



Rates Financial Hardship Policy

Responsible Business Unit:	Corporate Services
Responsible Author:	Chief Financial Officer
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1 Purpose

This policy provides a framework to provide financial relief to individual ratepayers experiencing difficulty in meeting their rate payment obligations due to financial hardship.

To provide guidance to and enable ratepayers experiencing difficulty in meeting their rate payment obligations due to financial hardship to make an application to Council for assistance relating to any unpaid rates or charges levied on a property under the *Local Government Act 1989* (the Act).

To provide guidance to staff on how assistance may be provided to ratepayers experiencing or at risk of experiencing financial hardship through the process and assessment of applications received for the deferment or waiver of rates, charges and penalty interest.

2 Objectives / principles

The objective of this policy is that individuals are provided an opportunity to seek assistance with their financial hardship and are treated in a consistent, equitable and confidential manner.

The following policy principles form the basis of this hardship policy:

- Information about this hardship program will be made accessible to the community and Council will be proactive in communicating its program.
- Hardship assistance will only be granted to individuals experiencing financial hardship with regard to the rates on their primary residence.
- A range of forms of assistance will be made available.
- The process must be simple for the ratepayer to use.
- Ratepayers are encouraged to utilise financial counselling, legal and other supports.
- Legal action to recover debt should be the last resort.
- All decisions are made in accordance with the Act.

3 Council Policy

Eligible ratepayers in genuine financial hardship will be provided with assistance and an explanation of their entitlements to rates and charges payment options.

The application form should be completed and will be used by Council to review all requests for the waiving or payment deferral of any individual rates and charges and interest owed to Council due to financial hardship unless the applicant has provided all the information necessary to make the decision in another written format or via interview.

Council may request further financial details and may also request an interview in order to arrive at its decision. Council recommends that all financial hardship applicants seek financial counselling as counselling services have access to a greater range of support options.

3.1 No waiver of rates and charges

Council will not waive in whole or part any rate, levy, special rate or special charge.

Rates and charges will not be waived to ensure that financial hardship assistance offered to one ratepayer or group of ratepayers does not adversely impact other ratepayers

through a higher rating burden being applied to other properties to raise the same level of rates revenue.

3.2 Payment Deferral Rates and Charges

Payment deferral occurs where Council agrees to a ratepayer not making rates payments. This option would generally only apply to long term cases of financial hardship.

Rates, charges and interest continue to be charged against the property but collection is not enforced.

Payment of rates and charges will be deferred until such time as the ratepayer's circumstances improve or the property is sold or transferred to another owner, at which time Council would collect the outstanding amount of rates, charges and interest.

Rate notices will continue to be sent to rate payers to ensure they are aware of the growing debt.

Council may reject a deferral application or cease a deferral arrangement if the total outstanding balance of rates and charges exceeds 50% of the property's Property Capital Improved Value.

Ratepayers experiencing or at risk of experiencing financial hardship may have payment of rates and charges deferred in full or in part subject to the following conditions:

- a) Application for deferral of rates and charges may only be made for a residential property that is the principal place of resident of the applicant.
- b) Ratepayer or their representative must submit a written application to the Revenue Coordinator demonstrating financial hardship.
- c) On receipt of an application the rate or charge may be deferred either for a set period or an indefinite period.
- d) Where practicable the ratepayer must enter into an agreement with Council on a payment schedule and continue to those payments.

The deferment decision is made by the Chief Financial Officer upon recommendation from the Coordinator Revenue Services

3.2.1 On deferment being approved, the following shall occur:

- a) The ratepayer will be advised in writing of the outcome.
- b) The property will be flagged as a deferment property and no debt recovery action shall be taken even though rates, charges and interest will still accrue.
- c) Deferment will be reviewed annually and an application will be sent to the ratepayer with the Valuation and Rate Notice seeking confirmation that the financial hardship still exists except where the applicant is a ratepayer eligible for the municipal rates concession in which case the deferment can be extended without making contact with the ratepayer.

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3.2.2 A deferment will be deemed withdrawn on the basis of any of the following conditions:

- a) The ratepayer advises that the financial hardship conditions no longer exist.
- b) Annual confirmation of ongoing hardship is not received within 30 days of application being sent except where the applicant is an aged pensioner.
- c) The ratepayer no longer owns or occupies the property.
- d) The ratepayer has defaulted in meeting any agreements with Council in regards to the deferment.
- e) The total outstanding balance for the property of unpaid rates and charges exceeds 50% of the Capital Improved Value of the property.

The Chief Financial Officer will determine if any deferment agreement is to be withdrawn subject to the above clauses upon receiving a recommendation from the Revenue Coordinator.

3.3 Waiving of Interest on Overdue Rates and Charges

The waiver of interest may apply to interest already incurred on overdue rates and charges and/or withholding of any future interest that would be incurred.

3.3.1 Interest waivers fall under three categories which are:

- a) Administrative waiver – ratepayers may have interest waived in the event of an administrative issue, error or omissions which caused or significantly contributed to the failure to pay rates in a timely manner. An example of an administrative error may include:
 - ❖ Failure to process a change of address notified to Council in writing and the rate notice was sent to a wrong address.
 - ❖ Processing of a payment to an incorrect assessment causing interest to be charged incorrectly.
- b) Waiver on compassionate grounds – ratepayers may have interest waived where they have demonstrated compassionate grounds for a payment being late. Acceptable compassionate grounds would generally relate to family illness or death. Requests for waiver must be in writing to the Revenue Coordinator and will be assessed on an individual basis.
- c) Financial Hardship waiver – ratepayers may have interest or part interest waived where they have demonstrated that the payment of such interest would cause severe financial hardship. Applications for waiver must be in writing to the Revenue Coordinator and will be assessed on an individual basis.

3.3.2 If an application to waive interest is approved the following shall occur:

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a) Waivers on compassionate grounds and administration waivers shall be one off and ratepayers will need to re-apply on each occasion a waiver is sought. The ratepayer must:

- ❖ Attend to the immediate settlement of the outstanding rates and charges; or
- ❖ Enter into a payment arrangement where a set amount is paid on a weekly, fortnightly or monthly basis.

If the arrangement is not maintained, the amount of interest waived may be withdrawn and reinstated on the assessment.

b) Waivers sought under financial hardship, an update will be sought on an annual basis and arrangements extended where appropriate. The property shall be flagged and while rates will still accrue, no interest will be charged.

A waiver of interest granted under financial hardship will continue unless any of the following until:

- ❖ Ratepayer advises that the financial hardship conditions no longer exist.
- ❖ Annual confirmation of ongoing financial hardship is not received within 30 days of request.
- ❖ The ratepayer no longer owns or occupies the property.
- ❖ The ratepayer has defaulted in meeting any agreements with Council in regards to the waiver.

3.4 Delegations to Waive Interest

The Coordinator Revenue Services is authorised to waive interest charges up to \$250 for any one property.

For requests to waive interest over \$250, the Coordinator Revenue Services will review applications in accordance with this policy and prepare a report for the Chief Finance Officer for consideration and approval. The waiver of interest will be confirmed in writing once it has been approved.

The Chief Finance Officer and Coordinator Revenue Services have delegated authority from Council under Section 171(A) of the Local Government Act 1989, to waive in whole or in part, interest charges due where the application of the interest would cause financial or undue hardship.

3.5 Calculations on Interest

Interest will be charged on overdue rates and charges in accordance with Section 172 of the Local Government Act 1989, namely:

- a) On instalment payments from the date the instalment was due
- b) The interest is calculated at the rate fixed under Section 2 of the Penalty interest Rates Act 1983.

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4 Confidentiality

Applications for financial hardship will be treated in accordance with Council's Privacy Policy.

5 Legislative framework

Council is governed by the Act which contains specific provisions on deferring and waiving rates, charges and interest. The relevant sections of the Act are detailed below:

Section 170 – Council may defer in whole or in part the payment by a person of any rate or charge which is due and payable for a specified period and subject to any conditions determined by the Council if it considers that an application by that person shows that the payment would cause hardship to the person.

Sections 171 and 171A – Council may waive the whole or part of any rate or charge or interest on the grounds of financial hardship.

Section 172 – A Council may exempt any person from paying the whole or part of any interest either generally or specifically.

6 Definitions

Deferment	<p>Deferment is a postponement of payment in whole or in part and can be for a specified period and subject to any conditions determined by Council. Rates and charges are deferred until such time as the ratepayer's circumstances improve or the property is sold or transferred to another entity.</p> <p>Rates, charges and interest normally accrue during this period. However, a partial interest waiver may be granted.</p> <p>Where deferment has been granted, a Valuation and Rate Notice must be issued as required under the provisions of the Act – Section 158(4)(d). The notice should be marked so as to confirm the 'Deferred Status'.</p>
Financial hardship	<p>Where a ratepayer wants to pay but cannot. Circumstances that may lead to hardship include:</p> <ul style="list-style-type: none"> • Where pensioner living in family home can no longer afford to pay rates from pension as property value has escalated over the period of ownership significantly increasing the rates burden • Ill health or injury.
Ratepayer eligible for the municipal rates concession	<p>A ratepayer who holds one of the following eligible cards:</p> <ul style="list-style-type: none"> • Pensioner Concession Card • Veterans' Affairs Gold Card (given for TPI, War Widow, EDA or POW).
Waiver	<p>A waiver is a one-off abandonment, which removes the liability to pay the debt.</p> <p>In terms of this policy it may be offered to include the whole or part of any interest.</p>

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