

Rates and Charges Policy

Responsible Officer	Executive Manager, Financial Waverley
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Policy Amendments

Version	Date	Responsible Officer	Description
1	May 2011	Brett Grunert	Existing Policy
2	June 2017	Teena Su	Periodical Review

1. PRINCIPLES, PURPOSE AND SCOPE

Rates and Charges

- 1.1 Council aims to set rates and charges that provide a sustainable long-term income but do not impose undue hardship on property owners, and are set in accordance with the *Local Government Act 1993* (the Act) and the *Local Government (General) Regulation 2005*.
- 1.2 Council is committed to a rates and charges process that is both ethical and transparent. The rating determinations will be made in accordance with the relevant legislation and will be applied in a uniform basis. All personal information, intellectual property, and information of a confidential or proprietary nature will be securely maintained and will not be disclosed unless required by Federal or State legislation.

Debt Recovery

- 1.3 Council has a responsibility to recover any outstanding rates and charges in a timely, efficient and effective manner.
- 1.4 Council aims to ensure effective control over debts owed to Council, including overdue rates, charges and interest, and to maintain debt recovery procedures for the efficient collection of receivables and management of outstanding debts, including deferment and alternative payment arrangements.

Hardship Assistance

- 1.5 Council recognises there are cases of genuine financial hardship requiring respect and compassion in special circumstances. This policy establishes guidelines for assessment of hardship applications applying the principles of social justice, fairness, integrity, appropriate confidentiality, and compliance with relevant statutory requirements. It applies to all applications for waiving, deferment and alternative payment arrangements, or writing off of rates, annual charges and interest accrued on such debts.
- 1.6 This policy provides a framework for responding to applications from owners/ratepayers and other clients experiencing genuine hardship with the payment of their rates and charges in accordance with the Act and Regulation.
- 1.7 Privacy will be maintained in accordance with the *Privacy and Personal Information Protection Act 1998*.

2. RATES AND CHARGES POLICY

Council has adopted the following rate and charging policy setting under the Act.

Rates Structure

- 2.1 Rate revenue will be levied on the basis of ‘ad-valorem’ valuation of land and minimum rate levies determined annually by Council.
- 2.2 The Business Category is subject to sub-categorisation on the basis of section 529(2) (d) of the Act, which provides Council with the authority to determine a rate sub-category by the centre of activity. For the Waverley local government area the centre of activity is Bondi Junction and any land not within the defined area is Ordinary. Land determined to be subject to the business category that falls within the 1996 LEP, Bondi Junction defined area, and satisfying the business criteria of sections 518 and 529 (2) (d) of the Act will be subject to Business – Bondi Junction rate. Any other land that is compliant with the business criteria of Section 518 will be determined to be subject to the Business – Ordinary rate. A map detailing the rate categories and sub-categories is available for further enquiries.
- 2.3 Rates and charges will be calculated in accordance with the Council adopted Operational Plan and the Revenue Policy. Ordinary and special rates will take into account the land value supplied by the Valuer General with the relevant base date as at the date the rate was made and levied.

Supplementary Amendments to Rates

- 2.4 In accordance with the quarterly billing requirements (section 562) after the date of strata plan registration amended rates notices will be issued from the subsequent financial quarter to the individual parcel of rateable land.
- 2.5 When the Valuer General’s Office provides formal notification of a valuation amendment due to consolidation or subdivision (section 562) amended rates notices will be issued effective from the date effect, from the subsequent financial quarter to the individual parcel of rateable land.
- 2.6 Rates will be applied to new parcel/s, on a pro-rata basis, from the first day of the subsequent financial quarter in which the subdivision or consolidation was registered. Conversely, rates will be reversed off the original (parent property/s) from the last day of the financial quarter in which the plan was registered.

The Council will abandon any small immaterial balance that may remain on the parent property after the pro-rata adjustment is complete.

Waste Charges

- 2.7 For the purposes of raising the Domestic Waste Charge under section 496 of the Act within the Waverley area, Council deems an eligible assessment for which the

service is available to be a parcel of land, which satisfies the residential criteria of section 516 of the Act. The charges will be billed on the annual rates and charges notice and may be paid by the quarterly billing method in accordance with 562(3) of the Act.

2.8 Assessments, which are vacant parcels of land, are subject to domestic waste management charges in accordance with section 496 of the Act. Council will supply to single dwelling houses at the ratepayers' agreement four bins as follows -:

- For paper and cardboard recycling – 1 blue lid bin
- For other recyclable materials – 1 yellow lid bin
- For household waste – 1 red lid bin
- For garden organics – 1 green lid bin

Council will supply to residential flat buildings at the ratepayers' agreement bins as follows:

- For paper and cardboard recycling – 1 blue lid bin per eight units
- For other recyclable materials – 1 yellow lid bin per eight units
- For household waste – 1 red lid bin per three units
- For garden organics – 1 green lid bin per residential flat building, where Council considers a suitable amount of garden organic waste will be generated.

2.9 The secondary waste charge is available to all rateable land where the service is provided at the request and agreement of the ratepayer and the charge is calculated in accordance with the number of waste bins supplied by Waverley Council as per Pricing Policy, Fees and Charges.

Rate Reductions and Exemptions

2.10 There will be no discount for early payment of rates and charges.

2.11 Council will provide a reasonable range of cost effective options for Ratepayers to make their payments. However, in providing these options Council will pass on any credit card service fees to the card holder undertaking the transaction.

2.12 Exemptions from Ordinary Rates will apply in accordance with sections 554 - 559 of the Act.

2.13 Eligible pensioner property owners are entitled to a rate rebate not exceeding \$250 per annum in accordance with section 575. If a rate increase is approved in excess of the Independent Pricing and Regulatory Tribunal's (IPART) determination of the Local Government Cost Index (LGCI), Council may provide an additional rebate of \$50 per annum in accordance with section 582, subject to a resolution by Council at the commencement of the financial year.

2.14 Council will allow overdue rates and charges by pensioners to be accrued to a maximum of 19 years. No action will be taken to recover outstanding amounts until the property is sold, passes to the beneficiary of the estate or the ratepayer is no longer an eligible pensioner. (See section 9 below).

2.15 Section 567 of the Act allows for the write off of interest in the following circumstances:

- the person was unable to pay the rates or charges when they became due and payable for reasons beyond the person's control, or
- the person is unable to pay the accrued interest for reasons beyond the person's control, or
- payment of the accrued interest would cause the person hardship.

A ratepayer may make written request for Council to consider waiving an amount of interest that has accrued on their rates account. Council will consider these requests on a case-by-case basis.

Interest will be considered for write-off in the case of a first time defaulter who objects to the accrual on the basis that they have a good payment history and the amount of interest is immaterial. These requests must be received in writing and decisions will be made in good faith as a once off.

If a request relates to an approved payment arrangement, interest accrued will only be written-off if and when the payment arrangement has been paid as agreed.

A pensioner may make a request to the Council to make payments outside of the scheduled instalment dates each year. In agreement with the pensioner, the Council will write-off interest accrued throughout the year providing the pensioner pays the equivalent of the current year annual rates and charges amount by 30 June of the relevant rating year.

Interest accrued while funds are misallocated will be reversed when the funds are allocated to the correct account. An example of this is when a payment is misallocated to an incorrect account because a ratepayer uses an incorrect customer reference number when making a BPAY payment.

Interest will be reversed if it accrues as a result of an error made by the Council.

Interest Charges

2.16 Council will raise interest charges on overdue rates at the maximum interest rate set by the Minister for Local Government.

3. POSTPONED RATES

Council is obliged to postpone rates each year where the Valuer General has provided an Attributable Value for a property. As per section 585 of the Act, Council will write-off, after five years, rates postponed.

4. RECOVERY OF OVERDUE RATES AND CHARGES

4.1 Council rates and charges are paid in a single instalment or by quarterly instalments. If a payment is made by single instalment it is due on 31 August, and if it is paid by quarterly instalments it is due by 31 August, 30 November, 28 February, and 31 May.

On or before 31 October, 31 January and 30 April, Council will send reminder notices (separately from the rates and charges notice) to each person paying by quarterly instalments; see section 562 of the Act.

4.2 Where rates and charges are not finalised in accordance with the Act, recovery of outstanding rates and charges will be pursued in accordance with the following principles:

- (1) Council will aim to collect all rates and annual charges by the end of each rating year;
- (2) A fair and reasonable approach to recovery will apply;
- (3) Council will individually assess cases of financial hardship;
- (4) Council will not reduce rates or annual charges, but will consider alternative available approaches to dealing with cases of financial hardship;
- (5) Council will consider a scheme of periodical payment outside the due dates in cases of hardship or extenuating circumstance;
- (6) Council will utilise the services of Mercantile Agents where required;

4.3 Council will apply the provisions of the Act relating to the sale of land to recover overdue rates, charges, and interest when appropriate (sections 713-726). Section 713 provides that in the case of any land (excluding vacant land which can be sold with only 1 year's rates and charges overdue), where rates and charges have been unpaid for more than five years, the Council may sell the land, subject to the conditions specified in section 713. In the case of vacant land where rates and charges have been unpaid for more than one year but not more than five years, the Council may sell the land subject to the conditions specified in section 713.

4.4 Council will issue recovery notices and correspondence as follows:

- (1) Reminder Notices will be issued after the due date for each quarterly rate instalment if payment has been not finalised the outstanding rates and charges.
- (2) A Notice of Legal Action will be directed if the rate account remains overdue after the issue of the Reminder Notice.
- (3) A letter will be directed from the mercantile agent notifying that Council has referred the matter to agency for recovery.
- (4) A final letter of demand from the mercantile agent will be issued notifying that a proceeding will be commenced at the Local Court on a specific date if payment of the overdue rates and charges is not made.

5. HARDSHIP ASSISTANCE TO RATEPAYERS AND CUSTOMERS

5.1 Council recognises that ratepayers may experience hardship in some circumstances in paying rates, annual charges, and associated costs. The Act provides for the following assistance to ratepayers and customers:

- (1) Periodical payment arrangements for overdue rates and charges (Section 564);
- (2) Writing off or reducing interest accrued on rates or charges (Section 564 & 567);
- (3) Waiving, reducing or deferring the payment of the increase in the amount of rate payable because of hardship resulting from general revaluation of land in Section 601 of the Act may be considered;
- (4) Waiving, or reducing rates, charges and interest of eligible pensioners. (Section 575, 582) may be considered;

5.2 Council will consider each application for assistance under the principles outlined in paragraph 5.4.

5.3 A ratepayer may be eligible for consideration for Hardship Assistance in the payment of overdue rates, charges and interest where:

- (1) The person is unable to pay due rates, charges or accrued interest when due and payable for reasons beyond the person's control; or
- (2) Payment when due would cause the person hardship.

5.4 In determining eligibility, Council will use the criteria used by Centrelink for granting of a pensioner concession card, including the assets and income test. Council may also require a request in writing including a statement of reasons, reasonable proof of financial hardship, details of assets, income and living expenses, and such other information required to make a valid assessment. It may also request the ratepayer attend an interview to assist Council in the understanding of the issues causing hardship.

6. HARDSHIP ASSISTANCE BY PERIODICAL PAYMENT ARRANGEMENTS

6.1 Council may enter into a formal agreement with a ratepayer eligible for alternative periodical payment arrangements for due and payable rates, and charges. Council or the ratepayer may initiate a proposal for a periodical payment agreement. In accordance with section 568 of the Act, payments will be applied towards the payment of rates and charges in the order in which they became due.

7. HARDSHIP ASSISTANCE BY WRITING OFF ACCRUED INTEREST AND COSTS

7.1 Council applies interest rates to the maximum allowable under section 566 of the Act. However Council may write off accrued interest and costs on rates or charges payable by a person under Section 567 of the Act and the Local Government (General) Regulation 2005 where:

- (1) The person was unable to pay the rates or charges when they became due for reasons beyond the person's control, or
- (2) The person is unable to pay accrued interest for reasons beyond the person's control, or
- (3) Payment of the accrued interest would cause the person hardship.

7.2 Eligibility for this assistance and Council's determination will be in accordance with the Administrative Guidelines – Debt Recovery – Rates and Annual Charges.

8. HARDSHIP ASSISTANCE DUE TO CERTAIN VALUATION CHANGES

8.1 If a rate increase is approved in excess of IPART's determination of the LGCI, Council will, subject to a resolution by Council at the commencement of the financial year under Section 601 of the Act, consider applications for rate relief from any ratepayer who incurs a rate increase following a new valuation of land, if the new rate payable causes the ratepayer to suffer substantial hardship. The Council may on consideration of such an application write off an amount of up to \$150.00 of ordinary rates where:

- (1) The applicant's ordinary rate has been increased in the year of a general revaluation by more than \$200 from the previous financial year's ordinary rate levied, **and** where the rate payer is either:
 - (a) a person in receipt of a pension, benefit or allowance under Chapter 2 of the Commonwealth Social Security Act 1991 or a service pension under Part 3 of the Veterans' Entitlement Act 1986 of the Commonwealth and who is entitled to a Commonwealth Pensioner Concession Card - as prescribed in Clause 134 of the Local Government (General) Regulation 2005 (NSW); or
 - (b) a person whose income and assets are not in excess of the Commonwealth Government requirements to qualify for a Commonwealth Pensioner Concession Card.

9. ASSISTANCE TO ELIGIBLE PENSIONERS

9.1 For the purpose of this policy an eligible pensioner is a person in receipt of a pension, benefit or allowance under Chapter 2 of the *Commonwealth Social Security Act 1991* or a service pension under Part 3 of the Veterans' Entitlement Act 1986 of the Commonwealth and who is entitled to a Commonwealth Pensioner Concession Card, as prescribed in clause 134 of the Regulation. If Centrelink removes the entitlement of a person to a pension under these provisions, they will not be

entitled to a pensioner rate concession and will need to reapply to Council. Should a ratepayer fail to reapply, rebates will not be granted until such application is made, and for a period of two years only.

9.2 Pensioner concessions for rates and charges are available under sections 575-584 of the Act. To receive the concessions, an eligible pensioner must apply to Council for a reduction in the ordinary rates and charges for Domestic Waste Management of 50 percent provided this does not exceed \$250 (section 575).

9.3 Council may extend the reduction by an additional \$50 (section 582) to an eligible pensioner if a successful application has been made under section 575.

9.4 Under section 577 of the Act, in order to avoid hardship, Council may extend the pensioner concession to ratepayers who jointly occupy a dwelling and are jointly liable for the rates and charges with an eligible pensioner, if it considers it proper to do so.

9.5 The Act does not provide for the deferral of pensioner rates and charges, apart from the provisions for a formal agreement for periodical payments. However, Council may allow for a delay of recovery proceedings in some cases subject to an interest charge calculated in accordance with section 566 of the Act.

10. DEFERRAL OF RECOVERY PROCEEDINGS AGAINST ELIGIBLE PENSIONERS

Council recognises the number of pensioner ratepayers in the community, and is concerned with the difficulties some eligible pensioner ratepayers may have in meeting their rate payments.

10.1 Section 712 of the Act provides that proceedings for recovery of a rate or charge may be commenced at any time within nineteen years from the date when the rate or charge became due and payable. The Department of Local Government Rating and Revenue Manual advises that councils have discretion to accrue rates, charges and applicable interest against a pensioner's estate. The Department advises if councils wish to utilise this discretion, agreement is required from the pensioner ratepayer.

10.2 Where the eligible pensioner requests a delay in recovery action to allow outstanding rates, charges, and interest to accrue against their estate, and is willing to enter into an agreement, Council will:

- (1) Provide the eligible applicant pensioner ratepayer with a copy of the Pensioner Deferral Application that will require the disclosure of relevant financial information. The ratepayer must complete the application in order to prevent proceedings commencing.
- (2) Provide an annual rates notice of all outstanding rates, charges, and interest as well as appropriate instalment reminders.
- (3) Not commence recovery action until there is a change in ownership of the property, either or both ratepayers leave the property (except where the pensioner is in a care facility on a temporary basis being less than 12

months) or either or both become ineligible for a concession. Should any of these events occur, rates and charges will become due and payable.

- (4) However, given the constraints as set out in section 712 of the Local Government Act, Council will require pensioners to commence the payment of overdue rates and charges, such that their total debt to Council does not exceed nineteen years.
- (5) Should the pensioner be unable to adhere to the above, Council may commence recovery proceedings for any debt in excess of nineteen years.

10.3 The following conditions will apply to Council's agreement to defer recovery action:

- (1) Interest will accrue on the deferred rates and charges in accordance with the Local Government Act 1993.
- (2) The application to allow accrual of rates against future estate or sale of the property must be in writing, signed by each owner or person having an interest in that land. A letter of confirmation is to be provided each financial year to ensure the ongoing agreement between the ratepayers and the Council.
- (3) An eligible pensioner ratepayer must notify Council if the pensioner no longer uses it as his/her principal place of living or rents it out, such notification must be provided by the pensioner within 30 days of vacating the premises.
- (4) Council may revoke the deferral of recovery action of rates or charges against land in any of the following circumstances and all overdue rate or charges and interest will become payable immediately when:
 - (a) the pensioner sells the property, or
 - (b) when the pensioner ceases to occupy the property as his/her principal place of living, or
 - (c) when the pensioner rents the property out.
- (5) However, where an eligible pensioner does not enter into such an agreement Council will advise the eligible pensioner of their right to negotiate a periodical payment arrangement. Where an agreement on deferral or a periodical payment arrangement is not entered into, debt recovery of rates and annual charges will apply as per this policy.

11. WRITING OFF OF RATES, CHARGES AND INTEREST

11.1 Council may write off rates, charges or interest in accordance with this policy, the Act and Regulation:

- a) Write off rates and charges in accordance with clause 131(4) of the Regulation:

- If there is an error in the assessment, or
- If the amount is not lawfully recoverable, or
- As a result of a decision of a court, or
- If the council or the general manager believes on reasonable grounds that an attempt to recover the amount would not be cost effective.

b) Write off of accrued interest in accordance with section 567 of the Act is outlined in paragraph 2.15.

11.2 An annual report on rates and charges written off by the General Manager will be tabled to an appropriate ordinary Council meeting at the beginning of the new financial year for the previous financial year.

12. APPLICABLE LEGISLATION

- *Local Government Act 1993.*
- *Local Government (General) Regulation.*
- Council Rating and Revenue Raising Manual Department of Local Government (2007).

13. LINKS TO THE DELIVERY PROGRAM AND OPERATIONAL PLAN

- G1a Develop and maintain a framework of plans and policies that ensures open and transparent operations that facilitate equitable benefit sharing and progress towards sustainability.
- G5a Promote and advocate the provision of financial reporting systems in an accurate, timely, transparent and honest manner to ensure sustainability of public assets and resources.

14. REVIEW OF POLICY

This Policy will be reviewed every four years or as required in the event of legislative changes or requirements. The Policy may also be changed as a result of other amendments. Any amendments to the Policy must be way of a Council resolution.