
Financial Hardship Policy (Interim)



October 2023







Northern Grampians Shire Council
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Financial Hardship Policy (Interim)



Council Policy

Responsible director	Director Corporate and Community Services
Responsible officer	Manager Financial Services
Functional area	Financial Services
Date adopted by Council	4 December 2023
Review date	December 2027

Purpose

The purpose of the Financial Hardship Policy (Interim) is to provide a framework for financial relief to support ratepayers who are struggling to pay their rates due to the impacts of life events such as natural disasters, severe illness, the loss of employment or family violence.

The policy also aims to provide a clear understanding of the options and assistance available to assist property owners and ratepayers who are experiencing payment difficulties to assist them to better manage payment of their rates.

Background

Municipal rates, fees and charges are a primary source of revenue for Northern Grampians Shire Council to ensure the ongoing delivery of a range of important services to the community. Council recognises that it has a responsibility to provide relief to ratepayers suffering hardship whilst maintaining the necessary cashflow to ensure continued levels of service delivery to the community.

Outcomes of the State Government's 2020 Rating review, the 2021 Ombudsman's Report and the subsequent *Local Government Legislative Amendment (Rating and Other Matters) Act 2022* have led to significant changes being required to Council's 2017 policy.

The intent of the new legislation is to ensure councils proactively engage with ratepayers to explore payment arrangements and solutions and that more punitive actions can only be taken if ratepayers refuse to engage, and other approaches are exhausted. Such actions will improve how Council deals with people experiencing Financial Hardship and will incentivise working with ratepayers early and proactively as part of Council's core business.

Scope

This policy applies to property owners and ratepayers of the Northern Grampians Shire in accordance with Sections 170, 171, 171A and 172A of the *Local Government Act 1989*, the *Local Government Act 2020* and the *Local Government Legislative Amendment (Rating and Other Matters) Act 2020*.

The scope of the policy extends to all property owners and ratepayers who are identified as having the intention to pay their rates but who do not have the capacity to do so.

The policy applies to all revenue items listed on the rates notice and includes interest charges.

Assistance will only be provided to individuals experiencing financial hardship for the payment of rates on their principal place of residence.

Applications will be considered for hardship (as opposed to 'financial hardship'), on other property types, for example, secondary residences, farms and commercial and industrial properties. Refer to Council's Rate Collection Policy.

Where there are joint owners of a property, and one of the owners is not experiencing hardship, the owner not experiencing hardship is still liable to pay the full amount of rates and charges on the land.

Financial Hardship is defined for the purpose of this policy as being serious circumstances whereby a ratepayer cannot afford the necessities of life for themselves and/or for dependants, or that the payment of rates and charges would mean that they cannot afford the necessities of life. It involves the inability of a ratepayer to meet their financial obligations rather than an unwillingness to do so. Necessities may include food, accommodation and essential medicines. The circumstances causing this situation may include illness, unemployment, the impacts of a natural disaster, family violence or other factors resulting in an unforeseen change.

Hardship (as opposed to 'financial hardship') is defined as being a situation where payment may be detrimental to the ratepayer's quality of life, but where the ratepayer is still able to afford the necessities of life. This may be due to a short-term situation or experience.

Ratepayers experiencing hardship may be eligible for consideration of a payment arrangement, or deferral. Refer to Council's Rate Collection Policy for details of the hardship assistance measures available.

Policy Objective

The objective of this policy is to provide a clear framework for the eligibility and assessment of hardship and financial hardship claims, recognising that ratepayers may find themselves experiencing financial hardship because of unexpected life events. Early identification of financial difficulty is paramount to preventing any escalation of the debt level. Ratepayers will be encouraged to identify themselves to Council and will be always treated fairly and with respect and confidentiality. Relevant staff will take proactive steps to identify ratepayers in hardship or suffering vulnerability and will be provided with appropriate training where needed.

Policy

Generally, the level of assistance provided by Council will be proportionate to the degree of hardship being experienced but will be tailored to suit an individual ratepayer's circumstances. All applications made will be considered on their individual merit.

Ratepayers will be asked to submit a written or on-line application for assistance and may be asked to provide supporting evidence such as bank statements and pay slips to verify claims. Council staff will be available to provide assistance with completion of application forms in some cases. Applications for hardship and financial hardship will be available on Council's website and at Customer Service offices.

Council will consider the applications and provide written advice to the ratepayer within 15 working days.

Assistance may be offered by in the form of payment plans, deferrals, or in exceptional cases, waivers.

Financial Hardship

Ratepayers will be asked to submit a written or on-line application for assistance. Council staff will be available to help with completion of application forms. Applications for financial hardship will be available on Council's website and at Customer Service offices. Council will review the application and provide written advice to the ratepayer within 15 working days.

All applications will be objectively assessed based on the information provided by the customer. Applicants may be expected to provide relevant supporting evidence with their application, which may include bank statements, Centrelink information and pay slips and may be asked to verify claims or to provide further information where necessary. Council undertakes to seek only relevant information and supporting documentation from ratepayers and to offer referrals to financial counselling or support organisations where requested, but to remain flexible if ratepayers do not want to utilise counselling services.

In cases where the applicant is reasonably unable to acquire the required documentation to substantiate their claim for financial hardship, Council will assess the situation on a case-by-case basis. Such circumstances might include a natural disaster, or significant family violence.

If a ratepayer is deemed to be experiencing financial hardship, interest charges will be waived and Council undertakes that it will not undertake debt collection or legal action whilst the owner/ratepayer is experiencing genuine financial hardship.

Payment plans and Deferrals

Payment plans and deferrals are available for those ratepayers who are suffering short term hardship or who have some capacity to pay. Further details can be found in Council's Rate Collection Policy.

If a ratepayer is deemed to be experiencing hardship, interest charges will be waived.

Council officers will assess the application to establish if the ratepayer is in a situation to afford to make payments and if the ratepayer is experiencing genuine financial hardship.

If a ratepayer wishes to set up a payment plan, or if a rate deferral is granted, they will be subject to the same conditions as set out in Council's Rate Collection policy.

The default payment option for payment plans is direct debit. Other payment options (including Centrelink deductions) may be considered at the discretion of the Manager Financial Services on an individual case basis.

Applications for payment plans and hardship will be available on Council's website and at Customer Service offices.

Applicants will be expected to provide supporting evidence, which may include bank statements and pay slips and may be asked to verify claims or provide further information.

A rate deferral agreement will cease and rates will become immediately due in the following circumstances -

- If the owner or ratepayer ceases to own the property
- If the owner or ratepayer does not reapply for consideration within 15 working days after being advised of the end of the deferral period by Council.
- If there is a material alteration to the ratepayer's circumstances which would no longer cause hardship if payment was made.

Rate waiver

Cases of serious financial hardship will be assessed by Council officers on a case-by-case basis for consideration of a waiver of rates and will be referred to the Manager Financial Services and/or Council's Chief Executive Officer for consideration.

The property for which a rate waiver will be considered must be the ratepayers principal place of residence.

All applications for hardship and/or financial hardship will be considered within 15 working days of receiving the application and all required supporting documentation. Council will advise applicants in writing of the outcome. All applications will be treated with the utmost respect and as being strictly confidential in accordance with Council's Privacy Policy.

Applications for financial hardship will not be considered for more than one year prior to the current rating year in which the application was received by Council. Any prior year applications will be referred to the Manager Financial Services and Council's Chief Executive Officer for consideration.

In cases where economic abuse or family violence are identified, Council will take steps to ensure that other owners cannot access confidential information relating to hardship or financial hardship applications and will ensure that the other owner/s cannot delay or prevent the application.

Any ratepayer who provides false or misleading information in support of an application or who fails to notify Council of a change in their circumstances relevant to an application will be guilty of a 10 penalty units offence and may face fines. The provision of false or misleading information will also be grounds for the cancellation of any plan, deferment or waiver, and will result in rates becoming payable immediately and the reinstatement of interest charges.

Where an applicant is dissatisfied with the outcome of an application, they may request a review of the decision by outlining the grounds for review. The request for a review must be in writing and addressed to the Chief Executive Officer. The Chief Executive Officer may exercise discretion in matters relating to this policy, including referral of matters raised in writing to an appropriate Council briefing session.

Reporting

Reports will be provided to Council at least annually on (but not limited to)-

- The total balance of unpaid rates, charges, and interest
- The number of occupancies (assessments) with unpaid rates and charges and interest
- The number of occupancies (assessments) on payment plans; and
- All occupancies not on payment plans with unpaid rates and charges of three years or more and reasons why the land has not been sold or transferred under Section 181 of the Local Government Act 1989.

Council has put certain measures in place to protect ratepayer data. The following measures include:

- Limited access to rating data
- Limited access to EDRMS debt collection records
- Limited access to debt collection notes
- Matters discussed with debtors are not shared with other staff members.

Legislation and Standards

Local Government Act 1989

Local Government Act 2020

Local Government Legislative Amendment (Rating and Other Matters) Act 2020

Penalty Interest Act 1983

Privacy and Data Protection Act 2014

Ministerial Guidelines

Responsibilities

The Manager Financial Services is responsible for review of this policy. Council is responsible for setting the policy and the Coordinator Property Revenue and Customer Support and the Rates Officer, Revenue Officer, Property & Revenue Assistant and Customer Support officers are responsible for the administration of processes as set out in this policy.

Review

Assessment of the policy will be undertaken every four years to align with the Council term to ensure it remains current with the Council's goals, processes, aims and requirements and as a means by which to reduce Council's exposure to risk. Triggers for an earlier assessment include legislative changes and introduction of new systems or procedures, including the release of Ministerial guidelines.

Communication and implementation

Northern Grampians Shire Council website.

Staff training will be provided as required.

References

Rate Collection Policy

Revenue and Rating Plan

Ministerial Guidelines

Victorian Ombudsman Investigation into how local councils respond to ratepayers in financial hardship, 2021

Compliance

- ☑ *Local Government Act 2020*
- ☑ *Local Government Act 1989*
- [*Gender Equality Act 2020*](#)
- Child Safety Act 2015*
- ☑ [*Privacy and Data Protection Act 2014*](#)
- Equal Opportunity Act 2010*
- Fair Work Act 2009*
- [*Charter of Human Rights and Responsibilities Act 2006*](#)
- Health Records Act 2001*
- Freedom of Information Act 1982*
- Climate Change Act 2017*
- ☑ [*Local Government Legislative Amendment \(Rating and Other Matters\) Act 2020*](#)

Privacy and Data Protection compliance

All Council policies must consider the *Privacy and Data Protection Act 2014* and the *Victorian Protective Data Security (VPDSS) Standards* which adopt a risk-based approach to protective data security.

This policy includes relevant, identified security risks and governance arrangements in place to protect security across the domains of information, personnel, ICT and physical.

Gender Equality compliance

Council has considered if gender equality principles, workplace gender equality of rights, opportunities, responsibilities and outcomes and the promotion of gender equality in the development of this policy. These have been determined to be not relevant to this policy.

Charter of Human Rights compliance

It is considered that this policy does not impact on any human rights identified in the *Charter of Human Rights & Responsibilities Act 2006*.

Definitions

- Payment Plan:** Any documented plan to pay off the due amount over an agreed period for payment of a rate or charge under Section 171B of the *Local Government Act 1989*
- Deferral:** A postponement of the payment, in whole or in part, for a specified period and subject to conditions set by Council under Section 170 of the *Local Government Act 1989*
- Waiver:** The relinquishment or removal of the liability to pay and may include whole or in part of rates and charges and interest under Sections 171, 171A and 172 of the *Local Government Act 1989*
- Policy:** What we will do and why (eg legislation governs Council actions)

Review history

Date	Review details	Action
4 December 2023	Council adopted interim policy	