

MEETING OF THE PORT PHILLIP CITY COUNCIL 3 AUGUST 2022



13.2 FINANCIAL HARDSHIP POLICY - RATES & CHARGES

EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE

PREPARED BY: GEORGE KOMPOS, SENIOR FINANCIAL S&P ADVISOR
PETER LIU, HEAD OF MANAGEMENT ACCOUNTING & FINANCIAL ANALYSIS

1. PURPOSE

- 1.1 To seek Council approval of the Financial Hardship Policy in line with decisions made as part of the Budget 2022/23, proposed amendments Local Government Act 1989 contained within the Local Government Legislation Amendment (Rating and Other Matters) Bill 2022, and other minor clarifications and edits.

2. EXECUTIVE SUMMARY

- 2.1 This Council continues to provide one of Victoria's most supportive rates and charges hardship relief schemes including a Council funded pensioner rebate, referrals to support services, payment plans, and one-off waivers in cases of extreme financial hardship.
- 2.2 Amendments to the Policy have been made to reflect:
 - Decisions made by the Council as part of the Budget 2022/23 on the size of the Council pensioner rebate and maximum financial waiver.
 - Updating our Policy on Payment Plans in accordance with proposed amendments to the Local Government Act 1989, confirming current processes and practices of the Rates department.
 - Other minor edits and clarifications.

3. RECOMMENDATION

That Council:

- 3.1 Endorse the updated "Financial Hardship Policy – Rates and Charges (2022)"
- 3.2 Rescind the current "Financial Hardship Policy – Rates and Charges"
- 3.3 Delegate to the CEO the authority to make minor editorial changes and clarifications to the Policy as required.

4. KEY POINTS/ISSUES

- 4.1 This Council continues to provide one of Victoria's most supportive rates and charges hardship relief schemes including a Council funded pensioner rebate, referral services, payment plans, deferred payments, and one-off waivers in cases of extreme financial hardship.

MEETING OF THE PORT PHILLIP CITY COUNCIL

3 AUGUST 2022



- 4.2 The Policy has been updated to reflect decisions made by Council as part of Budget 2022/23, proposed legislative change, and as part of continuous improvement.
- 4.3 Since issuing the previous policy the State Government introduced the Local Government Legislation Amendment (Rating and Other Matters) Bill 2022. The Bill proposes the formal introduction of Payment Plans as a way of assisting ratepayers experiencing financial difficulties who unable to pay outstanding rates and charges via the standard payment options.
- 4.4 Council's Policy already includes payment plans which provide for ratepayers to pay their rates and charges bill, in instalments and without interest. Minor amendments have been made to align line with the proposed amendments to the Local Government Act 1989.
- 4.5 Council had also previously approved pensioner rebate and maximum financial waiver amounts as part of the Budget 2022/23. These decisions are reflected in the revised policy.
 - The Pensioner Rebate remains at \$200 noting it was increased last financial year by \$25 (14%) due to impacts of COVID. Port Phillip is one of the few Council's to offer this rebate.
 - The maximum financial waiver of \$1,500 introduced in response to the COVID pandemic is reduced to \$750 but is intended to be an ongoing feature of the Policy. Port Phillip is one of the few Council's to offer a waiver of this type and size.
- 4.6 Additionally, further clarification of how waivers are to be calculated and other minor amendments are included in the revised Policy.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 The key changes to level of assistance were detailed in the Budget endorsed by Council. The community has had the opportunity to comment on this through that process.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 The revised Policy seeks to comply with the proposed changes to the Local Government Act 1989 relating to financial assistance for the payment of rates and charges.
- 6.2 There is a risk that bill is not passed by the Victorian Parliament. Council has helped in the form of payment plans in the past and would continue with such assistance in the event the bill is not passed.
- 6.3 The Policy confirms Council's existing assistance commitments which are in line with recommendations from recent Victorian Ombudsman investigation into Council rates and financial hardship.

7. FINANCIAL IMPACT

- 7.1 The proposed changes will have minimal impact on the Council's financial position.
- 7.2 Council officers estimate that for the current financial year that waivers granted would unlikely exceed the previous financial year of around \$10,000 given:
 - The maximum waiver has been reduced from \$1,500 to \$750.



- Businesses continue to remain open and operating despite the level of Covid-19 circulating in the community.
- Low levels of unemployment
- Other support available with less evidence including interest free payment plans.

7.3 However, there is a risk that higher interest rates could create higher levels of financial distress in the community which could increase the number of applications received by Council.

7.4 The number of applications and the number and quantum of waivers provided will be reported each month in the CEO Report.

8. ENVIRONMENTAL IMPACT.

8.1 No environmental impacts arise from the proposed policy.

9. COMMUNITY IMPACT

9.1 This Policy helps ratepayers experiencing financial hardship, whilst they attempt to resolve or progress the circumstances which caused the hardship. This includes referral services, payment plans, deferred payment, and in extreme cases one-off waivers.

9.2 Additionally, the Policy supports Age Pensioners and self-funded retirees to remain in their principal place of residence through rebates and deferrals of rates until their property is sold, or estate is settled.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 The policy is consistent with Inclusive Port Phillip strategic direction, supporting those members experiencing financial hardship.

10.2 The policy is prudent and affordable and consistent with the Well Governed Port Phillip strategic direction.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 The Policy will replace the existing policy on endorsement by Council.

11.2 COMMUNICATION

11.2.1 The updated Policy will be updated on Council's website when endorsed. Rates notices will provide a reference and link to the updated Policy.

11.2.2 The City of Port Phillip continues to provide one of Victoria's most supportive rates and charges hardship relief schemes including a Council funded pensioner rebate, referral services, payment plans, and one-off waivers in cases of extreme financial hardship.

11.2.3 The Policy has been updated to reflect decisions made by Council as part of Budget 2022/23, proposed legislative change, and as part of continuous improvement.

MEETING OF THE PORT PHILLIP CITY COUNCIL 3 AUGUST 2022



12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 George Kompos, who was involved in the preparation of this report and updated Policy, has general interest in the matter as a ratepayer of the city of Port Phillip.

ATTACHMENTS

1. Financial Hardship Policy - Rates and Charges (2022)