

Rates Hardship Application Procedure

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Responsible Branch:	Finance and Procurement
Policy Reference:	Rates Hardship Policy - D26/31343

This procedure has been authorised.

Jemma Wightman
Chief Financial Officer

1 Introduction

Merri-bek City Council's (Council) Rates Hardship Policy (The Policy) outlines the principles that apply when providing support to ratepayers experiencing hardship. Council is committed to assisting its ratepayers in genuine financial hardship and to provide guidance under the policy for decisions made as part of the Financial Assistance Application Process. This procedure aims to provide ratepayers with a clear understanding of options and assistance available.

2 Objective

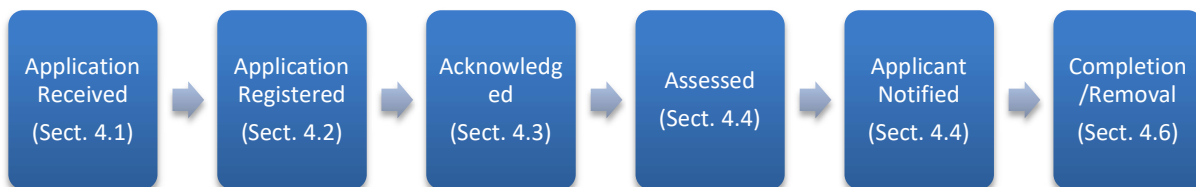
This procedure will give direction to Council Officers to support adherence to the principals of transparency, efficiency, equity and capacity to pay. This will also ensure that all ratepayers are treated fairly, and financial relief is provided as efficiently as possible.

It will also ensure legislative compliance with provisions of *Local Government Act 1989 (The Act)*, as well as ensuring best practice in assisting those experiencing financial hardship to better manage their payments to Council on an ongoing basis.

3 Scope

This procedure applies once an application for rates hardship assistance is received and to all staff who may be involved in the receiving, assessing and managing these requests.

4 Hardship Assistance Application Process



4.1 Application for Hardship Assistance

A request for hardship must be made by completing the Financial Hardship Application form available on Council's website [D26/346382](#), or in person at a Council branch office. Eligible applicants seeking assistance may be required to undertake an assessment process to determine the level of assistance that may be available depending on the extent of the financial circumstances. The applicant may be requested to attend an appointment with a free accredited financial counsellor.

Ratepayers requesting assistance without a Financial Hardship Assistance Application will receive a payment plan only. Consideration will be given to waiving applicable fines and interest where the ratepayer has complied with the terms of the payment plan and has paid all overdue rates in full by 30 June of the relevant financial year.

4.2 Registering of application

All applications for hardship assistance must be recorded in the document management system and allocated to the appropriate team member.

4.3 Acknowledgement of application

An application acknowledgment receipt will be sent within 10 business days by the same format the application was received.

4.4 Assessing the application

In assessing an application, consideration will be given to the applicant's individual circumstances and whether the payment of rates or other debts would cause genuine financial hardship. This assessment will consider the nature and extent of the hardship, including whether it is temporary and the result of unexpected personal, technological, economic or environmental events, or whether it reflects a longer-term change in the ratepayer's financial circumstances.

A review the applicant's payment history will also be undertaken to understand their previous capacity and willingness to meet their financial obligations. Other factors that may be considered include; whether the ratepayer receives Centrelink benefits, holds a Pensioner Concession Card or a low-income Health Care Card, and the level of support that may be appropriate to assist them, including referral to financial counselling services.

In making its decision, the needs of the individual ratepayer will be balanced with Council's responsibility to ensure that any assistance provided does not result in an unreasonable or unfair impact on other ratepayers.

4.4.1 Assistance available

The outcome of each application will vary on a case-by-case basis and will be determined in discussion with the applicant.

Available assistance includes the following:

- Payment plans;
- Extension of time;
- Deferral (short or long term) of rates; or
- Waiver of fees and interest.

4.4.2 Payment plans

Payment plans will be developed with consideration of the applicant's financial circumstances, capacity to pay, any outstanding arrears as well as anticipated rates obligations over the following 12 months. The aim of the arrangement is to provide a realistic and sustainable pathway for the applicant to meet their obligations while ensuring outstanding debts are repaid within an acceptable timeframe. To support meaningful debt reduction, payment plans will generally require a minimum repayment amount of \$50 per month.

Payment plans may be tailored to the applicant's circumstances, with payments made at an agreed frequency, such as weekly, fortnightly or monthly. Consideration may be given to waiving applicable interest where compliance with the terms of the payment plan have been maintained and all overdue rates have been paid in full.

4.4.3 Extension of time

A ratepayer experiencing temporary financial difficulty may request an extension of time to make their rates payment, provided the revised payment date falls within up to 4 weeks of the application and

the outstanding balance is paid in full by the agreed date. Where an applicant requires more than one month to meet their payment obligations, a payment plan will generally be recommended as a more suitable option. If an extension is approved before the rates instalment due date, fines and interest will not be applied during the agreed extension period.

4.4.4 Short-term deferral

A ratepayer may request to defer the payment of rates, either in full or in part, for a specified period, no longer than 3 months. Their application must outline the reasons for the request and demonstrate the circumstances giving rise to the need for deferral. Short-term deferral is intended to provide temporary and flexible assistance to ratepayers experiencing financial hardship by allowing payment to be deferred until their circumstances improve or the property is sold.

Consideration may be given to granting a short-term deferral of rates, with any accrued debt becoming payable upon the sale or transfer of the property or in accordance with any other conditions determined by Council. As deferral may only defer financial hardship rather than resolve it, Council will generally encourage arrangements that include regular payments, as these are more likely to assist ratepayers in reducing outstanding rate balances over time and achieving a sustainable financial outcome

4.4.5 Long-term payment plan

Consideration may be given to a long-term payment plan of rates in exceptional circumstances, with any accrued debt becoming payable upon the sale or transfer of the property or in accordance with any other conditions determined by Council. This option will generally only be considered where a ratepayer has demonstrated serious and ongoing financial hardship and there is little prospect of improvement in their financial circumstances in the long term.

As part of the assessment process the applicant may be required to participate in financial counselling. Where a long-term payment plan is approved, ongoing financial counselling and/or annual reviews to confirm that the ratepayer's financial circumstances have not materially improved, may be required.

Where a long-term payment plan of rates is approved, the amassing rates debt amount will be not be subject to interest accruing, with the accumulated debt becoming payable upon the sale or transfer of the property. Approved long term payment plans will generally be presumed to continue annually until the property is sold or the ratepayer no longer meets the eligibility requirements. However, the ratepayer may elect to repay part or all the outstanding debt at any time.

4.4.6 Waiver of interest charged on overdue rates

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. The ratepayer must be able to demonstrate they are subject to an approved payment plan and have complied with all obligations. Any decision to recommend to waive interest will be made having regard to the ratepayer's circumstances and demonstrated commitment to meeting the agreed repayment arrangements.

As Council rates holds a charge over rateable land and any outstanding rates are generally recoverable upon the sale of a property, the waiver of rates or related charges is considered an exceptional measure and can only be granted by Council.

In recommending a rates waiver to Council, consideration must be given to the impact on the broader ratepayer community, as any waiver effectively shifts the financial burden to other ratepayers.

Consequently, a rates waiver is considered a measure of last resort and is generally only contemplated after alternative assistance options, such as rates deferral, have been explored over an extended period. Officers must also be satisfied that the circumstances are exceptional and that the ratepayer has demonstrated a strong payment history over the past three years to provide confidence that current and future rates obligations will be met as they fall due.

Any amounts not postponed or paid, are still payable on the due dates and will attract fines and interest.

4.5 Notification of outcome

Revenue Assessing officers will aim to provide a written confirmation of the agreed payment arrangement within 10 business days after approval from the Team Leader Revenue Services (TLRS).

4.6 Completion or removal of hardship assistance

Once hardship assistance is completed and the applicant has paid all outstanding debt, regular billing cycles will be resumed. Ratepayers will also continue to have the option to continue paying ongoing instalments towards their current and future council rates and charges.

The applicant will be advised at the time of entering into financial hardship assistance program that they will be removed from hardship assistance and be returned to standard collection cycles, if they cease to make payments according to the agreed arrangement. This also applies if they fail to contact, or respond to, Council staff for a period of greater than 30 days. Debt recovery and legal action will also recommence at this time.

5 Decision Review

If an applicant is not satisfied with an application outcome, they may request a review which is to be performed by a person not involved in the original decision. This review will be performed by the Unit Manager of Finance (UMF) to determine whether the decision was reasonable and justifiable in the circumstances. Reviewing officers will aim to provide results of the review process to the applicant at the time the decision is made and within 10 business days of the request for review.

In assessing the decision-making process and decision the review will determine if it was fair and transparent, based on relevant evidence and considerations and in compliance with relevant laws.

6 Rights of ratepayer

Ratepayers experiencing financial hardship have the right to be treated with respect, empathy and confidentiality throughout the debt recovery process. They will be provided with information about the financial hardship process and available support options, including access to free accredited financial counselling services. Ratepayers are encouraged to seek independent advice to help them understand their circumstances and identify suitable solutions.

Ratepayers also have the right to negotiate a fair and sustainable payment arrangement that reflects their capacity to pay, with access to a range of payment methods. Assessing officers will aim to provide a written confirmation of the agreed payment arrangement within 10 business days. Where circumstances change, they may request a review and renegotiation of their arrangement. Provided they continue to comply with the agreed arrangements, they will be protected from interest, legal action and additional debt recovery costs associated with the debt.

7 Ratepayer obligations

Ratepayers have a strict legal obligation to pay council rates and charges levied under Local Government Act 2020. Encouragingly, most ratepayers meet their obligations on time, recognising that rates are essential to funding the local services, infrastructure and community facilities on which residents and businesses rely.

Ratepayers who enter a payment arrangement under this procedure is responsible for making payments in accordance with the agreed schedule and promptly notifying Council of any changes to their contact details, including their postal address, telephone number or email address. Council must also be advised of any changes to their financial circumstances, in particular if the circumstances that gave rise to their financial hardship no longer applies. This ensures that their payment arrangement can be appropriately reviewed and managed.

8 Debt recovery

The debt recovery processes will be suspended while negotiating a suitable payment arrangement with an applicant and where the applicant is following an existing payment arrangement. Debt collection may recommence for the recovery of the debt once the ratepayer has been removed from hardship assistance due to failure to meet their obligations.

9 Service improvements

Council will ensure that appropriate training of staff involved with rates hardship applications. This training will also assist staff in the early identification of hardship ratepayers, establishing payment arrangements based on a hardship capacity to pay and referral to an accredited financial counsellor or welfare agency for assistance.

This procedure shall be monitored, evaluated and reviewed annually as revisions may be required due to changes in legislation, the Policy or management priorities.

10 Definitions

Term	Definition
Eligible Applicant	An eligible applicant is the owner of the property. Applications from tenants of commercial properties will not be accepted as any arrangements put in place could negatively impact owners of properties who are legally responsible for payment of rates.
Exceptional Circumstances	Include personal hardship situations circumstances where it would be unjust for the general rule to apply and applicants will need demonstrate a distinction between their situation from that of the many other people who do have to repay their debts.
Financial Hardship	A circumstance of experiencing a lack of financial means, which may be either ongoing or temporary. Some common causes of financial hardship are, but not limited to, loss of employment, family violence or breakdown, illness of the applicant or family member or death. Financial hardship may be experienced in the short term (under 12 months) or long term (exceeding 12 months).

Term	Definition
Payment Plan	A plan to make payments toward the rates account to clear the outstanding amounts.
Substantial Assets	Items of value, property, investments, and other things or entities that can be sold or disposed of to realise funds, valued in excess of \$10,000. This excludes items considered necessary for participation in economic, social and civic life, such as one vehicle per ratepayer, the property where the applicant resides and other household items deemed necessary.