



# Hardship Policy

## AUTHORISATION & VERSION CONTROL

|                      |                                          |
|----------------------|------------------------------------------|
| <b>Policy Number</b> | <i>POL-026</i>                           |
| <b>Policy Owner</b>  | <i>Director Finance &amp; Governance</i> |
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## **BACKGROUND/INTRODUCTION**

This policy provides a framework to be followed in providing assistance to those ratepayers who suffer genuine financial hardship, with the payment of their rates and charges.

## **PURPOSE**

- To provide financial assistance to ratepayers who are experiencing genuine financial hardship with the payment of Council's rates and charges.
- To provide a decision-making framework for the appropriate assessment of financial hardship applications.

## **SCOPE**

This policy applies to eligible ratepayers within the Cumberland City Council Local Government area who are experiencing genuine financial difficulties in paying their rates and charges.

## **POLICY STATEMENT**

To provide a fair and an efficient method to assist ratepayers to apply for Hardship.

## **PRINCIPLES**

The Local Government Act 1993 (the Act) provides Council with the following legislative provisions and options to assist ratepayers with financial hardship:

### **1. ARRANGEMENTS – Section 564**

Section 564 of the LGA allows Council to accept payments of rates and charges differing to the original four instalments. This is the most common form of assistance elected for use by Council. A ratepayer can enter into an agreement with Council to pay their rates weekly, fortnightly or monthly.

Council offers the availability for these arrangements to be set up through direct debit or Centrepay (if applicable) to further assist the ratepayer in making the agreed payments on the agreed dates.

All arrangements must be formalised in writing. Mutually acceptable repayment schedules have a maximum 12 months term. Council may also write off or reduce interest accrued on outstanding rate and charges if the person complies with the agreement under this section.

## 2. ACCRUED INTEREST – Section 567

Section 567 of the LGA provides for Council to write off accrued interest on rates and charges payable by a person if, in Council's opinion the reasons the person was unable to pay the rates and charges when they became payable were beyond the persons control, or: that person is unable to pay the accrued interest for reasons beyond that persons control, or; that the payment of the accrued interest would cause the person hardship. For the purpose of consideration,

Council requests that the ratepayer applies in writing stating the explanation as to why interest should be waived.

## 3. PENSIONER ABANDONMENTS – Section 582

Council may waive or reduce rates, charges and interest due by any person prescribed by the regulations who is in receipt of pension, allowance under the Social Security Act 1991. Applications must be in writing to Council to assist in determining its entitlement and eligible for the Mandatory Government rebate.

## 4. PENSIONER ABANDONMENTS -Section 582

Council currently has an existing policy regarding the extension of the Pensioner Rate Rebate (concession) and it is not proposed to alter such policy.

## 5. VALUATION CHANGES – Section 601

Every three years the NSW Office of the Valuer General will provide Council with a general revaluation of all properties for rating purposes.

General revaluations can include large swings in value from one property to another.

This can result in disparity in increase of property values and may have an impact on the level of rates payable by ratepayers.

Section 601 of the Act provides Council with guidance in assisting a ratepayer who may suffer substantial hardship due to a valuation change to their land value. This assistance is only available when a later base date valuation is used to what has previously been used by Council for the making and levying of a rate.

Council has the discretion to waive, reduce or defer payment of any part of the increase.

## 6. OTHER ASSISTANCE

A system is currently in place to refer persons to welfare agencies which can assist ratepayers with financial grants and family related counselling.

## REQUIREMENTS

To provide access to rate relief equitably across the Council's Local Government Area, the following criteria is required to be met to establish hardship relief and rate relief under this policy:

- Available to ratepayers of land categorised for rating purposes within the residential and mixed development categories.
- Ratepayers applying to defer rates must be of an age to qualify for the age pension.
- The property subject to the application for hardship must be the sole or principal place of abode of the ratepayer and responsible for payment of rates and charges.
- Ratepayers will be required to submit an application for each financial year to which they are suffering financial hardship.
- Applicants for hardship relief must complete a Hardship Rate Relief application form.
- The application for Hardship must be supported by documents, including but not limited to the following:
  - Reasons for the application (Why they were unable to pay the rates and charges when they became due and payable).
  - Financial records (e.g. last 6 months bank statements)
  - Details of all sources of income and living/expenditure expenses
  - A letter from a recognised welfare agency or financial counsellor confirming financial hardship
- Each application is considered on its merits and the assistance provided is determined under the legal requirements of the Act.
- If an application is accepted, the applicant must enter into a mutually acceptable agreement with Council which specifies the terms and conditions of the relief.
- If the application for Hardship is under Section 601, the application must be submitted within six months of the posting date of the rates notice with a higher rate resulting from the General Revaluation of Land Value for rating purposes.
- Rate relief given under Section 601 will only be considered if the rates payable exceed 5% of the gross household income of the applicant(s).

## RELATED LEGISLATION

- Hardship Rate Relief Application Form