

FINANCIAL HARDSHIP ASSISTANCE POLICY



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Approved By: Council
Doc Controller: General Manager
File: 126

Document Code: DVC-POL-51
Version: 1
Approved Date: 23/09/2021
Next Review Date: 23/09/2023

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.

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.

2. 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*.

3. LEGISLATION

Local Government Act 1993
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.

4.2. 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.

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4.3. 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*)

Council determined not to include remission of rates in this policy at the Meeting held 21 May 2020.

4.3.1 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.

4.3.2 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.

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4.4. 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 dvccouncil@dvc.tas.gov.au - or
- Mailed to PO Box 595, New Norfolk TAS 7140.

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:
 - 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

4.5. Assessing Applications

Applications for deferral arrangements must be decided by the General Manager.

5. RELATED DOCUMENTS

Rates and Charges Policy