

# Financial Hardship Policy

September 2020

Version 4.0 – Covid-19 Pandemic Event

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# Financial Hardship Policy

## 1. Purpose

Nillumbik Shire Council recognises that some ratepayers may from time to time experience financial difficulty which will vary in its extent and duration depending on individual circumstances.

We are committed to assisting all ratepayers who are experiencing any degree of financial hardship.

The purpose of this policy is to provide guidelines for delegated staff to assist in the process and assessment of applications received for the deferment of rates and charges due to financial hardship.

There is no formal assessment criteria used to determine ratepayer eligibility. All ratepayers are assessed on a case by case basis, based on a meaningful two-way conversation.

This policy ensures that all ratepayers, regardless of their circumstances, will face no judgement, and will be treated with understanding, dignity and respect.

The guidelines, which provide direction for review and recommendation in conjunction with Sections 170 and 171 of the Local Government Act 1989, are based upon the principles that every rateable property should meet its share of rates and charges; and that financial hardship applications should be considered with compassion and care for the applicant's circumstances.

## 2. Definitions

**Financial hardship** is where a ratepayer is willing, but unable to, meet their contractual debt obligations because of unexpected events or unforeseen changes that impact their cash flow, for example:

- changes in employment status (such as losing a job or having hours reduced);
- identifying themselves as having affordability issues;
- where a customer or their advocate identifies as being affected by family violence;
- asylum seekers or refugees who have limited access to financial stability; or
- people experiencing health and mental health issues.

Financial hardship will be determined by household expenditure exceeding household income.

**Payment arrangement** is where the total amount owing is paid in fixed instalments over an agreed period of time. Debts may continue to accumulate outside of the payment arrangement and are required to be paid as and when they fall due.

**Deferral** suspends payment for a period of time; debt continues to accrue and interest/penalties may continue to accumulate.

**Waiver** exempts payment of the charge or portion thereof. Applications for a waiver of any interest imposed for late payment must be made to Council as per section 171 of the Local Government Act 1989.

Council will not waive rates, municipal charges or service charges. The value of each property provides the owner with a potential source of funds if liquidated. It is considered inequitable for the majority of ratepayers to subsidise the property assets of hardship applicants. A more equitable solution for the community is to defer payment of rates and charges.

**Covid-19 Pandemic Event (The Event)** refers to the Coronavirus Covid-19 Pandemic Event declared by the World Health Organisation on 11 March 2020.

**Financial hardship** for the purposes of the Covid-19 Pandemic Event includes business and commercial property owners experiencing a significant down-turn or closure as a result of the event.

### 3. Deferral and waiving of interest

#### 3.1 Deferral

Ratepayers may have rates and charges deferred subject to compliance with the following conditions:

- Applicants who are in receipt of a pension rebate as provided under Section 171 (1) (a) of the Local Government Act 1989 will be granted automatic deferral upon the receipt of a written application, for amounts outstanding after the pensioner rebate has been applied.
- All other (non-pensioner) applications must include written documentation from a financial counsellor who has assessed and supported the request. Where the ratepayer is a non-pensioner, deferment may be granted after consideration by the Finance Manager.

Upon the submission of an application, property owners may have the payment of rates, charges and penalty interest or parts thereof, deferred, subject to compliance with the following conditions:

- a) The ratepayer is a pensioner and is eligible to claim a pensioner rate rebate; or
- b) The ratepayer is able to evidence financial hardship as per section 3 of this document.

Interest may be waived for a period of up to twelve months where the applicant meets the requirements set out in section 1 of this policy. No further interest free period will be granted.

Interest will continue to be charged at the interest rate fixed under Section 2 of the Penalty interest Rates Act 1983.

All deferments granted will be reviewed annually, and non-pensioner applicants will be required to provide an updated application and confirmation of continuing financial hardship from their financial counsellor in order to maintain the payment arrangement.

As per the Local Government Act 1989 – Section 158 (4) (d), rates notices will continue to be sent throughout the deferment period.

#### 3.2 Waiving of interest

- Council **will** waive the first twelve (12) months of interest if the person is on a full pension and that person has entered into an agreement to pay a nominal payment at least monthly. Interest after the first twelve (12) months will be raised as per Section 2 of the Penalty interest Rates Act 1983.
- Council **may** waive the first twelve (12) months of interest if the person is not on a full pension, provided the person has entered into an agreement to pay a nominal amount at least monthly and has written documentation and support from a financial counsellor. Interest after the first twelve (12) months will be raised as per Section 2 of the Penalty interest Rates Act 1983.
- Where practicable, the ratepayer must enter into an agreement with Council on a payment schedule and perform against such agreement.

#### 3.3 Interim measures relating to the declaration of the Covid-19 Pandemic Event

- Council **will** waive interest to 31 March 2021 where a person is able to clearly demonstrate the cause of them experiencing financial hardship is a direct result of the Covid-19 pandemic event.
- The applicant will be asked to enter into an agreement to pay a nominal payment at least monthly. This is not mandatory for the period 31 March 2020 to 31 March 2021 but is encouraged.
- The requirement for documented financial counselling will be waived for all applications relating to/made as a direct result of the event up to 31 March 2021.

## **4. Applications**

All applications will be treated confidentially.

Applicants will be required to enter into a payment arrangement that is fair and equitable to both parties and not cause or further any financial hardship. The payment arrangement is subject to approval.

Payment arrangement requests must be made by the property owner or managing agent. Tenants should contact their property owner or managing agent if a payment arrangement is required.

All requests for deferment of rates and charges must be made in writing (online), on the form available on Nillumbik Shire Council's website.

Applications will only be considered for the applicant's (owners) main residence. Deferment will not be granted for investment or holiday properties.

### ***4.1 Interim measures relating to the declaration of the Covid-19 Pandemic Event***

- Business and commercial property owners may apply for deferment and for interest to be waived until 31 March 2021.
- Applications will be considered for investment and/or holiday properties where a payment arrangement is put in place for a nominal amount, payable at least monthly.

## **5. Financial Counselling**

Kildonan Uniting Care can assist with financial counselling. To access this service go to:

<https://www.unitingkildonan.org.au/> or phone 1800 685 682.

### ***5.1 Interim measures relating to the declaration of the Covid-19 Pandemic Event***

The requirement for documented financial counselling will be waived for all applications relating to/made as a direct result of the event up to 31 March 2021.

## **6. Withdrawal of Deferment**

A deferment will be deemed withdrawn on the basis of any of the following conditions:

- The ratepayer advised that the hardship conditions no longer exist.
- The ratepayer no longer owns or occupies the property.
- The ratepayer has defaulted in meeting any agreements with Council in regards to the deferment.
- The ratepayer fails to confirm ongoing financial hardship as per this policy.

## **7. Review of Policy and Strategy**

This policy will be reviewed every four years or as required in the event of legislative changes. The Audit and Risk Committee or Council may initiate review outside this cycle.

# NILLUMBIK SHIRE COUNCIL

## PAYMENT ARRANGEMENT REQUEST – COVID-19 PANDEMIC EVENT

By completing this form you are requesting to enter in to a payment arrangement with Council for your outstanding Rates and Charges.

Once completed please return this form via email or mail. Upon approval a confirmation letter will be sent to you.

Payment arrangements are not automatically approved.

Section for completion:

Date: ____/____/____
I, _____ (Full Name)
of _____ (Property Address)
agree to pay \$ _____ per <b>week / fortnight / month</b> (Please Circle)
towards my outstanding Council Rates commencing ____ / ____ / ____
Signature _____
Contact number _____
Email Address _____

### OFFICE USE ONLY

<b>Assessment number</b>		<b>Date effective</b>	
<b>Date received</b>		<b>Balance owing</b>	

Once the interest free period has expired, overdue balances will accrue interest as per Section 2 of the Penalty interest Rates Act 1983 until the full amount is settled.