

Name of Policy: Hardship Assistance

Policy Code: PL-FIN-009

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SC

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Responsible Division: Corporate & Community Services

Responsible Section: Finance

Related Council Documents: Policy (PL-FIN-002) - Pensioner
Rate Rebates - Extension of
Procedure (PR-FIN-006) - Debt
Recovery

Relevant Legislation : Local Government Act 1993
Local Government General
Regulations (2005)

Objective:

1. To provide assistance to ratepayers suffering substantial financial difficulties with the payment of rates and charges.
2. To provide an administrative process to determine applications for financial assistance.

Legislative Options/Hardship Provisions:

The Local Government Act 1993 provides Council with the following options to assist ratepayers with financial hardship:

1. Arrangements (Section 564)

The Local Government Act 1993 permits Council to accept payment of rates and charges by a person in accordance with an agreement made with that person.

Council's Debt Recovery Procedure includes the following:

“Arrangements to Pay Overdue Amounts:

- 1. Ratepayers or debtors experiencing difficulties in paying overdue amounts are encouraged to enter into an arrangement with Council.*
- 2. Council will not enter into an arrangement involving an extension of time greater than three (3) months without a substantial payment being received.*
- 3. Council will consider any reasonable offer to finalise overdue amounts within a twelve month period. Arrangements must include weekly, fortnightly or monthly payments.*
- 4. Council may consider longer term arrangements if in its opinion the ratepayers or debtors financial circumstances warrant such arrangement. Any longer term arrangement will include regular reviews of the ratepayers or debtors financial circumstances.*
- 5. An arrangement is considered terminated if payments are not maintained.*
- 6. Interest charges in accordance with the Local Government Act will be charged on all overdue rate assessments.”*

The above arrangements are available in accordance with Council's Debt Recovery Procedures however the Local Government Act 1993 (Section 564) is very open, and as such Council could consider enhancing arrangements for ratepayers suffering from extreme financial hardship.

These enhanced arrangements could include but are not limited to:

- Writing off or reducing accrued interest if the ratepayer complies with the arrangement.
- Defer the payment of outstanding rates, charges or property related debt for extended periods of time.
- Defer payment of all or part of outstanding rates, charges or property related debts until the property is sold or to be paid out of a ratepayer's estate.

2. Writing Off of Accrued Interest (Section 567 (c))

The council may write off accrued interest on rates and charges payable if in its opinion payment of the accrued interest would cause the person hardship.

3. Extension of Concession to Avoid Hardship (Section 577)

Council currently has an existing policy regarding the extension of the Pensioner Rate Rebate (concession) and it is not proposed to alter such policy.

4. Abandonment of Rates and Charges – Pensioners (Section 582)

Council may waive or reduce rates, charges and interest due by any person prescribed by the regulations who is in receipt of pension, allowance under the Social Security Act.

5. Hardship Resulting from Certain Valuation Changes (Section 601)

Every three years the Department of Lands will provide Council with a general revaluation of all properties for rating purposes.

General revaluations usually include large swings in value from one property to another. In this Council area it is not uncommon for properties with significant water views to increase in value at a substantially greater rate than properties without water views.

This resulting disparity in the increase in property values can have a dramatic impact on the level of rates payable by ratepayers.

The Local Government Act provides council's with the ability to provide assistance to ratepayers in such circumstances.

Section 601 provides:

- (1) A ratepayer who, as a consequence of the making and levying of a rate on a valuation having a later base date than any valuation previously used by a council for the making and levying of a rate, suffers substantial hardship, may apply to the council for relief under this section.

- (2) The council has **discretion** to waive, reduce or defer the payment of the whole or any part of the increase in the amount of the rate payable by the ratepayer in such circumstances, for such period and subject to such conditions as it thinks fit.
- (3) An applicant who is dissatisfied with a council's decision under this section may request the council to review its decision and the council, at its discretion, may do so.

Impact of Options Available to Council

It is not possible to determine the number of applications for financial assistance that Council would receive in any given year.

Any option provided in Council's Hardship Policy that involves the writing off of interest or rates will have a direct impact on Council's revenue.

Any option included in Council's Hardship Policy that involves the deferral of amounts payable will not (unless there are large volumes of applications) have a direct financial impact on Council or adversely affect Council's outstanding balance ratio.

Hardship Policy

Part 1 – Hardship Committee

All applications for hardship will be reviewed by a hardship committee. The hardship committee will comprise Council's Director Corporate & Community Services, Revenue Accountant, Senior Revenue Co-Ordinator and the Recovery Officer.

Applicants dissatisfied with the decision of the Committee may request a review by Council's General Manager.

Part 2 – Deferral of Rates

Council will permit the deferral of payment of part of the ordinary rates levied on the following basis:

- Ordinary rates in excess of the average rate for the category or sub category may be deferred.
- Vacant land zoned rural 1a and rated within the farmland category are to be excluded from the calculation of the average ordinary farmland rate.
- Service charges such as Domestic Waste cannot be deferred.
- All payments received will be allocated in accordance with the provisions of the Local Government Act.

- Interest charges will continue to accrue on ordinary rates deferred.
- All amounts deferred must be paid on either the sale or transfer of the property or from the estate of the ratepayer.

Eligibility Criteria

1. Available to ratepayers of land categorised for rating purposes within the residential category or the farmland category.
2. Ratepayers applying to defer rates must be of an age to qualify for the age pension.
3. The property subject to the deferral must be the sole or principal place of abode of the ratepayer.
4. Ratepayers will be required to submit an application form each year.
5. The ratepayer will be required to submit details of income, expenses and assets.
6. The applicant must have been a ratepayer for a minimum of five years.

Part 3 – Increase in Rates Due To Valuation Increases

Any ratepayer satisfying the eligibility criteria set out below may apply to Council for assistance in payment of the current rates.

Council will provide assistance in the form of an extended arrangement for the payment of rates and charges and provided payments are maintained in accordance with such arrangement Council will waive/write off interest charges in respect to such rates.

Eligibility Criteria

- The rated property must be the sole or principal place of abode of the ratepayer.
- The percentage change in valuation for the property must be ten percent (10%) greater than the average percentage change for properties subject to that rate. (Example: Average increase in valuation for properties subject to the Residential Pacific Palms Rate is 15% the increase on a single property will need to be 25% to be eligible.)

Part 4 – Arrangements

Whilst Council's Debt Recovery Procedure includes various options in regard to arrangements, ratepayers may apply for further assistance in respect to rates levied on their principal place of abode.

Ratepayers suffering from Financial Hardship may apply to Council to have interest charges written off if they maintain payments in accordance with such arrangement.

Council will only write off interest charges raised from the date of the arrangement. Interest charges previously raised will not be written off and must be paid in accordance with the arrangement.

Ratepayers seeking such assistance will be required to complete the appropriate application form and supply information as requested. All applications will be considered by Council's Hardship Committee on a case by case basis.