Financial Hardship Policy FS-CP-506

(PUBLIC POLICY)

1 Policy History

Revision No.	Council Meeting Date	Minute No.	Adoption Date
1	24/08/2010	0294	24/08/2010
2	27/01/2015	15/005	27/01/2015
3	13/02/2018	18/046	16/03/2018

2 Policy Objective

- To provide assistance to ratepayers including pensioners and other debtors, experiencing genuine financial hardship, with the payment of rates and annual charges.
- To be sympathetic and helpful to these ratepayers and other debtors experiencing genuine hardship.
- To provide an administrative process to determine hardship applications.
- To fulfil the statutory requirements of the Local Government Act 1993 with respect to hardship applications.

3 Policy Statement

Any ratepayer or other debtor who cannot pay their rates and/or annual charges for reasons of financial hardship can apply to Council for assistance at any time. Each individual case will be considered on its merits.

The following conditions will apply:

- That actual hardship exists;
- That a repayment schedule is devised;
- That provided the repayment schedule is adhered to, that no interest is payable;
- That a default in the repayment schedule will involve interest being levied from the day after the date of the last payment;
- Any repayment schedule less than 12 months will require certain, but limited, financial information as per the Hardship Application Form;
- Any repayment schedule greater than 12 months will require:
  - evidence of meetings with financial advisors and their recommendations;

- copies of operating statements, balance sheets, cash flow statements and budgets;

- No arrangements greater than two (2) years.

Pensioners, like other ratepayers within the community are treated consistently and fairly with respect to the recovery of debts. Recovery action will proceed under the same conditions as other debtors. The same opportunities to submit claims for hardship consideration are available.

Points to consider:

- Pensioners can apply for hardship consideration like other debtors;
- Pensioners already receive a rate rebate;
- In some circumstances the policy is not helping – if rates fall 5 years in arrears, the next step is to sell the property;
- The number of pensioners receiving a pension and the number of types of pensions eligible for concession are increasing.

Financial hardship cases will only be discussed in Closed Council or Workshop Meetings.

All hardship applications shall be determined in accordance with Council delegation.

Any assessment that is categorised as business and is applying for hardship rate relief must have a director complete the attach form and accompanied with supporting documentation which may include but is not limited to:

- Copies of recent bank statements for all accounts
- Details of income and expenditure
- Letter from Accountant
- Profit and Loss statement

Application for hardship under Section 601 must be submitted within 3 months of the posting date of the rates notice in the first year of the General Revaluation for rating purposes.

All hardship applicants shall advise in writing of Council's decision within 30 days of receipt of the application.

Any applicant dissatisfied with Council's decision in writing may request that the application be reconsidered. Such requests must be made within 7 days of being advised that the initial application was unsuccessful. After Council reconsiders the application and makes a decision the ratepayer has no further right of appeal.

4 Definitions

Council recognises that due to exceptional circumstances certain ratepayers do encounter difficulty in paying rates and annual charges. The Local Government Act 1993 allows Council to provide a range of measures to assist those ratepayers in cases of genuine financial hardship.

Hardship Provisions

The Local Government Act 1993 provides Council with two options for providing assistance to ratepayers who are finding it difficult to pay their rates and charges because of financial hardship. A summary of the options is as follows:

Hardship Resulting from a General Revaluation of the Local Government Area (Section 601 LGA, 1993)

In accordance with Section 601 of the Local Government Act, if a property owner is eligible, the amount Council will defer will be the difference between the Ordinary Rate payable on the property for the previous year with the allowable rate percentage increase applied for the current year (i.e. the rate pegging increase allowable under section 506 of LGA) and the Ordinary Rate payable on the property in the rating year that General Revaluations are being used for the first time.

This is subject to one quarter of the amount of the increase being added to each instalment due in the following rating year. Interest is not charged on the deferred payment, unless it remains unpaid when the following rate instalment it was added to, becomes overdue.

The criteria used to determine eligibility is as follows:

- The property must be categorised residential or farmland for rating purposes
- The ratepayer must own the property and also occupy the property as their principal place of abode
- The ratepayer will suffer substantial financial hardship if required to pay rates and charges when they fall due. The ratepayer must complete the hardship application form providing details of their income and expenses, with supporting evidence as required
- This option is only available in the first year that new land values are used to levy rates

Writing Off of Accrued Interest (Section 564 & 567 LGA, 1993)

Accrued interest on overdue rates and charges may be written off where payment of the interest would cause the ratepayer financial hardship.

Ratepayers seeking to have interest on overdue rates and charges written off under hardship provisions must submit the hardship application form with supporting evidence and documentation. A request for further information or an interview with the applicant may be required to understand the issues causing hardship.

Write-offs will only be considered where a payment arrangement is entered and maintained via automated payment deduction (such as Centrepay / Direct Debit). Where a payment arrangement is broken without Council's acknowledgement, the interest exclusion will cease. A new application may be lodged and assessed accordingly however if granted it will not be retrospective.

Applicants under this provision should also be encouraged to seek the assistance of a Financial Counsellor.

Any other assistance requests would need to be assessed on an individual basis and brought before Council.

5 Exceptions

None

6 Legislation

Local Government Act 1993
Local Government (General) Regulation 2005

7 Related Documents

Application for Hardship Rate Relief

8 Directorate

Business Cultural & Financial Services