

## 1. PURPOSE

The purpose of this policy is to provide guidance for the collection of rates and charges where the ratepayer is experiencing genuine financial hardship.

## 2. INTRODUCTION

The management and recovery of outstanding debt is an important aspect of Council's financial management function. Council derives a large share of its revenue from rates and charges, and therefore has a responsibility to ensure that monies owing are collected in a timely, effective and efficient manner.

Horsham Rural City Council may provide alternative payment arrangements for property based debts to assist ratepayers deemed to be under financial hardship. Additional financial hardship assistance options outlined within this policy are available to individuals experiencing genuine financial hardship due to factors including (but not limited to) loss of income, unemployment, serious illness or injury, and economic abuse associated with family violence.

## 3. SCOPE

This Policy applies to all Council staff who have responsibility to ensure collection of Council's rates and charges.

## 4. PRINCIPLES

### 4.1 General Principles

Council will enforce the legislative powers available under the *Local Government Act 1989* in the pursuit of outstanding rates and charges debts.

Council is committed to:

- Assisting ratepayers who are experiencing financial hardship
- Ensuring that the collection process is transparent
- Treating all people fairly, consistently, respectfully and with sensitivity
- Ensuring Council staff have the training and resources necessary to effectively and consistently manage ratepayer financial hardship
- All collection matters under this policy are strictly confidential

Where Council staff have identified that a ratepayer is experiencing financial hardship, outstanding rates and charges owed to the municipality shall be pursued in accordance with this policy.

If the outstanding rates and charges have been referred to Council's debt collection agency for recovery prior to genuine financial hardship being identified, the referral will be withdrawn. Similarly, any ratepayer who reports genuine financial hardship to Council will not be referred to Council's collection agency.

### 4.2 Applications for Hardship

Ratepayers may apply to the Co-ordinator Revenue to have rates, charges and interest deferred or waived, either partially or in full. When assessing financial hardship applications, employees must be extremely aware of the financial, emotional, physical or psychological difficulties that the ratepayer may be experiencing. All applications for hardship assistance are to be assessed within 14 days of the application form being received and a written response on the outcome of the assessment returned to the applicant. Applications for hardship assistance are to be reviewed on a quarterly basis. Whilst reviewing applications on a quarterly basis, the ratepayers will not be required to reapply or provide any further information. The ratepayer will be provided with an updated balance (if necessary) and may be contacted to discuss whether or not their circumstances have changed.

### 4.3 Types of assistance available:

The following types of assistance may be offered following the assessment by the Co-ordinator Revenue:

**4.3.1 Payment Plans:** A payment plan is a schedule of payments agreed to by both the Council and the ratepayer, which provides for flexible payment of debts once they have become overdue. Ratepayers do not need to be experiencing financial hardship to enter into a payment plan. Arrangements already entered into may be renegotiated on amount payable, frequency and/or duration. Interest, if applicable, will cease to accrue for the term of the payment plan unless the ratepayer were to default on their arrangement and neglect to discuss the matter with a member of the rates department.

**4.3.2 Interest Waiver:** Interest waivers by way of an agreed interest free period may be negotiated if the ratepayer is experiencing genuine financial hardship and is unable to enter into a payment plan at the time. Assistance in the form of an interest waiver would be granted to a ratepayer who has demonstrated efforts to meet past and current payment obligations wherever possible.

**4.3.3 Deferral of Payment:** An account may be placed on hold for a set or indefinite period. This option would generally apply to cases of proven financial hardship, and must be accompanied by a completed 'Financial Hardship Application Form'. Rates continue to accrue throughout the period, although interest will be waived. Rates and charges are deferred until such time as the ratepayer's circumstances improve or the property is sold or transferred to another entity.

**4.3.4 Waiver of Rates:** Section 117A of the *Local Government Act 1989* allows Council to waive, partially or in full, any rate or charge, or any penalty interest imposed for late payment. This provision is generally only used in circumstances of proven severe financial hardship, and must be accompanied by a completed 'Financial Hardship Application Form'. Council would expect the ratepayer in these situations, to seek professional assistance from a recognised financial counsellor or similarly qualified person. The Revenue Co-ordinator will make a recommendation to the Director Corporate Services to approve any waiving of rates.

**4.3.5 Centrepay:** Automatic deductions may be made from ratepayer's Centrelink payments. Anyone receiving Centrelink payments can apply to have a designated amount of their payment directed to their

Council rates. Although this facility is free to Centrelink customers, there is a small charge to Council for each transaction.

**4.3.6 Sunset Clause:** This policy caters for two different scenarios: (1) short-term financial hardship (up to one year), and (2) long term cases of financial hardship (most likely fixed income retirees).

In the first instance, arrangements should aim to clear the debt within 12 months where possible in order to avoid the ratepayer getting too far behind before the next years rates are levied.

In the second instance, hardship assistance will continue for an indefinite period, until such time as the ratepayer's circumstances improve or the property is sold or transferred to another entity. In these cases, the total amount of deferred rates and charges which can accrue against the property is capped at 50 percent of the current Capital Improved Value at the time.

#### 4.4 External Resources

Council officers are able to direct ratepayers to financial information services.

The Consumer Action Law Centre (<http://consumeraction.org.au>) is a not for profit provider of phone based and online financial counselling services. The financial counselling hotline can be reached on 1800 007 007. The free hotline is open from 9.30am to 4.00pm, Monday to Friday. The centre can also direct callers to their closest in-person service.

Financial Counselling Australia has developed online resources at [www.debtselphelp.org.au](http://www.debtselphelp.org.au). The website provides letter templates, fact sheets, information on financial counselling services and a debt management self-help tool.

Bethany Community Support provides telephone and face-to-face financial counselling within our municipality. Contact their office at 31 Wilson Street Horsham, phone (03) 5278 8122, email [info@bethany.org.au](mailto:info@bethany.org.au) or visit their website at [www.bethany.org.au](http://www.bethany.org.au).

Rural Financial Counselling Service Victoria provides support for farmers and rural small business owners. Contact their office at Wembley Chambers, Office 5, 142 Baillie Street Horsham, phone 1300 735 578, email [admin@wswrcs.com.au](mailto:admin@wswrcs.com.au) or visit their website at [www.wswrcs.com.au](http://www.wswrcs.com.au).

## 5. COMMUNICATION

Horsham Rural City Council's website, Horsham Rural City Council's intranet

## 6. RESPONSIBILITY

**Policy Owner:** Co-ordinator Revenue

## 7. DEFINITIONS

Definition	Meaning
Financial Hardship	<p>A situation where a ratepayer is unable, because of prolonged illness or unemployment, or other reasonable cause, to discharge their financial obligations to Council and the ratepayer reasonably expects to be able to discharge those obligations if payment arrangements were changed.</p> <p>Financial Hardship means an inability to fulfil a financial obligation, not an unwillingness to do so. The hardship may be short or long term, and will be considered on an individual basis.</p>

## 8. SUPPORTING DOCUMENTS

Document	Location
Rates and Charges Debt Collection Policy	Website, Intranet
<i>Local Government Act 1989</i>	Internet

## 9. DOCUMENT CONTROL

Version Number	Approval Date	Approval By	Amendment	Review Date
001	7 December 2015	Council	New policy	
002	25 March 2019	Council	Reviewed and updated	25 March 2022
003	22 July 2019	Council	Reviewed and updated	22 July 2022
004	26 August 2019	Council	Reviewed and updated	26 August 2022
005	28 June 2021	Council	Reviewed and updated	28 June 2024