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**Policy:**

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**Rates and Charges**

**Financial Hardship  
Assistance**

**2019**

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## INFORMATION ABOUT THIS DOCUMENT

<b>Date Adopted by Council</b>	1 February 2017	<b>Resolution No.</b>	16-621
<b>Document Owner</b>	Director Corporate and Community Services		
<b>Document Development Officer</b>	Manager Finance/Revenue Coordinator		
<b>Review Timeframe</b>	4 Years		
<b>Last Review Date:</b>	23 January 2019	<b>Next Scheduled Review Date</b>	January 2023

### *Document History*

<b>Doc No.</b>	<b>Date Amended</b>	<b>Details/Comments eg Resolution No.</b>
#630123		Existing Policy – Rates and Charges Writing Off
#861882	02/07/09	Draft reported to Council. Resolution 09-608 – on public exhibition see Advert #870062
#885063	14/08/09	Policy adopted after exhibition period in accordance with Res 09-608 (no submissions received)
E2016/102054	15/12/16	Draft reported to Council. Resolution 16-621 – on public exhibition See Advert E2017/876
E2017/8216	06/02/17	Policy adopted after exhibition period in accordance with Res 16-621 (no submissions received)
E2019/6982	23/01/19	Reviewed for currency, endorsed by ET. Minor amendment to policy year

### *Further Document Information and Relationships*

<b>Related Legislation*</b>	Local Government Act 1993 (LGA) - Sections 564, 567 & 601
<b>Related Policies</b>	Debt Recovery - Policy No. 2.3 Rates and Charges Pensioner Concessions – Policy No. 09/005.
<b>Related Procedures/ Protocols, Statements, documents</b>	Rates and Charges Financial Hardship Assistance Application form #DM862141 (review) Rates and Charges Administrative Guidelines Management Procedure Council's annually adopted Revenue Policy Statement (IP&R documentation).

*Note: Any reference to Legislation will be updated in the Policy as required. See website <http://www.legislation.nsw.gov.au/> for current Acts, Regulations and Environmental Planning Instruments.*



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## 1. OBJECTIVES

To provide financial assistance to ratepayers who are experiencing genuine financial hardship with the payment of their rates and charges.

To provide a decision making framework for the consistent and equitable determination of financial hardship applications.

To satisfy the statutory requirements of the Local Government Act 1993 (LGA) and other relevant legislation in relation to the waiving or reduction of rates and charges due to financial hardship.

## 2. SCOPE

This policy applies to ratepayers that meet the eligibility criteria within this policy document.

## 3. DEFINITIONS

<b>Financial Hardship</b>	When a ratepayer is willing but unable to pay their rates and charges on time because of unexpected events (e.g. injury or medical condition, natural disasters, expenses not budgeted for) or unforeseen changes (e.g. unemployment or income variations, family separation) that impacts cash flow.
<b>Substantially Honoured Agreement</b>	Means within a 90% variation of the original agreement, unless the ratepayer contacts Council to renegotiate a variation to the agreement if they are unable to meet the original terms and conditions imposed, which is then approved by Council.

## 4. STATEMENT

Council acknowledges that ratepayers may experience genuine financial hardship from time to time and as a result, may need assistance to meet their rates and charges payment responsibilities.

This policy establishes the circumstances in which financial assistance will be provided and the various types of voluntary financial assistance Council will provide to ratepayers, pursuant to provisions within the LGA.

## 5. PAYMENT ARRANGEMENTS – Ratepayers ineligible for hardship assistance

### 5.1. Payment arrangement (Section 564 LGA)

Prior to a ratepayer formally applying for financial hardship relief as outlined within this policy, Council will offer ratepayers experiencing short term financial difficulties the option of a payment due date extension or a suitable regular periodical payment agreement in accordance with section 564(1) of the LGA and in accordance with Council's Rates and Charges Administrative Guidelines Management Procedure. Interest charges as adopted by Council from time to time will apply on overdue amounts.



## **6. FINANCIAL HARDSHIP ASSISTANCE**

### **6.1. Eligibility criteria**

In order for Council to determine eligibility for financial hardship assistance outlined within this policy, applicants are required to complete Council's Financial Hardship Application Form.

Council will assess eligibility based on the financial information provided within the form by the ratepayer. Council may request documented proof or further information from the ratepayer in order to make a determination. Supporting documentation confirming genuine financial hardship from a recognised financial counsellor or financial planner would be considered favourably.

The applicant must be the owner or part owner of the property and it must be their principal place of abode. The property must be categorised as residential or farmland for rating purposes.

### **6.2. Payment agreement – Financial hardship (Section 564 LGA)**

Council will negotiate a formal regular periodical payment agreement with a ratepayer qualifying for financial hardship assistance in accordance with section 564(1) of the LGA and Council's Rates and Charges Administrative Guidelines Management Procedure.

The agreement will require that rates and charges are paid as soon as possible whilst considering the applicant's current and estimated future repayment capabilities.

If the applicant does not comply with the agreement, the agreement may be cancelled and the full amount will become due and payable immediately and recoverable in accordance with Council's Debt Recovery policy.

### **6.3. Writing off interest charges (Section 567(c) and 564(2) LGA)**

Council will write off or reduce interest charges in accordance with Council's Rates and Charges Administrative Guidelines Management Procedure if the ratepayer substantially honours the payment agreement.

### **6.4. Deferral of the rate - New land valuations (Section 601 LGA)**

In accordance with Section 601 of the LGA, if a property owner is eligible, Council will defer payment of the whole of the increase of the ordinary rate due, to the following rating year.

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 amount, unless it remains unpaid when the following rate instalment to which it was added, becomes overdue.

The criteria used to determine eligibility is as follows:

- The application must be received no more than 60 days from the issue of the Rates and Charges Notice.
- The property must be categorised residential or farmland for rating purposes.



- The increase in land value must be greater than the residential shire wide average increase.
- The ratepayer must own the property and also occupy the property as their principal place of abode.
- The ratio of ordinary rates payable to gross household income must be greater than 5.0%.
- The ratepayer will suffer substantial financial hardship if required to pay rates and charges when they fall due.
- The ratepayer must provide details of their income and expenses, with supporting evidence as required by Council
- This option is only available in the first year that new land values are used to levy rates.

#### **6.5. Deferral of rates and charges against the estate (Section 564 and 582 LGA)**

This option is only available to aged pensioners and self-funded retirees that satisfy the eligibility criteria to defer payment of part or all of their rates and charges against their estate.

Interest charges for approved applicants will be charged at the maximum interest rate adopted by Council.

The criteria to be used to determine eligibility is as follows:

- The aged pensioner or self-funded retiree would suffer substantial financial hardship if required to pay rates and charges when they fall due.
- The applicant must provide details of their income and expenses, with supporting evidence as required by Council.
- The property must be categorised residential or farmland for rating purposes.
- The applicant must have owned the property for at least five years.
- The applicant must occupy the property as their principal place of abode
- The applicant must apply annually and their circumstances must remain unchanged from the previous year.
- If circumstances change and the applicant no longer qualifies, Council will negotiate a repayment plan for accrued arrears if the property remains in the same ownership.
- If the ownership of the property changes or if the property is subdivided, all rates and charges (including interest charges) will become due and payable immediately.
- Given legal debt recovery constraints set out in section 712 of the LGA, Council will require the ratepayer to commence making payments in the future so their total debt does not exceed nineteen years. Council may consider other legal avenues to secure the debt at this time (e.g. court judgement for the debt).
- All applications for this type of assistance must be approved by the elected Council.

## **7. SUSTAINABILITY**

### **7.1 Social**

This policy assists ratepayers that are in severe financial hardship.

### **7.2. Economic**

The financial assistance provided under this policy is negligible in regard to the impact to Council's budget.