Item 6: Notices of Motion or Rescission

6.1 Rating Relief

NOTICE OF MOTION LISTED BY CR PAUL CAVALIER
TO 15 APRIL 2020 ORDINARY MEETING
GOV400087,

MOTION

That Council:

1. provide a streamlined process to allow rate payers having difficulty paying their rates to apply for an extension to pay up until 30 September 2020;

2. waive any interest charges that would normally accrue on outstanding payments, for any ratepayers that apply for the extension, for the period up until 30 September 2020;

3. cease formal debt recovery action, with no more missed instalment notices or recovery letters issued until after 31 August 2020; and

4. request a report be brought back to Council at the August 2020 Council meeting, to assess whether the relief actions require extending.

Background

While not everybody within the LGA have been impacted by COVID-19, some residents within the Mid-Western Regional Council area are facing unprecedented financial pressures during this period. I am aware that legislation prevents Council from waiving rates for those that own land within the LGA, however we are financially positioned to afford relief to those residents financially impacted during this period.

It would be most appropriate that the application for rating relief be assessed on a case by case basis, as some ratepayers will still remain in a financial position to meet their land tax obligations, while others would not. Assessment of each case will allow us to afford relief to those most in need.

I believe it is important that Mid-Western Regional Council shows compassion and understanding to those residents financially impacted by this pandemic, in order to promote a viable economy for our LGA once it is behind us.

Officer’s comments

Council’s rating revenue is about $28 million. Any deferral of payment would have a material impact on Councils cash levels, however Council is in a position, where it can absorb any
temporary impact. It is recommended to implement an application process over a blanket deferral for 2 reasons –

1. to minimise the impact of this revenue deferral, especially given the uncertainty around Council’s operations in these times; and
2. to meet the requirements of the Local Government Act and Regulations.

There are very limited provisions to write-off rates or interest. Following are the circumstances where some assistance may be provided while still complying with the legislation:

- Section 567 LGA – Writing off of accrued interest. Council can write-off interest if the person cannot pay due to reasons beyond their control or if payment of the interest would cause them hardship. This allows assessment of individual situations, not an across the board interest write-off.

- Section 564 LGA – Council can accept payment of rates and charges in accordance with an agreement made with the person. Council can write-off or reduce interest if they comply with the agreement. This also allows assessment of individual situations, not an across the board interest reduction or write-off.

- Clause 131 Regulations – Writing off rates and charges. Can only write-off if there’s an error in the assessment, the amount is not lawfully recoverable, the result of a court decision or if the Council believes on reasonable grounds that an attempt to recover the amount would not be cost effective. None of these circumstances are deemed relevant in this scenario. Any write-off would also be on an individual basis.

Therefore, the most relevant legal provision is to accept an arrangement and potentially write-off interest in accordance with Section 564 LGA. This would be on individual application. There is some potential for this to be quite administratively burdensome, but that could be mitigated via an online application form and some level of automation of the required work. The aim would be for it to be quite simple for the applicant and include a standard future payment date.

Council’s Hardship Policy effectively allows arrangements and interest write-off in accordance with Sec. 564, but only for Residential & farmland properties. Alternatively, Council could also consider a temporary extension of those provisions to the Business properties.

Additionally, there is the notice to temporarily soften the overdue account follow-up process. If Council chose to not issue any reminder notices when an account became overdue, this would effectively act as a blanket extension of the due date, however will not remove the interest charges. The application would need to be taken up for this to occur.