

# **HUME CITY COUNCIL FEEDBACK ON DRAFT MINISTERIAL GUIDELINES RELATING TO PAYMENT OF RATES AND CHARGES**

## **1. Ministerial Guidelines on payment of rates and charges**

The draft Ministerial Guidelines include a statement indicating that the intention is to discourage Councils from charging interest to ratepayers who are under hardship arrangements.

The Guidelines also emphasise that legal action and the application of penalty interest should only occur when ratepayers fail to engage and all other avenues have been exhausted.

Currently, our Council's practice is to cease charging interest for any ratepayer who enters a payment arrangement with Council, regardless of whether they have been formally assessed as experiencing financial hardship. Determining whether a ratepayer is experiencing hardship can be subjective, and at present, we do not require proof of hardship to grant such arrangements.

The introduction of incentives for early payment may raise issues of vertical equity. Specifically, those who can afford to pay their rates upfront would receive the benefit of such incentives, whereas individuals who are unable to do so—often those who may need support the most—would not be able to take advantage of these offers.

The guidelines should caution against overly invasive requests for personal information. While verification is necessary, councils must balance this with respect for privacy and avoid discouraging ratepayers from seeking assistance.

Finally, consideration should be given to the administrative burden involved in managing these processes. It is worth questioning whether the responsibility should rest with the ratepayer to initiate a payment arrangement or contact Council for a deferral request, rather than Council proactively managing such arrangements.

## **2. Supporting councils**

A checklist can help assess financial hardship when determining eligibility for interest or rate waivers and we support the introduction of a standard template for assessing hardship applications. This will promote fairness and transparency. However, the process should remain flexible enough to accommodate individual circumstances without creating unnecessary barriers.

It is important to note that the successful implementation depends on adequate resourcing. This includes:

- Training for staff to apply guidelines consistently and with empathy and.
- Appropriate recognition and support for staff responsible for hardship assessments to maintain service quality.

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## **3. Improving hardship support**

We recommend distinguishing between “hardship” and “financial hardship” to avoid confusion for ratepayers. Clear definitions will help ensure consistent interpretation and application across councils.

Support may include facilitating ratepayers' ability to manage their debt independently by allowing them to establish payment arrangements without the need to demonstrate hardship or financial difficulty, nor requiring direct council approval unless the proposed arrangement is unrealistic and would not enable the ratepayer to recover, even if interest charges are suspended.

We agree that incentives for prompt payment should not disadvantage those experiencing hardship. Clear guidance on structuring payment plans will help ensure equity and consistency.