

Rates and Charges Hardship Policy



Merri-bek
City Council

Policy ID No

Date Authorised by Chief Executive Officer or Council:

Commencement Date:

Review Date

Responsible Department

Business Transformation

<Insert Date signed here>

1. Introduction

This policy outlines the principles that Council officers must apply when managing rates and charges and providing support to ratepayers experiencing hardship.

2. Context

2.1 Alignment

This Rates Hardship Policy has been developed to provide a consistent, long-term framework for supporting ratepayers experiencing hardship. It incorporates ongoing assistance provisions and responds to the findings of the Victorian Ombudsman's *Investigation into how local councils respond to ratepayers in financial hardship* (May 2021) and the *Ministerial Guidelines for Councils Relating to Payment of Rates and Charges* (the Guidelines) published December 2025.

2.2 Organisational Context

Council levies rates and charges on rateable properties to fund the delivery of services and infrastructure for the community. These amounts are invoiced in advance and may be paid by the due date or through an approved payment plan.

While Council has a responsibility to ensure rates and charges are paid to support its operations, it also recognises that some ratepayers may experience financial hardship that affects their ability to meet these obligations.

In managing rates and charges, Council is required to balance the need for financial sustainability with fairness, transparency and equity. Where a ratepayer is experiencing hardship, appropriate support and relief may be provided in accordance with this Policy and the Ministerial Guidelines.

3. Objectives

To provide a transparent and fair framework for the management of rates and charges, ensuring Council's revenue is protected while supporting ratepayers who are experiencing hardship.

This Policy aims to ensure that Council manages rates and charges in a way that supports its financial sustainability, while also considering the individual circumstances of ratepayers and the requirements of the *Local Government Act 1989*, the *Local Government Act 2020* and Ministerial Guidelines.

The policy is guided by the following principles:

- Flexible, place-based payment options that respond to local community needs and hardship circumstances.
- Clear, accessible and easy-to-understand communication through multiple channels.
- Fair, equitable, compassionate and proportionate treatment of all ratepayers.
- Protection of privacy and confidentiality in accordance with relevant legislation.

- Proactive approaches that reduce the cost and escalation of debt for both Council and ratepayers.
- Continuous improvement through performance measurement, review and adaptation to community needs.
- Community-centred, place-based design that considers local issues and engages local support networks.

4. Policy details

4.1 Payment Terms

Rates and charges are payable in accordance with the instalment due dates set out on Council's rates and charges notice, as prescribed under the *Local Government Act 1989*.

Where Council permits payment by instalments, the due date of the first instalment is taken to be the due date for payment in full, unless an alternative plan has been approved.

Where a ratepayer has entered into an approved payment plan, direct debit, or other agreed payment plan, the due dates will be those specified in the plan, rather than the legislated instalment dates.

4.2 Flexible payment options available

Council offers a range of flexible payment options and methods for payments of rates and charges including:

- In person at Council offices (cheques, money orders, EFTPOS or cash up to limits as set in the cash handling policy at Coburg and Brunswick),
- 10-monthly or quarterly instalment direct debit,
- Centrepay,
- BPAY,
- Australia Post (over the counter, over the phone or online),
- Mail (Cheques and money orders only), and
- Credit-card (Visa or Mastercard).

4.3 Current discounts/rebates available

- Municipal Pensioner Rates Concession

4.4 Payment Plan

Any ratepayer who is having difficulty paying their rates or charges is encouraged to contact Council's Revenue Services Unit to discuss a suitable payment plan that:

- reflects their capacity to pay,
- is tailored to their personal and local circumstances, and
- provides a reasonable and manageable repayment timeframe.

Council adopts a flexible, place-based approach to payment plans and will offer a range of flexible payment options as detailed in section 4.2 that align with the needs of the local community, including those experiencing vulnerability or financial hardship.

Where a payment plan is approved, the agreed instalment amounts and due dates will apply in place of the legislated instalment dates. Council may utilise an external recovery agency to assist with the administration and monitoring of payment plans where appropriate.

An application for a payment plan is available on Council's website and in hard copy at customer service points and include contact details for assistance. The application clearly states:

- what information may be required,
- that further information may be requested if needed, and
- that Council will notify the applicant of the outcome within 10 business days.

Verbal applications are permitted and must meet the same information requirements as written applications. All applications will be supported by Council's standard identity verification processes.

If a payment plan is approved, this will clearly state the schedule of payments, including amount and length of time. The process for which a payment plan can be cancelled will also be communicated. If a payment plan is not accepted, the reason behind the decision will be communicated and refer ratepayers to the internal review process.

4.5 Formal Debt Recovery and Legal Action

Council will make reasonable attempts to contact ratepayers about overdue rates or charges using early and cost-effective methods such as reminder notices, statements, emails or phone calls. Where a payment plan, deferral or hardship application is in place and being complied with, recovery and enforcement action will be suspended. Recovery action will also be suspended while a hardship or payment plan application is under assessment.

If no payment, response, payment plan or hardship application is in place, and all reasonable engagement options have been exhausted, the account may be referred for formal recovery action.

Council will seek to minimise debt recovery costs for both Council and ratepayers by prioritising early and flexible engagement. Any recovery costs incurred through formal enforcement may be recovered from the ratepayer, subject to legislative requirements. Details of applicable debt recovery fees and charges will be published on Council's website.

Where a formal recovery is required, the process documented in Appendix 1 will apply.

4.6 Interest on overdue rates and charges

Interest may be charged on overdue rates and charges in accordance with section 172 of the *Local Government Act 1989*, at a rate fixed by the Minister under the *Penalty Interest Rates Act 1983*.

Interest will be charged following each legislated instalment due date and calculated from the relevant due date, unless an alternative payment plan has been approved.

Interest will not be charged where a ratepayer has an approved payment plan, deferral or hardship payment plan in place and is complying with the agreed terms. Where a ratepayer is experiencing hardship, consideration will be given to waiving of interest for up to one year depending on the ratepayer circumstances.

4.7 Hardship (Deferral of Rates and Charges)

Hardship exists where payment of rates or charges would cause difficulty to a ratepayer in their individual circumstances at the time the amount is payable, even where financial hardship is not present. In accordance with section 170 of the *Local Government Act 1989*, Council may approve a deferral, in full or in part, of rates or charges for a defined period where payment would cause hardship.

A deferral provides a temporary pause on payment obligations and is intended to assist ratepayers experiencing short-term or unexpected difficulty. Interest will not be charged during an approved deferral period.

4.8 Financial Hardship (Waiver of Rates, Charges or Interest)

Financial hardship exists where a ratepayer lacks the financial capacity to meet their rates or charges and payment would prevent them from affording the necessities of life for themselves or their dependants.

Financial hardship may arise from a wide range of personal, social, economic or systemic circumstances, including but not limited to loss or reduction of income, employment difficulties, illness or injury, mental health issues, family violence or economic abuse, elder abuse, death of a family member, addiction, gambling, scams or fraud, incarceration, natural disasters, or barriers to accessing essential services.

For the purposes of sections 171 and 171A of the *Local Government Act 1989*, where a ratepayer is experiencing such circumstances and payment of rates or charges would compromise their ability to meet basic living needs, such as food, housing, essential utilities, medical care, transport, childcare, education or insurance, they will be considered to be in financial hardship.

Consideration will be given to an approval of a waiver, in full or in part, of rates, charges or interest where payment would result in financial hardship. Financial hardship will be assessed on a case-by-case basis, having regard to the ratepayer's individual circumstances and capacity to pay.

4.9 Hardship Application process

Any ratepayer who is having difficulty paying their rates or charges is encouraged to contact Council's Revenue Services Unit directly, via Council's online, or written hardship or payment plan request process. A ratepayer may request that Council, or its representatives, use an interpreter and/or translator when communicating with them, and such a request will not be unreasonably refused.

Where a ratepayer indicates that they are experiencing financial difficulty, Council will discuss the options available, which may include:

- A short-term payment extension of up to 4-weeks, based on the ratepayer's circumstances and capacity to pay.
- A rates payment plan, negotiated to reflect the ratepayer's capacity to pay. The length and instalment amounts will be set to ensure the plan is realistic and sustainable, rather than subject to a fixed recovery period.

- A deferral of rates or charges for up to 3-months, where payment would cause hardship. The length of the deferral will be determined based on the ratepayer's circumstances and legislative requirements.
- An application for financial hardship, where payment of rates or charges would prevent the ratepayer from affording the necessities of life.
- An application for exceptional circumstances, where it would be unjust for the general rule to apply due to the ratepayer's particular circumstances.

Where an application for financial hardship is made, a referral to an independent financial counsellor or support service may be made with the ratepayer's consent. Any information or report provided by a counsellor will be considered as supporting information but is not mandatory for a decision. The application will be assessed by the appropriate delegated Council officer, and the ratepayer will be advised in writing of the outcome and any relief measures approved.

Payment plans are to be designed to cover current rates and charges, where reasonably possible, to prevent the account from falling further into arrears. Where a ratepayer is unable to meet an agreed payment plan, or indicates that further support is required, a review will be undertaken to reassess the payment plan or hardship status. Interest will not be applied where a ratepayer has an approved hardship plan in place and is complying with the agreed terms.

4.10 Assessment process

The following factors may be considered when assessing an application for financial hardship. Including, but are not limited to, whether the ratepayer:

- has experienced circumstances of hardship (whether short term or ongoing) that will affect their ability to pay.
- has indicated that paying rates or charges would prevent them from affording the necessities of life for themselves or their dependants.
- is receiving Centrelink or other government benefits.
- is on a low or fixed income, including pension or superannuation.
- has been referred by, or is supported by, an accredited financial counsellor, welfare agency or legal assistance service.
- has a payment history that indicates difficulty meeting obligations in the past.
- has provided relevant supporting information; and
- where available or relevant, has provided an independent financial counsellor's written report.

Each application will be assessed on its individual merits and circumstances. Council will not apply automatic exclusions based on property type, land use, ownership of multiple properties or residential status. Decisions will be made having regard to the ratepayer's overall financial circumstances and capacity to pay.

Where supporting documentation is required, Council will clearly advise the ratepayer of what is needed and provide reasonable timeframes for submission. Council will aim to assess applications and notify the ratepayer of the outcome within 10 business days of receiving all required information.

Additional information will only be requested that is directly relevant and necessary to make a decision. All information will be collected and managed in accordance with privacy legislation and Council's privacy policies.

Examples of information that may be considered relevant includes, but is not limited to:

- government agency documentation (e.g. Centrelink, ATO, NDIA, Victoria Police, Courts);
- certified documentation (e.g. medical certificates, financial counsellor referrals, legal documents, statutory declarations); and
- personal financial information where necessary (e.g. payslips, evidence of job loss or reduced hours, unpaid bills, bank statements).

4.11 Review of Decisions and Timeframes

Applications for hardship and financial hardship will be assessed as soon as practicable and aims to provide a written outcome within 10 business days of receiving all required information. Where further information is required, the ratepayer will be advised of what is needed and the assessment timeframe will pause until the information is received.

A ratepayer may request an internal review of a decision within 10 business days of being notified of the outcome. Reviews will be conducted by a Council officer who was not involved in the original decision. Council aims to complete internal reviews within 10 business days and will provide the ratepayer with a written outcome and reasons for the decision.

4.12 Assessment Outcomes

Following assessment of a hardship or financial hardship application, a determination will be made as to the most appropriate outcome having regard to the ratepayer's circumstances, capacity to pay, and the principles of this Policy.

Possible outcomes may include one or more of the following:

- approval of a payment plan or revised payment plan.
- approval of a short-term payment extension.
- approval of a deferral of rates or charges for a defined period.
- approval of a waiver, in full or in part, of rates, charges or interest where financial hardship is established.
- suspension or waiver of interest and lawful recovery costs where appropriate.
- referral to external support services or an independent financial counsellor; or
- refusal of the application, where hardship or financial hardship is not established.

All outcomes will be proportionate to the ratepayer's circumstances and aligned to their capacity to pay. Where an application is refused, a written response with reasons will be provided and the ratepayer will be advised of available alternative options, including payment plans.

4.13 Sale of Land to Recover Unpaid Rates and Charges

Council may sell land, or cause land to be transferred into Council ownership, to recover unpaid rates or charges in accordance with section 181 of the Local Government Act 1989. Council may only consider the sale or transfer of land where all of the following apply:

- The amount due for rates or charges (including interest and enforcement costs) is more than three (3) years overdue.
- No current plan exists for payment of the amount (including a payment plan); and
- Council has obtained a Court order requiring payment of the amount (or part of the amount).

For the purposes of this Policy, a plan is not current if any terms of the payment plan are not being met.

Each financial year, Council will receive a report in September documenting outstanding rates balances as well as officers' assessment on identifying land that may meet the legislative criteria for sale or transfer. Any land identified will be subject to an internal assessment and approval process, including legal review, prior to any enforcement action.

Before selling or transferring land, Council must serve written notice on all persons who appear to have an estate or interest in the land, requiring payment of the outstanding amount and providing a copy of section 181.

- Give public notice of its intention to sell or transfer the land; and
- If the land is to be sold by auction, notify affected persons in writing of the auction details.

Council must provide:

- at least four (4) weeks' notice before any sale or transfer; and
- at least fourteen (14) days' notice before any auction.

To ensure transparency Council's decisions commencing the process of selling and the final outcome regarding the sale or transfer of the land will be recorded and made public having regard for information that is deemed confidential.

4.14 Ratepayer responsibilities

When hardship or financial hardship assistance is approved, the ratepayer must enter, and continue to meet, the agreed payment plan for their rates and charges.

If the ratepayer fails to comply with the agreed plan and does not contact Council to discuss alternative arrangements, hardship support may be withdrawn, interest may be reinstated in line with legislation, and debt recovery action may resume.

Ratepayers must provide information that is accurate, complete and not misleading. Where relief has been granted based on financial hardship, the ratepayer must also notify Council of any material change in their circumstances that may affect their eligibility for ongoing support.

In accordance with section 171A of the Local Government Act 1989, penalties may apply where a ratepayer provides false or misleading information or fails to notify Council of a relevant change in circumstances.

5. Roles and responsibilities

The following roles and responsibilities are outlined in this Policy:

Role	Responsibility
Council	- Approve a waiver in full or in part, of rates and charges.
Chief Executive Officer (CEO)	- Review and approve the merit of applications for exceptional circumstances as referred by the CFO
Chief Financial Officer (CFO)	- Approve applications for payment deferrals and waivers to a limit set by the S.7 Instrument of sub delegation CEO to Council Staff. - Instruct an agent acting for Council to take steps necessary to recover overdue rates and charges, including bringing court proceedings on behalf of Council - Review applications for exceptional circumstances that requests a waiver or partial waiver of rates or charges. - On an annual basis the Chief Financial Officer will provide council a list of ratepayers with high value outstanding debt in relation to rates and charges for consideration to progress to the sale or acquisition of land in satisfaction of the outstanding debt. The report will also include the final outcome of properties previously referred.
Unit Manager Finance	- Oversight of overall debt levels and to ensure appropriate action is implemented in a timely manner. - Approve applications for payment deferrals and waivers to a limit set by the S.7 Instrument of sub delegation CEO to Council Staff.
Team Leader Rates	- Approve applications for payment deferrals and waivers to a limit set by the S.7 Instrument of sub delegation CEO to Council Staff. - Consider payment plans with longer timeframes to allow for cases of extenuating circumstances (for example long term illness or unemployment)
Senior Revenue & Property Officer	- Approve applications for payment deferrals to a limit set by the S.7 Instrument of sub delegation CEO to Council Staff.
Revenue Officer	- Approve applications for payment deferrals for no longer than 12-months to a limit set by the S.7 Instrument of sub delegation CEO to Council Staff.

6. Monitoring, Evaluating and Review

Finance will monitor the operation of this Policy to ensure it is applied consistently, fairly and in accordance with legislative requirements and the Ministerial Guidelines.

Data relating to hardship applications, payment plans, deferrals, waivers, recovery action and outcomes will be reviewed periodically to identify trends, emerging risks and opportunities for improvement.

Any consideration of escalation to court proceedings or land sale under section 181 of the Local Government Act 1989 will be based on an individual assessment of the ratepayer's circumstances and will only occur after all reasonable engagement, hardship and support pathways have been exhausted. Escalation will not be based solely on the age or value of the outstanding rates and charges.

This Policy will be formally reviewed at least every three years, or earlier where required by legislative change, audit findings, Ombudsman recommendations or material risk. Any amendments will be approved in accordance with Council's governance framework.

7. Definitions

This section sets out definitions for technical terms and other key terms referred to in the policy that are not in common use.

Term	Definition
Council	Merri-bek City Council, being a body corporate constituted as a municipal Council under the Local Government Act 2020
Financial Hardship	Financial hardship exists where a ratepayer does not have the financial capacity to pay their rates or charges and doing so would prevent them from affording the basic necessities of life for themselves or their dependants, in accordance with the Ministerial Guidelines and sections 171 and 171A of the Local Government Act 1989.
Hardship	Hardship exists where a ratepayer is experiencing difficulty paying their rates or charges in their current circumstances, but payment would not necessarily prevent them from affording the basic necessities of life.
Place-based approach	A place-based approach is a framework that requires Council to respond to hardship and financial hardship in a way that reflects the specific characteristics, needs and challenges of its local community.
Ratepayer	Is the occupier of any rateable property who is liable to pay residential, commercial or industrial rates. This maybe the property owner or a tenant who under the lease agreement is liable to pay rates.
Specific Regulation	A regulation set out in the Local Government Act 1989, Local Government Act 2020, the Magistrates Court Act 1989 or the Infringements Act 2006

8. Associated Documents

- S.7 Instrument of sub delegation CEO to Council Staff

9. References

- Victorian Ombudsman Report: Investigation into how local councils respond to ratepayers in financial hardship. Date posted: 5 May 2021
- Introduction of Local Government Legislation amendment (Rating and other matters) Bill 2022
- Ministerial Guidelines for Council Relating to Payment of Rates and Charges December 2025

10. Appendix 1 – Formal Debt Recovery Process

Where formal recovery is required, the following process will apply:

- Accounts may be referred to Council's debt recovery agency only where all reasonable engagement and support options have been exhausted, and where no payment, response, payment plan, deferral or hardship application is in place or under assessment.
- Before any referral occurs, Council must have made reasonable attempts to contact the ratepayer and advised them in writing of the outstanding rates or charges and the available options, including payment plans, deferrals and hardship assistance.
- Once referred, the debt recovery agency will contact the ratepayer on Council's behalf, confirm that they are acting under Council's instruction, and provide details of the outstanding amount and the available options to resolve the account.
- Where no communication, payment or acceptable plan is received, a final demand may be issued on Council's behalf advising that failure to respond may result in further recovery action in accordance with legislation.
- A Council officer may authorise the debt recovery agency to take further steps to recover unpaid rates and charges, including legal proceedings, where all hardship and engagement pathways have been exhausted and it is appropriate to do so.
- Unless an acceptable payment plan or hardship plan is entered into, payment in full, including any lawful recovery costs, may be required before recovery action is withdrawn.
- Accounts referred to the debt recovery agency may remain under their management and be updated from time to time with outstanding rates, charges and applicable interest until the balance is paid in full or otherwise resolved.
- Any escalation to court proceedings or consideration of land sale under section 181 of the *Local Government Act 1989* must also comply with the escalation safeguards set out in the Monitoring, Evaluating and Review section of this Policy.