

## Financial Hardship Policy

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<b>Responsible officer:</b>	Manager Finance
<b>Key Result Area:</b>	Organisational Improvement
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### Purpose

The Financial Hardship Policy (the Policy) establishes a framework to provide financial relief to individuals who are suffering from financial hardship and require assistance. The policy also aims to provide ratepayers with a clear and transparent understanding of the options and assistance available if currently experiencing or at the risk of experiencing financial hardship.

### Scope

The Policy provides specific guidelines for rates and charges deferment and waiver requests made pursuant to Sections 170, 171 and 171A of *the Local Government Act 1989*. Its purpose is to provide financial relief to ratepayers who can demonstrate that they are suffering severe financial hardship.

### Objectives

The objectives of this policy are to assist residents and ratepayers facing financial hardship through:

- Deferral of rates and charges
- Interest Reduction
- Waiver of rates and charges
- Flexible payment plans

### Approach

We aim to achieve the objectives of this Policy by implementing the following approach:

#### Principles:

The following policy principles form the basis of this hardship policy:

- Information about the Policy will be made accessible to the community.

- Financial hardship assistance will only be granted to individuals experiencing hardship with regard to the **rates on their primary residence**.
- The level of financial hardship assistance should match the level of financial difficulty experienced by the individual.
- The financial hardship assistance process must be simplified for use.
- Legal action to recover debt will only be used as a last resort and only after the individual has been contacted about the debt and informed of the Policy.

#### Financial Counsellor Assessment:

Individuals intending to apply for financial hardship assistance through Council must first be assessed by a qualified financial counsellor. Council will provide each individual upon application contact information for providers within the area.

Evidence of the financial counsellor's assessment must be submitted to Council, addressing the following matters:

- Confirmation that the applicant is experiencing severe financial hardship;
- Validate whether the applicant is suffering from short term hardship (likely to be less than 12 months) or long term hardship (likely to be longer than 12 months); and
- Recommendation on whether a payment plan and/or interest waiver and/or rate deferral would be appropriate under the applicants circumstances.

The Director of Corporate and Organisational Development may, at their discretion, waive the financial counsellor assessment process if they are satisfied the applicant has provided the relevant information to support the eligibility of financial hardship.

#### Rates and charges deferral:

If the ratepayer is unable to enter into a payment plan, Council will defer the debt accumulated. Applications for rates and charges deferment will be considered from pensioners (eligible

under the State Concessions Act 2004), self- funded retirees and other financial hardship applications (extreme and long term cases), subject to the following conditions:

- The property must be the applicant's sole or principal place of residence (owner / occupier);
- A financial counsellor assessment must accompany the application that specifies the recommendation for deferral, unless waived by the Director of Corporate and Organisational Development
- The acceptance by the ratepayer that interest will accrue on the deferred rates and charges at 50% of the prescribed penalty interest rate (Section 2, Penalty Interest Rates Act 1983) to all approved applicants;
- Administration of applications to defer rates and charges is delegated to the Chief Executive Officer;

- Council may reject a deferral application or cease a deferral arrangement if the total outstanding balance of rates and charges exceeds 50% of the property value or 30% of the equity in the property (whichever is lower); and
- Council has the authority to withdraw any agreement at its discretion.

#### Interest Reduction:

A rates and charges deferral may be accompanied by a reduction in the penalty interest rates, although interest will continue to accrue on the deferred rates and charges. Council recognises that setting a penalty interest rate which is consistent with the *Penalty Interest Act 1983* could have a negative effect on the finances of ratepayers, prolonging their financial hardship. As such, where hardship is established, Council will reduce the penalty interest rates to Council's investment rate as assessed at the beginning of each financial year, which will then be adjusted annually. This ensures that neither Council, nor the ratepayer suffer unduly from implementing the rates and charges deferral.

#### Payment plans:

A 'payment plan' is an alternative payment schedule agreed to by both Council and the ratepayer which provides for flexible payment of debts after their due date has lapsed. The payment plan option would generally apply to cases anticipated to endure for less than one year. Payment plans are subject to compliance with the following conditions:

- A financial counsellor assessment must accompany the application that specifies the recommendation for a payment plan, unless waived by the Director of Corporate and Organisational Development;
- A payment plan arrangement must be in writing, specifying the proposed payment dates and amounts;
- The acceptance by the ratepayer that interest will be levied at the rate set by the Attorney General (*Penalty Interest Rates Act 1983*) until the account is paid in full;
- The arrangement will have a limited life of not greater than twelve (12) months following the end of the financial year the arrangement was entered into;
- Any default in the arrangement may end the arrangement and result in the commencement of legal proceedings which may incur costs associated with the collection of the debt; and
- Administration of applications to commence a payment plan is delegated to the Chief Executive Officer.

#### Waiver of Rates:

Section 171A of the *Local Government Act 1989* allows councils to waive rates or interest in cases of financial hardship, stating that ratepayers 'may apply to a Council for the waiver of the whole or part of any rate or charge or of any interest for late payment.' Council will not generally waive rates. This is to ensure that financial hardship assistance offered to one ratepayer does not have a redistribution effect of the rate base.

### Debt recovery:

Any default in an arrangement made between Council and the ratepayer may end the arrangement and may result in the commencement of the procedures involved with Council's *Debt Collection Policy*, including legal proceedings.

### **Deployment**

The Finance Department are to be familiar with, and accountable for, the delivery of this Policy. This will be measured via quarterly Workplan Reviews. In specific terms the responsibility for the implementation of this policy can be described as follows:

<b>Responsibility</b>	<b>Role / Position</b>
Responsible for managing the Financial Hardship Policy for Council and supporting the Director of Corporate and Organisation and Chief Executive Officer where required.	Manager Finance
Responsible for overseeing the process and communicating with stakeholders and ratepayers regarding financial hardship queries, as well as providing the Finance Manager with information about outstanding debts where a payment arrangements has been established.	Assistant Accountant
Responsible for receiving applications for financial hardship, assessing whether financial counsellor assessments will be required to accompany applications, as well as supporting the Chief Executive Officer where required.	Director Corporate and Organisational Development
Responsible for granting approval of financial hardship applications, as well as ceasing applications where financial hardship is no longer determined.	Chief Executive Officer
Responsible for monitoring the implementation of this Policy and any subsequent reviews/amendments.	Audit and Risk Committee Council

### **Application of the Policy**

This policy applies to residents and ratepayers who are experiencing financial hardship and face difficulties in paying their rates and charges or other debts owed to Council.

### **Resources**

The following resources are committed by Council to assist with the implementation of this Policy:

- Manager Finance to manage implementation of this Policy.
- Assistant Accountant to implement this Policy.
- Audit Committee and Council to monitor implementation of this Policy.
- Other resources as deemed necessary by the Chief Executive Officer.

## Definitions

Term	Meaning
Deferment	When payment can be provided in whole or in part and be for a specified period and subject to any conditions determined by Council. When rates are deferred, payment is not required until the Council sends the person a notice requiring payment.
Financial Counsellor	A qualified professional who provides information, advice and advocacy to people in financial difficulty.
Financial Hardship	A situation where a ratepayer is willing but unable to pay the rates on their primary residence. Financial hardship may be due to a number of situations, including (but not limited to) loss of employment or illness of the property owner or family member, family breakdown, a death in the family or other factors resulting in unforeseen change in the property owner's capacity to meet their payment obligations.
Ratepayer	A person or organisation who owns a property in the Shire and hence is responsible for paying rates and charges.
Waiver	Removes the liability to pay and may be offered to include the whole or part of any interest or where applicable, part of rates and charges.

## Human Rights Charter

This policy has been considered in relation to the Victorian *Charter of Human Rights and Responsibilities Act 2006* and it has been determined that it does not contravene the Charter.

## Results

The deployment of this policy together with the results achieved will be reviewed at least annually.



**Authorised by:**

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 Juliana Phelps  
 Chief Executive Officer