



RATES AND CHARGES HARDSHIP POLICY

Policy Number	C53
Adopted Council Meeting	26 February 2020
Next Review Date	November 2023

1. POLICY OBJECTIVE

The *Rates and Charges Hardship Policy* (the Policy) provides financial relief to individual rate and special charge scheme payers who are suffering from financial hardship and need assistance.

2. POLICY SCOPE

The Policy provides specific guidelines for rates and charges deferment and waiver requests made pursuant to Sections 170, 171 and 171A of the Local Government Act 1989. Its purpose is to provide financial relief to ratepayers who can demonstrate that they are suffering severe financial hardship.

3. POLICY GUIDELINES

Whilst Council must consider its overall revenue requirements from a strategic perspective taking into account the needs of the community as a whole, it is important that Council has a further mechanism to consider the needs of individuals who are suffering financial hardship. The purpose of this Rates and Charges Hardship Policy is to provide Council with a policy framework to provide rate relief to individuals who need assistance.

Under the Local Government Act 1989, Council may defer a whole or part of any rate or charge or interest if a person is suffering financial hardship.

The Act goes on to say Council may waive, in whole or part, any payment due on the grounds of hardship.

The difference between a deferral and a waiver is that a deferral suspends payment for a period of time whereas a waiver permanently exempts payment of the fee or charge under discussion. South Gippsland Shire Council will not waive rates, municipal charges or service charges, but will consider applications to waive or inhibit interest and or legal charges

4. RISK ASSESSMENT

1. Inconsistent and non transparent decisions made outside of a determined framework.
2. Non compliance with legislation and poor governance practices.



5. IMPLEMENTATION STATEMENT

1. Principal Place of Residence only
2. Deferring/ Inhibiting Rates and Charges

Ratepayers may have rates and charges, or part thereof, deferred although rates and charges will continue to be levied subject to compliance with the following conditions:

1. The ratepayer is able to evidence severe financial hardship as certified by an assessment carried out by a qualified financial counsellor; and
2. An application is submitted to Council by the ratepayer's financial counsellor providing evidence of such circumstances referred to in 1 above.

The application must address the following matters:

1. Confirm the applicant is eligible to make application to defer rates and charges;
2. Validate whether the applicant is suffering short term hardship, that is, hardship likely to be for a period of less than 12 months; or
3. Whether the applicant is suffering chronic hardship, that is, financial hardship for an indefinite period; and
4. Recommend a repayment schedule and / or interest waiver/inhibit;
5. Rate deferral agreements will be for a maximum of two financial years, at the end of the term the applicant will need to reapply to council for an extension.

In all applications for rate deferrals, the applicant will be encouraged to continue to pay the portion of rates that is affordable given their individual circumstances. This will be mutually agreed on a case by case basis.

Interest on deferred rates will be levied at the penalty interest rate unless an interest waiver/inhibit is granted.

As any unpaid rates will ultimately be a charge on the property, no interest deferral will be greater than 12 months.

6. WAIVING RATES AND CHARGES

Council will not waive rates, municipal charges or service charges as the value of each property provides the owner with a potential source of funds if liquidated. It is considered inequitable for the majority of ratepayers to subsidise the property assets of hardship applicants. A more equitable solution for the community is to defer payment of rates and charges.



7. WAIVING/ INHIBITING INTEREST AND LEGAL COSTS

Interest and legal cost waivers fall under two categories which are:

1. Administrative waivers
2. Waiver/Inhibit on current rate accounts

Council staff listed below are authorised to inhibit /waiver interest for a period of up to 12 months, must include an agreed payment arrangement. Application must be in writing on approved Council Short Term Hardship Form.

Longer terms require a Hardship Application from a financial Counsellor.

The Senior Revenue Officer, Rates Officers, Finance Manager, Director Corporate and Community Services and the Chief Executive Officer shall have discretionary power to waive/inhibit interest and / or legal costs for Administrative Reason / Error.

The financial limits being:

	Interest	Legal Costs
Rate Officers	\$250	\$0
Senior Revenue Officer	\$500	\$1,000
Finance Manager	\$750	\$5,000
Corporate and Community Services Director	\$1,000	\$10,000
Chief Executive Officer	>\$1,000	>\$10,000

Requests for interest rate waivers/ inhibits on compassionate grounds will be considered under the parameters of Sections 1 and 2 above 'Deferring Rates and Charges'.

8. CONSIDERATION OF APPLICATIONS FOR DEFERRALS AND OR WAIVER/INHIBIT OF INTEREST AND LEGAL COSTS

The Senior Revenue Officer will prepare a report for the Finance Manager on each application over \$500 for deferring rates and / or waiving/inhibiting Interest and / or waiving legal costs (administrative waivers excepted).

The report will take into consideration the following factors and make recommendations to the Finance Manager:

- a. Eligibility of the applicant;
- b. Whether a dwelling on the property is a principal place of residence;
- c. Whether the applicant is suffering short term hardship, that is, hardship is likely to be a period of less than 12 months; or
- d. Whether the applicant is suffering chronic hardship, that is, financial hardship for an indefinite period; and
- e. A recommended repayment schedule and / or interest waiver/inhibit.

A Rates Officer will advise the applicant of the decision.



9. RATE DEFERRAL AGREEMENTS (CHANGE OF OWNERSHIP)

Where a property ownership changes on any assessment with a rate deferral agreement in place, all rates and charges must be fully paid at the time of this change. Rate deferral agreements are not transferable.

10. RATE PAYMENT ARRANGEMENTS

Any ratepayer who does not qualify for either a rate deferral and / or interest waiver arrangement may still apply to pay outstanding rates by way of a payment arrangement. This is detailed in Council's *Debt Recovery on Unpaid Rates and Charges Policy* (C15). Payment arrangements will attract penalty interest rates on outstanding balances but allow ratepayers the required time to make payments without any legal action being taken by Council to recover rates and charges.

Any information provided in accordance with this Policy will be treated as strictly confidential.

POLICY OWNERSHIP			
<i>Directorate</i>	<i>Corporate & Community Services – Finance Department</i>		
SUPPORTING INFORMATION			
<i>Legislative Provisions</i>	Local Government Act 1989 - Sections 170, 171 and 171A		
<i>Council Supporting Documents</i>	Debt Recovery on Unpaid Rates and Charges Policy (C15)		
<i>File Location</i>	D2625819		
DEFINITIONS			
<i>Deferment</i>	A “deferment” of payment can be provided in whole or in part and be for a specified period and subject to any conditions determined by Council. When rates are deferred, payment is not required until the Council sends the person a request requiring payment.		
<i>Waiver</i>	A “waiver” removes the liability to pay and may be offered to include the whole or part of any interest charge incurred.		
<i>Inhibit</i>	An “inhibit” removes the liability to be charged interest and may be offered to include a period of time to ease financial hardship.		
REVISION HISTORY			
<i>Version</i>	<i>Approved</i>	<i>Approval Date Range</i>	<i>Sections Modified</i>
1.0	Ordinary Council Meeting	22 May 2013	
2.0	Ordinary Council Meeting	26 May 2016	Revised
2.1	Ordinary Council Meeting	26 February 2020	Revised