



City of
STONNINGTON

Rates Financial Hardship Policy

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1. Purpose

This Policy provides guidelines for assessing applications for financial hardship consideration for the payment of municipal rates, levies and charges. All applications will be considered with fairness, integrity and confidentiality.

2. Scope

To provide guidelines and assistance to enable Council staff to receive and process applications for financial hardship consideration from property owners/ratepayers.

To provide guidelines on what is a financial hardship situation and what is an unwillingness to pay situation.

To give assistance to property owners/ratepayers who are experiencing financial hardship.

To ensure Council's debt collection practices are consistent with this policy.

3. Definitions

Centrepay - a free automatic regular deduction from Centrelink payments that can be used for municipal rates and charges.

Compassionate Grounds - where a property owner/ratepayer can demonstrate grounds such as but not limited to, medical treatment, palliative care, terminal medical condition, temporary and permanent incapacity, vulnerability, mortgage assistance, major asset modifications to accommodate special needs and/or disabilities,

Debt collection - takes place when Council seeks to secure payment from property owners/ratepayers who are legally bound to pay a debt.

Financial counselling - is a service that provides financial education, guidance, and help to work towards a state of financial and emotional wellness.

Financial Hardship - means a property owner/ratepayer who wants to pay municipal rates and charges but cannot for financial hardship reasons, such as but not limited to unemployment, sickness or injury, low income, family dissolution.

A financial hardship payment arrangement - is made available to any ratepayer who through hardship is having difficulties meeting their payment(s) by the required statutory payment date(s). Payments are required periodically for example weekly, fortnightly or monthly and must be adhered to.

Interest (S172 Local Government Act) - Council may require a person to pay interest on any amounts of rates and charges that have not been paid by the due date. Interest is to be calculated at the rate fixed under section 2 of the Penalty Interest Rates Act 1983.

Non-financial hardship - means where a property owner/ratepayer refuses to pay their rates, levies and charges for a reason that does not meet the financial hardship definition.

A non-financial hardship payment arrangement - the majority of payment arrangements are not due to financial hardship

Rate Deferment (S170 Local Government Act) - Council may defer in whole or in part the payment by a person of any rate or charge which is due and payable.

A **deferral** of payment of rates, levy amount or a special rate or charge, can be provided in whole or part and be specified for a period of time determined by Council. At the discretion of the Revenue Coordinator, interest may be charged at a reduced rate, in consultation with the Manager Finance. When rates are deferred, payment is not required until such time the property is sold and transferred to another entity or the ratepayer's financial circumstances improve, and Council sends a Valuation and Rate Notice requesting payment or issues a Land Information Certificate for payment purposes.

An **interest waiver** - exempts whole or part payment of any interest or associated costs where applicable. Any waiver is a one off waiver in response to circumstances presented at the time.

A **waiver by application—financial hardship** (S171A Local Government Act) - A person who is suffering financial hardship is one who would suffer financial hardship if that person paid the full amount of a rate or charge for which he or she is liable. Ratepayers may apply to a Council for the waiver of the whole or part of any rate or charge or of any interest imposed for late payment.

A **waiver by concession State Concessions Act 2004** (S171[4] Local Government Act) - a waiver of the whole or part of any rates or charges or interest in relation to eligible recipients within the meaning of the State Concessions Act 2004 and who are entitled to be granted a concession under a relevant concession order made under that Act.

4. Policy Statement

The primary objective of Stonnington City Council's 'Rates Financial Hardship Policy' is to ensure that individuals are provided an opportunity to seek assistance when their financial circumstances prevent them from paying their outstanding rates, levies and charges.

5. Objectives/Principles

Council rates, levies and charges make up a large percentage of Council's annual income. The Local Government Act 1989 requires that all rateable properties are issued with an annual rate notice that gives all the options by which payments can be made.

Collection of rates, levies and charges in a timely manner ensures adequate revenue/income for ongoing services and capital works projects that the Council has committed to.

Council is committed to providing flexibility in its payment options through multiple payment options and the opportunity to participate in flexible payment arrangements where financial hardship is established.

Council is committed to sharing the responsibility of assisting where financial hardship has been established. Where financial hardship cannot be established, Council may avail itself of the collection options under its Debt Collection Policy.

The policy is also intended 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 deferral or waiver of general rates, special rates and special charges and penalty interest.

The following policy principles outline the structure of this hardship policy:

- Hardship assistance will only be granted to individuals experiencing financial hardship with regard to the rates and charges on their primary residence.
- A range of forms of assistance will be made available.
- The process must be simple, fair and equitable for the ratepayer.

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- Ratepayers are encouraged to utilise financial counselling, legal and other supports.
- Legal action to recover debt should be the last resort for Council.
- All decisions are made in accordance with the relevant Acts.
- Training programs for relevant Council staff will be delivered to ensure staff understand this policy and are able to achieve the best outcome for both Council and property owners/ratepayers where financial hardship cases present.

6. Policy Rules

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

The application form for hardship consideration 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.

7. Arrangements

Council's annual Valuation and Rate Notice will carry advice that eligible pensioners are entitled to a concession under the *State Concessions Act 2004*, the *Local Government Act 1989* and the *Fire Services Property Levy Act 2012*. Council's annual Valuation and Rate Notice will also carry advice that any ratepayer experiencing difficulties in paying their rates should contact the Rates Department to discuss alternative options. Payment Arrangements will be accepted on current rates and charges on the condition that all rates and charges are paid in full by the statutory due date of the lump sum payment. Or, if the first instalment is fully paid by the statutory due date; have until the statutory due dates of the three remaining instalments to pay rates and charges in full.

Any ratepayer who carries rate arrears and applies for a payment arrangement must provide relevant financial details. The Revenue Coordinator may refer a property owner/ratepayer to an authorised Financial Counselling service should it become evident the ratepayer requires assistance of that kind. Applications will be considered with regard to the ratepayer's principal place of residence, and not residential property investments, commercial or industrial properties. Any commercial properties that are also used for residential purposes may be considered. However, Council staff will assist property owners/ratepayers of commercial properties to establish payment arrangements that will facilitate their ongoing solvency whilst meeting their obligations to pay their rates.

8. Interest

Interest may be charged on overdue rates and charges in accordance with Section 172 of the *Local Government Act 1989* and the *Penalty Interest Rates Act 1983*. However, In the event of the ratepayer entering into a deferral, payment arrangement or applying for a waiver of interest or other charges due to financial hardship, the Revenue Coordinator may review rate interest in conjunction with the Manager of Finance.

9. Deferral

A ratepayer who is deemed eligible for a deferral of rates, or a ratepayer who complies with an agreed payment arrangement, and does not default in their payments, will not be subject to legal proceedings. This will minimise costs to the ratepayer associated with debt recovery. The whole or part of rate and levy amount interest and/or legal costs may be waived for reasons other than financial hardship where: the late payment is the first occasion upon which a late payment has been received; the ratepayer has displayed a payment history where there has been no default or late payment; compassionate grounds i.e. family illness, trauma or

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hospitalisation, death of an immediate family member; genuine error of rate payment by ratepayer; an administrative issue, error or omission which caused or significantly contributed to the failure to pay rates in a timely manner and such other circumstances considered appropriate.

Ratepayers will not have legal action and additional debt recovery costs taken against them, where they adhere to and continue to make payments according to their agreed payment arrangement with Council and/or its debt recovery agency, or whilst a deferral of rates and charges is officially currently in place with Council.

A deferment or payment arrangement may be withdrawn on the basis of any of the following conditions: application for annual renewal of deferment of rates regarding ongoing hardship is not received within 30 days of application being sent to the ratepayer; the ratepayer gives to Council any information which is false or misleading in respect of their application; the ratepayer has defaulted in meeting any previous payment agreements with Council or its debt recovery agency; it is found the ratepayer has entered into a deferral or payment arrangement because of any other motive or principle other than hardship; the ratepayer advises that the hardship conditions no longer exist; the ratepayer no longer owns or occupies the property in question.

10. Financial Hardship

Eligible ratepayers in genuine financial hardship will be provided with assistance and an explanation of their potential entitlements to rate concessions, normal payment options, rate, levy amount, charge and interest deferral, payment arrangement options and interest waivers.

Requests for deferral of rates, levy amounts and/or special rates or charges by reason of financial hardship, must be submitted in writing on the relevant application form to Council's Revenue Coordinator. Upon request, application forms will be sent to the ratepayer by Council. Council may also request an interview in order to arrive at its decision.

Deferments of rates, charges and interest may only be granted in each rating year. Applicants requiring deferrals for future years will be required to re-apply each year. A renewal form will be sent with the annual Valuation and Rate Notice.

Ratepayers applying for a deferment must acknowledge the debt will be recouped when the property is sold, transferred to another entity or their financial circumstances improve.

Ratepayers entering into a payment arrangement with Council or its debt recovery agency will be required, wherever practicable, to meet the agreed arrangement and satisfy the rate debt within the current rating year. Should arrears and/or current rates not be paid in full in the current rating year, ratepayers entering into a payment arrangement with Council or its debt recovery agency, and who are requesting a waiver of interest charges, will be required to provide financial details on the relevant application form. Application forms are sent to the ratepayer by Council.

Requests for assistance for whole or part waiver of rate interest and/or legal costs must be in writing, providing sufficient explanation to justify the granting of the assistance.

Payments of the first instalment received late i.e. after the statutory due date, will be accepted as a first instalment only at the discretion of the Revenue Coordinator. If not accepted, full payment is required by the lump sum statutory due date (15 February).

A ratepayer can in writing appeal against a decision made by Council in accordance with Council's Rates Financial Hardship Policy. The ratepayer must state their grounds for appeal and submit details in writing for Council's consideration.

11. Debt Recovery

Whilst Financial Hardship assistance is available, there are some circumstances which may lead Council to instigate debt recovery in order to achieve a resolution. Council will make attempts to inform the ratepayer of

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possible legal proceedings and give the opportunity for the ratepayer to resolve the issue before Council lodges the matter with the Magistrates' Court.

Examples of incidents that result in formal debt recovery proceedings may be that the ratepayer regularly defaults in making their periodic payments as agreed with Council by payment arrangement, or does not comply with or meet the criteria of the conditions stated in this policy.

As noted earlier in this policy, ratepayers will be shielded from legal action and additional debt recovery costs, whilst they adhere to and continue to make payments according to their agreed payment arrangement with Council or its debt recovery agency, or whilst deferral of rates and charges is officially currently in place with Council.

12. Counselling Services

Ratepayers in financial difficulty or hardship are encouraged to utilise counselling and other support services. If ratepayers are in financial difficulty, they can get free, confidential and independent advice from:

Financial counsellor through Consumer Affairs Victoria (National Debt Helpline (Victoria) on 1800 007 007 or www.consumer.vic.gov.au).

Financial Counselling Australia also provides letter templates, fact sheets, information on financial counselling services and a debt management self-help tool. Visit www.debtselphelp.org.au or telephone 1800 007 007 or email: info@financialcounsellingaustralia.org.au.

Consumer Action Law Centre, a not-for-profit provider of phone based financial counselling services. The financial counselling hotline can be reached on 1800 007 007. The free hotline is open from 9:30am to 4pm, Monday to Friday. <https://consumeraction.org.au/>

If a Council staff member becomes aware of Mental Health issues and/or hoarding as part of their discussions in relation to the financial hardship, where appropriate and in line with the provided training 'Star Health – Health and Well-being' or in the instance of hoarding Council's Policy on Hoarding details the action that needs to be undertaken. https://www.starhealth.org.au/?utm_source=GMBlisting&utm_medium=organic

In regards to the training of staff in working with Financial Hardship and Vulnerable Customers, Council will use Uniting Corporate Consultancy who are experienced in this area and have experience in training Local Government staff.

<https://www.unitingkildonan.org.au/programs-and-services/corporate-consultancy/training-packages/>

Council will maintain a close relationship with accredited financial counsellors within the municipality and endeavour to meet with them at least once per year to discuss the application of this Policy.

13. References

Local Government Act 1989.

Local Government (General) Regulations 2015.

Magistrates Court Act 1989.

14. Forms

Application for rate deferment

Financial hardship application.

15. Related Policies and Procedures

The Rates Financial Hardship Policy shall be observed in conjunction with related policies and procedures as set out below:

Policy/Procedures
Rate Administration Procedure
Hoarding Policy
Rates Debt Collection Policy
Detailed Work Area Procedures

16. Internal Audit

Council's rate debt collection processes and compliance levels will undergo independent scrutiny from time to time in accordance with Council's Internal Audit Program, with the results reported to the Manager Finance, Director Corporate Services and Audit Committee.

17. Human Rights Consideration

This Policy has been assessed in accordance with the requirements of the relevant legislation and which complies with the Victorian Charter of Human Rights and Responsibilities Act 2006.

All matters will be treated confidentially in accordance with the *Privacy and Data Protection Act 2014 (Vic)*.

18. Reviewers

Reviewer	Position	Version	Date reviewed
Jon Gorst Geoff Cockram	Manager Finance General Manager Corporate Services	1.0	17 December 2019

19. Version History

Version	Date	Author	Details
1.0	29 November 2019	Robert Smart	Initial Draft
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