

## Rates and Charges Hardship Policy

Policy Endorsement:	Endorsement required by Council		
Policies superseded by this Policy	Not Applicable		
Directorate:	Corporate Services		
Responsible Officer:	Manager Finance and IT		
Policy Type:	Discretionary		
File Number:	A5758554	Version No:	004
1 <sup>st</sup> Adopted by Council	11 May 2009 Minute No. 141	Last Adopted by Council:	24 June 2019 Minute No. 1100
Review Period:	Every 3 Years	Next Review:	September 2022

### 1. Purpose

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 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

This Policy includes a review of the existing policy in the context of current legislation.

## 3. Scope

This policy will apply to all rateable assessments within the City of Greater Dandenong.

## 4. References

- *Local Government Act 1989* (Section 170, 171 & 171A)

## 5. Definitions

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 as set down in section 6.2.

The “**market rate**” of interest referred to in 6.1, “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.

## 6. Legislative Provisions

The following legislative provisions apply with regard to the deferral and waiver of rates, charges and interest.

### **Local Government Act 1989**

Section 170. Deferred payment (1) A Council may defer in whole or in part the payment by a person of any rate or charge which is due and payable for a specified period and subject to any conditions determined by the Council if it considers that an application by that person shows that the payment would cause hardship to the person.

Section 171. Waiver (1) The Council may waive the whole or part of any rate or charge or interest.

Section 171A. Waiver by application-financial hardship (1) A person who-

- (a) is suffering financial hardship; or
- (b) would suffer financial hardship if that person paid the full amount of a rate or charge for which he or she is liable - may apply to a Council for the waiver of the whole or part of any rate or charge or of any interest imposed for late payment.

## 7. Council Policy

### 7.1 Deferring Rates, Charges and Interest (applies to Residential Properties only)

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:

- a) The ratepayer is either a pensioner and is eligible to claim a pensioner rate rebate or is unemployed; or
- b) The ratepayer is able to evidence severe financial hardship as certified by an assessment carried out by a financial counsellor; and
- c) An application is submitted to the Property Revenue Administrator 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 application process and not to any existing rate arrears from previous rating years.

### 7.2 Rate Deferral Arrangements (applies to Industrial and Commercial Properties only)

The City of Greater Dandenong acknowledges that a significant proportion of its rate revenue (53% as at June 2019) is derived from the commercial and industrial sector and the present economic climate is particular difficult for these properties.

As a consequence, 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; and
- b) A deferral of rates will assist in keeping employment in Greater Dandenong; 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.

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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.

## 7.3 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.

## 7.4 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 due to financial hardship need to be lodged in writing and will be evaluated by the Manager Finance & Information Technology and the Director Corporate Services.

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.

## 7.5 Waiving Interest

Interest waivers fall under two categories which are:

- Administrative waivers
- Waiver on compassionate grounds

**7.5.1** Waiver for Administrative Reason/Error - Ratepayers may have interest only waived in the event of an administrative issue, error or omissions

**7.5.2** Waiver on Compassionate Grounds - Ratepayers may have interest only waived where they have demonstrated compassionate grounds for a payment being late.

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.



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## 7.6 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.

## 7.7 Delegated Authority to Waive Rates, Charges and/or Interest

All applications for waiver of rates and charges will be considered by the Manager Finance & IT and the Director Corporate Services.

Applications for waiver of rates and charges may be approved by the Director Corporate Services to a maximum of \$500.

Applications for rate deferral for residents will be considered by the Property Revenue Administrator and approved by the Manager of Finance and IT.

Applications for rate deferral for Commercial and Industrial ratepayers will be considered jointly by both the Manager Finance & IT and the Economic Development Manager and approved by the Manager Finance & IT.

Applications for Interest Rate Waivers under 7.5.1 will be considered and approved by either the Property Revenue Administrator or the Manager Finance & IT. 7.5.1 refers to the reversal of interest incorrectly raised (based on either an administrative issue, error or omission) rather than a waiver of Council revenue from penalty interest.

Applications for Interest Rate Waivers under 7.5.2 will be considered within the following financial ceiling limits:

Property Revenue Administrator	\$100
Manager Finance & IT	\$300

Any interest waiver, under 7.5.2 in excess of \$500 may be approved by the Director Corporate Services.

## **7.8 Confidentiality**

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

## **8. Related Documents**

Nil.