

Council Policy

Council policy title:	Rates Financial Hardship Policy 2021
Council policy sponsor:	Director Corporate Services
Adopted by:	Bayside City Council
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Document Reference:	[insert TRIM Document reference]

1. Policy intent

Rates and Charges levied under the Local Government Act 1989 (the Act) represents over 70% of Council's annual income.

Bayside City Council recognises that some ratepayers may face financial hardship and require assistance from Council in meeting their rates obligations.

Sections 170,171 and 171A of the Act give Council the power to defer and or waive rates and charges if Council determines the enforcement of the requirement to pay would cause hardship to a ratepayer.

The policy defines hardship and provides the framework and guidelines to Council (in accordance with the ACT) for the deferral or waiver of all or part of the levied rates and charges.

This policy should be read in conjunction with the COVID-19 Financial Hardship Policy Addendum (Section 10).

The key intent of this policy is to:

- Provide assistance to ratepayers experiencing financial hardship
- Provide a mechanism that enables ratepayers to feel comfortable approaching Council regarding outstanding rates.
- To provide ratepayers with assurance they will be treated in a consistent, equitable and confidential manner .
- Encourage people experiencing financial hardship, to access earlier, legal, and financial counselling support services.
- To ensure the policy is fair for all ratepayers

2. Policy purpose

The purpose of this Policy is to enable a person or business liable for rates and other charges and experiencing “hardship”, to make application to Council for assistance relating to any unpaid rates or charges levied on a property under the **Local Government Act 1989** (The Act).

3. Financial Hardship

Financial hardship occurs when a person or business is reasonably unable, because of illness, unemployment, or other reasonable cause, to discharge their financial obligations.

Financial hardship is an inability of the person or business to meet their financial obligations, rather than an unwillingness to do so.

Financial hardship can arise from

- Loss of employment of the property owner or family member.
- Family breakdown
- Economic abuse through family violence
- Illness, including physical incapacity, hospitalization, or mental illness of the property owner or a family member.
- A death in the family
- Other factors resulting in unforeseen change in the person or business’s capacity to meet their payment obligations, whether through a reduction in income or through an increase in non-discretionary expenditure.

4. Application

A person or business can apply to access the financial hardship provisions of this policy by sending a completed application form (Attachment A) and other information referred to in 6.3.1 by email to Hardship@bayside.vic.gov.au, including the details of the circumstances preventing that person or business from meeting their financial obligations to Council.

The application form referred to above is not required where a ratepayer is seeking either a deferral of rates or a payment plan of less than three months. A verbal application will be accepted.

5. Assessment

The application for financial hardship will be assessed confidentially and objectively based on the information provided in the application and Council will advise of its decision in writing within 14 days of receiving the application and all supporting information.

6. Policy Framework

The policy framework is founded on the legislative provisions contained in the Act. These provisions enable a person or business experiencing financial hardship to seek assistance for the payment of rates and other charges and enables Council to respond to requests for assistance.

6.1 Legislative Provisions Framework – Rates and Charges

The payment and collection of rates is subject to provisions Sections 170, 171 & 171A of the Act. These provisions give Council the power to defer and or waive in whole or part the payment of rates and charges if Council determines that enforcement of the requirement to pay would cause hardship to the ratepayer.

The difference between a deferral and a waiver is that:

- Deferral suspends the payment of the fee or charge for a period.
- Waiver permanently exempts payment of the fee or charge.

A person or business may apply for the following, pursuant to s170 and s171A of the Act:

- Deferral of rates and charges.
- Waiver of interest and legal charges incurred to date.
- Waiver of rates and charges.

6.2 Payment Arrangements

If a person or business fails to pay their rates in accordance with Council's due dates, a payment arrangement can be entered into at any time but will be subject to the following conditions:

- Payment arrangements will be set with a known end date that clears the debt within an agreed timeframe preferably within 12 months of the due date.
- Payment arrangement will continue to accrue interest on overdue amounts at the statutory rate.
- Any default from the payment arrangement may result in legal action to recover the debt.

Council will be flexible regarding the type of arrangement entered, to best suit the person or business owner's circumstance.

If the person or business owner is unable to enter into an agreement or continue to make payments in accordance with the agreement in place their application should be assessed under the financial hardship provisions in this policy.

Centrepay

Council also enables payment arrangements for Centrelink clients via Centrepay, a service provided by Centrelink to facilitate automatic deduction of bills and charges from their Centrelink payments. Anyone on Centrelink can apply to have a designated amount of their Centrelink payment directed to Council.

6.3 Deferment (Section 170)

6.3.1 Deferring Rates and Charges and Interest – Residential Properties

Residential 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 property is the ratepayer's principal place of residence.
2. The ratepayer is either a pensioner who is eligible to claim a pensioner rate rebate, or is unemployed
3. The ratepayer provides evidence of financial hardship as certified by an assessment carried out by an independent financial counsellor; or
4. Provides documentation such as a statutory declaration from a person familiar with the property owners circumstances i.e. family doctor and
5. An application form (Appendix A) is completed and submitted to Council by the ratepayer or the ratepayer's representative along with evidence of such circumstances referred to in 1 to 3 above.

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.

In the case of a deferral, if approved, the balance of rates owing will be deferred for a maximum period of 12 months at which time a review will be carried out with the ratepayer to determine the ratepayer's circumstances.

If the review shows no improvement, payment of the following years rates may also be deferred. Where Council agrees to a long term deferral agreement the deferred rates will incur interest charges at the penalty rate.

Rates and if applicable interest charges and legal costs will be payable in full upon the following:

- The ratepayer becoming deceased.
- The property being sold or transferred; or
- A material change to the ratepayer's circumstances which indicates a capacity to pay.

6.3.2 Deferring Rates and Charges and Interest – Non-Residential Properties

Each application from non-residential ratepayers will be considered on an individual basis with Council taking the following into account

1. Independent evidence from the applicant that financial hardship is being experienced, such as a letter from the applicant's accountant, auditor, or bank manager
2. A written commitment from the applicant to an agreed timeframe in which deferred rates will be paid.

It is acknowledged that industrial/commercial businesses may have tenants who are indirectly paying Council rates. Council will consider applications from landlords on behalf of tenants. The same approval criteria will apply.

As any unpaid rates will ultimately be a charge on the property, no rate deferral agreement will be entered into without the express consent of the property owner.

In the case of a deferral, if approved, the balance of rates owing will be deferred for a maximum period of 12 months at which time a review will be carried out with the ratepayer to determine the ratepayer's circumstances.

Non-residential applicants will have a maximum of three financial years in which to fully repay rates deferred. Rates which accrue during the interim period must also be paid by the extended payment date.

6.3.3 Interest – Penalty Interest (Section 172)

Interest on outstanding rates will be levied at the penalty interest rate unless a deferment is approved.

Section 172 of the Act permits Council to require a person or business to pay interest on any amount of rates and charges which a person or business is liable to pay. The interest rate is fixed under section 2 of the Penalty Interest Rates Act 1983.

Council recognises that setting an interest rate which is consistent with the Penalty Interest Act 1983 could have a negative effect on the finances of a person or business suffering financial hardship, which prolongs their hardship.

As such, where Council has agreed to a 12-month deferral of rates and charges due to financial hardship a reduced interest rate of zero will be applied on the deferred amounts.

Where Council has agreed to a long-term deferral of rates and charges due to financial hardship and expects to recover the rates and charges on transfer of ownership an interest rate equivalent to the statutory rate will be applied on the deferred amounts.

6.4 Waiver (Sections 171 & 171(A))

A waiver application, together with supporting evidence, must be submitted to (and approved by the Manager of Finance) before being submitted to the Director of Corporate Services.

6.4.1 Waiving Rates

Section 171 of the Act allows Council to waive the whole or part of any Rates or Interest in relation to an eligible recipient or any other class of persons as determined by Council.

A person or business who is suffering Financial Hardship or would suffer financial hardship if that person or business paid the full amount of the Rates for which he or she is liable, may apply to Council for a waiver of the whole or part of any Rates.

It is considered inequitable for the majority of ratepayers to subsidise the property assets of hardship applicants where rates are waived which would otherwise be charged against property assets, and recognises the deferral of rates and charges as a more equitable outcome for the entire community

Except for the most exceptional circumstances, Council will not waive any Rates but rather will encourage the person or business to enter into a Payment Arrangement under Section 6.2 of this Policy, or where the person meets the criteria for Deferment of Rates under

section 6.3, to defer the Rates. Consideration of a waiver under this section will only be considered after an initial deferment of rates has been granted.

Where it is thought that exceptional circumstances exist such that waiver of the Rates is appropriate, the applicant must complete the application for assistance due to financial hardship.

6.4.2 Waiving Interest and Legal Costs

Interest and legal cost waivers fall under three categories:

1. Administrative waivers
2. Waiver on compassionate grounds
3. Waiver due to financial hardship.

Administrative Waivers

A person or business may have interest and or legal costs waived in the event of an administrative issue, error or omissions which caused or significantly contributed to the failure to pay rates in a timely manner.

Waiver on Compassionate Grounds.

A person or business may have interest and or legal costs waived where they have demonstrated compassionate grounds for a payment being late.

Waiver due to financial hardship.

A person or business may have interest and or legal costs waived due to financial hardship. The same criteria as applies to rate deferrals (refer to Section 6.3.1) will be applied in assessing eligibility.

6.5 Assistance Charter

In accordance with Council's Customer Experience Policy, Council Staff will be

- Easy to deal with – our services are easily accessed and simple resulting in a seamless customer experience
- Empathetic – we listen to our customers, are willing to assist and use language our customers understand
- Effective – our staff are skilled in the delivery of customer service and manage interactions in a timely manner
- Trusted – we are willing to offer a solution with the customers best interest at heart and maintain their confidentiality

The Policy enables ratepayers to:

- Approach Council in a non-threatening environment when in circumstances of financial hardship.

- Be assisted in entering into a payment arrangement or completing an application for deferment of rates and or waiver of interest and other charges.
- Be assisted in accessing financial counselling services or other Council services.

6.6 Staff Training

Council will consider specific staff training to increase awareness of hardship issues and internal capabilities to ensure Council's hardship policy is effectively implemented. Training will be provided to staff and Council's contracted debt collection agency where necessary on the effective application of this policy including

- Understanding hardship
- Effects of hardship on customer behaviour
- Respectful communications
- Assistance available to ratepayers in hardship

6.7 Communications

In accordance with the public transparency principles of the Local Government Act 2020, Council will ensure that its Financial Hardship Policy will be publicly available, easily understood and accessible to members of our community. We will achieve this by

- Ensuring this policy is easily accessible on our website
- Hard copies available at our Corporate Centre and Council's Libraries
- Providing easy to understand information on the annual rates notices regarding payment options, payment assistance, and the deferment and waiver of rates and charges
- Provide the contact details of Financial Counselling Services on our website

6.8 Financial Counselling Services

Financial counselling is a free and confidential service offered by community organisations, community legal centres and some government agencies.

National Debt Helpline is a not for profit Government Service providing confidential financial counselling for Victorian experiencing hardship. You can contact the National Debt helpline to request a referral to see a financial councillor at your local financial counselling service.

1800 007 007 - National Debt Helpline

<https://ndh.org.au>

1800 413 828 - Small Business Support Line

The Port Phillip Community Group is part of the Bayside-Peninsula Financial Counselling Service and their financial counsellors work with people who are having trouble managing their debts.

1300 015 500

<https://www.ppcg.org.au/programs-and-services/financial-counselling/>
info-support@ppcg.org.au

7. Monitoring, evaluation & review

The Manager Finance will report on an annual basis the number of ratepayers and the amount outstanding at June each year categorised into

- Financial arrangements approved during the year and the balance outstanding at year end
- Deferrals approved during the year and the balance outstanding at year end
- Waivers approved during the year.

This policy will be reviewed every three years.

8. Roles & Responsibilities

The Manager Finance is responsible for the implementation and administration of this policy.

The Revenue Services Coordinator is authorised in accordance with their financial delegation to:

- Waive interest and or legal costs for administrative waivers where the interest has been incorrectly or unreasonably charged.
- Negotiate and approve payment arrangement with a person or business for overdue rates.
- Waive interest and legal costs where a person or business has entered into a payment arrangement with Council.

The Manager Finance is authorised in accordance with their financial delegation to:

- Approve an application for financial hardship and the deferment of rates and charges.
- Waive previously incurred interest and legal costs associated with an approved financial hardship application.

The Director of Corporate Services is authorised to:

- Waive rates and charges where exceptional circumstances have been established.

9. Related documents

Legislation	Local Government Act 1989
Policies	
Strategies/Plans	Revenue and Rating Plan 2021/22 to 2024/25
Procedures/Processes	Rates Debt Collection Procedure 2021
Other	

10. COVID-19 Financial Hardship Policy Addendum

Bayside Council is working to help ratepayers who are experiencing difficulties due to the Coronavirus /COVID-19 pandemic as it impacts lives and businesses. Council has introduced some exceptions to its financial hardship policy to support our community at this time.

This covers any remaining balance of rates for 2019/20 and any continuing difficulty in meeting the payment 2020/21 and 2021/22 rates.

The assistance will be by way of a rates payment deferral of the 2019/20, 2020/21, and 2021/22 rates up to 31 May 2022 without any penalty interest being charged.

The application process has been streamlined by suspending the requirements to complete the "Application for financial hardship of rates" form (Appendix A).

To qualify, ratepayers can simply declare how Covid-19 has impacted their ability to pay their rates and charges by either contacting the Revenue Services Department or completing the simplified on line form. <https://www.bayside.vic.gov.au/request-rates-payment-arrangement>

For ratepayers who have been affected by COVID-19, previously granted a deferral under this addendum, and their 2019/20 and or 2020/21 rates remain outstanding as at May 2021, Council will negotiate either a payment plan or the deferral of rates for a further 12 months to 31 May 2022 without any penalty interest or legal costs.

Note: Applications outside of the Covid-19 conditions outlined above will be considered within the parameters of the existing Financial Hardship Policy.

Appendix A – FINANCIAL HARDSHIP APPLICATION FORM (suspended FOR covid-19 applications)

Revenue Services Coordinator 14/8/2017
 BAYSIDE CITY COUNCIL LOCAL GOVERNMENT ACT 1989 SECTION 171 AND/OR 171A APPLICATION FOR FINANCIAL HARDSHIP OF RATES

Property Details	
Assessment Number	
Property Address	

Owner(s) Details			
Name		Date of Birth	
Contact phone number	(H)	(B)	(M)
Email			
Occupation			
Residential Address <i>(where you live)</i>			
Mailing Address <i>(If different to residential)</i>			
Dependants <i>(living with you)</i>	<input type="checkbox"/> Yes <i>(if yes provide number and age of dependants)</i>		<input type="checkbox"/> No
Status	<input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> De facto <input type="checkbox"/> Widow/Widower <i>If Married or De facto please complete the next item</i>		
Spouse /De facto	Name Address <i>If also listed on the ownership of the above named property, a declaration should also be submitted.</i>		
Pensioner	<input type="checkbox"/> Yes <i>(if yes how many years)</i>		<input type="checkbox"/> No
Reason for Hardship Application * Please attach any documents that may support your application? <i>(i.e. Medical Certificate)</i>			

Assets <i>(Provide dollar value and details)</i>		
Property <i>(this property)</i>	\$	
Investment property/land	\$	
Bank Deposits <i>(Total Value incl. Banks, Building Societies & Credit Unions)</i>	\$	
Shares <i>(Total Value)</i>	\$	
Other Investments	\$	
Motor Vehicle(s)	\$	

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Income (Total Income from all sources)	
From Salary (includes Workcover)	\$
From Pension (state the type of pension)	\$
From Property Asset (rent or board)	\$
From Bank Interest	\$
From other investments (includes share dividends)	\$
From Superannuation	\$
From other sources (Provide Details)	\$

Expenses (your monthly expenses)	
Mortgage payments	\$
House (i.e. Insurance, maintenance etc)	\$
Credit cards/store cards	\$
Council rates	\$
Water rates	\$
Utilities (i.e. Gas, electricity, telephone etc)	\$
Groceries (i.e. Petrol, insurance, registration etc)	\$
Health insurance	\$
Medical expenses (Doctor/Specialist/Pharmacy etc)	\$
Other (i.e. School fees, Personal loans, Leisure etc)	\$

Liabilities (Provide in dollar value what, if any, is owing on the following)	
Mortgage (on this property)	\$
Mortgage (Investment property/land)	\$
Credit/Store cards	\$
Personal Loans	\$
Other	\$

Declaration

I have owned the property since _____

I acknowledge that the information provided in support of my application is true and correct.

Owner's Signature _____ Date _____

Council collects your personal information for the purpose of providing you with services and for internal research purposes. If you do not provide your information to Council, we may be unable to provide these services. If you have any queries on privacy or wish to gain access to your information, please contact Council's privacy officer on 9599 4380 or at privacy@bayside.vic.gov.au

Completed applications can be e-mail to enquiries@bayside.vic.gov.au

