

Interim Rates and Charges Hardship Policy

PURPOSE

The purpose of this interim policy is to assist ratepayers who are suffering financial hardship during a declared state of emergency by providing relief from the requirement to pay Council rates.

SCOPE

This policy applies to all property owners and ratepayers of the City of Launceston. In particular, the policy applies to those property owners who have been identified, either by themselves, Council Officers or by an independent accredited financial counsellor as not having the financial capacity to make the required payments.

This policy applies to general rates revenue included on the rate notice (excluding waste and fire service charges).

For residential properties, assistance can only be granted to individuals experiencing financial hardship for payment of rates on the place where they live. Applications for financial hardship consideration on residential investment properties will not be considered. The Council may request a utilities notice connected to the property to assess this.

Financial Hardship is a situation where a property owner is reasonably unable, because of illness, unemployment or other reasonable cause during a declared state of emergency in the Municipal Area or state, to discharge their financial obligations.

Financial hardship involves an inability of the property owner to meet their commitments (bills), rather than an unwillingness to do so. Customer hardship can arise from a variety of situations.

Common causes of hardship may include, but are not limited to:

- Loss of employment of the property owner or family member;
- Family breakdown;
- Illness, including physical incapacity, hospitalization, or mental illness of the property owner or family member; and/or
- A death in the family.

Council frequently enters into payment arrangements with property owners. This form of assistance is not categorised as “financial hardship assistance”. In these circumstances Council will monitor progress towards clearing the debt within a specified time, but if the debt is not cleared further assistance may be considered.

POLICY

Introduction

The City of Launceston seeks to maintain an appropriate distribution of rates and charges in accordance with the objectives of the Rates and Charges Policy which are:

- a) Consistent and equitable treatment of all residents and ratepayers;
- b) Achieving an appropriate mix and distribution of taxation from

- i. rates based on property values, fixed and service charges and revenue from other sources; and
 - ii. different sectors (including land use categories and localities) within the municipality.
- c) Managing the impact on ratepayers of changes in
- i. the Council's funding requirements; and
 - ii. property valuations as reflected in municipal revaluations.
- d) Using rate settings to support the achievement of strategic objectives.

However, Council recognises that sometimes a person's personal financial circumstances mean that it is appropriate to grant that person relief from the payment of Rates. This policy has been developed to enable the Council to assist ratepayers who are suffering financial hardship. This Policy is guided by the Council's values of **We care about our community** by striving towards the **best outcome for our community** and **making responsible and sustainable decisions**. Our values are:



Our people
matter

we value clear and open communication
we support and encourage each other
we respect diversity
we recognise individual needs, experience and strength



We care about
our community

we take pride in our work and pursue a standard of excellence
we genuinely listen, and value collaborative relationships
we strive towards the best outcome for our community
we make responsible and sustainable decisions



We bring an
open mind

we actively seek opportunities to continuously improve
we respect and explore different ideas and perspectives
we embrace change that leads to positive outcomes
we value innovation and creativity



We go home
safe and well

we show care for people and look out for one another
we speak up and support others to be healthy and safe
we take personal responsibility for our own health and wellbeing
we value work-life fit

Identification of genuine financial hardship

The identification of genuine financial hardship can be determined by:

- Assessment by Council officers;
- External assessment by, for example, an independent accredited financial counsellor (preferred); and/or
- Evidence of a valid Centrelink or DVA entitlement to benefit (either in letter, email or card form).

Where an assessment takes place to determine a customer's eligibility for relief under this policy, judgement is required by Council when deeming whether a property owner is experiencing genuine financial hardship rather than simply seeking to defer payment.

If Council requires tangible evidence of hardship, they may request:

- Documentation providing evidence of the property owner having consulted with, and/or being accompanied by a recognised financial counsellor or a booking to see a financial counsellor, or
- Documentation such as a statutory declaration from a person familiar with the property owner's circumstances (family doctor, bank officer etc.).
- In the instances of properties within a valuation class of Commercial or Industrial for those impacted industry sectors (hospitality, sporting etc), a copy of the lease agreement between tenant and property owner(s) which notes the rated property address impacted.

Council may also require additional supporting documentation where:

- The property owner has had payment issues with Council in the past, which may have included lodgment with our external Debt Collection Agency (TCS)
- The amount outstanding or remaining overdue is considered large or significant, or
- Financial Hardship has been utilised by the property owner in the past.

The types of help that Council can give

Where a Ratepayer is suffering genuine financial hardship s/he can apply for one or more of the following types of relief:

- 1) defer the payment of Rates (i.e. paying Rates after they would normally be due)
- 2) remission of Rates, in part or full (i.e. not being required to pay some or all of the Rates bill), or
- 3) Remission of interest and/or penalties invoiced in respect of a Rates bill. Although it should be noted that in a declared state of emergency the Council will not charge interest or penalties for a period of 6 months.

Deferment of Rates payment

A deferral of rates may be considered by Council where the applicant can provide supporting documentation of the following:

1. a valid Commonwealth Centrelink or Department of Veteran Affairs card, as follows
 - a Pensioner Concession card; or
 - a Veterans Affairs Gold card (endorsed as TPI or War Widow);

OR

1. They can provide evidence of genuine financial hardship as certified by an assessment carried out by an independent financial counsellor;

A deferral of rates is a postponement of payment in part or full and can be for a specified period and subject to any conditions determined by Council. In all applications for rate deferrals, the Property Owners who are the subject of a Deferral under this paragraph should be urged to continue to make such contributions to Rates payments as they are able.

Rate deferral agreements will be for a maximum period of three (3) years. Approved rate deferrals must then be settled at the conclusion of this three (3) year period, along with any new rates raised.

Where the Council Officer determines that this policy may apply, the Applicant must complete the Application for assistance due to Financial Hardship.

If on receipt of the Deferral Application Form, the Manager Finance or Chief Financial Officer (CFO) determines that a failure to defer would:

- cause serious Financial Hardship to the Property Owner; and
- it is appropriate and equitable in the circumstances,

then the Manager Finance or CFO will seek the approval of the Chief Executive Officer and if approval is provided, arrange to:

- enter the appropriate Deferral on to Council's Information System;
- notify the Property Owner in writing of agreement.

The Council will ensure that its contracted Debt Collection Agency is notified that action is deferred on a property the subject of this paragraph.

Those that have been assessed for a successful deferral are ineligible to reapply in the future for further deferrals.

Remission of Interest and Penalties

During a declared state of emergency interest and penalties will be waived for eligible ratepayers for a period of six (6) months.

Remission of Rates

Consideration of a remission under this section will only occur after an initial deferment of rates has been granted.

A person who is an eligible recipient who is suffering Genuine Financial Hardship or would suffer Genuine Financial Hardship if that person paid the full amount of the Rates for which he or she is liable, may apply to Council for a remission of the whole or part of any Rates.

Except for the most exceptional circumstances, Council will not remit any Rates but rather will encourage the person to enter into a Payment Arrangement, or where the person meets the criteria for Deferment of Rates, to defer the Rates.

Where it is thought that exceptional circumstances exist such that remission of the Rates is appropriate, the Applicant must complete the Application for assistance due to Financial Hardship.

Pursuant to section 22(2) of the *Local Government Act 1993* (Tas), Council delegates to the Chief Executive Officer the power to authorise a remission of rates of up to \$500 per property in one financial year. If the Chief Executive Officer is of the view that exceptional circumstances warrant an extension to this policy framework, a decision of Council will be sought.

Any remission is a one off remission in response to circumstances at the time, those that have been assessed for a successful remission are ineligible to reapply in the future for further remission.

Application for Financial Hardship

Assessment of genuine financial hardship will be objectively based on the information provided by the customer on the form “Application for Assistance Due to Financial Hardship”.

Determination on applications to defer rates, or for remission of rates, interest and/or penalties, will be subject to approval by the Chief Executive Officer as required by Section 22(2) of the *Local Government Act 1993* (Tas).

Determination on applications for remission of “one off” interest charges due to administrative error will be subject to approval by:

- Team Leader Receivables

What happens if an application is approved?

If an application for relief under this policy is approved it will be valid for a period of 12 months.

At the end of the 12 months, a new application will need to be submitted which will need to show that the Ratepayer is still suffering from genuine financial hardship.

Council staff will contact any person given relief under this policy near the end of the 12month period to help them to submit a new application if this is required.

PRINCIPLES

The Council's rating policies are formed within a framework that includes:

- (a) The *Local Government Act 1993* (Tas);
- (b) Established taxation principles;
- (c) Organisational Values;
- (d) The Council's Long Term Financial Plan; and
- (e) The Council's Rating Resolution.

RELATED POLICIES & PROCEDURES

23-Plx-010 Rates and Charges Policy

23-PI-006 Property Debt (Small Charge) Remission Policy

23-PI-008 Rating Exemptions and Remissions for Crown Lease Jetties and Slipways

23-Plx-002 Rating Exemptions and Remissions for Charitable Organisations Policy

RELATED LEGISLATION

Sections 125 and 126 of the *Local Government Act 1993* (Tas) sets out the circumstances in which a Council can consider an application for deferment or remission of rates, charges and penalty Interest. Additionally, Section 129 sets out the provisions for the consideration and granting of a

remission of rates and Section 22(2) provides for approval by the Chief Executive Officer for deferral or remission of rates as a delegated authority. This Policy must be read in conjunction with these sections and does not take precedence over them.

REFERENCES

Access Economics/Henry Review (www.taxreview.treasury.gov.au)
Taxation Policy Criteria (Oakes Committee April 1990)

- Equity or Fairness
- Simplicity and Efficiency
- Accountability or Visibility
- Acceptability
- Benefits Derived
- Capacity to Pay

DEFINITIONS

For the avoidance of doubt, Chief Executive Officer is the General Manager appointed under section 61 of the *Local Government Act 1993* (Tas).

REVIEW

This Policy will be reviewed every 4 years. It may also be reviewed and updated as necessary if legislation requires it; or when Council's related policies, functions, structure or activities change; or when technological advances or new systems change the way that Council manages rates and charges hardship.