

<b>POLICY LOCATION</b>	Corporate Services	<b>POLICY TITLE</b>	Rates and Charges Financial Hardship
<b>POLICY NUMBER</b>	CA20	<b>DATE ADOPTED</b>	10 February 2021
<b>REVISION NUMBER</b>	2	<b>REVISION DATE</b>	February 2025

## Introduction

This policy relates to the deferring of payment of any rates or charges, or the granting of a waiver of outstanding interest on rates or charges, whether whole or in part to individual persons in accordance with the provisions of sections 170 and 171(a) of the *Local Government Act 1989* (the Act).

The aim of the policy is to:

- provide a deferment of rates and charges or grant a waiver of interest on rates or charges to ratepayers experiencing demonstrated financial hardship;
- provide guidelines, templates and establish principles to apply when an application for the deferment or waiver of interest on outstanding rates or charges is received;
- identify the type and amount of assistance that may be granted prior to an application for the deferment or waiver of interest on outstanding rates or charges being approved;
- ensure Council's debt collection practices are sensitive and responsive to ratepayer's financial hardship issues; and
- Alleviate the potential for rates to become a factor in domestic economic violence.

The policy is aimed to assist ratepayers that are experiencing financial difficulty to pay their outstanding rates and charges. The deferment or waiver of a debt under the Act will be considered after the ratepayer has exhausted other means of assistance provided by Council in paying the outstanding amount.

Council will assist the ratepayer to initiate an achievable repayment plan to limit the outstanding debt to be paid within a reasonable timeframe. It is expected that if Council is prepared to put payment plans in place, the ratepayer will reciprocate by making a concerted effort to repay the debt outstanding.

## Objectives

The objective of this policy is to formulate a process of assistance to ratepayers to minimise the applications for deferment or waiver of interest on rates or charges due to financial hardship.

If Council is able to offer flexible arrangements that suit individual ratepayers in settling their outstanding debt, then the process creates a win: win situation for the ratepayer and Council.

There are significant issues for ratepayers that have to declare themselves as bankrupt. Issues arise for ratepayers concerning credit ratings and future borrowing applications as well as social implications with friends and family.

## Scope

This Policy applies to deferring rates or charges, or waiving interest on rates or charges, whether whole or in part, for reasons of financial hardship.

This policy excludes applications for waiving rates or charges, whether whole or in part, under section 171(2) of the Act. Where an application for waiving rates or charges is received, such application will be reviewed by Council in a closed session of Council.

## Rates and Charges

### Current Rate Payment Process

Council sends out annual rate notices in late August or early September which are due for payment in full by 15 February each year.

Ratepayers who elect to pay by quarterly instalments will receive a separate notice for the second, third and fourth instalments. The four instalments are due on 30 September, 30 November, 28 February and 31 May respectively.

Council also offers a 9 monthly instalment plan (September to May) via direct debit, whereby ratepayers agree to have a monthly deduction made direct from their bank account to clear the annual rates and charges.

Ratepayers may also put in place an agreed payment plan to pay their rates.

Council uses the following options to receive payment for rates and charges:

- Over the Counter (Wycheproof Office)
- BPay
- In person at Australia Post or Australia Post Billpay
- By mail
- Centrepay
- eNotices

A Final Notice is sent in early March to all ratepayers with an outstanding rates balance (excluding instalment payers and payment arrangements).

Ratepayers with accounts with a balance greater than \$500 remaining unpaid or for which no payment plan has been arranged are then referred to Council's debt collection agency for initiation of legal action.

### Charging of Interest

Interest is charged on all outstanding balances in accordance with the provisions of section 172 of the Act.

### Waiving Interest

Interest waivers fall under two categories:

- Administration Waivers:

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

- **Compassionate Waiver:**

Ratepayers may have interest waived where they have demonstrated compassionate grounds for a payment being late, and thus attracting interest.

### **Sale of Property for Debt Recovery**

Under the provisions of section 181 of the Act, Council may sell a property for the recovery of unpaid rates and charges.

Sale of a property for debt recovery purposes will only be undertaken as a last resort where all other means of recovering outstanding rates have failed or where all attempts to locate the owner of the property have been unsuccessful.

### **Staff Training**

Council will provide training to rates and customer service staff that deal with ratepayers on a day-to-day basis. Training will increase awareness of hardship issues, available counselling resources, focus on ratepayer needs and ensure communication strategies are compassionate and confidential.

### **Policy**

In accordance with the Act, deferring or waiving of rates or charges or interest is only available to a ratepayer's principal place of residence on properties rated as Residential or Retirement Village Properties. No option is available to defer or waive rates and charges on properties rated as vacant, commercial, industrial, or farm land (unless section 171(4)(b) of the Act applies).

Ratepayers may have interest on outstanding rates or charges or part thereof, waived or rates or charges or interest deferred subject to compliance with the following conditions:

1. The ratepayer must be experiencing undue and unavoidable hardship; and
2. The ratepayer is:
  - a) a pensioner (eligible to claim the State Government pensioner rate rebate); or
  - b) receiving Centrelink benefits for a minimum period of six consecutive months; or
  - c) able to provide evidence of severe financial hardship as certified by an assessment carried out by Council.

Notwithstanding the above, ongoing rates and charges will continue to be levied.

In all applications for deferral of rates or charges or interest the applicant will be encouraged to continue to pay the portion of rates or charges or interest that is affordable given their individual circumstances.

The total amount deferred on a single assessment should not exceed 5% of the Capital Improved Value of the subject property.

### **Guidelines for Consideration of an Application**

Applications from ratepayers for financial assistance by means of flexible payment options will be considered by Council officers under delegation.

The following guidelines should be considered when assessing an application for waiving of interest on rates or charges.

1. the interest payable must relate to the applicants principal place of residence;
2. applications for waiving of interest on rates or charges for residential investment, commercial or industrial properties and vacant will NOT be granted;
3. applications for waiving of interest on rates or charges for farms or commercial properties that are also used for residential purposes will NOT be granted, unless the residential part of the property is separately assessed for rates. In such cases, the relationship of the applicant to the adjoining business activity and gross income generated by that activity will be taken into consideration;
4. the amount to be waived or deferred must not be more than 5% of the Capital Improved Value of the residential property in the application;
5. the ratepayer must be experiencing demonstrated financial hardship;
6. the ratepayer must be able to demonstrate the requirement to pay the full amount outstanding would exacerbate existing financial hardship;
7. the ratepayer must show they are prepared to contribute towards the longer term payment of any outstanding amount. To this end, a "Debt Finalisation Date" must be nominated by the debtor;
8. the ratepayer must demonstrate they are able to honour payment arrangements they have entered into;
9. Council expects that the ratepayer is making legitimate attempts to ensure money is available to make rates and charges payments;
10. Council accepts that the ratepayer's commitment to a mortgage on their principal place of residence, utility services, property and health insurance and car loan and registration payments are essential and take precedence over rates and charges payments. That being so, it does not exclude the rates and charges debt from being paid and does not mean penalty interest will not be charged;
11. Council requires the ratepayer to advise Council if they decide to sell the property before the Debt Finalisation Date. Interest on the outstanding balance may then be applied if it is deemed appropriate;
12. Council requires the ratepayer to provide a Statutory Declaration of all income and expenses, assets and liabilities and potential sources of income. This includes details of shares portfolios, business partnerships, joint ventures etc. Copies of documentary evidence (e.g.: Tax returns etc.) may be required to be presented at Council's discretion;
13. Council may arrange for the information provided above to be assessed by independent professionals if considered necessary;

14. Council may require the ratepayer to meet with financial counselling professionals involved in the assessment of the application;
15. Any legal costs incurred against the property will remain, as this is a cost Council has incurred.

*All information received by Council or professionals engaged in the assessment process will be treated as strictly confidential.*

### **Implementation and Review**

Applicants are able to apply for assistance at any stage throughout the year. All applications are to be received by Council's Revenue Officer.

The application will be assessed against the above criteria by the Manager Finance. All applications will be assessed on their merits as it is acknowledged that applicants may not meet all of the above principles/criteria. Therefore, a flexible approach will be taken in regard to provision of the above information.

If necessary, the application will be referred to a Financial Counselling Service or a similar service, for independent assessment. This referral may be at the instigation of the Manager Finance or the applicant.

A report and final recommendation will be presented to the Director Corporate Services. The report must include details of the appraisal of the application by either the Manager Finance or the independent assessor.

### **References**

This policy was developed in accordance with the:

- *Local Government Act 1989*