



## POLICY MANUAL

<b>Policy title:</b>	<b>RATES &amp; CHARGES HARDSHIP</b>
<b>Policy number:</b>	<b>1.5.11</b>
<b>Objective:</b>	<b>To provide assistance to those ratepayers who are experiencing genuine financial hardship with the payment of rates and charges.</b>
<b>Link to community vision/service:</b>	<b>Civic Leadership/Management</b>
<b>Program Area:</b>	<b>Finance</b>
<b>Policy created: 12/05/09</b>	<b>Council reviewed: 09/08/2022</b>
<b>Last reviewed by staff: <u>06/04/2022</u></b>	<b>TRIM Ref: ED10/15841, ED12/283, ED16/33033 &amp; ED22/9029</b>

### **Background:**

The *Local Government Act 1993* (LGA) provides for councils to make concessions to ratepayers experiencing genuine financial hardship. It also provides for concessions to pensioners.

The purpose of this policy is to provide guidance as to how Council will respond to ratepayer requests for assistance because the payment of rates and charges would cause genuine financial hardship.

### **Financial Hardship Provisions:**

The LGA provides for the following options:-

- a) **Section 564** – Council may accept an arrangement for the periodical payment of rates or charges. Council may also write off or reduce interest accrued on rates and charges if the person complies with the arrangement.
- b) **Section 567** – Council may write off accrued interest on rates and charges payable if in Council's opinion the reasons that the person was unable to pay the rates and charges when they became payable were beyond the person's control, or; that the person is unable to pay the accrued interest for reasons beyond that person's control, or; that the payment of the accrued interest would cause the person hardship.
- c) **Section 577** – Council may extend the pension concession to a ratepayer (subject to conditions) to avoid hardship and permits Council to issue an order specifying a person who is not an eligible pensioner to be deemed an eligible pensioner and therefore qualify for the full pensioner reduction.
- d) **Section 601** – Provides for ratepayers who incur a rate increase in the first year following a general revaluation of land values to apply to Council for rate relief if the increase in the amount of rates payable will cause them substantial financial hardship. Council may waive, reduce or defer

the payment of the whole or any part of the increase in the amount of the rate payable by the ratepayer in such circumstances, for such period and subject to such conditions as it thinks fit.

In addition to financial hardship provisions, the LGA provides the following pensioner concession provisions:-

- e) **Section 575** – *The rates and charges for an eligible pensioner (subject to conditions) are to be reduced by up to 50% or a maximum of \$250 for ordinary rates and domestic waste management charges, \$87.50 for water supply charges and \$87.50 for sewerage charges.*
- f) **Section 582** – Council may waive or reduce rates, charges and interest due by any person prescribed by the regulations who is in receipt of a pension, benefit or allowance under the Social Security Act 1991 of the Commonwealth.

### **Application of Financial Hardship and Pensioner Concessions Provisions:**

#### **a) Section 564 – Payment Arrangement**

- The applicant/s will be required to enter into and maintain a payment arrangement which will pay all rates or charges including future interest charges, as they fall due or accrue, and/or, significantly reduce any arrears at the end of the payment arrangement period.
- In the event that a payment in full under an arrangement is not made and Council is not notified of any financial difficulties, the total amount outstanding becomes payable and is subject to Council's normal debt recovery procedures.
- Where an applicant/s requests the write off or reduction of accrued interest charges applicable to a payment arrangement, "b) Section 567 – Write off Accrued Interest" Charges, is to apply.
- The General Manager has delegated authority to enter into an agreement which is acceptable to Council with applicant/s for this purpose.

#### **b) Section 567 – Write off Accrued Interest Charges**

- The applicant/s is suffering financial hardship as a result of having to pay the rates and charges as and when they fall due.
- The applicant/s must be the owner/spouse or part owner of the property and be liable for the payment of rates on the property.
- The property for which the hardship application applies must be the sole or principal place of residency of the applicant/s.
- The property for which the hardship application applies must be categorised as residential for rating purposes.
- The applicant/s must complete and submit a Rates & Charges Hardship Application Form\*. It must be accompanied by supporting documentation which may include but not limited to:-
  - Reasons why the rates and charges were not paid when they became due and payable
  - Reasons why future interest charges cannot be paid when they become due and payable
  - Letter from a recognised financial counsellor or advisor confirming financial hardship
  - Recent bank statements for all accounts
- The submission of an application does not guarantee it will be approved.
- The General Manager has delegated authority up to the delegated amount to assess and determine an application for this purpose.

- Eligible applications that are more than the General Manager's delegated amount are to be reported to Council for determination. The report will be considered in Closed Council to protect the applicant/s privacy in accordance with Section 10A(2)(b) of the LGA.

### **c) Section 577 – Extension of Pension Concession**

- Council may consider it proper to extending a part pension concession to a full pension concession, to avoid hardship, for an eligible person:-
  - i. who occupies a dwelling as his or her sole or principal place of living, which dwelling is the sole or principal place of living of an eligible pensioner, and
  - ii. who is jointly liable with that eligible pensioner or with that eligible pensioner and one or more other persons in respect of the land on which that dwelling is situated, and
  - iii. in respect of whom a reduction of rates or charges would not, if that person were solely liable in respect of that land, be required to be made under Part 8 Division 1 of the LGA.
- The applicant/s must complete and submit a Rates & Charges Hardship Application Form\*. It must be accompanied by supporting documentation which may include but not limited to:-
  - Reasons why the rates and charges were not paid when they became due and payable
  - Reasons why future interest charges cannot be paid when they become due and payable
  - Letter from a recognised financial counsellor or advisor confirming financial hardship
  - Recent bank statements for all accounts
- The submission of an application does not guarantee it will be approved.
- The General Manager has delegated authority up to the delegated amount to assess and determine an application for this purpose.

### **d) Section 601 – Hardship resulting from a General Revaluation**

- The applicant/s would suffer substantial financial hardship if required to pay the rates when they fall due.
- The applicant/s must complete and submit a Rates & Charges Hardship Application Form\*. It must be accompanied by supporting documentation which may include but not limited to:-
  - Reasons why the rates and charges were not paid when they became due and payable
  - Reasons why future interest charges cannot be paid when they become due and payable
  - Letter from a recognised financial counsellor or advisor confirming financial hardship
  - Recent bank statements for all accounts
- An application must be submitted within 6 months of the posting date of the rates notice in the first year of the general revaluation.
- The property must be categorised as residential for rating purposes.
- The applicant must occupy the property as their sole or principal place of residence.
- Rate relief will only be considered if the rates payable exceed 5% of the gross household income.
- The amount of the rate relief will be the difference between the Ordinary Residential Rate payable on the property for the previous year with the allowable rate percentage increase applied for the current year (i.e. the rate pegging increase allowable under Section 506 of the LGA) and the Ordinary Residential Rates payable on the property in the rating year that General Revaluations are being used for the first time.

- The maximum amount of rate relief will be \$250.
- Payment of the difference calculated of up to \$250 may be deferred to the following rating year. One quarter of the amount deferred may be added to each of the quarterly instalments. Interest may be written off on the deferred amount unless it is not paid by the quarterly instalment due date.
- The submission of an application does not guarantee it will be approved.
- The General Manager has delegated authority to assess and determine an application for this purpose.

#### **e) Section 575 – Pensioners Concessions**

- To be eligible for a pensioner concession, the ratepayer must be an eligible pensioner as defined by Clause 134 of the *Local Government (General) Regulation 2005*.
- As a guide, the ratepayer must hold at least either a valid Pensioner Concession Card or valid Gold Care (TPI or EDA) issued by the Commonwealth. As other conditions apply, an Application for a Pensioner Concession\* must be completed and submitted to allow eligibility and concession entitlement to be fully assessed.
- The pensioner must own and occupy the property as his or her sole or principal place of living. If the property is owned by more than one eligible pensioner, they are to be treated as a solely eligible pensioner.
- If the property is owned by one pensioner and one non pensioner, provided that the non-pensioner is the spouse of the eligible pensioner, they are to be treated as a solely eligible pensioner. If the other person is not the spouse of the eligible pensioner and does not hold a Pensioner Concession card, the reduction is divided by the number of owners and granted to the eligible pensioner.
- If a person becomes an eligible pensioner after the day on which a rate or charge is made and levied, the person is entitled to a reduction of the rate or charge proportionate to the number of full quarters remaining after the day on which the person becomes an eligible pensioner in the year in which the rate or charge is made.
- Council will provide a pensioner concession to an eligible pensioner on their rates and charges based on meeting all the requirements of Section 575 of the LGA of 50% or up to the State Government set maximum rebate amount of \$250 for ordinary rates and domestic waste management charges, \$87.50 for water supply charges and \$87.50 for sewerage charges.

#### **f) Section 582 – Reductions for Eligible Pensioners**

- The applicant/s must be a person prescribed by the regulations who is in receipt of a pension, benefit or allowance under the *Social Security Act 1991* of the Commonwealth.
- The applicant/s is suffering financial hardship as a result of having to pay the rates and charges as and when they fall due.
- The applicant/s must be the owner/spouse or part owner of the property and be liable for the payment of rates on the property.
- The property for which the hardship application applies must be the sole or principal place of residency of the applicant/s.
- The property for which the application to waive or reduce rates, charges and interest must be categorised as residential for rating purposes.

- The applicant/s must complete and submit a Rates & Charges Hardship Application Form\*. It must be accompanied by supporting documentation which may include but not limited to:-
  - Reasons why the rates and charges were not paid when they became due and payable
  - Reasons why future interest charges cannot be paid when they become due and payable
  - Letter from a recognised financial counsellor or advisor confirming financial hardship
  - Recent bank statements for all accounts
- The submission of an application does not guarantee it will be approved.
- The General Manager has delegated authority up to the delegated amount to assess and determine an application for this purpose.

#### **Natural Disaster Event:**

**In the event of a Natural Disaster (as declared by the Federal Government) the following additional provisions will apply at the discretion of Council:**

- **Council may agree and publish a short form Rates & Charges Hardship Application Form (Natural Disaster) and may amend the requirements relating to provision of supporting documentation at its discretion.**
- **In the case of rates and charges notices issued in the six months following a Natural Disaster (or such other period at the discretion of the General Manager), the following provisions limiting eligibility to apply for the write off of Accrued Interest Charges under s567 of the LGA will not apply:**
  - **The property for which the hardship application applies must be the sole or principal place of residency of the applicant/s.**
  - **The property for which the hardship application applies must be categorised as residential for rating purposes.**
- **Council may, in its discretion, agree to relief in the form of adjusting water charges where excess water use could reasonably be considered as relating to the Natural Disaster event.**

#### **Confidentiality and privacy:**

Council staff will conduct themselves with courtesy and respect when dealing with ratepayers and shall maintain the confidentiality and privacy of all ratepayers' personal circumstances.

#### **Evaluation and review:**

The policy will be evaluated and reviewed during the term of every Council.

\*The Rates & Charges Hardship Application Form and Application for a Pensioner Concession can be downloaded from Council's website [www.lismore.nsw.gov.au](http://www.lismore.nsw.gov.au).