

ATTACHMENT 7

HARDSHIP POLICY

Rates & Charges Hardship Policy

Council recognises that customers may at times experience difficulty in paying rates and charges. This policy provides procedures to be followed, in accordance with the options available under The *Local Government Act* (NSW) 1993 (the Act), when giving assistance to those customers in genuine financial hardship.

The Local Government Act (NSW) 1993 - Hardship Provisions

Listed below are sections of the Act which allow Council to assist ratepayers suffering financial hardship:

- Section 548A – Aggregation of land
- Section 564 - Agreement as to periodical payment of rates and charges
- Section 567- Writing off of accrued interest
- Section 575 - Reductions for eligible pensioners
- Section 582 - Abandonment of pensioners rates and charges
- Section 601 - Hardship resulting from certain valuation changes

Hardship Assistance

Aggregation of land values of certain parcels subject to rates containing minimum amounts

Section 548A

(1) If the council is of the opinion that the levying of a minimum rate or of a rate containing a base amount:

(a) would apply unfairly, and

(b) could cause hardship to a rateable person who is rateable in respect of two or more separate parcels of land subject to the rate,

it may aggregate the land values of such of the parcels as it determines and levy the rate on the aggregated land values.

(2) Land values may be aggregated under this section for separate parcels of land only if each separate parcel is subject to:

(a) the same category or subcategory of the same ordinary rate, or

(b) the same special rate.

(3) A council must not aggregate the land values of two or more separate parcels of land:

(a) if each parcel is a parcel on which a dwelling is erected or a parcel that comprises (or substantially comprises) a dwelling in a residential flat building, or

(b) if the parcels are a combination of parcels referred to in paragraph (a).

Under Section 548A of the Act, Council will aggregate the land values of parcels that satisfy the criteria only when:

1. The land parcels are in identical ownership; and

2. The land parcels cannot be supplied one land value by the Department of Lands; and
3. The land parcels are adjoining or in the same plan; and
4. Levying separate minimum rates would apply unfairly.

Agreements to pay periodical payment of rates and charges

Section 564

- (1) A council may accept payment of rates and charges due and payable by a person in accordance with an agreement made with the person.
- (2) The council may write off or reduce interest accrued on rates or charges if the person complies with the agreement.

Under Section 564 of the Act, Council provides ratepayers who are unable to meet the quarterly instalment due date with alternative payment arrangements.

Negotiations of alternative arrangements are available to the ratepayer at any time, including at each stage of the debt recovery process. All staff in Council's Rates Team are trained to take an understanding approach with customers who are experiencing difficulties paying their rates.

Arrangements provide the customer with an opportunity to make weekly, fortnightly or monthly payments. Many arrangements are only short term payment extensions while others run over several months. Generally the arrangements are for no longer than six months, with a view to settle the account in full by the end of the financial year. This allows the customer more time to pay, therefore reducing the financial impact on them.

Arrangements that extend beyond six months are carefully analysed as they can cause an unmanageable situation for the ratepayer if the debt increases beyond their future means.

The additional option to write-off or reduce interest is not offered for payment arrangements as it is the only incentive Council has available to entice payments by the due date. As we do not offer discounts for payments in full, interest reductions for overdue accounts is considered unfair to those ratepayers who pay on time.

Natural disasters

Section 567

The council may write off accrued interest on rates or charges payable by a person if, in its opinion:

- (a) The person was unable to pay the rates or charges when they became due and payable for reasons beyond the person's control, or
- (b) The person is unable to pay the accrued interest for reasons beyond the person's control, or
- (c) Payment of the accrued interest would cause the person hardship.

Council will provide relief for those ratepayers who suffer hardship due to a natural disaster under Section 567 of the Act. Interest free extensions to make payment can be granted in cases where the ratepayer has suffered losses to their livelihood or possessions as a result of a natural disaster.

To be eligible, the ratepayer must provide evidence to the satisfaction of the Chief Rates Clerk as to the hardship caused by the natural disaster. The period of time allowed to make payments will be assessed on a case by case basis. It will increase or decrease depending on the severity of the disaster and the impact on Penrith City Council's Local Government Area.

Eligible Pensioners

Section 575

(1) If an eligible pensioner is the person solely liable, or a person jointly liable with one or more other persons, for a rate or charge levied on land on which a dwelling is situated, the rate or charge is, on application to the council and on production to the council of evidence sufficient to enable it to calculate the amount of the reduction, to be reduced in accordance with this section.

(2) Subject to subsection (3), the amount by which a rate or charge is required to be reduced is:

(a) if the person making the application is, on the date on which the rate or charge is levied, an eligible pensioner who is solely liable or jointly liable with one or more jointly eligible occupiers but with no other person for the rate or charge—one-half of the rate or charge, or

(b) if the person making the application is, on the date on which the rate or charge is levied, an eligible pensioner who is jointly liable with one other person who is not a jointly eligible occupier, or with two or more other persons, any of whom is not a jointly eligible occupier for the rate or charge—an amount that bears to one-half of the rate or charge the same proportion as the part of that rate or charge for which, as between all persons liable to pay the rate or charge, the applicant and any jointly eligible occupier are liable bears to the whole of that rate or charge.

(3) The total amount by which:

(a) all ordinary rates and charges for domestic waste management services levied on any land for the same year are reduced is not to exceed \$250, and

(b) all water supply special rates or charges so levied are reduced is not to exceed \$87.50, and

(c) all sewerage special rates or charges so levied are reduced is not to exceed \$87.50. However, if subsection (2) (b) applies, the maximum amounts specified in this subsection are to be proportionately reduced in line with the proportion applicable under subsection (2) (b).

(4) If a person becomes an eligible pensioner after the day on which a rate or charge is made and levied, the person is entitled to a reduction under this section of the rate or charge proportionate to the number of full quarters remaining after the day on which the person becomes an eligible pensioner in the year for which the rate or charge is made.

(5) A person who is an eligible pensioner or a jointly eligible occupier is, to the extent to

which any rate or charge that, but for this section, would be payable by the person is reduced under this section, discharged from liability as between that person and any other person jointly liable to pay the rate or charge.

Section 582

A council may waive or reduce rates, charges and interest due by any person prescribed by the regulations who is in receipt of a pension, benefit or allowance under the [Social Security Act 1991](#) of the Commonwealth.

Section 575 of the Act allows Council to provide eligible pensioners with a reduction to their rates and charges. The pensioner must live at the property and be solely or jointly liable for payment of the rates and charges. An application form must be completed and the pension card sighted by Council staff.

Eligible pensioners are provided with an annual rebate of up to \$250 from rates and domestic waste charges.

Under Section 582 of the Act, Council provides an additional annual rebate of the full Stormwater Management Service Charge, which is \$25 for residential and \$12.50 for strata residential properties.

Revaluation of Land

Section 601

(1) A ratepayer who, as a consequence of the making and levying of a rate on a valuation having a later base date than any valuation previously used by a council for the making and levying of a rate, suffers substantial hardship, may apply to the council for relief under this section.

(2) The council has discretion to waive, reduce or defer the payment of the whole or any part of the increase in the amount of the rate payable by the ratepayer in such circumstances, for such period and subject to such conditions as it thinks fit.

(3) An applicant who is dissatisfied with a council's decision under this section may request the council to review its decision and the council, at its discretion, may do so.

Under Section 601 of the Act Council is able to provide relief to ratepayers when their rates have increased due to a land revaluation.

Council will allow the ratepayer to apply to defer payment of the increase for a period of up to two years. Additionally, any interest that accrues as a result of a deferment is waived. Both the land value and rates must have increased by a minimum percentage which will be set by Council resolution upon adoption of the Rates and Charges. Residential applications will only be eligible for the owner's principle place of residence. Business proprietors are required to provide details of the financial hardship caused to the business.

Application Assessment

Assessment of financial hardship will be made by the Chief Rates Clerk, Rates Officer – Administration or Rates Officer – Financial.

To be eligible:

- The Applicant must be the sole or part owner of the property and be liable for payment of rates and charges on the property.
- For residential properties, the property for which the hardship application applies must be the principal place of residence of the applicant/s.
- Application for hardship under Section 601 must be submitted within 3 months of the posting date of the rates notice in the first year of the General Revaluation for rating purposes.

If the applicant is not satisfied with the outcome of a hardship application they can request the Chief Rates Clerk reconsider the decision. After the application has been reconsidered and a final decision has been reached, the ratepayer has no further right to appeal.