



YOUNG SHIRE COUNCIL

FINANCIAL HARDSHIP POLICY

DATE ADOPTED: 19 JUNE 2013

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1 INTRODUCTION/BACKGROUND

Council recognises there are cases of genuine financial hardship requiring respect and compassion in special circumstances. This policy establishes guidelines for assessment of a hardship application applying the principles of fairness, integrity, confidentiality and compliance with statutory requirements. It applies to all applications for waiving, alternative payment arrangements or writing off rates, fees, annual charges and interest accrued on such debts. Council is willing to provide assistance to ratepayers and other debtors in this situation.

The General Manager has the delegated authority to assess applications due to hardship and payment arrangement plans from any customer after receiving a written request on the approved application form and in cases of genuine hardship each case is to be referred to Council for its consideration in accordance with Councils adopted policy.

The Local Government Act allows Council to provide a range of assistant measures. This policy outlines the options Council will provide to cases of genuine financial hardship.

2 PURPOSE/OBJECTIVES

To be empathetic with and be helpful to ratepayers and other debtors experiencing genuine financial hardship.

- 2.1 For the purpose of this policy "Financial Hardship" is deemed to be the inability of a person(s) to afford payment of rates, charges and/or other debts due to Council.
- 2.2 To provide a decision making framework for the appropriate assessment of all financial hardship applications.
- 2.3 To fulfil the statutory requirements of the Local Government Act 1993 and other relevant legislation in relation to the waiving or reduction of rates and charges and/or other fees due to hardship.

3 POLICY

Council will provide assistance for ratepayers facing genuine financial hardship in the payment of their rates and charges and/or other debts. Rates and charges are deemed to include the ordinary rates, domestic waste charges, water availability and sewer availability charges on the property.

The hardship assistance provisions offered are as follows:

3.1 Hardship resulting from certain valuation changes

Council will only consider if all avenues have been exhausted with the NSW Valuer General. Valuations are independently determined by the NSW Valuer General and Council will encourage aggrieved ratepayers to make an appropriate application under the appeal provisions of the NSW Valuation of Land Act 1916

In accordance with Section 601 of the Local Government Act 1993, if a property owner is eligible, Council will defer payment of the whole of the increase of the ordinary rate due, to the following year.

This is subject to one quarter of the amount of the increase being added to each instalment due the following rating year. Interest is not charged on the deferred amount, unless it remains unpaid when the following rate instalment it was added to, becomes overdue.

The criteria used to determine eligibility is as follows;

- 3.1.1 The property must be categorised residential or farmland for rating purposes
- 3.1.2 The increase in land value must be greater than the residential shire wide average increase
- 3.1.3 The ratepayer must own the property and also occupy the property as their principal place of abode.
- 3.1.2 The ratio of ordinary rates payable to gross household income must be great than 5%
- 3.1.3 The ratepayer will suffer substantial financial hardship if required to pay rates and charges when they fall due. The ratepayer must provide details of their income and expenses, with supporting evidence as required by Council
- 3.1.4 This option is only available in the first year that new land values are used to levy rates.

3.2 Agreement as to periodical payment of rates and charges

Section 564 of the Local Government Act 1993 provides that Council may enter into a formal agreement with a ratepayer eligible for alternative periodical payments for due and payable rates and charges. A periodical payment agreement will be offered in accordance with Council's Debt Recovery Policy.

3.3 Writing off of accrued interest

Section 567 of the Local Government Act 1993 provides for Council to write off accrued interest on rates and charges payable by a person if, in its opinion:

- 3.3.1 The person was unable to pay the rates or charges when they became due and payable for reasons beyond the person's control, or
- 3.3.2 the person is unable to pay the accrued interest for reasons beyond the person's control, or
- 3.3.3 payment of the accrued interest would cause the person hardship.

3.4 Extension of concession to avoid hardship

Section 577 of the Local Government Act 1993 enables Council to make an order deeming certain persons who are jointly liable with an eligible pensioner(s) or solely

liable, but who are not themselves eligible, to be eligible pensioners for the purpose of a mandatory reduction in rates and charges to avoid hardship.

3.5 Eligibility

Any debtor of Council is eligible if it is assessed that the person(s) are experiencing financial hardship. Financial hardship may arise as a result of, but is not limited to:

- 3.5.1 loss of employment by a ratepayer or a family member upon whom the ratepayer relies on for financial support; or
- 3.5.2 loss of financial means directly due to a natural disaster where exceptional circumstances have been declared.

Applications for Hardship Rate Relief must be made on the appropriate form. (Available from Council's Customer Service Centre)

- 3.5.3 the applicant must be the owner/spouse or part owner of the property and be liable for the payment of rates on the property.
- 3.5.4 the property for which hardship application applies must be the principal place of residency of the applicant/s.
- 3.5.5 the property for which the hardship application applies must be categorised as "residential" or "farmland" for rating purposes.
- 3.5.6 for application under section 564 the applicant must have entered into a mutually acceptable agreement with council in order to repay the outstanding rates and charges by periodical payments in accordance with the provisions of council's debt recovery policy.
- 3.5.7 the application for hardship must be accompanied with supporting documentation which may include but is not limited to:-
 - Reasons why the person was unable to pay the rates and charges when they became due and payable
 - Copy of recent bank statements for all accounts
 - Details of income and expenditure
 - Letter from a recognised financial counsellor or financial planner confirming financial hardship.
- 3.5.8 Application for hardship under section 601 must be submitted within 6 months of the posting date of the rates notice in the first year of the general revaluation for rating purposes.
- 3.5.9 Rate relief given under Section 601 will only be considered if the rates payable exceed 5% of the gross household income which may be determined but is not limited to pensions/salaries; investment income; deemed income from assets; deemed rental from non-owner residents.
- 3.5.10 The amount of the relief under section 601 will be the difference between the ordinary residential rate payable on the property for the previous year with the allowable rate percentage increase applied for the current year (ie the rate pegging increase allowable under section 506 of the local government act 1993) and the ordinary residential rates payable on the

property in the rating year that general revaluations are being used for the first time.

- 3.5.11 The maximum amount of the relief under section 601 will be \$425.00
- 3.5.12 Applications will only be accepted from ratepayers and debtors who are able to demonstrate a prior history of favourable debt accountability with council
- 3.5.13 Applications will apply only to the financial year in which the application is lodged.
- 3.5.14 All applications will be considered by council as confidential.
- 3.5.15 Council will advise the applicant of the outcome of the application and the terms of any approved concessions.

3.6 Continuing Financial Hardship

If the ratepayer continues to experience hardship after the approved concession period has expired, a new application must be made.

3.7 Concession Withdrawal

The financial hardship concessions may be withdrawn by Council at the discretion of the General Manager for any of the following reasons:

- 3.7.1 The ratepayer no longer owns the land;
- 3.7.2 The ratepayer advised Council that hardship no longer applies'
- 3.7.3 Defaulting on a payment agreement; or
- 3.7.4 Council forms the opinion that proves that hardship no longer exists.

3.8 Concessions or pensioners

- 3.8.1 Section 575: this requires council to provide specified reductions for eligible pensioners
- 3.8.2 Section 577: This enables Council to extend pensioner concessions to person living with an "eligible pensioner" if they are jointly liable for the rates. Council can only extend the concession if it is considered proper to do so to avoid hardship.

3.9 Back-dating of Pensioner Concessions

Where an eligible pensioner applies for a concession Council will back-date the concession for a period not exceeding two (2) years prior to the current year (i.e. a maximum total of three (3) years including the current year), provided that:

- 3.9.1 The pensioner was at all times eligible for the concession; and
- 3.9.2 The pensioner provides a statutory declaration that the rateable property was their sole or principal place of residence for all of the period that the concession is claimed.

4 RESPONSIBILITY

4.1 Director of Corporate Services

5 REVIEW DATE

5.1 This policy is due for review every 4 years

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Resolution No. 114/07
Resolution No. 122/07
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