



## Policy

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### **48 FINANCIAL HARDSHIP**

Version 02

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Strategic Outcome:	Good government
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Date for Review:	17/03/2021
Responsible Officer:	Director Corporate Services

#### **1. POLICY STATEMENT**

This policy recognises that due to exceptional circumstances, ratepayers may at times encounter difficulty in paying their rates and charges. *The Local Government Act 1993* (The Act) allows Council to provide a range of measures to assist those ratepayers.

This policy prescribes the procedures to be followed in providing financial assistance to those ratepayers and debtors who are suffering genuine financial hardship with the payment of their rates and / or charges.

#### **2. PURPOSE**

To provide a formal process for the administration of assisting those ratepayers who are experiencing genuine financial hardship with the payment of their rates and / or charges.

To provide a decision making framework for the appropriate assessment of all financial hardship applications.

To fulfil the statutory requirements of the Local Government Act and other relevant legislation in relation to the recovery of rates, charges, fees and other debts owing to Council.

#### **3. SCOPE**

This policy is applicable to all property owners within the Shire boundaries.

#### **4. OBJECTIVE**

This Policy has been developed to assist the Council with Delivery Plan Objective 2.2.2.3 –



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*Coordinate Council Investments, financial management, financial operations & processing.*

### 5. POLICY IMPLEMENTATION

#### 5.1. Policy Guidelines

- Council will treat all people fairly and consistently under this policy.
- Council will consider all matters relating to this policy with complete confidentiality.
- Council will treat people with respect and compassion in considering their circumstances.

#### 5.2. Hardship provisions in legislation

The *Local Government Act 1993* contains the following specific hardship provisions:

**Section 564 of the Act** provides for Council to accept payment of rates and charges due and payable by a person in accordance with an agreement made with the person and also to write off or reduce interest accrued on rates or charges if the person complies with the agreement.

**Section 567 of the Act** provides for Council to write off accrued interest on rates or charges payable by a person if, in Council's opinion the reasons that the person was unable to pay the rates or charges when they became due and payable were beyond the person's control, or that the person is unable to pay the accrued interest for reasons beyond their control, or that the payment of the accrued interest would cause the person hardship.

**Section 582 of the Act**, as amended, provides for Council to waive or reduce rates, charges and interest due by any person prescribed by regulations who is in receipt of a pension, benefit or allowance under the *Social Security Act 1991* of the Commonwealth.

**Section 601 of the Act** provides for ratepayers who incur a rate increase in the first year following a revaluation of land values to apply to Council for a rate relief if the increase in the amount of rates payable would cause them substantial hardship. In such circumstances Council has the discretion to defer payments or waive interest.

#### 5.3. Hardship criteria

The following conditions apply to all applications under this policy:

- That the property for which the hardship application relates is the principal place of residency or occupancy of the applicant, in line with guidelines of Pensioner Concession Subsidy.
- That the actual hardship exists and is genuine.



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### 5.4. Making an application for hardship consideration

Consideration will be given to cases of hardship only on the following grounds:

- **Death / Terminal illness** – consideration will be given to waiving interest on rate and water accounts for a specific term.
- **Temporary illness / serious accidents** – consideration will be given to waiving interest on rate and water accounts for a specific term.
- **Financial Hardship** (extenuating circumstances) beyond the control of the ratepayer.
- **Unemployment** – this policy does not deem unemployment and consequent loss of incomes as automatic or entirely sufficient to support a claim for hardship; it will however be a consideration in the context of structuring a hardship payment plan. The debt obligation plus interest remains with the debtor, however their situation is assisted by way of a plan which is structured through consultation to recognise the financial constraints that exist.
- **For Natural Disasters** (bushfire, flooding, drought) - consideration will be given to waiving interest for rates and water accounts for a specific term.
- **Valuation Changes** - Under Section 601 of *the Act* which relates to Hardship resulting from certain valuation changes, Council has discretion to defer the payment of the whole or any part of the increase in the amount of the rate payable by the ratepayer, for such period and subject to such conditions as it thinks fit.

Ratepayers seeking concessions for financial hardship are to submit an application using the attached form outlining their particular circumstances. The application will be reviewed by the Revenue Officer and Finance Manager with the final approval agreed by the Director Corporate Services.

A determination under this policy will be assessed against financial data provided by the applicant. Supporting documentation may include but is not limited to:

- A copy of recent bank / financial institution statements.
- Details of all income and expenditure (monthly budget analysis)
- Letter confirming financial hardship from a recognised financial counsellor or financial planner.
- A letter with details of the extent of the losses of property will be required with regards to apply under the natural disaster clause.

All applications for hardship caused through revaluation must be received within 1 month of the due date for payment of the first instalment notice where the new valuation has taken effect.



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### 5.5. Procedures

The following procedures will be followed with all financial hardship concessions:

- Any mutually acceptable repayment schedule will have a maximum 24 month term.
- All repayment schedules are to be reviewed at the end of each quarter and upon the raising of further rates and charges.
- Any future rates and charges raised against the property are due and payable on the due dates.
- Interest will be charged and then written off where a repayment schedule is adhered to and the arrangement provides for accrued interest to be waived.
- Where a scheduled repayment default occurs, interest will be calculated and levied from the date of the last payment made in accordance with the repayment schedule. The ratepayer will be contacted in regard to the repayment default.

### 5.6. Amount of hardship concession

The amount of any financial hardship concession will be determined on the merits of each individual application but will be limited to the waiving of interest charges that would otherwise be applicable during the period of a mutually acceptable repayment arrangement.

Council reserves the right to vary the terms and conditions of this policy.

### 5.7. Reporting

A register of all applications received by Council will be kept.

Reports to Council will be provided on a quarterly basis outlining the shortfall in Council income as a result of assistance provided.

### 5.8. Privacy

As per the Council's Privacy Management Plan, Personal information collected as a consequence of this policy will only be used for the purpose of assessing eligibility under the policy and will not be used for any other purpose or disclosed to any person unless we are required by law to do so or authorised to do so by the person whom the personal information relates.



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### **6. RELATED POLICIES**

#### **6.1. Legislation**

- Local Government Act 1993
- Local Government Regulation 1994
- Privacy and Personal Information Act 1998

#### **6.2. Policies**

- Revenue Policy
- Pensioner Concession Policy
- Privacy Management Plan
- Hardship Policy – Loose Fill Asbestos