



**Bayside Council**

Serving Our Community

# **Rates Hardship Policy**

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Rates Hardship Policy

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# 1 Introduction

Council recognises that from time to time certain ratepayers may have difficulty in paying their Council rates and charges.

The Local Government Act allows Council to provide a range of assistance to these ratepayers depending on the circumstances.

This Policy provides:

- guidance to Council staff to enable an effective and consistent approach,
- greater transparency.

## 2 Scope

This policy details the entire range of assistance available to any ratepayer encountering difficulty in paying their Council rates and charges.

## 3 Policy Statement

### 3.1 Hardship

Hardship is difficult to define and can be the result of:

- Loss or change in income
- Illness
- Loss arising from an accident
- Natural disaster or emergency situation
- Death in the family
- Separation, divorce or other family crisis
- Family violence, and/or
- Some other temporary financial difficulty due to loss of income or increase in essential expenditure
- Rental vacancy rate (where an investor owns multiple properties)

For the purpose of this Policy, all ratepayers requesting assistance will be required to provide proof of hardship.

### 3.2 Pensioner ratepayers

For the purposes of this policy, a pensioner is one who satisfies the requirements of section 575 of the Local Government Act 1993 and therefore receives a pension rebate on their rate account.

Pensioner ratepayers are allowed to defer payment of their rate account until such time as the property is sold, or passes to their Estate. In these instances, interest will still accrue each year on any arrears at the interest rate adopted by Council.

The Deferred Rates Scheme offered by the former Rockdale City Council ceased on the 1 July 2018 for new applications. However, it continues for existing applications until the relevant property is either sold or transferred to a person who is not currently the owner of the property (i.e. a beneficiary).

Any pensioner ratepayers who decide to defer payment of their rate account or who fall behind in their payments through financial hardship will not be subject to any legal action on their rate account except where rates and charges on their rate account have been unpaid for nineteen (19) years. In those instances:-

- 1 Contact will be made with the ratepayer to have them reduce the amount owing, or
- 2 Judgment may be sort through the Local Court to prevent any claim for non-payment owing to a statute of limitations. Any costs of taking such action will be borne by Council.

Each year, pensioner ratepayers will be assisted in keeping their rate accounts up to date by waiving any interest charges raised during the current rating year where the total amount due stated on the annual notice (issued in July each year) is paid in full by the second last working day of that rating year.

During the end of year process the Council will waive any interest charges that have been raised on a rate account during that rating year if:

- 1 the ratepayer was in receipt of a pension rebate on the 30 June of the rating year for which interest is to be waived via the end of year process, **and**
- 2 Council has received payment of the total amount due (as stated on the annual notice).

### **3.3 Arrangements and writing off of accrued interest and costs**

At any time, Council may enter into a formal agreement with a ratepayer for the payment of rates and charges by dates other than those dates specified on Council's annual rate notice.

Any arrangement can be made on a weekly, fortnightly or monthly basis.

An application for an arrangement must be submitted by the ratepayer in writing, and can be lodged by:

- 1 email from an email address containing the ratepayers name
- 2 mail
- 3 using the prescribed form.

No more than two (2) arrangements can be made by a ratepayer in any two (2) year period. Where two (2) arrangements have previously been made, further arrangements will only be accepted where at least 50% of the arrears owing is paid within one (1) calendar month. This will be stated in the acceptance letter posted to the ratepayer when accepting their second arrangement.

Section 567 of the Local Government Act 1993 allows for Council to write off accrued interest charges. Upon written application from the ratepayer, Council will agree to do so for any ratepayers who satisfy the following criteria:

- 1 those ratepayers owing the current year's rates and charges only:

- the arrangement should be submitted in the approved form by the 31 August of the year in which interest is to be waived,
  - all payments must be made as per the terms of the agreement, and
  - the amount owing as at the 1<sup>st</sup> July must be paid in full by the 30 June
- 2 those ratepayers owing more than the current year's rates and charges:
  - 3 the arrangement should be submitted in the approved form by the 31 August of the year in which interest is to be waived,
  - 4 all payments must be made as per the terms of the agreement, and
  - 5 where payments made in a given year equal the annual rates levied for that year, then only interest raised on the current annual year's rates will be written off, and
  - 6 in order to have interest raised on any arrears written off, payments made in any given year must total at least 1.5 times the annual rates for that year.

NOTE: where an arrangement is made after the 31 August, only interest raised from the month the arrangement is made will be written off.

A ratepayer may make a large payment to reduce the amount owing on their rate account. Where this occurs, Council will agree to waive accrued interest totalling 10% of the payment made up to a maximum amount of \$500.00 in any one year.

However, where Council agrees to do waive interest totalling 10% of the payment made, relief cannot also be sort in the same year by the ratepayer described by criteria 1 or 2 above.

### **3.4 Legal costs**

The recovery of any costs incurred in taking any of the above actions is limited by the relevant sections of the Local Government Act 1993.

As legal action is only commenced after prior warning has been given to the debtor, any requests for legal costs to be waived are to be denied except in instances where Council has failed to update its database correctly following:-

- 1 the receipt of a change of address notification from the debtor or an authorised agent acting on their behalf but only where such a request is recorded as being received by Council's electronic records system (i.e. the onus is on the debtor or their authorised agent to ensure that any such request is received by Council) , or
- 2 the downloading of notice of transfer information from LPI NSW.

### **3.5 Valuation changes**

Section 601 of the Local Government Act 1993 allows for Council to provide rate relief to a ratepayer who incurs a rate increase following a new valuation of land. Notwithstanding this provision, Council will not consider any such applications as valuations are independently determined by the Valuer General.

Any affected ratepayers will be directed to the Valuer General where an application may be made under the appeal provisions of the Valuation of Land Act 1916.

### 3.6 Fees and Charges

In accordance with Section 610e of the Local Government Act 1993, the General Manager has delegated authority to waive or reduce a fee or charge due to hardship.

## 4 Policy Responsibilities

The Manager Finance is authorised to administer the processes defined in this Policy.

The Coordinator Rates & Revenue is authorised to waive interest charges raised on overdue pensioner rates in accordance with clause 3.2 of this policy.

## 5 Document control

This policy should be reviewed every three (3) years, or where changes made to the relevant sections of the Local Government Act require it.

The Manager Governance & Risk may approve non-significant and/or minor editorial amendments that do not change the policy substance.

### 5.1 Related documents

This document should be read in conjunction with:

- Local Government Act 1993
- Rating & Revenue Raising Manual – issued by the Office of Local Government
- Guidelines for a Council Rates Hardship Policy – issued by the Local Government & Shires Association of NSW (August 2011)
- Debt Management and Hardship Guidelines – issued by the Office of Local Government (November 2018)

### 5.2 Version history

This policy was based on a former Rockdale City Council policy last approved on 5 March 2013.

Version	Release Date	Author	Reason for Change
1.0	12/06/2019	Coordinator Rates & Revenue	Harmonised document from former Councils