



# FINANCIAL HARDSHIP POLICY RATES AND CHARGES

Version 2, August 2020



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# Contents

Contents .....	2
Tables.....	2
Purpose .....	3
Policy .....	3
A. Payment Arrangements .....	3
B. Deferral of Rates & Charges (Standard) .....	4
C. Deferral of Rates & Charges (Covid-19 Financial Hardship).....	5
D. Waiver of Interest and Legal Charges.....	6
E. Waiver of Rates and Charges .....	6
F. Pensioner Rebate.....	6
Supporting Documentation .....	7
Legislation .....	7
Annexure 1 - Definitions .....	8
Annexure 2 - Responsibilities / Delegated Authorities .....	9
Annexure 3 - Policy governance.....	10

# Tables

Table 1: Definitions of terms .....	8
Table 2: Responsibilities of roles.....	9

## Purpose

To ensure clear and consistent approach to assessing and providing support in relation to the payment of rates and associated charges to ratepayers in financial hardship.

Assistance is provided in the form of:

- Payment Arrangements
- Deferrals of Rates and Charges
- Waiver of Interest and Legal Charges
- A capped Waiver of Rates and Charges in limited extreme circumstances
- Additional Pensioner Rebates

## Policy

### A. Payment Arrangements

Ratepayers experiencing financial difficulties and unable to pay outstanding rates and charges via the standard payment options may apply for a payment arrangement, subject to compliance with the following conditions:

- The ratepayer must be able to demonstrate they are experiencing Financial Hardship
- A payment arrangement request must be in writing specifying the proposed payment dates and amounts.
- During COVID19, penalty interest will be placed on hold, for all approved payment arrangements and deferrals. The ratepayer accepts that interest will be levied at the rate set by the Attorney General (*Penalty Interest Rates Act 1983*) on any outstanding amounts after the agreement period.
- The payment arrangement will have a limited life of not greater than twelve (12) months following the end of the financial year the arrangement was entered into.
- Any default in the payment arrangement may end the arrangement and result in the commencement of legal proceedings which may incur costs associated with the collection of the debt.
- Administration of applications to commence a payment arrangement shall be the responsibility of the Coordinator Revenue and Valuations.

## B. Deferral of Rates & Charges (Standard)

An eligible residential rate payer who owns and occupies a property in the City of Port Phillip will be able to request a deferral of rates and charges as follows:

Category	Deferral period	Interest
<b>Eligible Pensioners / Self-funded retirees - Owner Occupiers (Standard)</b>		
Aged Pension recipients / Seniors Card holders	Deferred Indefinitely - until property is sold / estate settled	Interest will accrue annually on the deferred rates, charges and interest at 50% of the rate set by the <i>Penalty Interest Rates Act 1983 - Section 2</i> , until the account is paid in full.
<b>Eligible Concession Card Holders - Owner Occupiers (Standard)</b>		
Pensioner Concession Card - issued by Centrelink or Department of Veterans' Affairs  Department of Veterans' Affairs Gold Card - War Widow (WW)  Department of Veterans' Affairs Gold Card -Totally and Permanently Incapacitated (TPI)	Deferral until 30 June of each financial year	Interest will accrue annually on the deferred rates, charges and interest at 50% of the rate set by the <i>Penalty Interest Rates Act 1983 - Section 2</i> , until the account is paid in full.
<b>Eligible Non-Pensioners - Owner Occupiers (Standard)</b>		
Experiencing Financial Hardship (not Covid-19 related)	Deferral until 30 June of each financial year	Interest will be levied at the rate set by the <i>Penalty Interest Rates Act 1983 - Section 2</i> , until the account is paid in full.

Due to the Covid-19 pandemic and to ensure consistency amongst rate payers, no interest will be charged for approved deferrals of rates and charges active during the period 1 April 2020 to 30 June 2022.

### Eligibility conditions

An applicant will need to satisfy the following conditions to be eligible for deferment of rates and charges:

- a) Must be the applicant's sole or principal place of residence (owner / occupier)
- b) A confidential statement must be submitted by the property owner as evidence of Financial Hardship (Residential) using the nominated application form.
- c) In considering applications for deferment, excessive items of expenditure shown on the application may be excluded at Council's discretion.
- d) Deferment will only be recommended where the financial hardship is expected to exceed one year.

Successful applicants are not obliged to but may make payments at any time to reduce the deferred debt.

### Withdrawal of rate deferralment

Any deferral will be withdrawn in any of the following circumstances:

- The ratepayers circumstances have changed and payment would no longer cause hardship.
- The ratepayer no longer owns or occupies the property.
- The ratepayer has defaulted in any agreement associated with the deferral.

### C. Deferral of Rates & Charges (Covid-19 Financial Hardship)

Eligible rate payers who are experiencing Covid-19 Financial Hardship and;

- own and occupy a property in the City of Port Phillip; or
- own and lease a residential property to a tenant who is experiencing Covid-19 Financial Hardship; or
- own a residential property which is available for lease on normal commercial terms, but remains vacant; or
- own and lease a non-residential property to a commercial tenant who is experiencing Covid-19 Financial Hardship; or
- own a non-residential property which is available for lease on normal commercial terms, but remains vacant;

Will be able to request a deferral of rates and charges as follows:

Category	Deferral period	Interest
Covid-19 Financial Hardship	Rate instalments falling due between 26 March 2020 and 30 June 2021, can be deferred up to 30 June 2021 and paid in full by instalments over a period which does not exceed 30 June 2022.	No interest applicable

### Eligibility conditions

Applicants will need to satisfy the following conditions to be eligible for deferralment of rates and charges:

- a) Must be the applicant’s sole or principal place of residence (owner / occupier) or alternatively;
- b) An application from a residential landlord for a property where the landlord has granted rent relief to the tenant or alternatively;
- c) An application from a non-residential landlord for a property where the landlord has granted rent relief to the tenant in accordance with the Commercial Tenancies code and the business has a turnover of less than \$50m.
- d) A confidential statement must be submitted by the applicant (together with a statement of support from their tenant, where applicable) as evidence of Covid-19 Financial Hardship using the nominated application form.
- e) Where appropriate, the landlord, must provide a declaration that they will pass on the deferral of rates and charges to their tenant.

- f) The owner accepts responsibility for the payment of any outstanding rates, levy or charges, should the tenant not pay the outstanding amount and/or vacate without notice, in accordance with the *Local Government Act 1989*.

### **Withdrawal of rate deferment**

Any deferral will be withdrawn in any of the following circumstances:

- The ratepayer no longer owns or occupies the property.
- The ratepayer has defaulted in any agreement associated with the deferral.

## **D. Waiver of Interest and Legal Charges**

Ratepayers who are in arrears with their rates and charges are encouraged to enter into a payment arrangements (refer sections A to C above).

If approval has been provided for penalty interest and or costs to be waived (whole or part thereof), the applicant must attend to the immediate settlement of the outstanding rates and charges and or by the date specified by the Coordinator Revenue and Valuations.

The waiver of penalty interest and costs will generally apply on a once only basis.

### **Eligibility conditions**

Council may waive interest and or costs (whole or part) where the ratepayer has demonstrated compassionate grounds for a payment being late. Acceptable compassionate grounds would generally relate to family illness or death.

## **E. Waiver of Rates and Charges**

Ratepayers who are in arrears with their rates and charges are encouraged to enter into a payment arrangements (refer sections A to C above).

Rates and charges will generally not be waived.

At the discretion of the General Manager Customer, Operations and Infrastructure and/or the Chief Financial Officer, rate waivers capped at a maximum of \$1,000 may be granted. Any rate waivers will be reported annually to council.

### **Eligibility conditions**

Council may waive rates where a ratepayer can demonstrate extreme circumstances and that the waiver of rates would ameliorate those circumstances.

## **F. Pensioner Rebate**

An additional rebate (as determined by Council) will be automatically granted to pensioners who qualify for the State Concession Rebate.

## Supporting Documentation

Council may ask for documentation as evidence to support any application under this policy.

## Legislation

Council is empowered to defer or waive rates, charges and interest based on the following legislative provisions of the *Local Government Act 1989*.

### Section 170 (Deferred Payment)

*"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."*

### Section 171/171A (Waiver)

*"Council may waive the whole or part of any rate or charge or interest in relation to any other class of persons determined by Council for the purpose of waiving rates or charges on the grounds of financial hardship."*

### Section 171(4)(b)

*"A person may only apply (within the meaning of the State Concessions Act 2004) for a waiver in respect of rateable land or a part of rateable land which is used exclusively for residential purposes by that person and is that person's sole or principal place of residence."*

## Other Relevant Regulation/Legislation

*Council Plan & Budget*

*Council Rating Strategy*

*Local Government Act 1989*

*Valuation of Land Act 1960*

*Fire Services Property Levy Act 2012*

*Penalty Interest Rates Act 1983*

*State Concessions Act 2004*

*Privacy and Data Protection Act 2014*

*Victorian Charter of Human Rights and Responsibilities Act 2006 (the Charter Act)*

## Annexure 1 - Definitions

Table 1: Definitions of terms

Term	Definition
<b>Compassionate Grounds</b>	Means short term circumstances of a compassionate nature.
<b>Covid-19 Financial Hardship (Non-Residential)</b>	<p>An owner of a non-residential property may experience financial hardship if they or their tenant:</p> <ul style="list-style-type: none"> <li>has experienced a significant revenue reduction of greater than 30%, compared to the same corresponding period last year, or closure during the period Jul to Dec 2020 (or such other period approved under this policy); and /or applied and approved for Job Keeper</li> </ul>
<b>Covid-19 Financial Hardship (Residential)</b>	A loss of employment or loss of income due to Covid-19 and the owner is currently receiving JobKeeper or JobSeeker financial assistance from the Federal Government
<b>Deferment</b>	<p>A 'deferment' of payment can be provided in whole or in part and be for a specific period and subject to any conditions determined by Council. Where deferment has been granted, Rate Notices must be sent as required under the provisions of the <i>Local Government Act 1989</i>.</p> <p>A deferral only suspends the payment for a specified period of time, but the full amount will eventually be recovered.</p>
<b>Financial Hardship (Residential)</b>	<p>An owner of a residential property may experience financial hardship if they are currently or have recently experienced:</p> <ul style="list-style-type: none"> <li>family tragedy;</li> <li>serious illness;</li> <li>impacts of natural disaster;</li> <li>other serious and difficult unplanned circumstances.</li> </ul> <p>An owner is considered to be in serious hardship when they would be left unable to provide for themselves, their family or other dependents the following:</p> <ul style="list-style-type: none"> <li>food or clothing</li> <li>accommodation</li> <li>medical treatment</li> <li>education</li> <li>other basic necessities</li> </ul>
<b>Pensioner</b>	Refers to a ratepayer who is currently eligible to receive the municipal rates concession under the provisions of the <i>State Concessions Act 2004</i>
<b>Waiver</b>	A "waiver" is a one-off abandonment, which removes the liability to pay, and may be offered to include the whole or part of any interest and costs. In extreme circumstances rates may be waived at the capped amount of \$1,000 or part thereof.



## Annexure 2 - Responsibilities / Delegated Authorities

Table 2: Responsibilities of roles

<b>Officer</b>	<b>Responsibility</b>
<b>Chief Executive Officer</b>	For ensuring the policy and procedures are in place
<b>General Manager Customer, Operations and Infrastructure</b>	For ensuring the policy and procedures are implemented
<b>Chief Financial Officer</b>	For receiving and assessing applications submitted for financial hardship. Reporting to Council where necessary
<b>Coordinator Revenue &amp; Valuations</b>	For considering and determining applications for financial hardship, payment arrangements. Administration in relation to applications

### DELEGATION OF DUTIES

Rate and Charges waivers can be authorised in accordance with the delegations table below:

<b>Authoriser</b>	<b>Amount</b>
<b>Chief Financial Officer</b>	Up to \$1,000
<b>General Manager Customer, Operations and Infrastructure</b>	Up to \$1,000

Rate and Charges deferrals can be authorised in accordance with the delegations table below:

<b>Authoriser</b>	<b>Amount</b>
<b>Coordinator Revenue &amp; Valuations</b>	Up to \$3,000
<b>Chief Financial Officer</b>	Up to \$200,000
<b>General Manager Customer, Operations and Infrastructure</b>	Up to \$300,000
<b>Chief Executive Officer</b>	Above \$300,000

## Annexure 3 - Policy governance

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**Responsible Service/Department:**

Chief Financial Officer

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**Adoption Authorised:**

Council Special Meeting

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**Date of Adoption:**

25 March 2020

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**Date Effective From:**

25 March 2020

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**Content Manager folder:**

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**Content Manager file #:**

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**Endorsed CEO or ELT member or department manager to make or approve document editorial amendments:**

CFO

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**Annual Desktop Review date:**

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**Review date:**

This Policy will be reviewed prior to 30 June 2021 and/or as the conditions of the COVID19 epidemic change (including Government regulations).

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**Completion date:**

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**Version number:**

V2

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**Stakeholder review and engagement:**

As part of business continuity plan to the COVID-19, ELT was the stakeholder engaged

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**Relevant Legislation:**

*Local Government Act 1989*

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**Associated Strategic Direction #:**

Council Plan

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**Associated Instruments:**

Finance related policies and procedures: Rating Strategy, COVID19 Additional Hardship options

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**Supersedes:**

Financial Hardship Policy – Rates and Charges v1

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**Review History:**

Name	Content Manager File Reference	Date	Description of Edits
Financial Hardship Policy – Rates and Charges v1	E42605/18	/06/2011	Including Emergency relief – implementation policy and procedures

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