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Rates and Charges Hardship Policy

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Rates and Charges Hardship Policy

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1. PURPOSE

Whilst Council must consider its overall revenue requirements from a strategic perspective taking into account the needs of the community as a whole, it is important that Council have a further mechanism to consider the needs of individuals and businesses who are suffering financial hardship. The purpose of this Rates and Charges Hardship Policy is to provide Council with a policy framework to provide rate relief to individuals who need assistance.

Under the Local Government Act 1989, Council may waive a whole or part of any rate or charge or interest if a person is suffering financial hardship.

The Act goes on to say Council may defer, in whole or part, any payment due on the grounds of hardship.

The difference between a waiver and a deferral is that a deferral suspends payment for a period of time whereas a waiver permanently exempts payment of the fee or charge under discussion.

Applications for waiver and deferral will be individually assessed against the criteria stated in this policy.

This policy defines the process for considering applications for deferment or waiver of rates and charges.

2. BACKGROUND

Council has previously employed a Financial Hardship Policy although it was not formally adopted by Council. This Policy therefore forms the first formalised Hardship Policy of Council.

3. SCOPE

This policy will apply to all rateable assessments within the Mitchell Shire Council.

4. REFERENCES

- Adopted at the Ordinary Council Meeting on
- Local Government Act, 1989 (Sections 170 & 171)

5. DEFINITIONS

A “**deferment**” 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.

The “**market rate**” of interest, “Deferring Rates and Charges and Interest”, will be the official 180 day bank bill rate as at 1 July each year and will be the interest rate used to levy interest on properties with an approved deferral agreement for that particular year.

The “**penalty interest rate**” of interest, “Deferring Rates and Charges and Interest”, will be the rate fixed by the Attorney-General under the Penalty Interest Rates Act, 1983 and will be the interest rate used to levy interest on properties with an approved deferral agreement for that particular year.

6. COUNCIL POLICY

6.1 Deferring Rates and Charges and Interest - Residential Properties

Ratepayers may have rates, charges and interest, or part thereof, deferred although rates and charges will continue to be levied subject to compliance with the following conditions:

- a) The ratepayer is either a pensioner with Health Care Card; or
- b) The ratepayer is able to evidence financial hardship as certified by an assessment carried out by a financial counselor/advisor appointed by Council ; and
- c) An application is submitted to the Rates Coordinator by the ratepayer or the ratepayer’s representative providing evidence of such circumstances referred to in a) or b) 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.

Interest on deferred rates will be levied at the “market rate” rather than the “penalty interest rate”. This discounted interest rate will only apply to rates deferred through this hardship application.

Continuation of any deferral arrangement agreed by Council will be subject to an annual review to ensure that the sum of deferred rates or charges does not exceed 50% of the Capital Improved Value (CIV) of the property in question.

6.2 Deferring Rates – Industrial and Commercial Properties

This Policy makes provision for commercial and industrial ratepayers to make application for a rate deferral agreement. Each application will be considered on an individual basis with Council taking the following criteria into account in considering whether to accept the application:

- a) Evidence from the applicant that financial hardship is being experienced;
- b) A deferral of rates will assist in keeping employment in Mitchell Shire Council; and
- c) A commitment from the applicant to an agreed timeframe in which the deferred rates will be paid.

Rate deferral agreements will be for a maximum of two financial years, with applicants having a maximum of three further financial years in which to fully repay all rates deferred. Rates that accrue during this interim period must also be paid by the extended payment date.

Interest on deferred rates will be levied at the “penalty interest rate”.

It is acknowledged that many industrial/commercial businesses may be tenants and not in fact directly paying Council rates. Council will consider applications from landlords on behalf of tenants.

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.

6.3 Land Subject to Urban Growth Zone Rating Differential

Ratepayers of land subject to the Urban Growth Zone Rating Differential may apply to have 50% of the annual differential rate charge deferred against the property for an indefinite period subject to the following conditions:

- a) The application must be in writing;
- b) The applicant must be an owner occupier;
- c) Were owner occupiers at the time the Urban Growth Zone was newly created;
- d) A dramatic upward change in the valuation of property has occurred;
- e) Interest on deferred rates will be levied at the "market rate".

6.4 Rate Deferral Agreements (Change of Ownership)

Where property ownership changes on any assessment with a rate deferral agreement in place, all rates and charges must be fully paid at the point of this change. Rate deferral agreements are not transferable.

6.5 Waiving Rates and Charges

Council will only consider the waiving of rates and charges in extreme circumstances.

All applications for a waiver of rates and charges need to be lodged in writing and will be considered by a Rate Waiver Hardship Committee comprising Officer representatives being the Director Corporate Services, Finance Manager and Rates Coordinator. Any recommendation by the Committee for a waiver of rates or charges due to financial hardship will be presented to Council for consideration in a confidential report.

The maximum amount of any waiver in one financial year will be limited to \$500, unless Council resolves that exceptional circumstances warrant an exception to this policy framework.

Any waiver is a one off waiver in response to circumstances presented at the time.

6.6 Waiving Interest

Interest waivers fall under three categories which are:

- Administrative waivers
- Waiver on compassionate grounds
- Waiver on financial hardship grounds

6.6.1 Waiver for Administrative Reason/Error

Ratepayers may have interest only 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.

6.6.2 Waiver on Compassionate Grounds

Ratepayers may have interest only waived where they have demonstrated compassionate grounds for a payment being late.

6.4.3 Requests for interest rate waivers in respect of financial hardship will be considered under the parameters of either the rate deferral or rate waiver sections above.

6.7 Rate Payment Arrangements

Any ratepayer who does not qualify for either a rate deferral or rate waiver arrangement may still apply to pay outstanding rates by way of a payment arrangement. Payment arrangements will attract penalty interest rates on outstanding balances but allow ratepayers the required time to make payments without any legal action being undertaken by Council to recover rates and charges. Any ratepayer requiring a payment arrangement is urged to contact Council's Property Revenue Unit.

6.8 Delegated Authority to Waive Principal and/or Interest

All applications for waiver of rates will be considered by the Rate Waiver Hardship Committee with confidential recommendations made to Council.

Applications for rate deferral for residents will be considered by the Rate Waiver Hardship Committee with confidential recommendations made to Council.

6.9 Confidentiality

Any information provided in accordance with this Policy will be treated as strictly confidential.

7. RELATED DOCUMENTS

Nil.