



Ararat Rural City

Financial Hardship Policy

DOCUMENT CONTROL

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Stakeholder Engagement:
Councillors
Chief Executive Officer
Financial Services Coordinator

INTENT

Ararat Rural City Council is committed to providing the most flexible, fair, and equitable approach to the collection of rates and charges that is reasonably possible.

Council fees and charges are a secure and reliable source of revenue that Council uses to deliver services to the community. It is important to remember that Council still requires cashflow to deliver critical services to the community, however, it is also recognised that Council can provide assistance in certain circumstances.

POLICY

The purpose of this policy is to provide Council with a policy framework to provide financial relief to ratepayers who need assistance to pay their rate arrears within a practical, reasonable time frame. The policy aims to provide ratepayers with a clear and transparent understanding of options and assistance available if facing financial hardship.

Financial Hardship

Financial hardship is a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary. It is acknowledged at the outset that ratepayers may experience financial hardship for a whole range of issues and that meeting rate obligations constitutes just one element of several difficulties that may be faced. The simplest description of hardship is “a customer or ratepayer who wants to pay but cannot”.

Any ratepayer who is experiencing financial difficulty are advised that Council is sympathetic to their financial situation and that flexible repayment plans can be developed based on their ability to pay.

Pursuant to the provisions of Section 171A of the Local Government Act 1989, a person who is suffering financial hardship or would suffer financial hardship if that person had to pay the full rate may apply to Council for the waiver of the whole or part of the rates or interest charged for late payment.

Council may require the person to give further details or to verify particulars. An application form to facilitate consideration of a request for deferral or waiver of rates is required to be completed [Appendix 1].

Applications for the waiver of rates will only be considered based on genuine hardship, supported by another government agency, welfare group or financial counsellor. The intent of providing a waiver will be to allow the ratepayer to overcome immediate financial difficulties with a supported financial plan to ensure that future commitments to rates and other household payments can be accommodated.

Waiver of rates will only apply to rates on the ratepayer’s primary residence. This excludes commercial properties, industrial properties, residential investment properties and in most cases farm properties. Applications for waiver will be considered as a confidential report to Council.

Applications for the deferral of rates will be considered based on genuine hardship. The deferred payment option means rates, charges and interest are still charged, but the ratepayer does not have to pay the amount until Council considers the payment will not cause the ratepayer financial hardship, or the ratepayer no longer owns or occupies the land. Deferral of rates will apply to all classes of property.



ADMINISTRATIVE UPDATES

It is recognised that, from time to time, circumstances may change leading to the need for minor administrative changes to this document. Where an update does not materially alter this document, such a change may be made administratively. Examples include a change to the name of a Council department, a change to the name of a Federal or State department, and a minor update to legislation which does not have a material impact. However, any change or update which materially alters this document must be by resolution of Council.

The Victorian Government has introduced the Local Government Legislation Amendment (Rating and Other Matters) Bill 2022 into Parliament on 8 June 2022. This Bill seeks to empower the Minister for Local Government to make Ministerial Guidelines on unpaid rates and charges and hardship to ensure greater consistency across councils in how they deal with ratepayers experiencing financial hardship. Further review and updates will be made to the Financial Hardship Policy once new legislation and ministerial guidelines are issued.

SUPPORTING DOCUMENTS AND REFERENCES

- Rate Collection Policy
- Revenue and Rating Strategy 2021-2025
- Local Government Act 1989
- Local Government Act 2020

6 DEFINITIONS

TERM	DEFINITION
Council	Ararat Rural City Council, being a body corporate constituted as a municipal Council under the Local Government Act 1989
Financial Hardship	A circumstance of experiencing a lack of financial means, which may be either ongoing or temporary
Ratepayer	The individual, organisation or other party that is liable to pay Rates and Charges as defined by the Local Government Act 1989 s156

APPENDIX 1 APPLICATION FOR WAIVER/DEFERRAL OF RATES AND INTEREST

The Local Government Act 1989 specifies council's obligations for deferring payment of rates and the waiver of rates and interest:

Section 170. Deferred payment

1. A Council may defer in whole or in part the payment by a person of any rate or charge which is due and payable for a specified period and subject to any conditions determined by the Council if it considers that an application by that person shows that the payment would cause hardship to the person.
2. On deferral of the payment the person who is liable to make the payment is not liable until the Council sends the person a notice under sub-section (3).
3. A Council may by a notice sent to a person—
 - (a) require that person to pay the whole or part of any deferred rate or charge by a specified date if—
 - (i) it considers that the person's circumstances have so changed that the payment would no longer cause hardship to the person; or
 - (ii) the person no longer owns or occupies the land in relation to which the rate or charge was levied; and
 - (b) requires the payment of interest for the late payment of the rate or charge, as if the deferral had not occurred.

Note: The deferred payment option means rates, charges and interest are still charged, but the ratepayer does not have to pay the amount until Council considers the payment will not cause the ratepayer financial hardship, or the ratepayer no longer owns or occupies the land.

Section 171A. Waiver

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.
2. The Council may require the applicant—
 - (a) to give further particulars; or
 - (b) to verify particulars— in relation to the application.
3. The Council may waive the whole or part of any rate or charge or interest.

Note: The waiver option means Council reduces the whole or part of any rate, charge, or interest.

External resources that may assist ratepayers who cannot afford to pay their rates include:

- Consumer Action Law Centre - <https://consumeraction.org.au/>
- Financial Counselling Australia - <https://www.debtsselfhelp.org.au/>
- CAFS - <https://www.cafs.org.au/Listing/Category/financial-counselling>

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If you are a ratepayer and you wish to have your rates deferred or waived, could you please complete the following questions:

	Questions	Answers
1	What is the amount of rates-interest you owe?	
2	What is the amount of rates-arrears you owe?	
3	What is the amount of rates–current you owe?	
4	Are you seeking a waiver of rates & interest, if so, how much? (a waiver means Council reduces the whole or part of any rate, charge or interest and the ratepayer does not need to pay the amount waived)	
5	Are you seeking a deferral of rates, if so, until when? (a deferral of rates means rates, charges and interest are still charged, but the ratepayer does not have to pay the amount until Council determines a time in the future)	
6	What is your full name?	
7	What is your phone number?	
8	What is the address of the property you want a waiver/deferral of rates on?	
9	Is the property used exclusively for residential purposes and your sole or principal place of residence?	
Financial Assessment		
10	What income do you receive each month?	
11	What expenses do you have each month?	
12	What is the difference between income and expenses each month?	
13	Can you provide a financial statement that details your monthly income and expenses if we require this?	
14	How much money do you have in the bank, including any investments?	
15	Do you have any other assets? e.g., investment properties	
16	Are you owed any money? If yes, give details	
17	What other moneys do you owe, not previously mentioned? E.g., mortgage, car loans	

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	Questions	Answers
18	Please provide the reason/s why you cannot pay your rates	
19	Do you have an offer to pay this debt?	
20	Do you believe you would suffer financial hardship if you had to pay the full amount of the rates for which you are liable? Hardship does not generally apply to ratepayers who have short term cash flows problems.	
Signature of applicant:		Dated:
Signature of witness:		Dated:
<p>Privacy Notification</p> <p><i>The personal information requested on this form is being collected by Council for the purposes of processing your application for waiver/deferral of rates and interest. The personal information will be used solely by Council for that primary purpose or directly related purposes. The applicant understands that the personal information provided is for the processing of your application and that they may apply to Council for access to and/or amendment of the information.</i></p> <p>If you wish to discuss information privacy further, please call 53550200 and ask to speak to the Privacy Officer.</p>		

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- CAFS - <https://www.cafs.org.au/Listing/Category/financial-counselling>