

## Rates and Charges Financial Hardship Policy 2019

|                             |                   |                          |                 |
|-----------------------------|-------------------|--------------------------|-----------------|
| <b>Date Endorsed:</b>       | TBC               | <b>Endorsed By:</b>      | Council         |
| <b>Policy Owner:</b>        | Finance           | <b>Policy Author:</b>    | Finance Manager |
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## **1.0 POLICY AIM AND OBJECTIVES**

The purpose of this policy is to:

- 1.1 To provide assistance to ratepayers suffering financial hardship.
- 1.2 To provide a policy for decisions to be made in accordance with Sections 171A and 172 of the Local Government Act (LGA) 1989 specifically the waiver on interest charged for late payment.
- 1.3 To provide ratepayers and Council officers with clearly defined options when applying deferment or the waiver of interest charge for late payment.
- 1.4 To demonstrate Maribyrnong City Council's vision and core values.

## **2.0 POLICY STATEMENT**

Maribyrnong City Council recognises there are cases of genuine financial hardship requiring respect and compassion in special circumstances. This policy establishes the guidelines for assessment of hardship application based on the principles of fairness, integrity, confidentiality and compliance with statutory requirements. It applies to all applications for waiving or suspending interest on debts raised through rates and charges, but not to waiving the whole or part of any rate or charge imposed annually.

## **3.0 DEFINITIONS OF TERMS BEING USED**

Section 171A of the LGA – “Waiver by Application – Financial Hardship”

- 3.1. 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.
- 3.2. The Council may require the Applicant –
  - a. To give further particulars or
  - b. To verify particulars

## **4.0 POLICY PRINCIPLES**

- 4.1. Councils Annual Rate and Valuation notice and all subsequent instalment notices will advise that any ratepayer experiencing difficulties in paying their rates and charges should contact the Rates department to discuss alternative payment options.
- 4.2. A ratepayer may request a suspension or waiver of interest accruals for financial hardship in writing only to the Revenue Services Manager. This should be accompanied by sufficient written evidence to identify the hardship claim.
- 4.3. Interest waiver and/or suspension are only applicable to owner/occupied residential properties.
- 4.4. Council may refer the applicant to an accredited financial counsellor for further financial assistance.
- 4.5. Waiver of interest charges will only be granted for a period of 12 months from the date of hardship application requiring deferral for future years will be required to re-apply each year.

## **5.0 WAIVING OF INTEREST /DEFERMENT**

**Interest waiver /deferment fall under three categories which are:**

### **5.1. Administrative Waiver**

5.1.1. 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.

### **5.2. Waiver on compassionate grounds**

5.2.1. Compassionate grounds include:

- a. Serious illness
- b. Recent accident or injury
- c. Death of immediate family member
- d. Recent loss of employment

### **5.3. Financial Hardship**

5.3.1. Financial hardship arises in an array of circumstances and include:

- a. Unemployment
- b. Sickness or injury
- c. Family dissolution
- d. Low income

5.3.2. Waiving of Interest /Deferment

Ratepayers may have interest or part thereof waived subject to meeting the following conditions:

- a. The ratepayer must be able to demonstrate they are experiencing financial hardship.
- b. The ratepayer must enter into an agreement with Council on a payment plan and agreement and keep to such agreement.
- c. The ratepayer must be the owner occupier of the residential property on which financial hardship provisions are to be applied.

## **6.0 DELEGATION**

The waiver or deferment of interest will be in accordance with the authority specified in Councils instrument of Sub Delegation to Council staff.

## **7.0 CALCULATION OF INTEREST AND WAIVER**

7.1. Interest will be charged on overdue rates and charges in accordance with Section 172 of the LGA, including that the interest is calculated at the fixed rate under Section 2 of the Penalty Interest Rate Act 1983 that applied on the first day of July immediately before the due date of payment. Interest is accrued on arrears after due dates and then on a monthly basis.

7.2. A “waiver” of interest can be provided in whole or part and be for a 12 month period and subject to any conditions set by Council. When interest is suspended, accruals do not occur until Council sends the resident a notice advising interest charges will be applied.