



Rural City of
Wangaratta

FINANCIAL HARDSHIP POLICY - RATES

Responsible Officer: Manager Finance	Adoption Date:	September 2019
	Approved By:	CEO
Authorising Officer: Director Corporate Services	Review Date:	September 2023
	Policy Type	Corporate Policy

INTRODUCTION

Council recognises there are cases of genuine financial hardship requiring respect and compassion in special circumstances.

This policy establishes the guidelines for the assessment of hardship applications based on the principles of fairness, integrity, confidentiality and compliance with statutory requirements.

It will provide:

- assistance to ratepayers suffering financial hardship;
- a framework for decisions to be made in accordance with Sections 171A and 172 of the Local Government Act (the “Act”) 1989, specifically the waiver on interest charges for late payment; and
- clearly defined options for ratepayers and Council officers when applying deferment or the waiver of rates and/or charges.

CONTEXT

The Act (Section 170) provides Council with the discretionary power to defer in whole or in part any rate or charge.

The Act (Section 171) also provides Council with the discretionary power to waive the whole or part of any rate or charge or interest

SCOPE

This policy applies to all assessments within the Rural City of Wangaratta.

However, long-term financial hardship assistance applies only to owner-occupied assessments within the Rural City of Wangaratta.

PURPOSE

The purpose of this policy is to ensure Council's debt collection practices are sensitive and responsive to financial hardship issues.

The policy also outlines the requirements for ratepayers to lodge an application for financial hardship.

POLICY

DEFINITIONS

“Act” means Local Government Act 1989

For the purposes of this policy **“financial hardship”** means a situation where a ratepayer is unable, reasonably, because of prolonged illness or unemployment, or other reasonable cause, to discharge their financial obligations to the Council and the ratepayer reasonably expects to be able to discharge those obligations if payment arrangements were changed.

A **“deferral”** 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 notice requiring payment.

A **“waiver”** removes the liability to pay and may be offered to include the whole or part of any interest or where applicable, part of rates and charges.

Council will generally not waive rates. This is to ensure that financial hardship assistance proffered to one ratepayer does not have a ‘re-distributional’ effect on the rate base.

“Owner-occupied” means the property that an application is received for is the applicant's principal place of residence. For the purpose of this policy the service address on the rate notice will be considered as the applicant's principal place of residence. **“Interest”** as referred to and defined in the Act (s.172)

COMMITMENT

Council recognises that ratepayers may, at times, experience difficulty in paying their accounts and therefore is committed to providing mechanisms to support and guide those ratepayers in satisfying their obligations.

1. Short-Term Financial Hardship (no more than one year)

All ratepayers may apply to the Property & Revenue Coordinator/Officer to enter into alternative repayment arrangements, subject to compliance with the following conditions:

- The application may be made in writing or verbally; o Verbal arrangements will be recorded in Council's corporate software system.
- Proposed payments must be regular (weekly or fortnightly only);
- The maximum life of the arrangement should be until the end of the current calendar or financial year (to be assessed on a case-by-case basis);

- Interest will continue to be imposed.

A response to the application will be provided no later than 10 working days after the receipt of application.

If the alternative repayment arrangement is approved the following will occur:

- (a) the property will be flagged as a short-term financial hardship property;
- (b) rates and interest will still accrue; and
- (c) no debt recovery action will be taken while the terms for payment are met.

If an application for assistance is approved, the Property & Revenue Coordinator/Officer will implement and monitor the agreed plan for alternative payment.

Approved applications will be reviewed by the Property & Revenue Coordinator/Officer biannually (twice per year).

Any default in arrangement may end the arrangement and may result in the commencement of debt recovery procedures, including legal proceedings

If an application for relief is refused, the applicant may seek a review of the decision by the Manager – Finance.

2. Long-Term Financial Hardship

Ratepayers may apply to the Manager – Finance to have rates, interest and charges deferred, in whole or part, subject to the following conditions:

- (a) the application must be supported by a report from an appropriately qualified social worker or financial counsellor verifying that financial hardship conditions exist;
- (b) the ratepayer must enter into an alternative arrangement with Council to pay the debt and meet the terms of such an arrangement; and
- (c) if interest has been waived and the ratepayer defaults on the agreed terms for repayment, the interest waiver may be withdrawn and interest will then accrue under normal payment arrangements.

Council acknowledges that special circumstances may exist where an applicant does not meet the council's specified requirements for assistance. Where special circumstances exist, the application is still able to be approved at the discretion of the council officer with the relevant delegation.

A response to the application will be provided no later than 10 working days after the receipt of application.

If deferment is approved the following will occur:

- (a) the property will be flagged as a long-term financial hardship property; (b) rates and interest will still accrue (although interest may be waived); and
- (c) no debt recovery action will be taken while the terms for payment are met.

Approved applications will be reviewed by the Property & Revenue Coordinator annually.

Deferment will be withdrawn if:

- (a) the ratepayer advises financial hardship no longer exists; or
- (b) the ratepayer ceases to own or occupy the property; or
- (c) the ratepayer has defaulted in meeting the agreed terms for payment of the debt; or
- (d) the ratepayer has provided false or misleading information in support of the application for relief.

At the discretion of the Manager – Finance, deferment may be withdrawn or renegotiated if the amount of deferred rates, charges, and interest exceeds 15% of the Capital Improved Value of the property at any stage.

If an application for relief is refused, the applicant may seek a review of the decision by the Director – Corporate Services.

If an application for relief is approved, the Property & Revenue Coordinator will implement and monitor the agreed plan for alternative payment.

RESPONSIBILITIES

1. **Short-Term Financial Hardship (no more than one year)** • Applications received/responded to: **Property & Revenue Coordinator/Officer**
 - Appeals referred to: **Manager – Finance**
 - Database maintenance: **Property & Revenue Coordinator/Officer**
2. **Long-Term Financial Hardship**
 - Applications received/responded to: **Manager – Finance**
 - Appeals referred to: **Director – Corporate Services**
 - Database maintenance: **Property & Revenue Coordinator**

REPORTING

A quarterly report will be prepared for the Corporate Management Team detailing all outstanding rates income. The report will include details of any current short-term or long-term financial hardship arrangements.

OTHER INTEGRATION ARRANGEMENTS

Questions to be answered/addressed within Long-Term Financial Hardship assistance application from ratepayer and/or appropriately qualified social worker/financial counsellor;

- Is this house where you live?
- Do you run a business from home?

- What is your situation, why are you unable to pay?
- Are you on any benefits? If “YES”, which one/s?
 - How long have you been receiving the benefits?
- Are there any other adults in the household?
 - How do they support themselves?
- Can you make regular smaller payments? If “YES”, how much could be paid per week?
- Provide a financial statement that outlines your income and expenses.
- Provide proof of income (pay slip, Centrelink/Government agency evidence, most recent tax return, etc.).

If the applicant’s service address does not match their property address, but they still declare it is their principal place of residence, they will need to complete an authorisation form to allow council staff to confirm their details online with the Victorian Electoral Commission. Details required;

- Given Names
- Family Name
- Birth Date
- Suburb or Locality
- Street

REFERENCES

Local Government Act 1989 (Sections 170-172)

CEO to Staff Sub-delegations, as updated from time to time

REVIEW

Any change or update which materially impacts and alters this policy must be by Council approval following review by the CEO. This policy will be reviewed every four years, or earlier if there has been a material change to any relevant laws.