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Minister for Local Government

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## **MEDIA RELEASE**

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### **COUNCILS COURT OUT OVER RATES DEBT COLLECTION**

NSW local councils are being encouraged to work with people who have unpaid rates to get on payment plans instead of taking ratepayers to court.

Local Government Minister Gabrielle Upton and Attorney General Mark Speakman today released new Debt Management and Hardship Guidelines and called on all councils in NSW to review their policies and procedures to treat ratepayers more fairly.

Ms Upton said the State's 128 councils collect more than \$4 billion in rates each year which fund roads, footpaths, libraries, parks and swimming pools.

"While there's no doubt councils must recover unpaid rates, the guidelines make it clear councils must work better with their ratepayers on payment terms without going to court straight away, especially for those suffering financial hardship such as loss of employment, illness, separation or death in the family.

"While many councils have good practices to support ratepayers in hardship, I want all councils to do this. The new guidelines give a fairer go to ratepayers," Ms Upton said.

Mr Speakman urged councils to take court action as a last resort.

"Council actions to recover debts for unpaid rates make up 30 per cent of Local Court civil matters. More than 80 per cent of these claims involved amounts less than \$2,000 and a high proportion were settled, paid or written off by councils before judgement," Mr Speakman said.

"This adds to costs suffered by both councils and ratepayers through legal fees."

The guidelines promote a range of strategies and actions councils can use to help ratepayers pay on time including:

- a 'stop the clock' approach to suspend debt recovery, legal action and interest accrual while a ratepayer's hardship application is awaiting determination or while they are complying with a payment plan;
- tailored plans and flexible payment options including weekly, fortnightly and monthly instalments;
- promoting Centrepay as a voluntary way for people to pay their rates directly from their Centrelink payments;
- discounts to provide incentives for prompt payment in full;
- greater discounts for pensioners facing hardship;
- options for ratepayers to receive their rates and pay their rates electronically; and simplified rates notices including information in relevant languages.

The guidelines have been issued by the Office of Local Government under the Local Government Act and can be found at <https://www.olg.nsw.gov.au/content/debt-management-and-hardship-guidelines-0>

. All NSW councils must take them into account when developing and implementing debt management and hardship policies and procedures.