

# RATING SALES POLICY



Division	Finance
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Owner	Group Chief Financial Officer
Approved by	Council

Version	Author	Date	Description
V 1.0	Financial Transaction Services Manager	8/4/2021	Initial draft policy for review

# 1. INTRODUCTION

## 1.1 PURPOSE

Councils have the ability to apply to the Registrar of the High Court for the sale of a property to recover unpaid rates. This policy outlines a process for officers to follow when deciding whether or not to proceed with a rating sale, as well as the steps required in taking that action. A rating sale is an enforcement option when all other measures have been exhausted to recover unpaid rates. This policy ensures that all other measures have been exhausted in giving the ratepayer every opportunity to clear unpaid rates and ensures that the correct legal process required by the Local Government (Rating) Act 2002 (LGRA) is followed.

## 1.2 OBJECTIVE

Rates are statute limited which means they become unenforceable if court action is not initiated within six years of the rates being due. Council has an obligation to collect all validly assessed rates using its debt collection processes when rates are unpaid. Failure to do so is unfair to the majority of ratepayers who do pay their rates on time. Council will take advantage of all available methods to recover unpaid rates, provided it is cost-effective to do so, including the use of rating sales as necessary.

## 1.3 CONDITIONS AND CRITERIA

The recovery of unpaid rates of properties with a registered mortgage is subject to the process outlined in section 62 of the Local Government (Rating) Act 2002.

The following rules apply to rating sales of properties without a registered mortgage:

- 1.3.1 The Rates team will proactively manage accounts in rate arrears using a range of collection activities such as arrears letters, phone calls and meetings with ratepayers.
- 1.3.2 Any reasonable queries or disputes raised by the ratepayers are followed up as far as practicable, prior to progressing to the next stages of debt collection.
- 1.3.3 Rates remaining unpaid after the Rates team have exhausted all stages of debt collection will be referred to the Chief Legal Officer for action. Approval from the Group Chief Financial Officer must be obtained before the referral.
- 1.3.4 To ensure that ratepayers have been provided ample opportunity to pay rate arrears, referral to the Chief Legal Officer will only take place after two years of unpaid rates.
- 1.3.5 The Chief Legal Officer will start judicial proceedings to recover the unpaid rates and seek judgement against the ratepayer for the unpaid rates. If the rates still remain unpaid three months after the court judgement, Council (through the Chief Legal Officer) can apply to the High Court to enforce the judgement through a rating sale of the property.
- 1.3.6 Before application to the High Court, approval from the Chief Executive Officer, as per the provisions of the Local Government (Rating) Act, must be obtained. Notice must also be given to the Mayor and Councillors.

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- 1.3.7 Consideration of the ratepayers' circumstances will be undertaken on a case by case basis and will be a determining factor on whether to proceed with the rating sale process.
  - 1.3.8 The Chief Legal Officer will carry out the rating sale in line with legislative requirements and all ratepayer information will be treated in accordance with prevailing privacy legislation.

## **2. ADOPTION AND AMENDMENT OF THIS POLICY**

Council is to approve any policy amendments made from time to time.