

Rating System Review

WEstjustice and Consumer Action submission

About WEstjustice

WEstjustice (the Western Community Legal Centre) was formed in July 2015 as a result of a merger between the Footscray Community Legal Centre, Western Suburbs Legal Service and the Wyndham Legal Service. WEstjustice is a community organisation that provides free legal assistance and financial counselling to people who live, work, study or access services in the western suburbs of Melbourne.

We have offices in Werribee and Footscray as well as a youth legal branch in Sunshine and outreach across the West. WEstjustice provides a range of legal services including: legal information; outreach and casework; duty lawyer services; community legal education; law reform; advocacy; and community development projects.

About Consumer Action

Consumer Action is an independent, not-for profit consumer organisation with deep expertise in consumer and consumer credit laws, policy and direct knowledge of people's experience of modern markets. We work for a just marketplace, where people have power and business plays fair. We make life easier for people experiencing vulnerability and disadvantage in Australia, through financial counselling, legal advice, legal representation, policy work and campaigns. Based in Melbourne, our direct services assist Victorians and our advocacy supports a just market place for all Australians

Why is WEstjustice and Consumer Action interested in a review of the rates system in Victoria?

WEstjustice's financial counsellors assist clients who are experiencing financial hardship. Most of our clients are grappling with debts and meeting the high cost of living in Melbourne. A proportion of our clients are homeowners – either outright or mortgaged – who are subsisting on Centrelink, TAC payments or other low income sources. Rates put enormous pressure on these households and, without a fair and accessible financial hardship system run by councils, rates obligations and debts can become overwhelming and crushing, and can lead to loss of the home or other serious hardship.

WEstjustice also runs the innovative Mortgage Wellbeing Service, a health-justice partnership pairing the expertise of a lawyer, social worker and financial counsellor to assist people experiencing mortgage stress and associated debts. As should be anticipated, difficulty meeting rates obligations commonly accompanies mortgage stress – the Mortgage Wellbeing Service estimates that rates hardship is experienced by half of clients accessing the service. Although some councils routinely refer clients to financial counsellors, others

very rarely refer residents to the service for assistance with rates and their other financial obligations.

Consumer Action's financial counsellors operate the National Debt Helpline in Victoria, a not-for-profit email and telephone financial counselling service providing free, confidential and independent financial advice to Victorians experiencing financial difficulty. The National Debt Helpline is nationally-recognised as the first point of telephone contact in Victoria for anyone with financial counselling issues. Many people that contact the National Debt Helpline are experiencing difficulty in meeting the cost of rates or are having difficulty with debts to local government authorities.

High rates of financial hardship

Financial hardship – the reduced ability to meet monetary obligations because of limited income, loss of employment, illness or disaster – is an increasing problem for both low-income and middle-income Australians.

Two thirds of Australian adults feel financially insecure. Almost one in two have less than three months' income saved, and almost one in three have less than one month's income. One in seven have negligible or no savings, meaning that financial hardship – being unable to pay debts when they fall due – is just a bill away.¹ Although an overall increase in economic insecurity since the 1980s – accompanied by rising living costs and rapid growth in household debt – have created a situation in which financial hardship can happen to almost anyone, people who are already socio-economically disadvantaged are especially at risk.²

Financial hardship under the Act and the need for a Financial Hardship Code

In 2013, the Municipal Association of Victoria ("MAV") worked with stakeholders including the community legal sector and the financial counselling sector to develop a financial hardship policy for councils ("the MAV policy"). The MAV policy seeks to provide principles, guidelines, templates and other resources for councils, council staff and contractors to effectively and consistently manage ratepayer financial hardship.

Whilst the MAV has a financial hardship policy, it exists in a vacuum as it doesn't follow from requirements of the legislation. There is no body that takes responsibility for implementation and enforcement of the policy. By comparison, financial hardship teams within the Australian Financial Complaints Authority, the Telecommunications Industry Ombudsman and the Energy and Water Ombudsman provide oversight and ensure that financial hardship policies of companies in these industries are appropriately applied. The MAV policy is an orphan that needs a home.

The objectives of the MAV policy guidelines are to:

- "provide assistance to ratepayers experiencing financial hardship;

¹ Bourova, E, I Ramsay, and P Ali, 'What 1,100 Australians told us about the experience of living with debt they can't repay', The Conversation, 26 February 2019, <http://theconversation.com/what-1-100-australians-told-us-about-the-experience-of-living-with-debt-they-cant-repay-105296>.

² Bourova, E, I Ramsay, and P Ali, "The Experience of Financial Hardship In Australia: Causes, Impacts and Coping Strategies", *Journal of consumer policy*, v. 42,.2 pp. 189-221, doi: [10.1007/s10603-018-9392-1](https://doi.org/10.1007/s10603-018-9392-1), p189.

- provide guidelines, templates and other resources for councils, council staff and contractors to effectively and consistently manage ratepayer financial hardship;
- ensure a council's debt collection practices are sensitive and responsive to financial hardship issues."³

These objectives are not being met. Councils by and large do not have effective financial hardship policies that are "sensitive and responsive". There is no legislative requirement for councils to have a financial hardship policy. Best practice for financial hardship demands that each council should have a formal policy lodged with an appropriate regulator such as the Essential Services Commission.

The MAV policy is voluntary. Councils' policies do not have to comply with standards set by the MAV policy. We believe the MAV policy is not applied by councils very much at all. For example, Maribyrnong City Council has only referred one person to WEStjustice's financial counsellor (the sole financial counselling service in Footscray) over the past several years, despite the policy stating that people in financial hardship should be referred to financial counsellors⁴ and despite this council widely applying caveats and taking other enforcement action against ratepayers in the municipality. Council has only recently begun having discussions with our financial counsellor despite the MAV policy recommending this occur on a regular basis.⁵ In view of the many deficiencies in this council's practice (discussed further below), in our submission this does not go far enough.

Financial hardship policies of individual councils and the MAV policy should be linked to the options under the *Local Government Act 1989* (Vic). The Act requires councils to consider waiver of rates or interest and deferrals but does not explicitly require a determination of financial hardship in the way financial services, energy and water industries do. Legislation governing most other modern customer service industries requires consideration of financial hardship.

Section 171A of the Act provides for ratepayers to make application to councils for waiver of rates and/or interest owed where they are experiencing financial hardship. Given the statutory charge over the land that councils benefit from (discussed further below), in our submission circumstances where waivers of rates are appropriate would be very limited. Nevertheless, council policies should still contemplate waiver; Wyndham City Council's Hardship Consideration Policy specifically rules out waivers⁶ of rates despite consideration of this option being a requirement under the Act. This indicates a lack of understanding of the statutory requirements.

However, despite the fact that circumstances warranting waiver may be rare, deferrals of rates under section 170 are an appropriate response to hardship and should be more widely applied. We note that the MAV policy only contemplates deferrals for pensioners; in our submission all people on a low income should be eligible for deferrals, particularly all people solely reliant on social security benefits including Newstart (who are not classified as

³ Municipal Association of Victoria, Hardship Policy Guidelines, November 2013, http://www.mav.asn.au/data/assets/word_doc/0006/11796/MAV-Hardship-Policy-Guidelines-Nov-2013.docx, p3.

⁴ Above n3, p4.

⁵ Above n3, p6.

⁶ Wyndham City Council, Hardship Consideration Policy, March 2018, 4.2.5.

pensioners). On page 7 of the MAV policy, it is implied that long-term financial hardship arrangements should be limited to fixed income retirees; again we believe long-term financial hardship options such as waiver and deferral should be available to all ratepayers on incomes so low that they cannot afford to pay their rates without forgoing other essentials such as food, heating and medical treatment.

Industries such as the financial services industry, the telecommunications industry and the energy and water industry have legislative and enforceable financial hardship code requirements. For example, all electricity and gas companies operating in Victoria are required to offer certain types of assistance when a person tells them they are in hardship. The company must:

- offer a payment plan that takes into account how much they can afford to pay;
- provide information about concessions and other assistance; and
- provide advice about the availability of financial counsellors.

The Energy Retail Code sets out the minimum standards of assistance to which residential customers anticipating or facing payment difficulties are entitled, so that disconnection of a residential customer for not paying a bill is a measure of last resort. If an energy retailer is unable to demonstrate that it has provided the customer with the assistance to which they are entitled, and has not met all of their obligations under the Code, any disconnection of that customer will be wrongful. The rates system needs similar accountability mechanisms.

In our submission, local government has never come to terms with the need to tackle financial hardship in a targeted, proportionate and fair way. We believe the MAV policy should be converted into a Code similar to the banking and energy industries, and that enforceability of its provisions needs to be considered. In our view, there should be an independent Code Compliance Committee established which oversees and regulates the application of the financial hardship code by receiving complaints that financial hardship provisions have not been properly applied. Breaches of the financial hardship code should result in reports to the Victorian Ombudsman for investigation and resolution.

In our submission, each council should be required by the Local Government Act to have a written and published financial hardship policy that is consistent with the MAV policy and lodged with the Essential Services Commission, and that councils must have complied with their policy before they can issue debt recovery proceedings in the Magistrates' Court.

MAV financial hardship policy does not go far enough

When the MAV policy was developed, the impact of family violence on the community and particularly its interaction with financial hardship was poorly understood. Since the Family Violence Royal Commission, this issue has gained significant traction. The MAV policy needs to take account of family violence and its impact on ratepayers. Family violence can cause significant financial hardship particularly where economic abuse means a woman has limited or no access to funds, or limited access to information about her financial liabilities.

The MAV policy also does not contemplate other types of hardship, for example where a ratepayer is imprisoned for a period of time or subject to involuntary mental health treatment in hospital. The policy needs to better understand the wide range of circumstances that may lead to payment difficulty.

The MAV policy also needs to address the situation where the council is unable to make contact with the ratepayer. Frequently, councils proceed to enforcement action having not made any contact with the ratepayer and do not attempt to conduct an assessment of financial hardship. It should not be solely incumbent on the ratepayer to apply for financial hardship; rather councils should be required to contemplate financial hardship before resorting to enforcement measures. The debt collection agencies employed by councils should be appraised of hardship and the council's financial hardship policy and be in a position to sensitively and responsively apply financial hardship provisions.

Councils should be legislatively obliged to make reasonable efforts to contact ratepayers and determine whether the person is experiencing financial hardship before taking debt recovery action in the Magistrates' Court, applying for caveats or issuing a creditor's petition to bankrupt the ratepayer.

Members of other industries such as financial services and utilities are subject to regulatory limitations in taking action such as disconnection, repossession or pursuit of court action where the customer has indicated they are experiencing financial hardship.

Where a ratepayer is in financial hardship, councils should be obliged to apply financial hardship policies to defer (or in extreme circumstances waive) the payment of rates, waive interest or establish payment plans with residents.

Overall, we believe the MAV policy has become dated and needs work to renew its relevance and use. The policy needs to provide a stronger framework for the management of financial hardship on the part of ratepayers.

High rates of action in the Magistrates' Court

In 2012, Footscray Community Legal Centre and the Federation of Community Legal Centres conducted research which showed that councils were suing ratepayers at alarming rates. Councils were the number one user of the Magistrates Court judgment order process, with most claims for unpaid rates being for less than \$10,000, and representing 50% of all undefended claims under \$1,000.

This was despite the fact that legislation gives councils strong protections around unpaid rates. Under the Local Government Act, councils can charge penalty interest on overdue unpaid rates and charges.⁷ The legislation also provides that councils automatically receive a statutory charge over a property for any unpaid rates, interest and associated legal costs and court fees, guaranteeing that rates debts will be paid to a council when the property is sold before any other debts owing to creditors such as the mortgage.⁸ Given the statutory charge, it appears that the primary objective of councils taking action in the Magistrates' Court is to compound the debt owed by adding legal costs to the rates arrears and interest owed.

Although we have not yet obtained updated statistics, we suspect that councils remain one of the most prevalent users of the Magistrates' Court for suing ratepayers for unpaid rates. De-identified data provided by one of our local councils shows that rates of issuing

⁷ Local Government Act 1989 (Vic) s 172.

⁸ Local Government Act 1989 (Vic) s 156(6).

complaints and obtaining judgment in the Magistrates' Court remain high, very high in some cases. One metropolitan council issued 356 complaints and obtained judgment in 243 cases in 2017-18. MAV recognises that "the impacts [of this approach] can be devastating for the people affected"⁹, and that action to enforce payment of rates arrears can exacerbate financial hardship.¹⁰

We have also seen councils routinely apply other enforcement measures to pursue unpaid rates, including lodging caveats over properties and making ratepayers bankrupt.

These are overly harsh and punitive responses to rates arrears. Given the statutory charge, councils are guaranteed to collect rates: it is a question of when not if. Therefore local councils should not be suing ratepayers in the Magistrates' Court to recover unpaid rates, particularly before exhausting other options for obtaining rates arrears.

Unfair use of other punitive measures to enforce compliance

Caveats

We are concerned extremely vulnerable homeowners are subjected to rates enforcement strategies that are unfair and unnecessary in circumstances where they may not even know about the rates arrears, and that they are then hit with legal fees and costs associated with these inappropriate measures. We are concerned this occurs in a context where hardship should be but is not considered and where the MAV policy is ignored.

Recent dealings with one of our local councils revealed that senior staff overseeing the imposition of caveats did not understand how caveats functioned, particularly in the context of council's statutory charge guaranteeing rates collection. This council lodged caveats in 184 cases in the 2017-18 financial year, which we believe is amongst the highest rate of all councils in the state. The council's financial hardship policy does not mention the use of caveats at all.

De-identified data provided to us by a local council indicates high rates of councils lodging caveats over land. Given the existence of the statutory charge, the purpose of lodging these caveats appears to be punitive rather than effecting any genuine protection of the council's rights in respect of the property.

Case study 1: Ms Tran

WEstjustice assisted Ms Tran¹¹ through its financial counselling practice.

Ms Tran spoke limited English and was in the process of separating from her husband while the two lived under the same roof. There was a history of family violence between them, and Ms Tran felt safest if her ex-husband was not made aware of this matter.

Ms Tran's ex-husband had not paid the mortgage, water, rates and other bills for a number of months. Ms Tran had been unaware of this. Neither she nor Mr Tran had been effectively contacted by the council – Maribyrnong City Council – about the rates arrears.

⁹ Above n3, p3.

¹⁰ Above n3, p11.

¹¹ Not her real name.

In February 2018, a caveat was lodged over the property at a cost of \$204 to Ms Tran. A month later, council issued Magistrates' Court proceedings against Ms Tran and Mr Tran claiming an amount of \$2,541 including legal fees of \$999. Lawyers and external debt collectors had been engaged by council.

Before judgment was obtained, Ms Tran engaged financial counselling assistance and a 12 month payment plan was negotiated under which no interest would be imposed and Ms Tran would make repayments of \$50 per calendar month (the outstanding arrears are currently \$4,113). However, council did not agree to lift the caveat. WEstjustice's CEO then discussed the matter with senior staff within council who reviewed the case and agreed to lift the caveat at council's cost.

The council officer who negotiated the payment plan told WEstjustice's financial counsellor that it is council policy to lodge caveats, although council's rates financial hardship policy does not mention them.

We do not know what efforts the council made to contact Ms Tran and assess her financial hardship prior to lodging the caveat and suing her. However, the council never successfully made contact with Ms Tran and never discussed financial hardship options with her.

Case study 2: Mr Wales¹²

An elderly client had been defrauded out of his home with the title being transferred to a dodgy tradesperson who had done work on his property. Rates were not being paid by the fraudulent new owner. Maribyrnong City Council obtained a caveat after not being able to make contact with the elderly man for a number of months. Had the council tried harder to make contact with the client, the fraud may have been uncovered earlier. Now that the title has been restored to the rightful owner, the council is considering whether to waive the rates debt that the elderly client is said to owe for the period when the title was not in his name.

Caveats (which act to prevent dealing, including the sale, of property) are counterintuitive because the sale of the property would mean council is paid its owed rates. In our submission, policy or legislation should prohibit councils lodging caveats over ratepayers' land.

Bankruptcy

We have also seen local councils submit creditors' petitions to bankrupt vulnerable ratepayers without determining whether the resident is experiencing financial hardship and without exploring appropriate responses to financial hardship.

¹² Not his real name.

Case study 3: Ms Lim

WEstjustice assisted Ms Lim¹³ who was \$30,000 in arrears on her rates. The client owns her house outright. The client is 68 years old and speaks English as a second language. The client's engagement with our service was erratic and we believe she may be experiencing symptoms of mental illness. She appeared not to fully understand her obligation to pay rates.

Wyndham City Council sued her and obtained default judgment for the arrears. The council then submitted a creditor's petition and made the client bankrupt. Before the bankruptcy proceedings, WEstjustice made a financial hardship application to council in relation to her rates arrears. Wyndham City Council did not respond immediately, but declined the hardship application a week before the creditor's petition hearing. WEstjustice suggested other options for recovery of the debt – a reverse mortgage, a charge over the property, etc. but to no avail. We were unable to contact the client to advise her of the hearing or the bankruptcy process. A trustee has now been appointed to sell the house to pay off the debt to Wyndham City Council.

WEstjustice is advocating with the Council with a view to having the debt waived. If all debts can be paid, then the bankruptcy can be annulled.

In our view, Councils should be precluded from using bankruptcy proceedings through the Federal Court to pursue rates arrears homeowners. There may be some basis for use of bankruptcy proceedings against recalcitrant investors/landlords who consistently fail to pay rates. However, Councils should not be entitled to put homeowners at risk of homelessness for a debt that is fully protected by legislation. As in Ms Lim's case, most often a client will be in rates arrears due to serious circumstances of hardship or vulnerability, including mental ill health, family violence, having English as a second language, etc., making it difficult for clients to communicate and understand the court processes. Councils should put support systems in place to better understand a particular client's set of circumstances and refer them to services like the Mortgage Wellbeing Service and financial counsellors rather than suing and/or bankrupting clients in court.

Financial Counselling Case Studies

Case study 5: Mr. S.

Mr. S migrated to Australia in 1999 from Turkey. English is his second language and he can have difficulty understanding some matters.

Mr. S. purchased a home in 2014 with his second wife. He works full time and his wife is not working. He has not paid any rates to the Council at all since purchasing the home. He was unaware of this responsibility and has nil financial literacy.

¹³ Not her real name.

He has not been contacted by the council at any time since purchasing the home, but receives his annual rates statement with the balance now totalling \$9,000 inclusive of penalty interest/charges accruing.

The rates have become difficult to manage and will cause him difficulty to resolve.

Case study 6: Mr X

Mr X receives Legal letter from Council solicitor/debt collector for outstanding rates of \$940. Annual rates is \$1600. Rates plus legal costs mean debt now \$1300 and going up due to interest.

Mr X is working but partner has not been well enough to work and so house hold income has severely reduced. Mr X applies for hardship for interest waiver and is declined as Mr X is working. Payment arrangement put in place but catch up will take 2.5 years due to legal fees and interest.

Case study 7: Mr Y

Ratepayer was a single person working full time but has had reduction in work hours to part time. They were not able to pay the full amount of quarterly rates and have an outstanding yearly balance. They requested hardship on the interest but were declined on grounds they are working.

Payment arrangement put in place with 2 years to catch up.

We have seen many of these scenarios and the council hardship policy is lacking in outcome diversity for people's individual cases. Sure there is consistency in their declining based on whether a person is working or has concessions.

They never ever waive or partially waive a debt even though the option is in the local laws act.

We would like to see a \$ limit placed on an outstanding balance before legal action can be taken to be pursued. We are seeing overzealous councils taking legal action which adds extra costs to a person in financial hardship. It doesn't make sense.

We would also like to see a consideration for DHHS concessions URG allocation of \$1300 or part thereof to be used for land rates.

Case study 8: Ms K¹⁴

Ms K identifies as an Indigenous client. She has two toddlers under 5 years of age and recently separated from her spouse. She struggles due financial difficulty arising out of the relationship breakdown. Ms. K. found it difficult to cope and manage her bills and on-going expenses, eventually having arrears on her mortgage, credit card, utilities and unpaid rates at \$7,000

Ms. K. was not contacted by the Council regarding her unpaid rates. She received her annual rates notice in the mail each August, including an accumulation of the increased balance, interest and charges.

She did attempt to arrange a payment plan for the rates at one point with a debt collection agent but due to an administration bungles and inaccuracy the payment plan did not commence.

Under the Magistrates Court Civil Procedure Rules 2010, Ms. K. received a summons to attend an Oral Examination. In early 2019, CLH lawyers acting on behalf of the Council for the unpaid rates filed documentation in the court.

As she could not attend the hearing, Ms. K. contacted CLH lawyers the day prior to notify of her unavailability. CLH Lawyers confirmed that they would re-schedule the hearing and accepted a payment plan for the unpaid rates on behalf of the Council.

On the 28th May 2019, the local Police station asked Ms. K. to attend the station. Upon presentation to the Police station Ms. K. was advised that she had committed an offence by failing to attend an Oral Examination on a summons executed by the Council at the Dandenong Magistrates court.

A provision of an 'Undertaking of Bail' in accordance with the Bail Act 1977, was issued to Ms. K. and the conditions of the Bail were discussed. Her failure to attend her next scheduled hearing for an oral examination would mean that she had breached her Bail conditions, which is a criminal offence.

It is a concern that the council did not contact Ms. K. during the accumulation of her rates and there was no attempt to verify her financial position or difficult circumstances. Had they initially contacted her prior to the rates becoming unmanageable she may have had an opportunity financially to remedy the situation by accessing financial hardship, financial counselling assistance and or support to do so.

Ms. K. was under the assumption that she would go to gaol for unpaid rates, which caused her significant stress during this period. Her workplace had to be informed due to her pending court hearing and her application to be absent from work. Her job became at risk as her manager confirmed that she could not continue to work if she had a criminal charge arising out of the bail process.

Ms. K. has had to access her superannuation to repay her rates arrears. The added penalty interest and court fees made the debt was more difficult to manage and this compounded her vulnerable state. It is a concern that a civil debt process to recover the rates has potentially become a criminal matter when the Council have 'a lien' over her property in the first instance. This situation could have been avoided.

Legislation

Section 156(6) of the *Local Government Act 1989* (Vic) provides that unpaid rates, along with any interest and legal costs associated with the unpaid rates, are a first ranking charge on land. This functions as a lien that gives the council preference over all other secured creditors, including mortgagees in any bankruptcy proceedings.

Further, a person who becomes the owner of rateable land must pay:

- any current rates and charges applicable to the land;
- any arrears of rates and charges; and
- if the council has obtained an award for legal costs in relation to a rates charge owing by the previous owner, the amount of legal costs still owing.¹⁵

Therefore, if land is sold, the full amount of rates owing to a council, including any interest and enforcement costs, must be paid to the council by the purchaser at the time a property is transferred, irrespective of who the vendor is.¹⁶ This means that in circumstances where a bank sells the land as a mortgagee in possession, rates must still be paid by the purchaser at the time of sale.

The legislation effectively guarantees that rates debts will be paid to a council when the property is sold before any other debts owing to creditors such as the mortgage. These protections effectively guarantee councils' ability to recover unpaid rates debts and accrue a generous interest rate on the debts while they remain unpaid.

Accordingly, this issue is all about *when* the council will get paid, not *if* the council will get paid. Councils' hardship policies must take account of the reality that they will get paid eventually (when the property is sold). In the meantime, robust and proportionate financial hardship measures must be discussed with ratepayers and applied.

Recommendations

1. The MAV financial hardship policy should be converted into an enforceable code linked to the Local Government Act and overseen by a Code Compliance Committee with breaches of financial hardship reported to Victorian Ombudsman.
2. The Local Government Act should be amended to introduce a robust financial hardship regime linked to the MAV policy/code, with options for waiver of rates and interest, deferrals and payment plans following from the new provision.
3. The Local Government Act should be amended to mandate that every council is to have a published financial hardship policy that is consistent with the MAV policy/code and that it is lodged with the Essential Services Commission.
4. Financial hardship measures should be available to all ratepayers who can demonstrate they are experiencing financial hardship, for example they are solely reliant on a Centrelink income or otherwise have a low income or limited liquid assets. The MAV policy/code and individual council policies should not limit access to retirees or pensioners as the MAV policy currently does.

¹⁵ Local Government Act 1989 (Vic), s 175.

¹⁶ Local Government Act 1989 (Vic), s 175(1C).

5. The MAV financial hardship policy/code and individual council policies should mandate that councils must make reasonable efforts to make effective contact with ratepayers and make a proactive assessment of financial hardship before taking action to enforce rates arrears.
6. The imposition of caveats to secure unpaid rates should be prohibited because the council already has a statutory charge over the property.
7. Debt recovery proceedings in the Magistrates' Court for unpaid rates should be prohibited unless and until the council makes reasonable efforts to make effective contact with the client and determines whether the ratepayer is experiencing financial hardship. A minimum amount of rates arrears should be required to have been accrued before Magistrates' Court action can be taken.
8. Petitioning for bankruptcy for unpaid rates should be prohibited against homeowners and only allowed against landlords after Council makes reasonable efforts to make effective contact with the client and determines whether the ratepayer is experiencing financial hardship. A minimum amount of rates arrears should be required to have been accrued before bankruptcy action can be taken.
9. The factors considered under the MAV financial hardship policy/code should be expanded to include family violence; imprisonment; mental ill health; drug, alcohol and gambling addiction; language barriers; etc. Consultation with the financial counselling sector should be conducted so that all factors contributing to financial hardship can be understood.
10. Policies to ensure that council staff are well-trained in financial hardship and understand the Council's internal financial hardship policy should be introduced, and councils should only utilise appropriate debt collection agencies who understand financial hardship and can apply financial hardship policies. Councils should also be careful to ensure that their guidelines are consistent with legislation such as the Local Government Act 1989.
11. The State Government utility relief grant administered by DHHS should be available to ratepayers in need of assist with land rates.