



## RATE CONCESSION POLICY

Type:	Council Policy - Finance		
Owner:	Director, Corporate Services		
Responsible Officer:	CEO		
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Legislation Reference:	Part 11.8 of the <i>Local Government Act 2019</i>		

### 1 PURPOSE

Property owners (ratepayers) in Katherine Town Council's local government area are required to pay rates based on an assessed value of their property. However, Council recognises that individuals can experience difficulty in meeting their responsibilities for the payment of rates and that it may be appropriate where financial hardship has been demonstrated to grant a concession to the payment of rates. Concessions may also be applied to meet public benefits, or to correct anomalies in the rating system.

This Policy provides a framework and guidance for applying rate concessions and outlines the criteria and circumstances for which rate concessions may be granted. There is no guarantee that a rate concession will be granted, as decisions are made on a case-by-case basis.

Katherine Town Council is committed to providing a transparent, impartial, and consistent process of application and consideration for rate concessions and/ or remission of interest accrued on overdue rates.

### 2 SCOPE

This policy applies to all ratepayers in the Katherine Town Council area.

### 3 DEFINITIONS

**Deferment** means the postponement of payment, in whole or in part, for recovery at a later time. Deferment can be subject to any conditions determined by Council. Deferred rates are a charge on the land and will continue to accrue interest until the account is paid in full.

**Financial hardship** means a ratepayer is unable, because of illness, unemployment or other reasonable cause, to discharge their financial obligations towards Katherine Town Council.

**Public Benefit Concessions** mean concessions outlined in section 250 of the *Local Government Act 2019*. Council may grant a rate concession if satisfied that the concession will advance one or more of the following purposes: securing the proper development of its area; preserving buildings or places of historical interest; protecting the environment; encouraging cultural activities; promoting community health or welfare; encouraging agriculture; providing recreation or amusement for the public.

**Rate concession** means a waiver in whole or part of rates or a component of rates or a deferment in whole or part of an obligation to pay rates or a component of rates.

**Ratepayer** means the registered owner of the property. Applications by third parties, other than the ratepayer, require written approval from the property owner.

**Relevant interest rate** means the rate of interest fixed by Council as the relevant interest rate and outlined in Council's annual Rating Strategy.

**Remission of interest** means a waiver of interest in whole or part.

**Waiver** means removing the liability to pay and may include the whole or part of rates and/or legal charges for one financial year.

## 4 DETAILS

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Council's Annual Rates Notices for 1 July – 30 June each year are issued every August with the option to pay in four instalments. Instalment dates are as below:

- 30 September
- 31 November
- 31 January
- 31 March

Payment reminders are advertised in local print media and residents can sign up for a free quarterly SMS reminder service.

Council strongly encourages ratepayers to meet their rate and charges payment responsibilities. However, ratepayers experiencing financial hardship may apply for a special payment arrangement or rate concession. Rate concessions include:

1. deferment in whole or part of an obligation to pay rates or a component of rates, or
2. waiver in whole or part of rates or a component of rates, or
3. Public Benefit Concession for community organisations.

Council may grant a rate concession unconditionally or on conditions determined by the Council. If the ratepayer fails to comply with a condition, the Council may withdraw the concession and require the ratepayer to pay an amount, on or before a date specified in a written notice, to neutralise any benefit to the ratepayer of the rate concession.

In accordance with section 251 of the *Local Government Act 2019*, Council must not agree to grant a rate concession for a financial year that does not fall entirely in the term of the council.

The Chief Executive Officer will make the decision about special payment arrangements and rate concessions and provide a regular report to Council on the number, type and financial implications of rate concessions being applied.

In the case that Council becomes aware of any ratepayer providing false or misleading information to gain a concession for which they would otherwise not be eligible, the agreement with Council will become null and void. Any charges which would have been waived or deferred will be restored to the full amount, including any interest not charged that would have otherwise been payable. Debt recovery proceedings may commence to recover any outstanding amounts.

## FINANCIAL HARDSHIP

Financial hardship is a change of circumstance which will affect the long-term ability of a ratepayer to pay rates and charges. Council recognises that not all circumstances are alike, and that financial hardship may arise from a range of individual circumstances, including but not limited to unemployment, sickness or injury, family breakdown, or property values increasing significantly which affects the ability of a pensioner to pay their rates.

Applicants will need to demonstrate they are experiencing financial hardship by providing a range of supporting evidence including (but not limited to):

- Advice from a financial counsellor or advisor or legal representative
- Evidence of loss of employment
- Evidence of Commonwealth income support payment, if applicable
- Documents such as medical bills, notice of legal action pending in court, notice of repossession of assets such as a vehicle, goods, or mortgaged property
- Evidence of Commonwealth or Northern Territory welfare or pensioner concession allowances.

Relief from payment of rates on the grounds of financial hardship shall only apply to a natural person(s) who use the rated property as their principal place of residence.

Ratepayers seeking a rate concession should state their case in writing to the Chief Executive Officer, including whether the request is for a special payment arrangement, waiver or deferment and the relevant evidence of financial hardship. The Chief Executive Officer must be satisfied that the ratepayer will suffer increased financial hardship if a special payment arrangement or rate concession is not granted. All information will be treated as confidential.

Relief from payment of rates on the grounds of financial hardship will not apply to:

- commercial businesses
- clubs or organisations that hold a licence to sell liquor and/or operate gaming machines
- charges levied for services provided by Council, for example garbage collection.

## SPECIAL PAYMENT ARRANGEMENT

Ratepayers experiencing financial hardship who are unable to pay outstanding rates and charges through the four instalments options may apply for a special payment arrangement, subject to the following conditions:

- there has been a genuine effort to meet payment obligations in the past
- acceptance by the ratepayer that interest will be levied until the account is paid in full
- the arrangement will only apply to the financial year the agreement was approved
- any default in the special payment arrangement may end the arrangement and result in the commencement of legal proceedings.

No recovery action will be taken while the arrangement is being maintained and where financial hardship conditions continue to exist. Application for special payment arrangements must be made annually before 30 September.

## DEFERMENT OF RATES

Ratepayers experiencing financial hardship can apply for a deferment in whole or part of their rates. Deferment of rates will only apply to residential properties or to other properties used solely for residential purposes and is the principal place of residence of the applicant.

Application for deferment of rates because of financial hardship must be made on an annual basis and it is the ratepayer's responsibility to ensure they submit a deferral application before 30 September each year. Interest will accrue against deferred rates.

Council can decline or terminate a deferment application if the total outstanding balance of the rates and charges exceed 50% of the properties Unimproved Capital Value (UCV) as determined by the *Valuation of Land Act 1963*.

Rates deferred will be recovered at a future time - either when the ratepayer's circumstances change or when the property is sold. Until paid, deferred rates remain a charge against the land (see section 255 of the *Local Government Act 2019*).

### **WAIVER IN WHOLE OR PART**

Ratepayers experiencing severe financial hardship can apply for a waiver in whole or part of their rates for the current financial year.

Council recognises that incorporated community associations on having been granted tenancy by way of a Crown Lease for a specific purpose, may experience difficulty in meeting their responsibilities for the payment of rates whilst in the process of substantially achieving the purpose of the Crown Lease. In this situation, Council will waive all rates and charges until the association concerned has substantially achieved the purpose of the relevant Crown lease and are therefore deemed to be in occupation of the parcels of land in question.

### **REMISSION OF INTEREST**

If rate payments are not received by the due date, the account will be in arrears. Accounts in arrears will incur a penalty (the 'relevant interest rate') calculated daily on the outstanding amount, from the date on which the missed instalment was due until the date the payment is made in full. Ratepayers experiencing financial hardship may apply for remission from interest for accounts in arrears, for the current financial year.

Remission from interest granted because of financial hardship will cease if the ratepayer:

- is no longer experiencing financial hardship
- sells or no longer occupies the property as the principal place of residence, or
- there has been a breach of any conditions applied to the remission of interest.

Remission of interest may also be provided if the interest was applied because of an anomaly, error or omission, such as:

- when a ratepayer has notified Council regarding a change of address and Council has not amended the assessment record
- where Council has not been notified of a property sale or transfer
- internal financial processing of a payment where the payment has been allocated to another property, resulting in interest being charged incorrectly.

### **PUBLIC BENEFIT CONCESSIONS**

A rate concession may be granted to a ratepayer (usually a community organisation) if the Chief Executive Officer is satisfied that the concession will advance one or more of the purposes outlined in the Act and the organisation operates substantially for the benefit of youth, arts and culture, within the Katherine community.

Any application for a Public Benefit Concession requires a written submission by the organisation explaining why the submission should be considered and how it satisfies consideration as a public benefit.

Sporting and community organisations cannot apply for a rate concession on a property that caters for gambling or that holds a licence related to gambling.

## 5 ASSOCIATED POLICIES/DOCUMENTS

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Rating Strategy (annual)

Declaration of Rates and Charges (annual)

Privacy Policy

Confidential Information Policy

Customer Service Charter

Accounting and Policy Manual (2019)

## 6 REFERENCES AND RELATED LEGISLATION

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*Local Government Act 2019*

*Valuation of Land Act 1963*

Local Government (General) Regulations 2021

### Revision History

Version	Approval date	Details of change	Responsible officer
1	24/5/2016	Created	CEO
2	24/2/2021	Revision for consistency with <i>Local Government Act 2019</i>	CEO
3	23/08/2022	Simplification and revision to clarify decision-maker is CEO; strengthened hardship provisions; removal of waiver of deferred rates after five years	CEO