

## Finpro Submission: Ministerial Guidelines Relating to Payment of Rates and Charges (the Guidelines)

Below, please find our detailed response outlining any support, commentary, or areas where we do not support aspects of the Guidelines. We are and always have been committed to a collaborative process and look forward to receiving a response to this submission and engaging in fruitful discussions that will strengthen the final Guideline document.

In addition, we are seeking clarity on how/when councils can start legal action on unpaid rates and charges under the new restriction from the Rating Amendment Bill:

*“Section 180A(4) prevents a Council from commencing a proceeding under section 180(1) for an unpaid rate or charge that was subject to a payment plan unless it has been at least 24 months since the payment plan was cancelled.”*

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
<b>Hardship &amp; Financial Hardship</b>			
Financial Hardship	Page 2	S	Clear definition for Financial Hardship.
Financial Hardship	Page 2	S	Good to note that the Guide has made clear that the mere inconvenience or difficulty of making a payment is not financial hardship.
Financial Hardship	Page 2	S	Reference to private school fees as non-financial hardship is supported

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
Financial Hardship	Page 2	US	<p>Do not support the reference of Financial Hardship presenting where the payment of essential utility service (water/energy) is hardship. Given that Rates and Charges should be held in the same regard - delivery of essential services, including waste services.</p> <p>It is also inconsistent with the definition/reference from the ATO and The State Revenue Office of Victoria.</p>
Financial Hardship	Page 2	C	<p>Can we include a statement or guidance regarding the asset base (i.e. multiple properties, share portfolio, etc.) of a ratepayer and how that may be considered?</p>
Financial Hardship	Page 3 - where is the financial hardship applicable?	C	<p>The element of where it is applicable, should this include in the case of deferral or payment plans as an option under financial hardship? Given this is also a mechanism, whereby the person needs time to arrange</p>

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
Financial Hardship	Page 3 – Engaging a third party to assist	US	<p>payments while interest is on-hold.</p> <p>We do not support that ‘Councils must not require an applicant ratepayer to engage third parties to assess or verify their claims of financial hardship.’</p> <p>This puts the onus and additional resourcing onto councils to conduct financial hardship assessments. Staff undertaking financial hardship assessments will require additional training to conduct assessments, and this may test the current level of resources to manage the workloads. Particularly assessing applications from commercial &amp; Industrial classes of rate payers.</p> <p>It is also the best practice for a financial counsellor led discussion on financial hardship applicants.</p> <p>Also note a typo “counsellors”.</p>

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
Financial Hardship	Page 3 - Property Co-owners	C	Better level of clarity required here, where it could also be dependent on circumstances or the reason of financial hardship being requested (i.e., domestic violence, etc.) where at a point in time there could be two owners, however, there could be more complex issues at play. What exactly is the obligations to the council as well as the rate payers?
Financial Hardship	Page 3 - Considerations when determining whether to waive fees and charges	C	This section appears to be more appropriate in the <i>'content of hardship policies and financial hardship policies'</i> section of the Guidelines.
Financial Hardship	Page 3 - Considerations when determining whether to waive fees and charges	US	We think the two <i>'must'</i> <i>should be changed to "should"</i> . In some circumstance, council should have the discretion to decide whether certain documents are required. "Council policies" should be changed to "Council

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
Financial Hardship	Page 3 - Considerations when determining whether to waive fees and charges	C	<p>policies or procedures” to allow flexibility.</p> <p>The following factors should also be added, to align with the State Revenue Office of Victoria</p> <ul style="list-style-type: none"> <li>• Is the financial hardship of a short-term nature?</li> <li>• Has the ratepayer clearly demonstrated that the financial hardship is of a longer-term nature?</li> <li>• Could the ratepayer use equity in property or other assets as collateral for a loan to finance the payment of the land tax without causing any substantial erosion of that equity?</li> </ul>
Financial Hardship	Page 4 - A council may request evidence of financial hardship	C	Potentially adding that it may even be a third party that looks to address/request the additional information as required.

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
The content of hardship policies and financial hardship policies	Page 5	C	Suspension of a Policy, seems odd for this comment/stipulation to be included in such a guide.
The content of hardship policies and financial hardship policies	Page 5	C	<p>Similarly, the requirements being stipulated on what needs to be reported to Council seems peculiar and of no relevance to the purpose of the Guide. If anything, this may be reported to Council, but not necessarily at a Council Meeting as such?</p> <p>This detail being asked for within this reporting requirement would impose a very significant administrative burden on Council staff.</p> <p>A section of the guidelines notes an additional reporting requirement: <i>“all occupancies not on payment plans with unpaid rates and charges of three years or more and reasons why the land has not been</i></p>

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
The content of hardship policies and financial hardship policies	Page 5	C	<p><i>sold or transferred under section 181 of the LG Act 1989."</i></p> <p>Unsure of the intended benefit of reporting detailed information about those who are not on payment plans and the reasons why sale of land under section 181 of the Local Government Act (Vic) 1989 hasn't commenced?</p> <p>This section is contradict to the prior section under co-ownership. Further clarification is needed.</p> <p>Reference to economic abuse or family violence seems to cause issues for Councils, where the provisions of co-owners cannot be easily applicable, where Council cannot disclose anything to one of the parties and at the same time, not provide any form of relief to the other?</p>
The circumstances	Page 5	US	This section is solely focused on individual

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
<p>in which a council may apply the hardship policies and financial hardship policies</p>			<p>residential rate payers and not adequate for other classes, such as commercial and industrial.</p> <p>There has to be some circumstances where it is not reasonable for a ratepayer to apply for hardship or financial hardship - they could apply, but they would not qualify.</p> <p>A good example would be those property owners that own multiple properties, who clearly, have to find other means outside of the hardship provisions in the first instance.</p> <p>Further, please clarify whether a commercial ratepayer (e.g. a business owning commercial property) or a ratepayer with an investment property can be deemed to be experiencing financial hardship as a business shouldn't technically have "basic necessities" such as</p>



Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
The process for applying for a payment plan	Page 6	US	<p>food/clothing/education . How will council staff handle deferral/waiver requests by businesses (both large business and small family business)?</p> <p>Do not support the granting of a payment arrangement merely on the verbal application. This can lead to circumstances where claims of inaccuracy are made, and nothing placed in writing. What is the reason for this statement?</p>
The waiver of interest on unpaid rates or charges under sections 171, 171A and 172 of LGA Act 1989	Page 6	C	<p>Changing the wording from existing interest to outstanding interest. This makes it clearer as to what will be considered, is that interest that remains unpaid.</p>
Any other matters covered by sections 170, 171, 171A, 171B, 172,	Page 7 - Section 170 Deferred Payments	US	<p>Reference to ratepayer no longer owns/occupies - this should be sorted at settlement and any new</p>

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
180 and 181 of the LG Act 1989			owner would have to apply for a deferral.
Any other matters covered by sections 170, 171, 171A, 171B, 172, 180 and 181 of the LG Act 1989	Page 7 - Section 170 Deferred Payments	US	What is the purpose of including in the guidelines the need to inform the ratepayer of any interest that must be paid as part of the deferral mechanism?
Any other matters covered by sections 170, 171, 171A, 171B, 172, 180 and 181 of the LG Act 1989	Page 7 - Section 171 Waivers	C	Header to change to Waiver under Financial Hardship Provisions
Any other matters covered by sections 170, 171, 171A, 171B, 172, 180 and 181 of the LG Act 1989	Page 8 - Section 172 Council may charge interest on unpaid rates and charges	C	Notation 15 about Section 170(6) should be Section 171(6) as there is no Section 170(6).

Header/Topic	Reference Point (if required)	Comment/Support/Unsupported (C/S/US)	Comments/Response
Any other matters covered by sections 170, 171, 171A, 171B, 172, 180 and 181 of the LG Act 1989	Page 8-9 - Section 180 Unpaid rate or charge	US	Remove dot-point two regarding the need for Council to contact the ratepayer within reasonable hours and speak to them personally. This is an overreach and no Act requirement here to do so. Difficult enough with the changes in requirements.
Any other matters covered by sections 170, 171, 171A, 171B, 172, 180 and 181 of the LG Act 1989	Page 9 - Section 180 Unpaid rate or charge	US	Why the need for Councils to specify on their website any costs of debt recovery that may be added to ratepayer's unpaid rates and charges.  Add the section from Knox.

We thank you for the opportunity to submit and hopefully can take on the feedback regarding the whole development and consultation processes. As well as this, acknowledge this submission, as one that represents the thoughts of the broader Finpro membership.

Best Regards,

Tony Rocca

Vice President - Technical Committee