

Financial Hardship Assistance Policy

Approved By: **Council**
Doc Controller: **Executive Manager**
Corporate Governance
File: 4/14/2

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Version: **1.0**
Approved Date: **29 April 2020**
Next Review Date: **31 May 2021**

1 PURPOSE

The purpose of this policy is to enable Council to provide assistance to community members who are suffering financial hardship by providing an appropriate level of relief from rates and charges.

2 OBJECTIVE

This policy was developed and implemented during the 2020 COVID-19 coronavirus pandemic that is spreading across the world. To respond to the disease, governments around the world are shutting down social activities and interaction to prevent transmission, which is necessarily causing significant impacts on many economic activities and transactions. As a result, many people have lost jobs, their clients or their business, destroying incomes and spending. Council is determined to assist those most critically impacted by the economic slowdown caused by the pandemic with a robust and fair hardship policy.

3 SCOPE

This policy applies to ratepayers experiencing genuine and serious financial hardship and needing assistance to meet both their basic needs and their rate payment obligations to Council.

This policy applies only to Council rates and charges levied in accordance with Part 9 – Rates and Charges of the *Local Government Act 1993*. This policy does not apply to rates or fees collected on behalf of other authorities in accordance with Section 88 of the *Local Government Act 1993*, such as fire service contributions collected pursuant to Section 79B of the *Fire Service Act 1973*.

4 POLICY

4.1 Genuine Financial Hardship

In assessing financial hardship Council will use the definition of serious financial hardship used by the Australian Taxation Office (ATO). The ATO define an individual to be in serious hardship when they are unable to provide the following for themselves, their family or other dependants:

- Food;
- Accommodation;
- Clothing;
- Medical treatment;
- Education;
- Other basic necessities.

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A number of factors can contribute to or trigger serious financial hardship, including:

- Loss of employment of the property owner, family member or household primary income earner;
- Serious illness, including physical incapacity, hospitalization, or mental illness of the property owner or family member;
- A natural disaster;
- A public health emergency or declared state of emergency;
- Family tragedy;
- Family breakdown;
- Financial misfortune;
- Other serious or complicating circumstances.

Community wide issues and circumstances, such as the COVID-19 pandemic, may impact financial hardship, but hardship should be assessed at an individual level, and requires reviewing personal circumstances.

Serious financial hardship involves both low income/cash flow and a low asset base. Applications for assistance on residential investment properties or properties which are not a business's primary operating premises will not be considered under this policy.

2.2 Evidence of Financial Hardship

Applicants will need to provide evidence of their circumstances of financial hardship to justify Council's special consideration of their case. The type of evidence required will depend on your circumstances and may include, for example, one or more of the following:

- Assessment by an independent accredited financial counsellor demonstrating an inability to both pay rates and to rearrange asset portfolios to facilitate payment;
- A statutory declaration from an appropriate and independent professional, familiar with the applicant's circumstances (e.g. a family doctor for health-related evidence, a bank official, insurance policy manager, etc.);
- Pending disconnection of essential services, like water, electricity, gas (does not include mobile phone or internet bills);
- Notice of impending legal action;
- Letter from charitable organisation regarding loss of employment or inability to provide for basic necessities;
- Bank notice for example, overdraft call or mortgaged property repossession;
- Employer notice of redundancy or termination of employment;
- Letter from doctor verifying the inability to earn an income due to illness or caring for a sick family member;
- Repossession notice of essential items, like a car or motorcycle.

2.3 How Council can help

The *Local Government Act 1993* provides Council with three methods of rate relief:

- Postponing rate payments (Sections 125-127)
- Remission of late payment penalties or interest (Section 128)
- Remission of rates (Section 129)

2.3.1 *Postponing Rate Payments – Deferral Arrangements*

In confirmed cases of financial hardship, Council may choose deferral of individual rates payments within a defined period, in whole or in part, to be paid back at a later date, subject to any conditions Council determines.

The terms of rate deferral arrangements will be proportionate to the applicant's demonstrated financial hardship circumstances, so supplying sufficient evidence of these circumstances is important for developing the appropriate terms.

Rate payment deferrals approved under this section are typically deferred by 3 months. However, rate deferral arrangements can only defer individual payments up to a maximum of two (2) years and only in the most serious circumstances.

All deferred payments must be repaid as specified in accordance with the deferral arrangement, otherwise regular late payment penalties and/or interest will apply.

Ratepayers who are subject to a deferral arrangement who overcome their financial hardship circumstances are encouraged to begin repaying their deferred rates payments as early as they are able.

Note that Council may revoke any postponement of rates payments at any time, in accordance with section 127 of the *Local Government Act 1993*, by giving 60 days' notice in writing to the ratepayer.

2.3.2 *Remitting Late Payment Penalties and Interest*

For typical circumstances that are not of financial hardship, rates must be paid by the due date and Councils charges daily interest on the outstanding balance each month. However, for confirmed cases of financial hardship, Council may waive interest charges for a specified period that relates to the period of financial hardship.

Council will not charge any late payment penalties or interest for late rate payments during the 2020 COVID-19 state of emergency until 30 June 2020.

2.3.3 Remitting Rates

Remission of any rates, late payment penalties or interest, in part or in full, is reserved only for the most serious and exceptional of financial hardship cases. Even in these cases, deferral of rate payments must be applied for and granted first, before an application for rates remission will be considered.

After the applicant has entered into a deferral arrangement with Council, the applicant may apply for remission of rates. The application must demonstrate:

- Financial hardship;
- Exceptional and serious circumstances;
- How the applicant's exceptional financial hardship circumstances make the maximum term deferral arrangement under section 2.3.1 unfeasible and unreasonable to fulfil; and
- How enforcing fulfilment of the maximum term deferral arrangement would only deepen the seriousness of applicant's financial hardship and critically impact their ability to provide for the basic living necessities (food, accommodation, clothing, and medical treatment) of the applicant and dependents.

In the interests of community fairness and equity, wherever possible and appropriate in determining rates remission applications:

- Deferral arrangements are preferable to rates remission;
- Amounts or proportions of rates to be remitted are to be minimised, and should not be greater than 50% of the outstanding balance
- Instances of rates remission are to be minimised to no more than one rates remission per applicant.

2.4 Applying for Financial Hardship Assistance

To seek financial hardship assistance from Council, an application must be made in writing, addressed to the General Manager, and submitted as follows:

- Emailed to rates@burnie.net - or
- Mailed to PO Box 973 BURNIE TAS 7320.

Applications must:

- Demonstrate and provide evidence for financial hardship and circumstances (see section 2.2 – Evidence of Financial Hardship);
- Describe the type of assistance sought, being:

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- Postponing rate payments (a deferral arrangement);
- Postponing or waiving late payment penalties or interest;
- Remitting rates, late payment penalties or interest, in part or in full;
- Address the requirements of the relevant subsections of section 2.3 – How Council can help

2.5 Assessing Applications

Applications for deferral arrangements must be decided by:

- For amounts less than \$5,000 the Executive Manager Corporate Finance; or
- For amounts of \$5,000 or greater, the General Manager.

Applications for remission of any late payment interest charges must be decided by:

- For amounts less than \$250 the Executive Manager Corporate Finance; or
- For amounts of \$250 or greater, the General Manager.

Applications for remission of any must be decided by:

- For amounts less than \$500 the General Manager; or
- For amounts of \$500 or greater, Council by absolute majority.

5 LEGISLATION

Local Government Act 1993

6 RELATED DOCUMENTS

Rates and Charges Policy CP-CBS-SG-004



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Policy Endorsement

Responsibility:	It is the responsibility of the General Manager to ensure Council's compliance with this policy. It is the responsibility of the Executive Manager Corporate Finance to administer and review this policy as required. It is the responsibility of the Governance Unit to maintain this policy within the Policy Register.
Minute Reference:	Item AO111-20
Council Meeting Date:	28 April 2020
Strategic Plan Reference:	Strategy 7.1.1 Formulate policy that is equitable, inclusive and responsive to current needs, and ensure decision-making is informed and accountable.
Previous Policies Replaced:	This is the first Financial Hardship Assistance Policy adopted by Council.
Date of Commencement:	29 April 2020
Publication of policy:	Members of the public may inspect this policy at the City Offices, or access it on Council's website (www.burnie.net)