



## FINANCIAL HARDSHIP POLICY

---

|                         |                 |                                                |                        |                 |
|-------------------------|-----------------|------------------------------------------------|------------------------|-----------------|
| <b>Policy No.:</b>      | GTC-P8          | <b>Approved by:</b>                            | Council                |                 |
| <b>Version No.:</b>     | 2               | <b>Approved on:</b>                            | 26 July 2022           |                 |
| <b>Responsibility:</b>  | General Manager | <b>Review Date:</b>                            | As circumstances alter |                 |
| <b>Document Control</b> |                 |                                                |                        |                 |
| <b>Rev No.</b>          | <b>Date</b>     | <b>Revision Details</b>                        | <b>Reviewer</b>        | <b>Approver</b> |
| 1                       | 24 March 2022   | Hardship provided to residents due to COVID-19 | DCC                    | Council         |
| 2                       | 26 July 2022    | Financial Hardship extended to all residents   | DCC                    | Council         |

## Contents

|                                            |   |
|--------------------------------------------|---|
| 1. INTRODUCTION.....                       | 2 |
| 2. TYPE OF POLICY.....                     | 2 |
| 3. OBJECTIVE .....                         | 2 |
| 4. SCOPE.....                              | 2 |
| 5. DEFINITIONS.....                        | 2 |
| 6. LINK TO STRATEGIC PLAN .....            | 3 |
| 7. RELATED LEGISLATION /POLICIES .....     | 3 |
| 8. RISK CONSIDERATIONS .....               | 3 |
| 9. POLICY.....                             | 3 |
| 10. IMPLEMENTATION & REVIEW OF POLICY..... | 5 |

## **1. INTRODUCTION**

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 Local Government rates

## **2. TYPE OF POLICY**

The Hardship Policy is a strategic policy developed to guide the decision making of Council staff.

## **3. OBJECTIVE**

To establish a policy framework for the assessment of applications from ratepayers who are experiencing difficulty in meeting their rates and charges payments due to genuine financial hardship.

## **4. BACKGROUND**

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.

Despite this, serious financial hardship can occur at any time, so this policy is designed to address a range of circumstances.

## **5. SCOPE**

This policy applies to all principal rate payers of George Town Council, who are responsible for rates and charges on a property within the George Town Municipality.

In applying this policy, Council will be guided by the following:

- Compliance with relevant statutory requirements;
- Flexibility in providing payment options and processes that meet local needs and the special circumstance of those ratepayers facing hardship;
- Fair, equitable and respectful treatment of all ratepayers, including those ratepayers facing hardship;
- A “stop the clock” approach to suspend debt recovery and/or legal action while a ratepayer’s hardship application is awaiting determination; and
- Respecting confidentiality such that information provided by applicants is treated as private confidential information that can only be used for the purposes of the assessing hardship application and not be made available to third parties (with the exception of referral to Council’s debt recovery agencies).

## **6. DEFINITIONS**

Financial Hardship means a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt.

Principal ratepayer means the nominated person, organisation or other party that is responsible for ensuring rates are paid and accurate contact details are provided for the rateable property.

## **7. LINK TO STRATEGIC PLAN**

This policy aligns with Goal 5 – To ensure Council listens to and understands community needs and continues to make responsible decisions on behalf of the community; and

Key Objective 4 contained within the Council Strategic Plan 2016-2026 – To consistently achieve a high standard of internal financial and governance arrangements.

## **8. RELATED LEGISLATION /POLICIES**

*Local Government Act 1993 (TAS)*

George Town Council - Rates and Charges Policy No. 3 Version: 1A\B

## **9. RISK CONSIDERATIONS**

This Policy aligns with the objectives contained within Councils Risk Management Policy (No. 33 Version 3), namely:

- Protect the community against losses that are controllable by Council;
- Protect Council's corporate image as a professional, responsible and ethical organisation; and
- Ensure that sound risk management practices and procedures are fully integrated into Council's strategic and operational planning processes.

## **10. POLICY**

Council recognises that ratepayers may experience financial hardship This policy will apply to ratepayers in the George Town Council Municipality who are experiencing genuine financial hardship in paying their rates and charges.

*The Local Government Act 1993 (TAS)* provides for the following:

*Section 125. Postponement of payment*

*(1) A ratepayer may apply to the council for a postponement of payment of rates on the ground of hardship.*

*(2) An application is to be –*

*(a) made in writing; and*

*(b) lodged with the general manager.*

*Section 126. Conditions of postponement*

*(1) A council may grant a postponement of the payment of rates for a specified period if satisfied that such payment would cause hardship.*

*(2) A council may grant a postponement of payment of rates –*

*(a) on the condition that the ratepayer pay interest on the amount of rates postponed at a rate fixed by the council; and*

*(b) on any other condition the council determines.*

*(3) Interest fixed under subsection (2) (a) is not to exceed the prescribed percentage as calculated in section 128 (2)*

*Section 127. Postponement ceases to operate*

*(1) A council may, at any time, revoke a postponement of payment of rates by giving 60 days notice in writing to the ratepayer of the date on which the postponement ceases to operate.*

*(2) A postponement of payment of rates ceases to operate on the date on which the ratepayer*

## **Genuine Financial Hardship**

A principal ratepayer may be eligible for consideration for hardship assistance in the payment of overdue rates, charges and interest where:

- The person is unable to pay rates or accrued interest when due and payable for reasons beyond the person's control; or
- Payment when due would cause the person hardship.

Any principal ratepayer who cannot pay their rates or charges due to hardship can apply to Council for assistance at any time. Principal ratepayers are encouraged to contact Council to seek assistance as soon as practical. Financial hardship can arise from the following as result of Corona Virus Pandemic:

- Loss or change in income
- Illness
- Death in the family
- Other factors resulting in unforeseen changed in the principal ratepayer's capacity to meet their payment obligations, whether through a reduction in income or through an increase in non-discretionary expenditure or both.

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

Council will consider applications for assistance on merit and in accordance with the following principles:

- Council will individually assess cases of financial hardship
- Council will not reduce rates or charges, but will consider alternative available approaches to dealing with financial hardship
- Council will consider a scheme of periodical payments outside the due dates in cases of hardship or extenuating circumstances.

Applications for hardship must be made in writing on the appropriate Financial Hardship Rate Relief Application Form.

Council may also request the ratepayer engage in a telephone interview to assist Council in the understanding of the issues causing hardship.

- The applicant must be the owner/spouse or part owner of the property and be liable for the payment of rates and charges on the property, or as tenant be responsible for the rates and charges.
- The application for hardship must be accompanied with supporting documentation which may include but is not limited to:-
  - Reasons as to why the person was unable to pay the rates and charges and when they became due and payable;
  - Copy of recent bank statements for all accounts held by the ratepayer;
  - Details of income and expenditure;
  - Letter from a recognised financial counsellor or financial planner confirming financial hardship or
  - Documentation such as a statutory declaration from a person familiar with the property owners circumstances (family doctor, accountant, bank officer etc.).

Determination on applications to defer rates and charges or for the waiver or write off of interest, legal charges will be subject to approval by:

- Director – Corporate and Community of amounts up to \$2,500
- General Manager amounts of \$2,500 or above.

Written confirmation of acceptance of the payment arrangement must be received from the applicant.

If an application for relief under this policy is approved it will be valid for a period of 12 months.

At the end of the 12 months, a new application will need to be submitted which will need to show that the Ratepayer is still suffering from genuine financial hardship.

#### **Hardship Assistance in Relation to Council Fees**

The General Manager will have the delegated authority to make such decisions in relation to the waiving or reducing of fees up to the amount of \$5,000 per applicant. For amounts over \$5,000 the decision must be a resolution of Council.

Any application for hardship assistance in relation to Council fees or charges other than annual charges by waiving or reducing fees will be assessed in accordance with the same eligibility criteria used to assess hardship assistance in respect to rates and annual charges.

### **11. IMPLEMENTATION & REVIEW OF POLICY**

Implementation of this Policy rests with the General Manager. This Policy will be reviewed in July 2023.

.....  
 Shane Power  
**GENERAL MANAGER**