

Financial hardship support

Policy No. 3041.100.E.R

1 Purpose

Rates income is the primary and reliable source of revenue that Council uses to deliver services to the community. It is supplemented by Council's other forms of revenue.

It is important to remember that Council still requires cashflow to deliver critical services to the community such as waste management, cleaning services, animal management, community support and outreach, and maintenance and renewal of essential infrastructure. It is also important to remember that when rates are deferred or waived, the burden falls onto other ratepayers to continue to fund essential services.

To ensure that assistance is provided where it is needed most, under this policy, Council will apply a targeted means tested model on net income change for residential and commercial properties. Rate deferrals or waivers are not guaranteed; each request is assessed on a case-by-case basis.

2 Scope

The intended objectives of this policy are:

- To address the granting of concessions from the payment of rates as levied, by implementing a simple administrative system.
- To provide future certainty for rate relief granted.
- That rates waived will not be recovered at a future time pursuant to Chapter 11 of the *Local Government Act 2019* (NT).
- That rates deferred will be recovered at a future time pursuant to Chapter 11 of the *Local Government Act 2019* (NT).
- To provide guidance on debt recovery.

3 Policy statement

3.1 Residential ratepayers

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. The concession granted can be either a waiving of rates levied (i.e. abandonment), or a deferment (for recovery at a later time).

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

Residential owner-occupied properties

Lost income up to 30%: negotiated payment terms and waiver of interest charges

Lost income 30-100%: negotiated payment terms, waiver of interest charges and waiver or deferral of rates.

The assessment of ratepayers' capacity to access rate concession may include:

- job loss
- serious illness, recent accident or injury
- domestic violence
- death or illness of family members,
- family break down
- other unforeseen circumstances where ratepayers are genuinely unable to make payment on a timely manner.

3.2 Commercial properties

A commercial ratepayer is eligible for rates concessions when the Northern Territory Government declares, in times of crisis, a Commercial rates replenishment program or equivalent.

Commercial ratepayers can receive negotiated payment terms and waiver of interest charges if they demonstrate lost turnover, deferral of rent and/or rent reduction less than the threshold to qualify for rates concessions, irrespective of whether the property is owner-occupied, leased or otherwise.

A commercial ratepayer is eligible for rate concessions on an allotment if they are:

- an eligible business that has business premises on the allotment, or
- a landlord that has provided appropriate rent relief to a tenant that is an eligible business that has business premises on the allotment.

An eligible business includes commercial landlords who operate as a business.

3.3 Eligibility

Eligible ratepayers seeking a concession under this policy must submit an application on a form approved for this purpose.

Applicants will need to demonstrate hardship, including but not limited to, evidence of lost revenue/income, disclosure of income support from the Commonwealth and Northern Territory

Version:	Decision Number:	Adoption Date:	Next Review Date:
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Responsible Officer: General Manager Corporate

Electronic version current. Uncontrolled copy valid only at time of printing.

Governments, proof that they have secured all available Commonwealth and Northern Territory Government assistance, and any proceeds from insurance, including tenant default insurance.

In relation to commercial ratepayers under section 3.2, eligibility for rates concessions will be demonstrated through placement of the business on the Northern Territory Government’s Hardship Register.

Owners of commercial buildings, and residential rental property owners, will need to provide proof that rates concessions have been passed onto tenants in the form of rates and/or rent concessions where relevant.

In addition to this policy, ratepayers will receive rate concessions if they satisfy eligibility requirements for concessions as defined under sections 249-250 of the *Local Government Act 2019* (NT).

3.4 Negotiated payment terms

The total deferral of all financial responsibilities can cause a secondary instance of financial stress when bills are eventually owed. Council’s aim is to provide assistance to ratepayers without creating additional financial stress when circumstances have improved.

Therefore, in most circumstances, Council will encourage property owners who are unable to pay their rates by the due date to enter into an arrangement to pay by instalments according to an agreed schedule. No recovery action will be taken while the arrangement is being maintained and where consistent with hardship provisions in section 3.2, no interest will be charged while payments are maintained as per the agreed schedule.

Payment schedule will be monitored on a regular basis. Interest will be accrued and legal action will proceed without further notice if an arrangement fail through non-receipt of agreed payments.

3.5 Waiver of rates for community purposes

Council will as a matter of course, pursuant to the *Local Government Act 2019* (NT), waive that portion of any rates or charges in excess of the minimum rate for properties occupied by organisations operating substantially for the benefit of the youth of the community.

Council also recognises that incorporated community associations on having been granted tenancy of a property 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 that Crown Lease.

It is appropriate that where the specific purpose of the Crown Lease satisfies the requirements of the *Local Government Act 2019* (NT), Council will waive (abandon) all rates and charges until such time as the associations concerned have substantially achieved the purpose of the relevant Crown Lease and are therefore deemed to be in occupation of the parcels of land in question.

Waivers will not apply to organisations that hold a licence to sell liquor and/or operate gaming machines.

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3.6 Interest on rates and charges in arrears

Council encourages ratepayers to meet their rate and charges debt payment responsibilities. Unless otherwise stated in this policy, Council will impose interest, calculated daily after the instalment due date on instalments of rates and charges that remain unpaid. The rate of interest will be determined annually by resolution.

Decisions relating to requests to the write off interest, charges or legal fees as a result of error, oversight or on compassionate grounds, will be determined on merit.

3.7 Sale of land for unpaid rates

If rates have been in arrears for at least three years Council may, pursuant to the *Local Government Act 2019* (NT) initiate proceedings to sell the land.

During an emergency period, Council will not be undertaking any proceedings to sell land for unpaid rates for a minimum period of 12 months.

3.8 Debt recovery

Debt recovery is based on the following principles:

- Debt recovery must take a non-discriminatory and impartial approach.
- Council will comply with privacy and confidentiality obligations pursuant to the *Information Act 2002* (NT) and Council's 0033.100.E.R Privacy Policy.
- Persons owing the Council money must be treated with sensitivity and respect.
- Recovery will include any costs reasonably incurred by the Council.

As a minimum procedures and actual practices in respect of business ethics will be within the guidelines for debt recovery issued from time to time by the Australian Competition & Consumer Commission.

4 Definitions

Appropriate rent relief means the landlord has negotiated in good faith with their tenant for rent relief in line with the Code of Conduct, agreed to by National Cabinet.

Commercial ratepayer means a ratepayer for an allotment that is not classed as residential under Council's assessment record that was being used for commercial activities. This does not include vacant land.

Eligible business means a business that is eligible under the Business Hardship Package.

Deferment of rates means a suspension of payments for a period of time.

Waiver of rates permanently exempts payment of part or all of the rates under consideration in exceptional circumstances.

Emergency event an event declared under the Australian Government Disaster Recovery Funding Arrangements or an event declared by the Australian Government due to its significant national economic, social or environmental impact. This period may be extended for the purposes of supporting ratepayers during periods of hardship at the discretion of the Chief Executive Officer.

Hardship register means the register of eligible businesses that are assessed as meeting the requirements of the Northern Territory Government's Jobs Rescue and Recovery Plan's Business Hardship Package.

5 Legislative references

Local Government Act 2019 (NT)

6 Procedures / related documents

Nil

7 Responsibility / application

Implementation of this policy rests with the Chief Executive Officer and officers delegated in accordance with Council's delegations and sub-delegations registers pursuant to the *Local Government Act 2019 (NT)*.