

# CORPORATE SERVICES POLICY

## HARDSHIP POLICY

Date of Adoption: 16 June 2009

Effective Date: 16 June 2009

## Objectives

To provide financial relief to customers of Council experiencing difficulties in meeting their commitments in Rates, Debtors, and other Fees & Charges.

## Policy Statement

### 1. Rates and Charges

Rates are levied each year in July and are payable by four instalments due at the end of August, November, February and May. Some Ratepayers may experience difficulty in meeting their financial obligations at these intervals. Ratepayers may also experience long-term hardship due to varying circumstances.

Council's Hardship Policy provides for the following relief to be afforded:

- Write-off interest charges accrued over a period of twelve months from the date of debt, subject to the debt being paid in the agreed period.
- Reduce penalty interest by one-half over a period of eighteen months on ratepayer accounts where financial hardship has resulted due to significant changes in the rateable valuation of land.
- Limited to the single property owned and occupied (jointly or not) by the applicant.

Currently, under the Local Government Act 1993 and the Local Government (General) Regulations 2005, there are options available to provide assistance to ratepayers suffering from genuine financial hardship. The sections which are used on a day to day basis by Council to assist ratepayers are as follows:

- i. Hardship resulting from certain valuation changes (s 601 Local Government Act 1993)
- ii. Agreement as to periodic payment of rates and charges (s 564 Local Government Act 1993)
- iii. Procedures for Writing Off rates and charges (Part 131 Local Government (General) Regulation 2005)
- iv. Writing off of Pensioner rates and charges (s 582 and s 583 Local Government Act 1993)
- v. Deferral of Rates

#### i. Assistance in accordance with s 601 of the Local Government Act 1993

S 601 of the Local Government Act 1993 provides Council with guidance in assisting a ratepayer who may experience hardship due to a valuation change to their land value. This assistance is only available when a later base date valuation is used to what has previously been used by Council for the making and levying of a rate.

Council has the discretion to waive, reduce or defer payment of any part of the increase. For a ratepayer to apply for assistance under s 601 of the Local Government Act 1993, Council requires the application in writing and will conduct a review on a case by case basis.

#### ii. Assistance in accordance with s 564 of the Local Government Act 1993

S 564 of the Local Government Act 1993, allows Council to accept payment of rates and charges differing to the original four instalments. This is the most common form of assistance elected for use by Council. A ratepayer can enter into an arrangement with Council to pay their rates weekly, fortnightly or monthly. Council offers the availability for these arrangements to be set up through direct debit to further assist the ratepayer in making the agreed payments on the agreed dates. Council requests all such arrangements to be formalised in writing.

S 564 also gives Council the ability to write-off or reduce interest accrued on rates and charges if the ratepayer abides by an accepted arrangement.

### iii. Assistance in accordance with Clause 131 of the Local Government (General) Regulations 2005

Clause 131 of the Local Government (General) Regulations 2005 allows a write off of rates and charges by resolution of the Council or by order in writing by the General Manager. An amount of rates and charges can be written off under this clause in the following circumstances:

- if there is an error in the assessment,
- if the amount is not lawfully recoverable,
- as a result of a decision of a court,
- or if Council or the General Manager believes an attempt to recover the amount would not be cost effective.

### iv. Assistance in accordance with s 582 and s 583 of the Local Government Act 1993

Council may waive or reduce rates, charges and interest due by any ratepayer who is in receipt of a pension, benefit or allowance under the Social Security Act 1991. Under Clause 135 of the Local Government (General) Regulation 2005 a ratepayer can make application for a reduction to their Council rates via a pension concession. The maximum pension concession currently offered by Council is fifty percent of the total rates and charges or a sum of two hundred and fifty dollars, whatever is the lesser amount.

### v. Deferral of Rates & Charges - (Eligible Pensioners only)

A Pensioner may apply to Council seeking deferral of payment of Rates & Charges which are in excess of the amount rebated on the property. Under this option, the pensioner ratepayer's annual rates and charges together with applicable accrued interest, is deferred until the property is sold or, in the event of death, the estate settled. Deferred rate applications only apply to properties owned and occupied by the applicant.

An annual Rates & Charges Notice will continue to be issued during the duration of the deferment. The applicable annual pensioner rebate granted, along with the balance of arrears rates and the New Year levy, will be disclosed on the Notice as required.

The maximum number of years for which rates can be deferred under this Policy is ten years. Should the pensioner wish to continue beyond this period, a payment for the first deferred year's rates will be required. This cycle may continue as long as is required.

The initial application requesting deferral will remain in place until withdrawn by the Pensioner Ratepayer.

## 2. Debtors

Council's Hardship Policy provides for the following relief:

- Write off interest or administration fees for debts paid within a structured payment plan geared to clear the debt within a maximum twelve-month period.
- Debts may be written off in special circumstances where the charge relates to services typically provided to pensioners, for example:
- Meals on Wheels Service - Provision of meals will not be refused even though the account may be in arrears.

## 3. Other Fees & Charges

Due to the nature of the adopted Fees & Charges, any reduction or abandonment of a fee due to financial hardship being incurred shall be determined on an individual basis subject to Council resolution.

## 4. Assessment

Persons seeking assistance with managing their payments should contact Council in the first instance to discuss their situation. Depending on the circumstances, and if the relief sought is of a short term nature, it may be possible to agree on satisfactory arrangements during those discussions.

Where it becomes evident that the relief sought is of a longer term nature, or will involve a more complex review of the circumstances, Council's 'Hardship Rate Relief Application Form' must be completed. This Form is in accordance with Section 135 of the Local Government (General) Regulation 2005 under the Local Government Act 1993. Once completed, the form will be assessed by Council staff and discussed with the applicant.

Criteria for income and asset values shall be determined in accordance with Centrelink 'Pensions - Income and Assets Test' as reviewed annually in September.

## Definitions

- Date of Debt - The amount due to Council on the day an application is made including arrears and current annual instalments in any given year.
- Penalty Interest - Interest raised in accordance with the Local Government Act, 1993 and as adopted by Council within its Management plan.
- Rateable Valuation - Land value used for rating purposes, i.e. net of allowances allowed by Valuation of Land Act, 1916 and Local Government Act, 1993-Section 585.
- Administration Fees - Standard flat fee as adopted by Council in annual Fees & Charges.