

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 all 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. Hardship assistance will only be granted to individuals experiencing hardship with regard to the rates on their principal place of residence.

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.

4.2 Applications for Hardship

Ratepayers may apply to the Co-ordinator Revenue to have rates, interest and charges deferred, in whole or part. 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 after their due date has lapsed. Arrangements already entered into may be renegotiated on amount payable, incidence or length. Interest, if applicable, would continue to accrue. The arrangement will only apply for the year that the request is made and a new arrangement must be made for each rating year.

4.3.2 Interest Reduction: Interest reduction by way of an agreed interest free period may be negotiated. Assistance for interest reduction would have regard to the demonstrated efforts of the ratepayer to meet past and current payment obligations. A rates and charges deferral may be accompanied by a reduction in the penalty interest rates for the ratepayer. However, interest should continue to accrue on the deferred rates and charges in order to avoid 'redistributional' effect on the rate base from implementing such a policy.

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 long term cases of extreme financial hardship. Rates and interest continue to accrue throughout the period, although interest may be waived. Rates and charges are deferred until such time as the ratepayers circumstances improve or the property is sold or transferred to another entity. This option would generally apply to long term cases of extreme financial hardship, or where Council extends hardship assistance to self-funded pensioner and retiree ratepayers.

4.3.4 Waiver of Rates: Section 117A of the *Local Government Act 1989* allows Council to waive, in part, or in whole, any rate or charge, or any interest imposed for late payment. This provision is generally only used in circumstances of severe financial hardship, where the ratepayer is seeking professional financial assistance from a recognised financial counsellor or similarly qualified person. Council generally does not waive rates. This is to ensure that financial hardship assistance proffered to one ratepayer does not have a re-distributional effect on the rate base.

4.3.5 Centrepay: Automatic deductions may be made from ratepayers Centrelink payments. Anyone receiving Centrelink payments can apply to have a designated amount of their payment directed to the Council. Although this facility is free to Centrelink customers, there is a small charge to the 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 at which time hardship assistance should cease.

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, 50 percent of the Capital Improved Valuation, of the total amount of deferred rates and charges can accrue against the property.

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. The website provides letter templates, fact sheets, information on financial counselling services and a debt management self-help tool.

Wimmera Uniting Care provides telephone and face-to-face financial counselling within our municipality. Contact the office at 185 Baillie Street Horsham, phone 5362 4000 or online at www.wuc.org.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	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. 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.

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