

CP 34 COVID-19 Financial Hardship Policy

Responsible Officer:	Manager Finance
Document type:	Council Policy
Reference:	CP34
Approved by:	Council
Date Adopted:	23 March 2022
Date of Next Review:	June 2022

Policy Objective

The purpose of this *COVID-19 Financial Hardship Policy* is to provide the Council with a policy framework to provide financial relief to individuals and business needing assistance from the impacts of the Coronavirus Pandemic.

The policy aims to provide ratepayers with a clear and transparent understanding of options and assistance available if currently experiencing financial hardship due to the pandemic.

Definitions

Term	Definition
The Council:	Benalla Rural City Council, being a body corporate constituted as a municipal Council under the <i>Local Government Act 2020</i> .
Debt:	Debt is the amount (of money) owed by a debtor as a result of a transaction with Council.
Debtor:	Debtor refers to the individual, organisation or other party that owes a debt as a result of a transaction with Council.
Ratepayer:	Is the occupier of any rateable property who is liable to pay rates. This maybe the property owner or a tenant who under the lease agreement is liable to pay rates.

Procedure

1. COVID-19 Financial Hardship

The Coronavirus disease (COVID-19) is a new virus that can cause an infection in people, including a severe respiratory illness. COVID-19 spreads through close contact with an infected person, mostly via face to face contact.

COVID-19 was characterised by the World Health Organisation a Global Pandemic on 12 March 2020 and a State of Emergency declared in Victoria on 16 March 2020.

Subsequent actions to slow the spread of COVID-19 has had a significant economic impact on several local businesses and ratepayers.

Rates and Charges income is a secure and reliable source of revenue that the Council uses to deliver services to the community. In times of crises it is important to remember that Council still requires cash flow to deliver critical services to the community, however, it is also recognised that the COVID-19 pandemic will cause significant financial hardship for many members of the community and that the Council has a responsibility to provide assistance.

1.1 Alignment

The policy aligns with Council Policy *CP28 Debt Management*.

1.2 Organisational Context

- *Local Government Act 1989 and Local Government Act 2020*
- *Benalla Rural City Council Plan 2021-2025*
- *Victorian Charter of Human Rights and Responsibilities Act 2006*

2. Objectives

To provide direction to Council's officers when collecting and providing for debts owed to Council and to ensure Council takes into consideration the financial hardship of debtors caused by COVID-19.

The Council will provide assistance to those in financial hardship in accordance applicable legislation, while ensuring it does not jeopardise the funding of its operations.

The policy will be guided by the principles of transparency, efficiency, capacity to pay and equity by treating all debtors consistently and in a fair manner.

3. Policy Details

3.1 Financial Hardship

Financial hardship is a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary. This policy is to address temporary financial hardship due to impacts of COVID-19. The Council's existing *Debtor Management Policy* only allows for financial hardship experienced by a residential ratepayer's primary residence. This policy will apply to all rateable properties in Benalla Rural City.

3.2 Payment Plan and Interest Hold

The total deferral of all financial responsibilities due to an event can cause a secondary bout of financial stress when the event has concluded and bills are owed. The Council's aim is to provide assistance to ratepayers through the COVID-19 event without creating additional financial stress when the pandemic has been resolved.

The Council will encourage ratepayers to set up a payment plan with Council tailored specifically to the ratepayers needs to reduce the amount of debt owing after the pandemic. Council will hold interest on debt accumulated during the COVID-19 pandemic. The interest hold will begin from the declaration of the State of Emergency, 16 March 2020 until at least 30 June 2022 to allow time for the debt to be paid without interest.

If any debt is still outstanding at 1 July 2022, the Council's *Debtor Management Policy* may apply.

3.3 Rates Deferral and Interest Hold

If the ratepayer approved for assistance under this Policy is unable to enter into a payment plan, the Council will defer the debt accumulated during the COVID-19 pandemic and will hold interest on this debt from the declaration of the State of Emergency 16 March 2020 until 30 June 2022 to allow ample time for the debt to be paid without interest.

If any debt is still outstanding at 1 July 2022, the Council's *Debtor Management Policy* may apply.

3.4 Debt Recovery

The Council will make a reasonable attempt to contact a customer about their overdue account. This may include a reminder letter, account statement, email or phone call.

Until at least 1 July 2022, the Council will hold off on legal action for the collection of rates and charges for property owners approved for assistance under this Policy.

This does not include legal action to recover the payment of fines.

The debtor will be liable for all legal costs incurred by Council in the debt collection process.

4. Monitoring, Evaluation and Review

Council officers will monitor the Council's cash flow position and will include this report in the quarterly finance paper to Council.

This Policy will be reviewed in June 2022.

5. Application Process

From 1 July 2021, applicants will be required to supply, in writing, sufficient information to support their application under this Policy. Additional information or time to verify information may be sought before the application proceeds.

If an applicant intentionally provides inaccurate or misleading information, Council can immediately revoke any assistance given and terminate the arrangement.

If an applicant wishes to appeal a decision made in relation to their situation, the Manager Finance or General Manager Corporate will consider the appeal and make a determination.

Related Policies

Council Policy *CP28 Debt Management*

Related Legislation

Local Government Act 2020

Victorian Charter of Human Rights and Responsibilities Act 2006