

Financial Hardship Policy for Residential Property Owners (Municipal Rates & Charges)

Category	Ratepayers, Rates Staff, Debt Collection Agents
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Directorate responsible	Finance & Organisation Improvement
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Policy

This Policy provides guidelines in assessing applications for financial hardship consideration for the payment of municipal rates and charges. The Policy takes into account the principles of fairness, integrity, confidentiality and compliance with statutory requirements, whilst being empathetic in the process.

Objectives

1. To provide a framework for Council staff to manage applications for financial hardship consideration for residential property owners.
2. To provide assistance to a ratepayer deemed to be experiencing financial hardship.
3. To ensure the Policy is fair to all ratepayers.
4. To ensure Council's debt collection practices are sensitive and responsive to known instances of financial hardship.

The objectives will be achieved by:

- i. Early identification of financial hardship cases through a good communication strategy including proactive material on the City of Whittlesea website and rates notices.
- ii. Providing a simple application form that only collects necessary information required for assessment by a Council Officer.
- iii. Outlining the range of possible assistance available.
- iv. Ensuring the extent of assistance provided to a ratepayer matches their level of financial hardship.
- v. Encouraging ratepayers to utilise financial counselling, legal and other supporting services.
- vi. Ensuring the extent of assistance does not have a redistributive impact on other ratepayers.
- vii. Ensure any legal actions to recover debt from known instances of financial hardship are only commenced with the knowledge of the ratepayer.

Context/Rationale

Municipal rates constitute a large portion of Council's annual income. Municipal rates are raised in accordance with the *Local Government Act 1989* and every rateable property in the municipality receives an annual rate notice showing the amount payable and the options through which payments can be made.

Council is reliant on the timely collection of rates and charges to ensure adequate funding of the ongoing services and capital works projects it undertakes for the community; and to fulfil broader business management and corporate governance responsibilities.

Council strives to implement best practice for the collection of revenue by offering multiple payment options including flexible payment arrangements for ratepayers that may be experiencing hardship.

Council recognises that managing an instance of temporary financial hardship is a shared responsibility and that assistance may only be available if a ratepayer is willing to share their circumstances with Council.

Where financial hardship cannot be established, Council may avail itself of the collection options under Sections 180 and 181 of the Act, to recover overdue amounts. These recovery methods include legal action and in extreme circumstances, the sale of property.

Key linkages

- Local Government Act 1989
- Rating Strategy

1. Financial hardship criteria for applicants

The simplest description of financial hardship is ‘a ratepayer who wants to pay but cannot’. However, not all cases are alike. Financial hardship arises in an array of circumstances and may include, but is not limited to, the following situations:

- Unemployment
- Sickness or injury
- Family dissolution
- Low income

(a) Council may provide hardship assistance to residential property owners

Assistance can only be granted to individuals experiencing financial hardship for payment of rates on their principal place of residence. Applications for financial hardship consideration on investment, commercial or industrial properties will not be considered under this Policy.

Applications for properties that have a dual use such as residential as well as farming or commercial purpose will be assessed on a case-by-case basis.

If multiple rating assessments exist for the same property, financial hardship consideration will be limited to the single rates assessment relating to residential use.

(b) The majority of payment arrangements are not due to financial hardship

Council frequently enters into payment arrangements with ratepayers. This form of assistance is not categorised as ‘hardship assistance’. In these circumstances, Council will monitor progress towards clearing the debt within a specified time. If the debt is not cleared, further assistance may be considered.

(c) Unsustainable payment arrangements are accepted on a short term basis to allow a ratepayer some time to reorganise their finances.

Council accepts short-term payment arrangements with a small regular payment on the understanding that such payments will not pay the total debt in a timely manner. These cases are designed to afford a ratepayer the time to seek financial assistance or refinancing with a view to settling the entire debt at the end of the short term arrangement.

(d) When will Council consider an individual’s financial hardship?

Council may consider an individual’s financial hardship under this Policy upon receiving:

- A fully completed *Financial Hardship Consideration* application form and any documentation as the Council may request in support of the application; or

- A submission from financial counsellors authorised to represent their client. In doing so Council requires a financial counsellor to have obtained the necessary financial information from their client prior to making a submission on their client's behalf.

(e) *How long will Council assistance last?*

Any form of assistance provided under this Policy will be up to a maximum of 12 months.

A further application for financial hardship consideration may be submitted after this period.

2. Assessment of applications for financial hardship assistance

Council recognises that financial counselling is a specific discipline that should only be attempted by appropriately trained professionals. However, in many instances Council Officers are the first point of contact for a ratepayer experiencing financial hardship. In these instances, a Council Officer may offer to conduct a basic financial hardship assessment by firstly requesting the completion of the *Financial Hardship Consideration* application form, before considering any possible form of Council assistance under this Policy.

Lodgement of an application with Council does not automatically override or suspend the requirement to pay rates and charges or penalty interest charges.

(a) *Qualifying period*

A ratepayer who has verbally indicated they are in financial hardship will be granted a 14 day qualifying period in which to complete and return a *Financial Hardship Consideration* application form. An additional seven days will be granted to allow a ratepayer to obtain documentation that supports their application.

If no application is received within this timeframe, Council will deem the qualifying period to have lapsed. This allows Council to deem there is no financial hardship present.

(b) *Communicating a Council decision*

Council will advise of its decision in writing within 14 days of receiving an application for financial hardship consideration, subject to all relevant information being supplied.

(c) *Assessment*

Council assessment will be conducted and recorded on a *Financial Hardship Assessment* form.

Depending on the number and complexity of applications received, Council may utilise external organisations that employ qualified financial counsellors to

undertake financial hardship assessments. Ratepayers may also seek to speak to independent organisations if they do not agree with a Council assessment.

Applications will require the following information be disclosed for each property owner:

- Income from all sources
- Expenditures
- Assets
- Liabilities
- Family circumstances.

Some of the factors that will be considered in determining financial hardship are:

- The capacity to pay based upon declared income and expenditure
- The capacity to pay based upon other assets
- The capacity to borrow the funds required to pay the debt based upon the disclosed assets, liabilities and income.

(d) Review process

A ratepayer may request a review of a Council decision by outlining the grounds for the review. This must be in writing and addressed to the Chief Executive Officer.

(e) Multiple applications

Council may allow a ratepayer to submit up to three applications in each financial year. No further applications will be considered after the third application in a financial year.

If Council has dismissed an application for financial hardship consideration, a subsequent application will be assessed as a new submission that requires full disclosure of financial details on a new *Financial Hardship Consideration* application form.

3. Assistance provided by Council to ratepayers deemed to be in financial hardship

(a) *Payment arrangement*

A *payment arrangement* is a schedule of payments that is negotiated with Council to establish an agreed amount and a payment frequency. These arrangements are made with the following in mind:

- A ratepayer has demonstrated a genuine effort to meet obligations in the past
- A payment arrangement should be set with a known end date that clears the debt within an agreed timeframe
- Penalty interest will be charged on outstanding balances but a waiver of interest charges (partial or whole) may be offered as an incentive for earlier settlement of the debt
- A current phone number **must** be provided by the ratepayer to allow contact in the event of a default. Council may also communicate a default in writing with a request to rectify the default
- Repeated payment defaults may result in cancellation of the arrangement and initiation of recovery action for unpaid debt.

(b) *Waiver of penalty interest charges*

A request to waive penalty interest charges (partial or whole) will be confined to the three categories below.

Consideration for a waiver of penalty interest is conditional on each owner of their principle place of residence providing their financial information with any supporting documentation, as may be requested.

1. *Administrative Error* - an administrative error or omission caused or significantly contributed to the ratepayer's failure to pay rates in a timely manner.
2. *Compassionate Grounds* – a ratepayer can demonstrate compassionate grounds for their payment being late. In order to achieve consistency, compassionate grounds will be at the discretion of the Team Leader, Revenue Services but will entail:
 - i. **medical treatment** - if you need to pay for medical or dental treatment and/or transport to such treatments, for yourself or a dependant
 - ii. **mortgage assistance** - if you need to prevent your home from being sold by the lender that has the mortgage for it
 - iii. **modification to your home or motor vehicle** - if you need to modify your home or vehicle to accommodate your own needs, or the needs of a dependant, in the case of a disability
 - iv. **palliative care** - if you need to pay for palliative care for a person with a terminal medical condition, whether it is yourself or a dependant

- v. **funeral expenses for a dependant** - if you need to pay for expenses associated with a dependant's death, funeral or burial
 - vi. **Other grounds**
3. **Financial Hardship** – Ratepayers deemed by Council to be experiencing financial hardship may apply to have penalty interest charges waived, subject to the following conditions:

- i. **Pensioners and unemployed ratepayers** that have a current year balance outstanding only may be offered an interest-free payment arrangement by the Team Leader, Revenue Services for a period up to three months if the entire debt is cleared within that period.

The penalty interest charges will continue to accrue through the arrangement period and will only be waived after the payment arrangement has been met in its entirety as agreed with the ratepayer at the outset.

For the purpose of clarity in this Policy pensioners are those in possession of a **current pensioner concession card** as issued by Centrelink and the unemployed are those in possession of a **current health care card** as issued by Centrelink.

- ii. In the case of a family or individual that is not a pensioner or unemployed, the financial circumstances of the applicant will be considered on a case-by-case basis and at the discretion of the Team Leader, Revenue Services.

All penalty interest waivers will be granted on a 'one-off' basis.

Note: *Holders of a pensioner concession card may be eligible for an annual concession on their rates and charges by lodging an application with Council. Once approved, the eligibility is reviewed annually by verifying the pensioner concession card details with Centrelink. Council may provide a retrospective concession for the previous year if the applicant was eligible in that year.*

This concession on rates and charges does not extend to health care card holders.

(c) ***Deferral of rates and charges***

A deferral is a suspension of payment for a period of time. A deferral (partial or whole) may be for a defined period of up to three rating years **only** by way of Council resolution.

Consideration for a deferral will only occur when all financial information has been disclosed to Council by each property owner with any supporting documentation, as may be requested.

Penalty interest charges will accrue each rating year at the applicable interest rate consistent with the Penalty Interest Act 1983.

Where property ownership changes all overdue rates and charges must be paid in full at settlement date as a deferral is not transferable.

(d) *Waiver of rates*

Generally, Council will not waive rates and charges as doing so may cause a redistributive side-effect on the rating base.

Council will only consider the waiving of rates and charges (partial of whole) in exceptional circumstances and **only** by way of Council resolution. Any waiver is a one-off waiver in response to circumstances presented at the time.

Consideration for a waiver can only occur if all financial information has been disclosed to Council by each property owner with any supporting documentation, as may be requested.

Penalty interest charges will also be waived if Council has deemed it appropriate to waive rates and charges.

4. Early intervention strategies

(a) *Communication of the Policy*

Early intervention is critical to successful management of financial hardship cases. Although Council is highly reliant on ratepayers to apply for hardship consideration, Council will work with local community groups, welfare groups, financial and legal aid services, and publish information about the Policy on Council's website and provide Policy information along with other family services, such as home and community care and maternal and child health care.

(b) *Reasonable endeavours*

When a ratepayer does not meet their payment obligations Council will make reasonable endeavours to inform them of the overdue amount. This will include overdue/final notice warnings and phone calls and/or letters of default for those who may have negotiated payment arrangements.

(c) *Debt collection as a last resort*

Council will be mindful when proceeding with debt collection actions that it is appropriate to do so.

Legal actions **will not** proceed unless debt thresholds have been met, ie a sensible minimum level of debt before court costs are incurred. This may be the equivalent to the current year of rates or a set amount as determined necessary.

This measure will provide more time for hidden instances of financial hardship to emerge, whilst not disadvantaging the Council as penalty interest will continue to apply.

An accumulation of three or more years of rates and charges debt enables Council to initiate sale proceedings of the rateable property in accordance with s181 of the *Local Government Act 1989*.

5. Council Officer training

Council will continually reassess its training needs in applying this Policy. Training programs delivered by qualified trainers will be utilised to educate Council Officers in dealing with financial hardship cases.

Ongoing training will assist Officers to:

- Improve the detection of financial hardship cases when ratepayers may be uncomfortable in seeking assistance under this Policy
- Better understand the effects on ratepayer behaviour when hardship is present
- Respect the confidentiality of sensitive information that is disclosed by a ratepayer.

6. Availability of external resources

[Financial Counselling Australia](#)

The website provides letter templates, fact sheets, information on financial counselling services and a debt management self-help tool.

[Consumer Action Law Centre](#)

A not-for-profit provider of phone based financial counselling services. The financial counselling hotline can be reached on 1800 007 007. The free hotline is open from 9:30am to 4pm, Monday to Friday.

Council will maintain a close relationship with accredited financial counsellors within the municipality and endeavour to meet with them at least once per year to discuss the application of this Policy.

Interpreter Services

When you come to our offices advise our staff of the language you speak and ask for an interpreter. We will check if a bilingual staff member is available or telephone an interpreting service to help you communicate with us.

	Free Telephone Interpreter Service		Italiano	9679 9874	Türkçe	9679 9877	
عربي	9679 9871	Hrvatski	96799872	Македонски	9679 9875	Việt-ngữ	9679 9878
廣東話	9679 9857	Ελληνικά	9679 9873	普通话	9679 9876	Other	9679 9879