

15 September 2023

Response to Ministerial Guidelines Relating to Payment of Rates and Charges

Financial Counselling Victoria (FCVic) welcomes the opportunity to make a response to the Ministerial Guidelines Relating to Payment of Rates and Charges.

About FCVic

FCVic is the peak body and professional association for financial counsellors in Victoria. We work with government, banks, utilities, debt collection agencies and other industries to improve approaches to financial hardship and vulnerability.

Financial counsellors are professionals providing free, confidential, and independent advice and advocacy for people experiencing, or at risk of, financial hardship. They have considerable insight into what fair and best practice hardship responses look like, across numerous sectors and industries. Our submission draws on the professional observations and experiences of Victorian financial counsellors.

The definition of hardship

We acknowledge the balance that councils need to maintain in relation to the payment of rates and charges. However, the draft Ministerial Guidelines in their current format are not based on a fair and modern approach to hardship. The definition of financial hardship within the draft Guidelines is unreasonably narrow and dehumanising – forcing ratepayers into dire circumstances and expecting them to give up their agency and dignity in order to access support. The Guidelines should reflect that each person's situation is complex, and judgement-free assistance needs to be at the core of any hardship response. Financial hardship should never be construed as a result of poor choices – it occurs for reasons beyond a person's control.

We note that in February 2023, the Essential Services Commission (ESC) provided interim advice to the Minister for Local Government to inform the development of hardship guidelines for councils. The advice was based on consultation, research, and extensive knowledge of vulnerability and consumer protection frameworks. FCVic contributed to the consultation process run by the ESC, and we believe that the interim advice adequately captures and articulates the best approach to ratepayers experiencing hardship.

FCVic endorses the ESC's recommendation that a broad definition of 'hardship' be adopted, based on the understanding that: "the simplest definition of hardship is a customer or ratepayer who wants to pay but cannot."

We further support the suggested minimum inclusions for a council's hardship policy, and the four key principles on the approach to ratepayers experiencing hardship, described in the ESC interim advice. We wish to emphasise Principle 4: "Council's hardship support needs to be considerate, accessible and transparent." Financial counsellors too often report that ratepayers are unable to access the hardship assistance they are entitled to without the advocacy of a financial counsellor. The current draft Ministerial Guidelines will only further enshrine the barriers that prevent ratepayers experiencing hardship from accessing assistance – pushing them closer to crisis-point.

Assessing financial hardship

We agree with the approach that the draft Ministerial Guidelines takes on 'engaging a third party to assist in assessing financial hardship', which states that:

"Councils must not require an applicant ratepayer to engage third parties (such as financial counsellors [sic]) to assess or verify their claims of financial hardship."

This is an important position for the Guidelines to retain. To allow councils to enforce such a requirement would only place the ratepayer in further hardship while they wait to access assistance for an outcome that they should otherwise be able to achieve for themselves.

Recommendations

Based on our review of the documentation provided in relation to the consultation, FCVic recommends that the draft Ministerial Guidelines be re-examined to better take account of the advice provided by the ESC.

We further recommend that redrafting of the Ministerial Guidelines be done in consultation with key stakeholders, including FCVic and Victorian financial counsellors.

Thank you for the opportunity to make a response to the Ministerial Guidelines Relating to Payment of Rates and Charges.

Please contact James Degenhardt (jdegenhardt@fcvic.org.au) if you have any questions about this submission.