Consumer Advocates Joint Submission

Ministerial Guidelines for Councils relating to payment of Rates and Charges

5 December 2025

Submission from: Westjustice, Mortgage Stress Victoria, Financial Counselling Victoria, Consumer Action Law Centre, Thriving Communities Australia with sign on from supporting organisations.

Authors and supporting organisations

Authors

Westjustice

Mortgage Stress Victoria

Thriving Communities Australia

FCVic Financial Counselling Victoria Inc.

consumer action law centre

Supporting this submission:

EARG ECONOMIC ABUSE REFERENCE GROUP VICTORIA

Uniting

FVREE FREE FROM FAMILY VIOLENCE

COTA VICTORIA

Seniors Rights VICTORIA

FEDERATION OF COMMUNITY LEGAL CENTRES VIC

Introduction

The authors of this submission agree that the proposed Ministerial Guidelines for Councils Relating to Payment of Rates and Charges [the Draft Guidelines] offer an important opportunity to lift standards and introduce consistency amongst Councils across Victoria in their management of ratepayers in hardship. They provide an important opportunity to ensure councils are working towards the prevention of homelessness in Victoria in alignment with *Victoria's Housing Statement – the decade ahead 2024-2034.*[1]

We recognise and appreciate the significant improvements in the draft Guidelines, and it is clear from the drafting that meaningful thought and effort have gone into strengthening support for people experiencing hardship. However, we also see important opportunities to build on this foundation and make the Guidelines stronger, clearer and more effective, ensuring they deliver the level of protection and safety that communities expect and deserve.

> *"The public sector is expected to act in the public interest more than the private sector – but in dealing with hardship, local councils lag behind utility and other companies, including banks. We would be rightly concerned if our bank was doing more to meet its social obligations than our council."*[2]

We welcome the opportunity to comment on the Draft Guidelines and frame our responses to the consultation consistent with our shared principles for fairness when dealing with people experiencing financial hardship and associated life challenges.

Changes we recommend to the current draft are in these key areas:

Language to signal the binding nature of the guidelines (see s1.1)

The Draft Guidelines must clarify that they are a mandatory and binding requirement of all councils, to ensure universal implementation of the guidelines.

Family violence and economic abuse (see s1.2)

The Draft Guidelines offer an opportunity to ensure a state-wide, better practice approach for local Councils supporting people who are impacted by family violence that prioritises the victim-survivors' safety and informed consent. We recommend that

[1] https://www.vic.gov.au/sites/default/files/2023-09/DTP0424_Housing_Statement_v6_FA_WEB.pdf

[2] Victorian Ombudsman (2021) Investigation into how local councils respond to ratepayers in financial hardship, foreword p7 accessed here https://www.ombudsman.vic.gov.au/our-impact/investigation-reports/investigation-into-how-local-councils-respond-to-ratepayers-in-financial-hardship/

the Draft Guidelines go further to direct councils to offer increased support for victim-survivors via a standalone policy or section contained within their hardship policy. Our recommendations about what the policy inclusions should entail are discussed further at s1.2.

Compulsory training (see s2.1)

All Council staff who have contact with ratepayers must receive baseline and ongoing training on working with people experiencing vulnerability, including but not restricted to family violence, that is designed to build trust while reducing debt collection and enforcement costs. This should be framed as part of a whole of council cultural change program that is embraced by the entire Council and treats vulnerability with respect. Trauma-informed training should be delivered by experienced consumer advocates or practitioners who should be appropriately funded to deliver this training and ensure consistency across Victoria. Lasting change requires Councils to see hardship not as a payment problem to be managed, but as a community wellbeing issue that needs early, compassionate and consistent support.

Timeframes and processes (see s1.3)

To ensure consistency across Victoria and to reduce difficulties for ratepayers experiencing financial hardship, we recommend that the Draft Guidelines provide clear guidance on timeframes and processes. This includes timelines for policy updates, identifying and responding to hardship, and reviews and appeals of a decision.

Debt collection (see s1.4)

We recommend including a requirement that a Council's policies require all agents and representatives of a Council, including debt collectors, to comply with the Council's hardship and financial hardship policies and processes, the ACCC and ASIC *Debt Collection Guideline: for collectors and creditors* (ACCC and ASIC debt collection guidelines) and that Council takes responsibility for the conduct of those agents in the event of a complaint.

Transparency, quality and consistency (see s1.5)

We have consistently recommended the Draft Guidelines should drive consistency and accountability in hardship handling. We note that the Draft Guidelines encourage reporting but do not mandate hardship-related performance metrics, nor are the complaint pathways clear and accessible.

Our detailed responses to the consultation questions are below.

Consultation Questions

1. Ministerial Guidelines on payment of rates and charges

Consultation question 1: *What are your views on the draft Guidelines? Do you have any feedback on their scope, structure and approach?*

1.1 General comment about language

The Draft Guidelines use passive language (e.g. "should, encouraged" etc) which creates ambiguity and will not lift standards. The language needs to expressly direct Councils what they are required to do. Without clear, direct language the application of the Draft Guidelines will be difficult and confusing for Councils, advocates and community members to rely on. It is also important to signal Ministerial expectations and give ratepayers confidence that they have grounds for a robust complaint if their request for hardship consideration is rejected.

We recommend that it be made clear that the guidelines are mandatory for all councils.

1.2 Family Violence and economic abuse

We recommend the Draft Guidelines instruct Councils to have either a standalone family violence and elder abuse policy, or a dedicated section on family violence and economic abuse written into the hardship or financial hardship policy (including in relation to other co-owners of the property).

The policy or section must address:

- ratepayer privacy and personal security considerations;
- how the Council will assist ratepayers who have been impacted by family violence or economic abuse, including proactively identifying these affected ratepayers, receiving appropriate referrals and sensitively offering hardship or financial hardship assistance such as deferrals or waivers;
- the requirement for Council staff, particularly frontline/public-facing staff such as rates or collections teams, to receive appropriate trauma-informed family violence training (including how to identify and respond to ratepayers who have been impacted by family violence or economic abuse) and annual refresher courses;
- processes to reduce or avoid the need for ratepayers to repeat disclosure of their family violence;

- measures to prevent another co-owner from delaying or preventing the hardship or financial hardship application of a ratepayer, including a statement that the Council can provide assistance without requiring the consent or involvement of the other co-owner;
- measures to prevent another co-owner from accessing confidential information held by the Council, whether or not that relates to the ratepayer's hardship and financial hardship applications or other circumstances; and
- an obligation to consider the safety of a ratepayer before taking any action, including offering tailored solutions that consider the applicant's safety on a case-by-case basis and updating safe contact methods across whole-of-Council systems.

Case study: why a trauma informed approach to family violence matters

A victim-survivor of family violence purchased a home in her own name and lived with her partner until separation when he left the property. She is now a single parent to their young child and works part-time. Due to financial abuse and debts accrued due to her former partner's gambling, she was left with debts in her name, including rates arrears of just over $2,000. She had been paying $55 per fortnight. Her financial counsellor contacted her council seeking a hardship arrangement, explaining the family violence circumstances. The request was declined, on the basis that they require ratepayers to be two years behind before granting hardship. This is because the council is concerned that making it too easy to access hardship would mean more ratepayers would do so and rates would not be paid on time. The client was being forced to choose between stopping payments to qualify for hardship support, or continuing fortnightly payments and incurring additional interest. It should be noted that the council's own hardship policy does not state the two-year rule and instead is an informal approach adopted by staff.

This example demonstrates the need for Council policies to allow hardship where there is clear need, provide extra support for victim-survivors, including interest-free payment plans and staff training on identification of family violence with referrals to family violence supports and financial counselling.

1.3 Further clarification around timeframes and process

We anticipate ongoing inconsistencies and difficulties for ratepayers experiencing hardship if Councils are free to determine their own timeframes and processes as they relate to hardship.

1.3.1 Timeline for policy updates

The Draft Guidelines state that Councils are required to update their policies for ratepayers experiencing hardship or financial hardship "within a reasonable timeframe."

We recommend setting a specific timeframe to avoid ambiguity about what is "reasonable". To encourage prompt action, we propose that the policy update is to be completed within six months of the publication date of the Guidelines, with a further requirement for community consultation within 18 months of the publication date.

1.3.2 Timelines for determining applications

currently the Draft Guidelines state that a decision about a hardship application must be made within a reasonable time frame.

We recommend that a Council must complete its assessment within 21 days of the date of the application, unless the Council requests further information or particulars. A Council must then complete its assessment within 21 days of receiving the further information or particulars. This is consistent with the National Credit Code.

1.3.3 Process for review or appeal of a decision

Currently the Draft Guidelines suggest the process to review or appeal a decision of Council is determined by each Council. The key elements of such a process need to be clear in the Guideline. Further, there is no explicit information in the Draft Guidelines about next steps after making a complaint to Council.

We recommend Council notices and hardship policies be required to include reference to internal dispute resolution (IDR) and external dispute resolution (EDR), including that ratepayers can make a complaint to the Victorian Ombudsman if they are not satisfied with how their Council has handled their complaint.

ASIC Regulatory Guide 271[3] states a financial firm must provide a response to an IDR complainant no later than 30 calendar days after receiving the complaint, or 21 days if the IDR complaint involves a hardship notice, default notice or requests to postpone enforcement proceeding.

[3] ASIC Regulatory Guide 271 Internal Dispute Resolution (2021) accessed here https://download.asic.gov.au/media/3olo5aq5/rg271-published-2-september-2021.pdf

We recommend Councils also adopt a 30-day time frame if a ratepayer wishes to have their rates hardship application reviewed via IDR.

We recommend Councils must not apply interest or continue debt collection activities while a complaint is active, either internally or externally.

1.4 Debt collection

In our casework we see Councils choosing to use debt collectors as a response to non-payment. However, too often the debt collectors used fall short of community standards and expectations in their conduct while attempting to collect the debt.

We recommend including a requirement that a Council's policies require all agents and representatives of a Council, including debt collectors, to comply with the Council's hardship and financial hardship policies and processes, the ACCC and ASIC debt Collection Guidelines and that Council takes responsibility for the conduct of those agents in the event of a complaint.

1.5 Transparency, quality and consistency

Councils should be transparent about their hardship programs. This requires data to be collected and reported consistently by Councils. The Draft Guidelines currently state *"Councils are strongly encouraged to reflect the following principles within their own hardship and debt management policies and procedures."*

We recommend these principles be made mandatory on the basis that reducing costs of debt collecting and continuous improvement is in the community interest.

We further recommend Council policies be required to include provisions for reporting by Councils via their websites, budgeting and planning processes, or through their annual reports, at least annually on (but not limited to):

- the total balance of unpaid rates, charges, and interest;
- the number of occupancies with unpaid rates, charges, and interest;
- the number of occupancies on payment plans and the details of the payment plans;
- the number of occupancies granted deferrals or waivers and the amounts deferred or waived; and
- requests for support and the types of support provided to ratepayers.
- the number of occupancies with requests for supports declined and the reasons why they were declined
- cost of debt collection and other enforcement activities.

1.6 Definition of Hardship and Financial Hardship

The effort to acknowledge the factors that lead to, and compound financial hardship is welcome. In their interim advice, The Essential Services Commission (ESC) noted their view that "that a broad definition of *hardship* be used to cover both 'hardship' and 'financial hardship'. These terms are often used interchangeably across different sectors." Whilst we understand further legislative reform to bring the definitions of hardship and financial hardship together is required, ***we recommend*** that as an interim measure, the Draft Guidelines recognise the inter-related nature of hardship and financial hardship. This can be achieved by including a statement to this effect and ensuring that there is a single easy-to-use application process which allows individuals to indicate if they believe that a deferral or a waiver would be most appropriate in their circumstances. Each application can then be assessed on a case-by-case basis rather than be restricted by multiple definitions with many conditions. This is consistent with the ESC's interim advice.

1.7 Assessment of hardship applications

Section 7.1. makes reference to 'referred by an accredited financial counsellor'. Accreditation has a specific definition in our sector, and is restricted to financial counsellors who have been working full time for 2 years.

We recommend removing the word "accredited" to include all financial counsellors, who have passed the approved course and are employed as qualified professionals.

Additionally, section 7.2. suggests that ratepayers with certain characteristics may be eligible for in-depth financial counselling. Listing specific characteristics is unhelpful as anyone can find themselves struggling with bills, debts or be in financial hardship at any stage in life. ***We recommend*** these are removed. Proactive referrals to external financial counselling services by Councils may be useful for individuals in these circumstances but should not be a prerequisite for receiving appropriate hardship assistance for rates from Councils themselves.

Further, any circumstances may have led to a payment history indicating difficulty in meeting payments. However past difficulty could bear no relevance to current circumstances and no assumptions or conclusions should be drawn from this. ***We recommend*** that this section be removed.

We also recommend standardisation of hardship application templates as an essential reform to ensure alignment to better practice so that ratepayers and financial counsellors can engage effectively and efficiently.

1.8 Requests for further information

We recommend that the Draft Guidelines state that any further information or particulars sought must be:

- relevant to determining the ratepayer's current financial circumstances
- specific, reasonable and proportionate to the hardship request and relief sought and not place the ratepayer at risk or at further risk.

If an application for assistance is made on the basis of family violence, a Council must not request further information or particulars of the family violence.

Where a professional such as a financial counsellor is advocating for a ratepayer, the financial counsellor's professional explanation of the ratepayers current financial circumstances should be accepted as fact.

2. Supporting Councils

***Consultation question 2**: What practical tools or resources would help Councils implement these Guidelines? (For example: templates, checklists, training materials, or examples of best practice.)*

2.1 Training of Council staff

We strongly recommend including a requirement for all staff to receive appropriate training delivered by suitably qualified external experts.

We specifically recommend that Council policies must state that Council staff are required to undertake training on Council hardship and financial hardship policies and processes, including but not limited to:

- understanding and recognising the different signs of vulnerability;
- the nature and consequences of family violence (including economic abuse), identifying and engaging appropriately with ratepayers affected by family violence;
- respectful communication;
- assistance available under the hardship or financial hardship policy, including proactively offering assistance to ratepayers when Councils identify them as being in hardship or financial hardship; and
- supporting staff who are responding to ratepayers experiencing hardship or financial hardship and vulnerability;
- appropriate training in debt collection laws and associated regulator guidelines.

All Council staff who have contact with ratepayers must receive baseline and ongoing training on working with people experiencing vulnerability, including but not restricted to family violence, that is designed to build trust and reduce debt collection and enforcement costs. This should be framed as a cultural change program that is embraced by the entire Council and treats vulnerability with respect. Training should be delivered by experienced consumer advocates who are funded to deliver this training and ensure consistency across Victoria.

2.2 Recovering unpaid rates and charges (measures of last resort)

The Draft Guidelines should be explicit that debt recovery via the Magistrates Court, bankruptcy proceedings or forced sale of land is a measure of absolute last resort.

We recommend the Guidelines include a requirement for Council policies to state that a Council's right to recover an unpaid rate or charge in the Magistrates' Court, issuing

bankruptcy proceedings or by suing for debt under section 180 of the LG Act 1989 is subject to the requirements of section 180A of the LG Act 1989 and must only be used as an option of absolute last resort once all other options for dealing with the unpaid rate or charge and to attempt to contact a ratepayer have been exhausted. There are clear financial benefits from avoiding repossessions for small debts as this pushes people into crisis, with the tab for crisis supports and emergency housing being picked up by the Victorian Government.

Other options available to a Council for dealing with an unpaid rate or charge include but are not limited to:

- Payment plans, including proactively offering payment plans to ratepayers with suggestions as to duration and amount and frequency of instalments without an application;
- Full, partial, short-term, long-term or indefinite deferral, including proactively offering deferrals to ratepayers who a Council identifies may be in hardship without an application;
- Full or partial waiver, including proactively offering waivers to ratepayers who a Council identifies may be in financial hardship without an application;
- Ensuring that any eligible concessions or grants have been applied, including retrospectively;
- A combination of any of the above options.

We note that the banking sector currently uses the above measures as standard practice and therefore see no reason this cannot be adopted by councils.

We recommend the Guidelines provide clear instruction to Councils on the consideration of full and part waivers to ensure all Victorian ratepayers receive fair treatment, with practical examples to assist the consideration process. No Council should be able to declare waivers are not granted, nor should there be an arbitrary cap applied.

2.3 Standard Templates

The Guidelines should include standard templates that Councils can use for hardship applications to ensure consistency and alignment to best practice. This may include reference to existing templates used by consumer advocates such as the financial counselling Statement of Financial Position.

Case study: Why templates matter

A regional council in Victoria's west requires a statutory declaration from a ratepayer before they will accept a hardship application from them, a process which is onerous and unreasonable. Their hardship form is also several pages longer than that used by a neighbouring council, which is only one page. Council staff are quick to apply penalty interest and have no published hardship policy for ratepayers on their website, only a 'property rate debt management policy' which has not been reviewed in more than 2 years.

This demonstrates the need for consistency of hardship application processes to ensure ratepayers do not have to overcome unnecessary barriers when seeking hardship support, and avoids financial counsellors who are supporting clients having to rely on opaque and inconsistent information from one postcode to the next.

2.4 Communication

Options available to a Council to attempt to contact a ratepayer with whom it has lost contact (or their authorised representative) include but are not limited to:

- Letter to the ratepayer's mailing address;
- E-mail to the ratepayer;
- Telephone call to the ratepayer;
- SMS message to the ratepayer;
- Physical attendance at the ratepayer's home address by Council staff, including leaving correspondence at the home address;
- Doing any of the above verbal options with the assistance of an interpreter for ratepayers who have difficulty speaking in English;
- Doing any of the above written options in another translated language for ratepayers who have difficulty reading and writing in English;
- Doing any of the above in accordance with special care for people experiencing vulnerability including victim survivors of family violence;
- Doing any of the above options on multiple occasions.[4]

We recommend Councils are instructed in their responsibilities to contact ratepayers in arrears using multiple channels and styles prior to engaging debt collectors and

[4] We note that all the above contact methods must be done in accordance with debt collection laws and regulatory guidelines, such as the ACCC and ASIC debt collection guideline.

supported with access to up-to-date information via the State-Local Government data-sharing protocols.

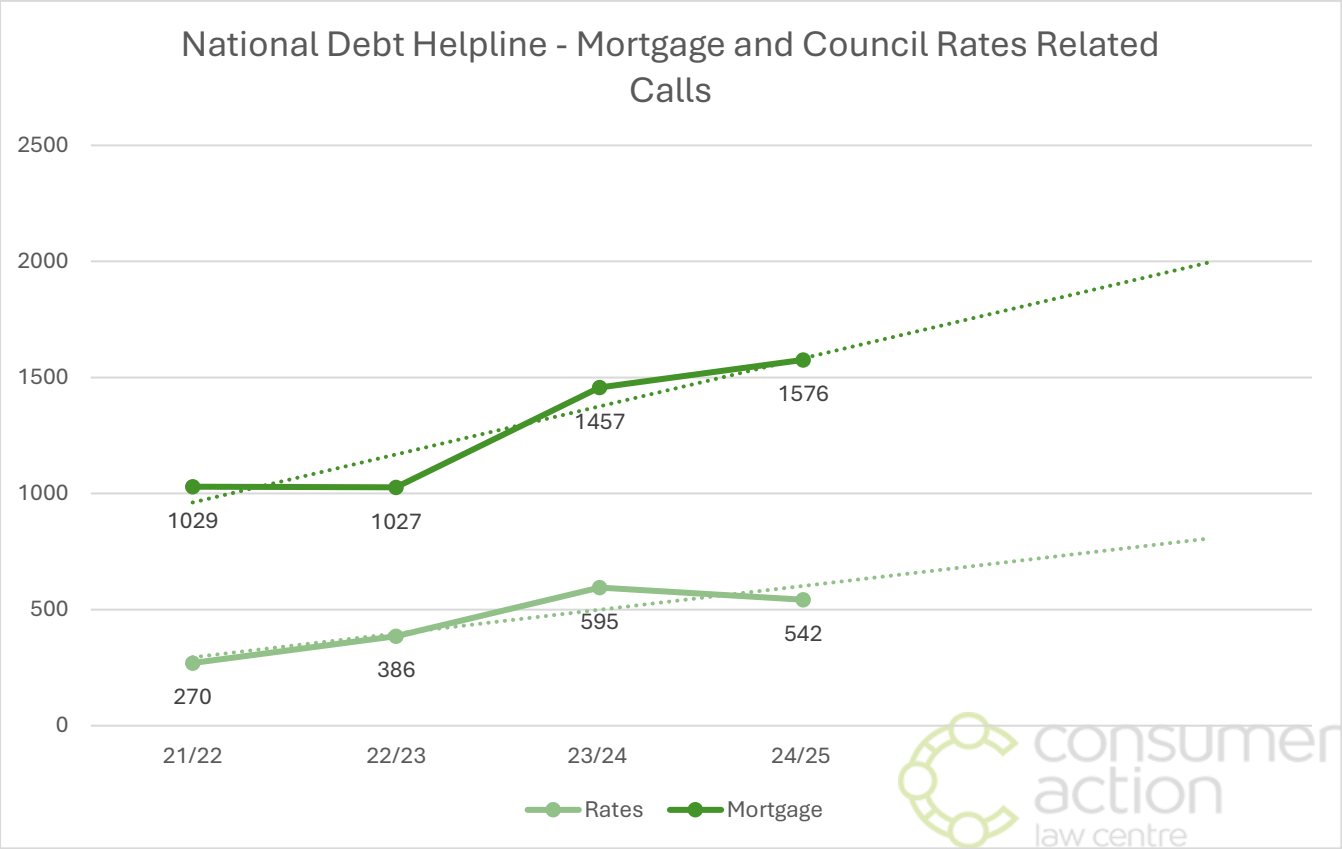
3. Improving hardship support

***Consultation question 3**: In your view, what is the biggest opportunity to improve how Councils support people experiencing hardship and financial hardship in your area?*

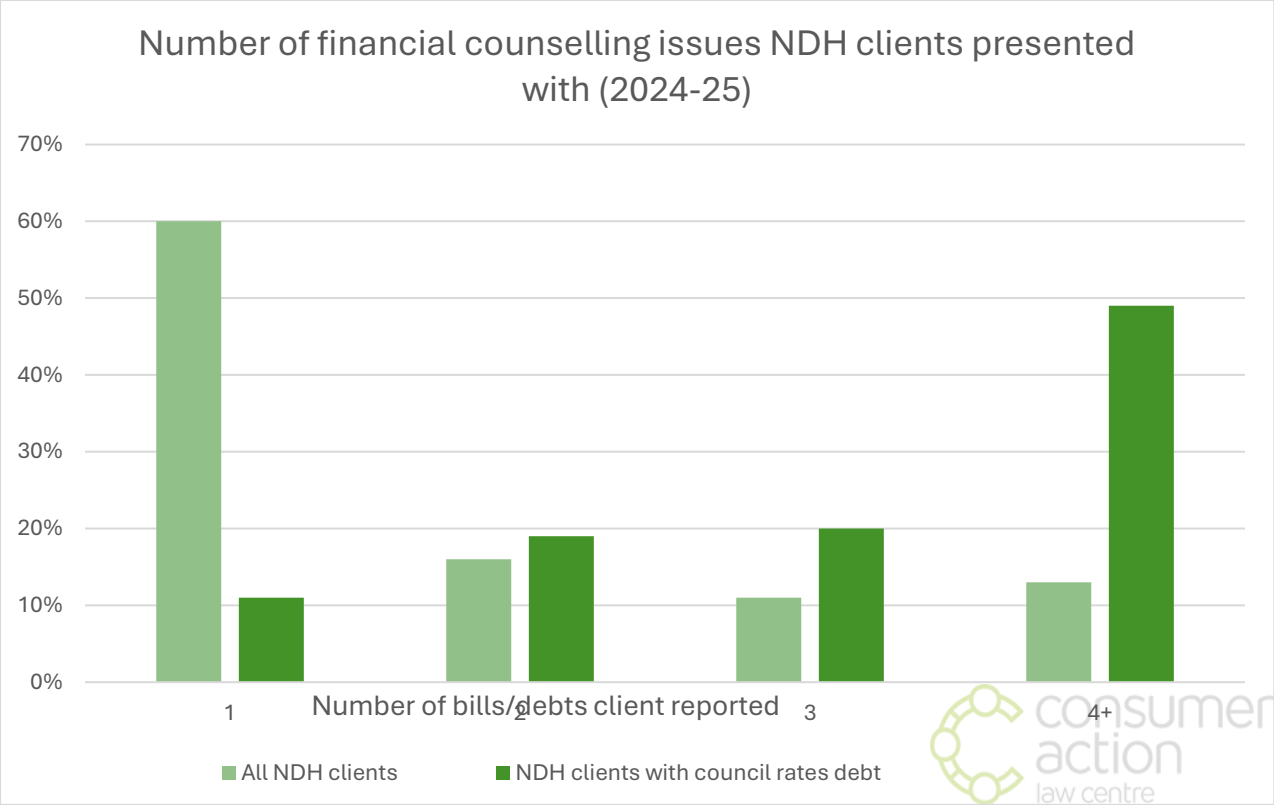
The biggest opportunity is a whole-of-Council culture shift: from a compliance-focused approach to debt, toward a human-centred, trauma-aware and safety-focused approach to hardship.

While process improvements are important, lasting change requires Councils to see hardship not as a payment problem to be managed, but as a community wellbeing issue that needs early, compassionate and consistent support. This cultural shift is foundational to ensuring people experiencing vulnerability are met with dignity, safety and clear pathways to assistance.

The National Debt Helpline (Victoria) reported an increase in mortgage and council rates related calls since 2022/23, indicating that rates are a contributing factor to hardship particularly when the ratepayer is also experiencing mortgage stress.



It is also clear that callers to Victoria's National Debt Helpline (NDH) with multiple debts are reporting council rates as a contributing factor to their debts. It is worth noting that over the last two financial years, ninety-nine clients with council rates debt also reported family violence.



In its 2023 submission to the consultation on the Ministerial Guidelines, the Essential Services Commission (ESC) noted that councils needed to change their approach to hardship and financial hardship from "a debt-management issue to a customer-service issue. This includes recognising that early intervention to avoid accumulating debt works better for councils and ratepayers. Not only can ratepayers avoid being overwhelmed by debt, but councils can also avoid carrying large debts on their books."[5]

The ESC advised that by "working with ratepayers to understand their circumstances and their ability to make appropriate payments, councils may also be able to improve their own cashflow."

Port Philip Council, in its feedback to the Victorian Ombudsman report, changed its approach to debt collection and saw a reduction in legal costs and an improved

[5] Essential Services Commission (2023) Initial Views on a hardship guideline to the Minister for Local Government accessed at https://www.esc.vic.gov.au/sites/default/files/documents/LG%20Hardship%20Guideline%20-%20initial%20views.pdf

collection rate. The ESC found this was also the case in the water sector, where earlier intervention led to reduced debts and improved outcomes for customers and corporations. Yarra Valley Water's WaterCare program demonstrated that providing proactive support to customers experiencing hardship is also good for business. WaterCare has helped reduce customer debt levels and transition customers back to regular payments.[6]

A culture shift would mean Councils:

- respond early rather than after debt has escalated
- communicate in clear, accessible and inclusive ways
- recognise the role of family violence, economic abuse and safety
- reduce the administrative burden on people seeking help
- embed discretion, flexibility and problem-solving
- work in partnership with community organisations, financial counsellors and lived-experience experts
- ensure consistent experiences across the state, rather than postcode-based differences

Importantly, culture change can be evidenced and measured. Indicators include:

- earlier contact with ratepayers and fewer debts escalating to enforcement
- increased access to hardship support, including verbal and assisted applications
- clearer, more inclusive communication (e.g., Easy English, translated materials)
- uptake of family violence, trauma-informed, cultural safety and accessibility training across Council teams
- reduced interest charges, court actions and forced land transfers
- improved customer experience measures ("I felt safe", "I felt heard")
- transparent public reporting of hardship applications, approvals, waivers, debt collection and enforcement costs, and outcomes.

By shifting the culture at the heart of how Councils engage with their communities, we create the conditions for all other improvements to succeed. This includes better policy settings, safer processes, and more consistent statewide support for people experiencing hardship and financial hardship.

[6] https://www.awa.asn.au/resources/latest-news/inside-yarra-valley-waters-financial-hardship-program

Case Study: Poor Practice

A council in Victoria's South East are reported by a financial counsellor as engaging in the following behaviours:

- *cancelling a payment plan without warning if a payment plan instalment is missed, then forwarding to a collections agency;*
- *ignoring third party authorities and contacting clients directly, including not sharing this information with the collection agency who then also contacts the client directly;*
- *Inconsistency in dealing with arrears: one client had $16,000 in arrears with no contact from Council, and no payment plan, while another had $2,000 in arrears and had court notices issued and a judgement debt;*
- *Listing a caveat on a property without notifying the ratepayer who only discovered this had been done when they applied to refinance their mortgage;*
- *sending client information to another financial counsellor;*
- *Impolite and ambiguous email replies;*
- *Failure to respond to a financial counsellor on behalf of a client, requiring multiple follow ups;*
- *Failing to assist people who can self-advocate unless they see a "financial advisor" (when they mean financial counsellor).*

This demonstrates the benefit of a culture change program, driven by expectations in the Guidelines, to ensure that people who need hardship support can be confident they and their representatives will be treated with consistency and respect.

Case Study: Good Practice

A financial counsellor working in the North East of Victoria finds the local council approach to rates hardship to be reasonable, smooth & fair.
They report there is a direct way for homeowners to apply for hardship to Council, and representatives ensure applicants know financial counselling is available if they would like to access this. Contact information is provided as required.

Financial counsellors can make rates hardship requests on behalf of clients, and council customer service staff also support people to complete & submit rates

hardship applications if needed. There appears to be understanding that some residents may need different types of support, including older residents. There is a positive and collaborative working relationship between the council staff and financial counsellors, which delivers an efficient process for hardship consideration and good clear communication with the ratepayer. There is sufficient respect and flexibility, so applications that might ordinarily be rejected at an early stage, may be provided with hardship support, when all aspects of the ratepayers personal circumstances are understood.

This demonstrates that good culture does exist in some councils, and these can be used to guide others in the benefits of a collaborative, respectful approach to hardship.

For more information contact:

Dacia Abela
Senior Program Manager
Westjustice
dacia@westjustice.org.au

Denise Boyd
Head of Policy and Campaigns
Mortgage Stress Victoria
denise.boyd@mortgagestress.org.au