

SCS-050 COVID-19 Hardship Policy

TRIM Reference:	D20/61699	Due for Review:	N/A
Responsible Officer:	Coordinator of Revenue		

Purpose

This policy outlines Surf Coast Shire Council's (Council) commitment to establish a framework by which the Council can offer relief measures to ratepayers who endure financial hardship due to COVID-19 or the Coronavirus pandemic.

COVID-19 is a new infectious disease caused by a virus called Coronavirus. The World Health Organisation declared a global pandemic on 11 March 2020 and a State of Emergency was declared in Victoria on 16 March 2020.

This policy aims to provide ratepayers and sundry debtors (excluding fines and infringements) with clear and transparent understanding of options and assistance available if they experience financial hardship due to the pandemic.

Rates, fees and charges received from residents and businesses are an important and reliable source of revenue that enables Council to deliver services to the community. In times of crises, Council's services remain important to the community and therefore Council needs to maintain sufficient cash-flow to support delivery. However, it is also recognised that the COVID-19 pandemic will cause significant financial hardship for some members of the community and Council can in certain circumstances provide assistance.

Policy principles

The following principles underpin this policy:

- The impacts of the COVID-19 pandemic are not yet fully understood and so Council needs to be flexible and responsive to the community;
- It is recognised that not all ratepayers require alternate arrangements and for those that do the particulars of the arrangements may vary
- Support needs to be easy for ratepayers and debtors to access as well as for staff to implement;
- Short term support for individuals needs to be balanced with long term sustainability of Council;
- Financial support provided to individuals needs to be balanced with the burden, equity and fairness for the broader ratepayer base;
- When ratepayers and debtors face difficulty in paying bills, these obligations would likely be to many organisations and it is not reasonable for Council alone to provide relief;
- Council will use its legislative and regulatory powers to achieve its objectives; and
- Council will respect the confidentiality of any person needing to share their financial circumstances with Council or seek its assistance with rates and debts.

Scope

This policy applies:

- To all requests from ratepayers and sundry debtor customers seeking assistance due to temporary financial hardship arising from the COVID-19 pandemic;
- To all rateable properties in the municipality; and
- For the period of 16 March 2020 to 30 June 2022.

This policy will operate in addition to Council's existing SCS-003 Rates Assistance policy during this period. This policy does not apply to sundry debtors where debts relate to fines or infringements.

Policy

Council understands that various ratepayers and sundry debtors may experience financial hardship due to the COVID-19 pandemic and that meeting rates, charges, fees, levies and invoice obligations constitute just one element of financial difficulties that may be faced.

The purpose of this policy is to provide ratepayers and sundry debtors who are facing financial difficulty options to deal with the situation positively and reduce the strain imposed by financial hardship.

Council's approach will be as follows:

1. Proactive support for all ratepayers and sundry debtors by waiving penalty interest on overdue rates, special charge schemes or sundry debtor invoices for the period of 16 March 2020 to 30 June 2021; and
2. Responsive support for any ratepayer or debtor who demonstrates to Council's satisfaction that they are experiencing financial hardship as follows:
 - i. Customers will be offered the option of a payment plan for rates and debts owed during the period 16 March 2020 to 30 June 2022, with a flexible start date where the first payment may be scheduled up to three months from the initial payment plan application, or
 - ii. If a payment plan is not possible for rates, then a deferral arrangement may be considered for ratepayers where they meet the eligibility criteria as outlined on the Rates & Charges Deferment Application; or
 - iii. In exceptional circumstances, where a payment plan or deferral arrangement cannot be established and hardships exists in relation to the COVID-19 pandemic, then Council may through formal resolution consider a waiver of part or all of the debt.

Ratepayers and sundry debtors experiencing financial difficulty paying rates or charges can contact Council's Revenue Department via phone, email or in writing to confidentially discuss the COVID-19 Financial Hardship Policy.

Interest on overdue payments

The waiver of penalty interest will be proactively applied for all ratepayers and sundry debtors and does not require application. Council's intention is to provide immediate relief without creating additional financial stress to give ratepayers the opportunity to meet their financial obligations.

Penalty interest that exists on rates and debts as at 15 March 2020 is considered to be part of debt that existed pre-COVID-19 pandemic and is not intended to be waived, however it will not accrue further penalty interest between 16 March 2020 and 30 June 2021.

Penalty interest will commence accruing on all overdue rates, special charge scheme and sundry debtor invoices from 1 July 2021, even where payment plans may extend for a further year to end by 30 June 2022. This enables ratepayers and debtors to benefit from up to 15 months of interest-free payment plans, while providing sufficient incentive so that payments are not unreasonably delayed until 2021-22 financial year.

In regards to the special charge schemes, the interest portion of the agreed repayment will still apply.

Once the penalty interest recommences, the calculation will commence only from 1 July 2021 and not be backdated.

Payment plans for rates, charges, fees and debts

Council will offer to all ratepayers and sundry debtors, the ability to negotiate a payment instalment plan for rates, special charge scheme charges or sundry debtor invoices, with a flexible start dates not exceeding three months from the initial payment plan application.

All payment arrangement plans should suit the financial capacity of the ratepayer or sundry debtor concerned. Payment plans will be flexible with respect to the following:

1. Timing of payments (eg. Weekly, fortnightly, monthly, quarterly);
2. Amount of instalments; and
3. Period of the payment plan (noting that the final payment should occur before 30 June 2022).

If any debt is still outstanding at 1 July 2022, Councils existing Rates Assistance Policy will apply.

Payment plans require a written agreement to be entered into between the ratepayer/sundry debtor and Council. Council will accept an application in the form of the Rates and Charges Payment Arrangement Application (available on Council's website: www.surfcoast.vic.gov.au/rate-arrangement), or in writing via email to info@surfcoast.vic.gov.au and addressed to the Rates Department. Applicants are required to acknowledge Council's terms and conditions for payment arrangements.

Deferral of Rates and Charges

Under Section 170 of the Local Government Act, Council may defer the payment of any rate or charge, allowing a person an extended period of time to make payments or alternatively forestall payments on an indefinite basis until the ratepayer ceases to own or occupy the land in respect of which rates and charges are being levied.

Deferral of rates, charges and levies are available where the rateable property is used exclusively for residential purposes, it is the person's sole or principal place of residence, and where ratepayers satisfy the following eligibility criteria:

- i. Eligible pensioners under the State Concessions Act; or
- ii. Card holders of the following identification cards: Health Care, Commonwealth Seniors, Department of Veteran Affairs, Repatriation specific; or
- iii. Ratepayers who can evidence (via Centrelink statement of earnings or ATO tax assessment) that they are of low income status with a maximum income that is less than the Centrelink base rate threshold for the Family Tax Benefit Part A.

Rate deferral agreements are not transferable with a change of ownership and are not available to corporations.

Applicants seeking a deferral need to complete a Rates and Charges Deferment Application.

Waiving of Rates and Charges

Under Section 171A of the Local Government Act, Council may waive payment or part payment of any rate or charge, if it is satisfied that requiring full payment would cause undue hardship on the ratepayer.

Any rates or charges foregone by way of waivers under Section 171A of the Local Government Act 1989 will essentially be passed onto the remaining ratepayers. It is therefore not generally considered to be an appropriate mechanism, making it a last consideration when all other avenues are exhausted and the applicant can demonstrate that full payment of the rates or charges will suffer significant hardship.

Debt Recovery

Council will make a reasonable attempt to contact a ratepayer or sundry debtor about their overdue account. This may include a reminder/overdue notice (with appropriate reference to this COVID 19 Hardship Policy to ensure that ratepayers and sundry debtors are well-informed of their options), account statement, email or phone call.

Legal action on all outstanding rates, special charge schemes and sundry debtors not in a payment arrangement with Council will commence on 30 June 2021. This does not include the legal action to recover the payment of fines and infringements, where the debtor will be liable for all legal costs incurred by Council in the debt collection process.

Definitions

"Council"	Surf Coast Shire Council, being a body corporate constituted as a municipal Council under the Local Government Act 1989.
"Debt"	Debt is the amount (of money) owed by the debtor as a result of a transaction with Council.

“Sundry Debtor”	Sundry Debtor refers to the individual, organization or other party that owes a debt as a result of a transaction with Council.
“Ratepayer”	Is the occupier or owner of any rateable property who is liable to pay rates. This may be the property of the owner or a tenant who under the lease agreement is liable to pay rates.
“Deferral”	A deferral of payment can be provided in whole or in part for rates, charges and levies which are due and payable for a specified period and subject to any conditions and criteria determined by Council if it considers that an application submitted by a ratepayer shows that payment of rates, charges and levies would cause hardship to the ratepayer.
“Waiver”	A waiver removes the liability from the eligible ratepayer to pay the whole or part of any rate, charge or levy by way of a Council resolution if it considers that an application submitted by a ratepayer shows that payment of rates, charges and levies would cause hardship to the ratepayer.

References

Local Government Act 1989 - Sections 170, 171A and 172
Management Policy and Procedure: MPP-004
Rates Assistance Council website (www.surfcoast.vic.gov.au)
Centrelink website (www.centrelink.gov.au)

Attachment

Rates and Charges Payment Arrangement Application
Rates and Charges Deferment Application

Document History

Version	Document History	Approved by – Date
1	<i>New Policy</i>	<i>Council - 28 April 2020</i>