be reviewed and adopted by Council on a four-year cycle.

6.2. Policies may be reviewed earlier than a four-year cycle if legislative provisions, Industry or organisation requirements change.

7. REVIEW OR COMPLAINT

7.1. If a ratepayer is dissatisfied with a decision made under this policy, they may request a review or make a complaint under the Council Complaint Policy. If a ratepayer is not satisfied with how Council has handled the internal review, the ratepayer may make a complaint to an external body. A request can be made from the following bodies:

7.1.1. For a complaint regarding Council actions or decisions: Victorian Ombudsman www.ombudsman.vic.gov.au

7.1.2. For a complaint regarding breach of privacy: Office of the Victorian Information Commission www.ovic.vic.gov.au

7.1.3. For a complaint regarding discrimination: Victorian Human Rights and Equal Opportunity Commission www.humanrights.vic.gov.au

8. REFERENCE DOCUMENTS

Legislative Provisions	*Charter of Human Rights and Responsibility Act 2006* *Domestic Animals Act 1994* *Freedom of Information Act 1982* *Gender Equity Act 2020* *Impounding of Livestock Act 1994* *Infringements Act 2006* *Local Government Act 1989* *Local Government Act 2020*
Council Supporting Documents	*Code of Conduct for Staff Policy (CE20)* *Hardship Policy (C53)*

9. DEFINITIONS

Debt	An amount owed, including and alleged debt.
Ratepayer	A natural person (which includes a company or corporation) obligated or allegedly obligated to pay a debt.
General Debtors	Debts owed to Council (excluding rates and charges)
Short term payment plan	A payment plan to pay off rates and charges within a 12-month period
Short term financial hardship	Temporary hardship which is expected to resolve within 12 months. Claims of financial hardship will be considered on an individual basis with a view to the ratepayer or debtor re-establishing financial capacity and meeting their financial obligations
Long term financial hardship	Where a ratepayer is unable to meet their financial obligations due to prolonged illness, unemployment, or other cause. All claims of financial hardship will be considered on an individual basis.

10. REVISION HISTORY

Approved By	Approval Date	Sections Modified	CM9 Ref#
Council	*22 May 2013*	*New Policy*	*D8199814*
Council	*25 May 2016*	*Revision*	*D2521619*
Council	*26 February 2020*	*Revision*	*D2521819*
Council	*18 August 2021*	*Major revision – policy name updated from Debt Recovery on Unpaid Rates and Charges Policy*	*D7043721*
Council	*17 June 2026*	*Major revision – policy name updated from Revenue and Debt Recovery Policy*	*D5098726*