

Rates Hardship Policy



City of
KINGSTON

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1. Document Information

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RESPONSIBLE GENERAL MANAGER	Chief Finance Officer
RESPONSIBLE MANAGER (Policy Owner)	Team Leader – Revenue and Collections
APPROVED/ADOPTED BY	Council
APPROVAL DATE	24 June 2024
EFFECTIVE DATE (If different from approval date)	
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2. Purpose of the Policy

The City of Kingston recognizes that some individuals and organisations may from time to time experience financial hardship which will vary in its extent and duration depending on individual circumstances. This policy ensures that all people who may be vulnerable to financial hardship, regardless of their circumstances, will have options to help facilitate them through their financial hardship. This policy establishes the guidelines for assessment of financial difficulty or hardship applications based on the principles of fairness, integrity, confidentiality and compliance with statutory requirements. The policy aims to deliver the right balance of offering support whilst delivering effective financial governance to ensure Council's long term financial sustainability.

This policy is subject to change at Council's discretion, considering changing government policy and legislative requirements. This policy sets out the processes for Council as to how Financial hardship applications are assessed and administered.

The purpose of this policy is to:

- a) Help individuals and organisations experiencing financial hardship.
- b) Provide a system that enables individuals and organizations to approach Council with ease about current hardship circumstances.
- c) Outline the eligibility and assessment criteria that will be considered in a consistent, equitable and confidential manner.
- d) Provide individuals and organizations with clearly defined options when applying for financial hardship.
- e) Provide a fair and transparent decision-making framework for Council officers when assessing hardship claims.

3. Scope

This policy will apply to Senior Management and Council Officers responsible for the

maintenance and management of municipal rates and charges. Council Officers and Council's Debt Collection Agency are required to comply with this policy with respect to the collection of Rates with those individuals who are experiencing genuine financial hardship.

4. Definitions

Hardship	Refers to a situation where a person has a limited/low income (i.e. pension/unemployment) and payment of rates and charges may be detrimental to their quality of life.
Due Date	Means the due date(s) for payment under section 167 of the <i>Local Government Act 1989</i> (Vic) as displayed on the Rates notice
Interest	Means penalty Interest charged on unpaid rates under section 172 of the <i>Local Government Act 1989</i> (Vic) and as prescribed and gazetted in accordance with section 2 of the <i>Penalty Interest Rates Act 1983</i> (Vic)
Property Owner	Means the registered proprietor of rated property within the municipality, who is legally responsible to pay rates under section 156 of the <i>Local Government Act 1989</i> (Vic)
Rates	Means Council's rates and levies with respect to rated property, special charges, including the Fire Services Property Levy
Rated Property	Means the rateable land on which rates are due and payable annually.
Principal Place of Residence	A property that is defined as a principal place of residence when a person resides, occupies, and lives in it as their home
Investment Property	Is property that has been purchased with the intention of earning a return on the investment, either through rental income or through capital gain with the future resale of the property
Pension Concession Holder	Refers to an individual on a Pensioner Concession Card issued by Centrelink who are receiving an Age Pension, Disability Support Pension or Veteran Affairs Pension Card or Veteran Affairs Gold Card
State of Emergency	Refers to a situation that exists when the State or Federal Government are satisfied that there is a serious risk to public health, or if an emergency exists

	which warrants the making or a declaration of a state of emergency, that will impact all residents during extreme situations by suspending certain normal functions of government, alerting the community to the situation and request they alter their normal behaviours, suspending certain civil liberties during periods of civil disorder
Short term Hardship	Refers to hardship that will be resolved within 12 months
Long term Hardship	Refers to hardship that will not be resolved within 12 months
Extreme Circumstances	Refers to external circumstances that would be extremely detrimental to the property in a given situation. Generally, these would be unforeseen circumstances beyond the control of an individual.
Waiver	Removes the liability to pay and may be offered to include the whole or part of any interest and/or charges
Financial Counsellor	Is a member of, or is eligible to be a member of, a financial counselling association, and has undertaken appropriate training to ensure that they have adequate skills and knowledge to satisfactorily provide the financial services. Financial counsellors are employed by agencies, typically not for profit community organisations that must comply with the ASIC licence exemption provisions for financial counselling. Financial counselling service is free, confidential, independent and without conflict.

5. Responsible Executive

Chief Finance Officer

6. Policy owner

Team Leader – Revenue and Collections

7. Related Documents

Local Government Acts 1989 (Vic)
 Fire Services Property Levy Act 2012 (Vic)
 Penalty Interest Rates Act 1983 (Vic)

8. Definition of Financial Hardship

Financial hardship/difficulty is a situation where an individual due to factors outside of their control is unable, because of unemployment, illness or other reasonable cause, to discharge their financial obligations. Financial hardship involves an inability of the individual to meet their financial commitments and obligations, rather than an unwillingness to do so.

Financial hardship can arise from a variety of situations. Common causes may include, but not limited to:

- Loss of employment
- Family Violence
- Family breakdown;
- Illness, including physical incapacity, hospitalization, or mental illness
- Recent death of the ratepayer or an immediate family member
- Financial misfortune such as fraud or electronic scamming
- The impact of natural disaster
- Other factors resulting in unforeseen change in the debtor's capacity to meet their payment obligations, whether through a reduction in income or through an increase in non-discretionary expenditure.

Mere inconvenience or difficulty in making payment is not financial hardship.

Financial hardship denotes more serious circumstances and requires that a person:

- Cannot afford the necessities of themselves and/or dependents; or
- To be in such a circumstance that paying rates and charges mean that they would be unable to afford necessities of life for themselves and/or dependents.

Necessities of life that would be impacted if making a payment of all or part of any rates, charges and any interest would:

- Prevent the ratepayer (or a dependant) from seeking essential medical treatments or supplies;
- Prevent the ratepayer from payment of essential utility services (including water and energy);
- Prevent the ratepayer (or a dependant) from access to basic living needs, such as:
 - Food;
 - Accommodation;
 - Clothing;
 - Education for dependent children; or
- Place the ratepayer (or dependent) in any form of harm or danger, including (but not limited to):
 - Family violence; or
 - Economic abuse.

In contrast, financial hardship is not present where a ratepayer is able to afford goods and services such as (but not limited to):

- Restaurant and takeaway meals;
- Services such as hairstyling, beauty treatments, sport and recreational activities, and holidays;
- Entertainment such as streaming services, movies, concerts, and theatre;
- Alcohol and tobacco; and
- Private schooling fees (including for dependents) or fee paying education services.

9. Delegation Authority

As per Instrument of Delegations.

10. Policy Statement

In applying this policy, Council considers the principles of consistency, fairness, and transparency as paramount. The application of this policy is to be fair and advance the community benefit considering all Property Owners as well as community expectations.

11. Policy Details

11.1 Hardship Information for Ratepayers

- 11.1.1 Council has established this policy for the transparency of ratepayers in the municipality. This policy may be requested in hardcopy, softcopy or accessed via our website:
<https://www.kingston.vic.gov.au/property/rates/pay-your-rates>
- 11.1.2 Council aims for the policy to be accessible in multiple languages and do offer a translation service free of charge for those residents who have English as a second language. If you need language assistance, please call our interpreting service on 131 450, state the organisation as the City of Kingston and quote our phone number 1300 653 356. For more information please visit our website:
<https://www.kingston.vic.gov.au/contact/contact-us>
- 11.1.3 Chief Finance Officer, Manager Finance, Rates Team Leader and the Senior Rates Officers are trained in the Rates Hardship Policy. These roles are responsible for assessing Hardship applications for rates. Rates officers administer and process hardship applications.

11.2 Application Process for Hardship

- 11.2.1 A Property Owner may apply for hardship if individuals and/or organisations are experiencing financial hardship. Applications can be either electronic, or in hard copy. Electronic applications are available through our website :
<https://www.kingston.vic.gov.au/property/rates/pay-your-rates/financial-hardship-rates-form>
- 11.2.2 Hardship applications will allow property owners to apply for: A short term rates deferral, a long-term rates deferral, a payment arrangement, interest waiver, and where applicable legal cost waiver and/or a waiver of rates under extreme circumstances.
- 11.2.3 Approved Hardship applications will only be effective from the approval date.
- 11.2.4 Council must consider the following factors when determining whether to waive rates and charges.
 - Can the unpaid rates and charges be paid by rearranging finances and/or selling or drawing on assets?
 - Does the ratepayer have access to savings, monetary investments, or other income?
 - Has financial hardship been caused by a ratepayer's own actions or expenditure, for example, through spending on

non-essential items or through a recent gift or loan to family or friends?

- What has the applicant ratepayer done to alleviate their financial hardship?
- Will the applicant ratepayer sell saleable or liquid assets capable of paying the debt within the next 12 months, including the property with outstanding rates and charges?
- Is the ratepayer able to make payments on other debts (such as mortgage or credit cards) greater than the minimum required?
- Is the ratepayer a company or trust?

- 11.2.5 Council endeavours to have Applications assessed within 10 business days of being received as long as all relevant application information has been received.
- 11.2.6 Applications for hardship that have been accepted are for a 12-month period only. At the expiration date of the hardship application period, the onus is on the ratepayer to inform council if they are still experiencing hardship and to re-apply. At the end of a hardship period, if hardship is still being experienced by the ratepayer another application will need to be applied for and re-assessed.
- 11.2.7 Council may cancel hardship applications if the applicant has historically not maintained hardship schedules that have been agreed on, and future applications may not be accepted. This will be assessed case on case and a decision made will clearly outline the reason this is not accepted.
- 11.2.8 It is the applicant's responsibility to ensure information and documentation provided are complete, truthful, current and relevant. Council will void any applications if any false or misleading information relating to the application is provided.
- 11.2.9 Council may make suggestion applicants seek further advice from the State Government's free financial counselling service via the National Debt Helpline in order to help with their current hardship situation. Refer to their website at: <https://ndh.org.au/>. This may be a requirement for applications if other documentation cannot be provided.
- 11.2.10 Payment plan will be considered a more suitable option for Investment properties and application and approval are considered on case by case basis.
- 11.2.11 Any non-English documentation provided to Council for Hardship must be translated in English prior to submission. Council has an interpretation service which can assist with this requirement. Please contact Customer Care on 1300 653 356.
- 11.2.12 Ratepayers who live at their place of business, are eligible to apply for hardship relief.

11.3 Payment Options for Deferrals and Arrangements

- 11.3.1 Rates under hardship can be paid or agreed upon by a capacity to pay in consultation with either: a Senior Rates Officer/Team Leader at Council, or from an independent financial counsellor. Once a payment

amount and schedule has been agreed upon, Council will send confirmation out via hardcopy or softcopy to confirm the Payment Plan.

- 11.3.2 Payments can be made via weekly/fortnightly/monthly or bi-monthly instalments using scheduled Payment plan with a rate-payer's financial institution. This can be done with the assistance of the financial services provider, using the reference numbers provided on the annual notice.
- 11.3.3 Payment options will be limited to the payment methods at the bottom of the issued annual rate notice with the exception of direct debit arrangement.

11.4 Hardship Options

- 11.4.1 Council are aware that no two hardship situations are the same, and as a result have both Short-term Hardship, and Long-term Hardship applications. Deferrals are accepted for short term hardship situations and payment plans are available for both short and longer terms depending on the situation.
- 11.4.2 Interest will not be charged on outstanding balances for approved Hardship applications, for the period the hardship has been approved for.
- 11.4.3 In order for Council to provide and assess Hardship applications, Council does require additional information to support your situation. This may include: financial statements, medical certificates, income statement documentation (Tax Returns) or Financial counsellor recommendations.
- 11.4.4 Hardship applications can include the following: Rates Deferral, Payment plan (nominating a payment amount and schedule based on your capacity to repay), or an interest waiver. In extreme circumstances of Hardship relating to the property, at Council's discretion may assess an application for a partial or full rates waiver under section 171A in the Local Government Act (2020).
- 11.4.5 Payment plans and deferrals under hardship will be terminated if the payments are not made at the times of the agreed arrangement or deferral schedule. Council will notify you in writing of any terminated arrangements. This will be communicated by your preferred method of contact registered on the Council database.

11.5 Interest on Hardship Applications

- 11.5.1 Where hardship instalments are not paid by their due date, and the hardship agreement is cancelled, interest will apply to the arrears, in accordance with the requirements under the Local Government Act 1989.
- 11.5.2 Interest will not accrue on approved short-term or long-term hardship applications. Interest will not be charged for the 12 month period from the date of approval.
- 11.5.3 Interest may be reversed under a hardship application for situations where individuals or organisations are able to provide evidence of why payment could not be made by the due date.
- 11.5.4 Interest will commence after the expiration date of the hardship period if there is still an outstanding balance.

11.6 Communications with Council

- 11.6.1 Every Hardship Application will be individually assessed. Once assessed, the applicant will be notified by email and or mail depending on the preference outlined in the application.
- 11.6.2 All approved applications for a hardship payment arrangement or deferral will have a schedule of payments attached of when the instalments or lump sum are due to be paid. It is expected the individual or organisation make these payments as outlined in the schedule for the hardship to remain active.
- 11.6.3 When a hardship payment arrangement or deferral schedule has not been met, the hardship will be terminated, and interest will apply. Council will communicate this cancellation of the arrangement in writing.
- 11.6.4 All approved applications for a hardship payment plans or deferral will have a schedule of payments attached of when the instalments or lump sum are due to be paid and any conditions to the deferment. It is expected the individual or organisation make these payments as outlined in the schedule for the hardship to remain active.

11.7 Debt Recovery

- 11.7.1 Council will not engage in Debt recovery/Collections while an individual or organisation is under approved financial hardship.
- 11.7.2 Council's Debt Collection Agency is familiar with Council's Hardship Policy and will not contact ratepayers who are complying with their hardship agreement.
- 11.7.3 Council's Debt Collection Agency may waive costs for legal action where current legal costs are exacerbating the ratepayer's hardship.
- 11.7.4 Council's normal debt collection processes will commence/resume should the payment plan be terminated/cancelled. You will be notified of this in writing.

11.8 Decision Making and Reporting

- 11.8.1 Council will manage any conflicts of interest for Hardship applications by referring applications outside of the rates and revenue team should a conflict of interest arise.
- 11.8.2 Council will retain all records relating to the application and approval of Hardship Applications.
- 11.8.3 Council will report to Senior Leadership on the number of applications received, current hardship agreements and debt recovery actions for review.

11.9 Disputes and Complaints

- 11.9.1 All applications are subject to review. Should you be dissatisfied with the outcome of your application, you can raise an internal dispute directly to Council via info@kingston.vic.gov.au
- 11.9.2 Should you be dissatisfied with the outcome of your internal complaint or dispute with Council, you may take your dispute to the Victorian Ombudsman via their website www.ombudsman.vic.gov.au/contact-us/

11.10 Property Owner Responsibilities during Hardship

Property Owner will:

- a) communicate with Council in writing to ensure their contact details (residential address, mailing address, telephone number, email address) are up to date to ensure we can support them during Hardship; and
- b) be proactive in understanding their financial situation in relation to their capacity to pay, and taking steps to ensure they maintain their arrangements or deferrals; and
- c) if your situation changes where your capacity to pay has improved, will contact Council for a re-assessment of the Hardship Arrangement.

11.11 Verbal Exchanges

Council will not accept, nor be responsible for, any verbal changes a Property Owner may provide.

11.12 Confidentiality

All communications between a Property Owner including written communications are confidential and subject to Council's Privacy Policy.

If economic abuse or family violence has been identified the council will:

- prevent the other owner/s from accessing confidential information relating to hardship and financial hardship applications; and
- prevent the other owner/s from delaying or preventing the application.

12. Review

Policy to be reviewed every 2 years or earlier subject to Council's discretion.