

# Payment Assistance Policy

Policy Number:	2007/04	Directorate:	City Development - Finance and Governance
Approval by:	Council	Responsible Officer:	Chief Financial Officer
Approval Date:	23 August 2021	Version Number:	8
Review Date:	28 February 2022 (Addendum to be reviewed on or before 31 March 2022)		

## 1. Purpose

The purpose of this policy is to provide Council with a framework to make available payment assistance to individuals. This Policy provides details of the assistance available to those currently experiencing, or at the risk of experiencing, financial hardship. Council is committed to assisting the community in meeting their financial obligations to Council by providing payment support, including arrangements, for property and service based debts.

The Policy includes a special addendum (addendum 1) in response to the 2020 COVID-19 pandemic; with the purpose of establishing the policy framework to provide assistance to those in the Knox community experiencing financial hardship due to the impacts of the Coronavirus pandemic.

## 2. Context

Part 8 Division 1 of the Local Government Act 1989 (the Act) establishes the power of Council to declare Rates and Charges. Sections 170-172 of the Act discusses the deferment and waiver provisions when considering financial hardship.

Whilst Rates and Charges are the largest source of Council's income, payment assistance may be sought for other fees and charges including the request for payment arrangements.

## 3. Scope

This Policy applies to balances outstanding from ratepayers and sundry debtor customers who are currently, or are at risk of, experiencing financial hardship.

## 4. References

### 4.1 Community & Council Plan 2017-2021

- Goal 8- We have confidence in decision-making

### 4.2 Relevant Legislation

- Local Government Act 1989 – Conflict and Interest Provisions

#### 4.3 Charter of Human Rights

- This policy has been assessed against and complies with the charter of Human Rights

#### 4.4 Related Council Policies

- Payment Assistance Addendum COVID-19 Pandemic Payment Relief

#### 4.5 Related Council Procedures

- Nil

#### 4.6 Other Guidance

- Hardship Policy Guidelines (November 2013) – Municipal Association of Victoria

## 5. Definitions

Detail any definitions within the policy.

Council	means Knox City Council, whether constituted before or after the commencement of this Policy.
Deferment	means the postponement of payment in completely or in part and can be for a specified period and subject to any conditions. When Rates and Charges are deferred payment is not required until the Council issues a Notice requiring payment, the property is sold, there is a change in ownership or there is a change in ratepayer. Deferred Rates and Charges remain a charge on the property.
Deferment Interest Rate	means the official 180 day bank bill rate sourced from Council’s contracted banking services provider as at 1 July each year and will be the net penalty interest rate levied against overdue amounts where Rates and Charges have been deferred, rounded to 1 decimal place, plus 2.0% per annum
Waiver	means the relinquishment or the removal of the liability to pay and may include the whole or part of any Rate and Charges, interest charge, fee or other charge.

## 6. Council Policy

Council, in applying this policy, will ensure that wherever possible, all outstanding debts will eventually be recovered.

### 6.1 Rates and Charges

Rates and Charges, including interest and legal costs, are a charge on the property. Council has the power under Section 181 of the Local Government Act 1989 to sell land (the property) to recover unpaid rates and charges.

#### Interest and Interest Waivers

6.1.1 Unless otherwise specified in this Policy, penalty interest will be charged on overdue rates and charges in accordance with Section 172 of the Local Government Act 1989. Penalty interest is calculated at the annual fixed rate as declared by the Attorney General under Section 2 of the Penalty Interest Rate Act 1983.

6.1.2 Interest charges may be waived, in part or in full, under the following circumstances:

- 6.1.2.1 Administrative Waiver – interest charges may be waived in the event of an administrative issue, error or omission which caused or significantly contributed to the failure to pay rates and charges by the due date.
- 6.1.2.2 Waiver on Compassionate Grounds – interest charges may be waived where the ratepayer has demonstrated compassionate grounds for the late payment of rates and charges.
- 6.1.2.3 Waiver of Interest due to Financial Hardship – ratepayers experiencing financial hardship may apply to have interest charges waived subject to the following conditions:
  - a) The ratepayer must be experiencing undue financial hardship. Ratepayers who are eligible pensioners or who can prove temporary unemployment may apply for current year rates and charges to be paid within 12 months from the date of issue of the Rates Notice, interest free. Such interest free arrangements only remain in place while agreed payments are being received. Applications should be directed to the Coordinator Rates and Valuations.
  - b) All other ratepayers (not eligible ratepayers or unable to prove temporary unemployment) may apply in writing to the Manager Financial Services detailing the circumstances affecting the ratepayer’s ability to pay current rates and charges by the due date. If approved, the waiver of interest in full or in part will not exceed a period of 12 months from the date of issue of the Rates Notices.

#### Payment of Rates and Charges by Arrangement

- 6.1.3 Any ratepayer may request to pay outstanding rates and charges by way of a payment arrangement. Payment arrangements will attract penalty interest on outstanding balances but allow ratepayers additional time to make payments. Council will not take any legal action to recover rates and charges provided conditions of the payment arrangements are honoured.

Payment arrangements generally provide support to settle current rates and charges within 12 months. Payment arrangements beyond 12 months require approval of the Coordinator Rates and Valuations.

#### Deferral of Rates and Charges

- 6.1.4 The deferral of rates and charges and/or interest is available to Residential and Retirement Village property owners only. Rates and charges will not be deferred for Commercial, Industrial, Vacant Land or Cultural and Recreational Land properties.
  - 6.1.4.1 Residential and Retirement Village property owners may apply to have rates and charges and/or interest in full or in part, deferred. Rates and charges including interest will continue to be levied. Applications for deferral will only be considered under the following circumstances:

- a) The ratepayer must be experiencing, and be able to demonstrate, undue and unavoidable hardship; and
- b) The ratepayer is either an eligible pensioner or a current recipient of unemployment benefits for at least 3 consecutive months; and
- c) The ratepayer is both the legal owner of, and resides in, the property; and
- d) The total amount of rates and charges, including any interest, to be deferred should not exceed 10% of the capital improved value of the subject property.

6.1.4.2 Interest charged on overdue rates and charges, including any interest, that are deferred will be set at the Deferment Interest Rate rather than the penalty interest rate. The Deferment Interest Rate only applies after the approval of the deferment. Previous interest charges at the penalty interest rate remain.

6.1.4.3 Deferrals may be offered for a period of up to three (3) years, at which time the ratepayer may apply for a further deferral subject to the assessment of personal circumstances prior to the continuation of any deferral agreement.

6.1.4.4 All deferral agreements must be approved by the Manager Financial Services.

#### Waiver of Rates and Charges

6.1.5 Rates and charges will not generally be waived. This is to ensure that payment assistance offered to one ratepayer does not have a redistribution effect on Council's rate base.

The Local Government Act 1989 is specific in relation to the grounds for the consideration of waiving rates and charges under financial hardship. The Local Government Act 1989 will be the basis for the consideration of any application for waiver.

Applications for the waiver of rates and charges must be addressed to the Chief Executive Officer. Applications must be supported by evidence of necessitous circumstances causing or likely to cause financial hardship. The waiver of rates and charges must be approved by Council.

#### Termination of Payment Assistance

6.1.6 Payment assistance support is terminated in the event of the sale or transfer of ownership of the subject property afforded payment support provided in 6.1.1 through 6.1.5 inclusive.

## **6.2 Sundry Debtor**

The principles of this Policy will apply to sundry debtors. Requests for the waiver of a fee or charge must be submitted to the Manager of the relevant service for consideration. Recommendations for the waiver of fees and charges in full or in part must be forwarded to the Manager Financial Services for approval and processing.

Requests for payment arrangements for Sundry Debtor accounts should be submitted to the Manager Financial Services. Payment arrangements will generally not exceed a period of 12 months from the date of the original invoice. Penalty interest may be charged on overdue amounts during the payment arrangement period.

**6.3** All information provided in accordance with this Policy will remain confidential.

## 7. Administrative Updates

From time to time, circumstances may change leading to the need for minor administrative changes to this policy. Where an update does not materially alter this policy, such a change may be made administratively. Examples of minor administrative changes include changes to names of Council departments or positions, change to names of Federal or State Government departments or a minor amendment to legislation that does not have material impact. Where any change or update may materially change the intent of this policy, it must be considered by Council.

Policy updated 27 April 2020.

Addendum 1 to Policy updated 23 August 2021.

## Knox Payment Assistance Policy – Addendum

# COVID-19 Pandemic Payment Relief

Policy Number:	2007/04	Directorate:	Office of the CEO
Approval by:	Council	Responsible Officer:	Chief Financial Officer
Approval Date:	23 August 2021	Version Number:	4
Review Date:	1 March 2022		

## 1. Purpose

The purpose of this policy addendum is to provide Council with a framework to make available payment assistance to individuals, businesses and other community members currently experiencing, or at the risk of experiencing, financial hardship as a result of impacts from the COVID-19 pandemic

## 2. Context

Part 8 Division 1 of the Local Government Act 1989 (the Act) establishes the power of Council to declare Rates Council recognises that the effects of social distancing and Australia’s response to Coronavirus will, and already has, led to significant impacts on the entire community including local businesses and households. Some of these impacts include people losing their jobs, people being employed for reduced hours, businesses shutting down and businesses reducing their operations.

Part 8 Division 1 of the Local Government Act 1989 (the Act) establishes the power of Council to declare Rates and Charges. Sections 170-172 of the Act discusses the deferment and waiver provisions when considering financial hardship.

Rates and charges are a critical source of revenue that Council uses to deliver services to the community. In addition, other service charges being, fees, licensing and lease income are also an important source of revenue.

Council is constantly assessing the impact of the COVID-19 and will be reviewing its approach to how it supports the community through the pandemic regularly. This policy addendum provides the framework for how Council implements these decisions with regard to payment assistance.

## 3. Scope

To provide direction to Council’s Officers when collecting and providing for debts owed and ensure Council takes into consideration the financial hardship on debtors caused by COVID-19.

Council will provide assistance to those in financial hardship in accordance with the Local Government Act 1989, while ensuring it does not jeopardise the funding of its operations.

This policy addendum will be guided by the principles of transparency, efficiency, capacity to pay and equity by treating all debtors consistently and in a fair manner.

## 4. References

- Refer to the Knox Payment Assistance Policy above 2007/04.

## 5. Definitions

Review Date means on or before 31 March 2022

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## 6. Council Policy

Council, in applying this addendum policy, will ensure that wherever possible, all outstanding debts will be recovered.

### 6.1 Financial Hardship – Rates and other services including, fees charges, licenses, leases

Financial hardship is a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary.

This policy addendum is to address temporary financial hardship due to impacts of COVID-19.

#### Who can apply for hardship?

Any individual, business or community member that has or will experience a loss (or reduced income) of employment or a decrease in sales revenue because of COVID-19 can apply for a payment plan.

People must request assistance from Council **in writing**, providing full details of the circumstances preventing them from meeting their financial obligations to Council.

### 6.2 Payment Plans

All ratepayers have the option to apply to enter into a payment arrangement to pay off their outstanding rates and charges and Council will not levy interest during this period (refer 6.3 below)

Ratepayers will have the ability to enter into zero payment plans for the period 1 July 2021 to 31 March 2022.

If any debt is still outstanding at 1 April 2022, Council's Payment Assistance Policy may apply.

### 6.3 Zero Interest

Interest will not be charged on overdue debts effective from 1 July 2021, until 31 March 2022. Interest already accrued and charged prior to 31 March 2020 for overdue debts will remain.

Financial thresholds for the waiving of interest (per payment plan or arrangement) are as follows:

- a) Up to \$250.00 - Coordinator Rates and Valuations
- b) Up to \$500.00 – Chief Financial Officer
- c) Up to \$750.00 - Director City Strategy and Integrity
- d) d) Up to \$1,000.00 - CEO

#### **6.4 Debt Recovery**

Council will make a reasonable attempt to contact debtors during the term of the Addendum, to reassess COVID-19 applications for financial hardship.

During the COVID-19 pandemic, Council will hold off on all legal action for the collection of debts.

### **7. Monitoring, Evaluation and Review**

Council officers will monitor Council's cash flow position and will include this report in the monthly finance paper to Executive Management Team and Council.

In the event that the State of Emergency is extended beyond the review date, Council will reassess financial relief and this addendum updated accordingly and/or when Council's cash flow position has been compromised; whichever is the earliest event.

All personal information provided in accordance with this Policy will remain confidential.

### **8. Administrative Updates**

Nil.