

# CP 34 Financial Hardship Policy

<b>Responsible Officer:</b>	Manager Finance
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## Policy Objective

The purpose of this *Financial Hardship Policy* is to define Council's Policy for matters of financial hardship in regards to rates and other debts.

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

## Policy Scope

This Policy applies to those Ratepayers and other Debtors who are suffering financial hardship or would suffer financial hardship if that person paid the full amount of a rate or charge for which they are liable.

This Policy applies to those Ratepayers and other Debtors who make an application for a deferment of payment or the waiver of rates, charges and/or interest in accordance with Sections 170 and 171A of the *Local Government Act 1989* or Section 77 of the *Local Government Act 2020*.

This Policy does not apply to those Ratepayers and other Debtors who have been unable to pay their rates by the normal instalment due date/s and therefore require a payment plan for full payments of their rates and charges within a short period of time, that is, less than 12 months. In these instances the matter is managed by the Finance Department under the Debt Management Policy.

## Definitions

- **Council:** Benalla Rural City Council, being a body corporate constituted as a municipal Council under the Local Government Act 2020.
- **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.
- **Financial Hardship:** A Ratepayer/Debtor who is willing to pay their Debt but have insufficient money to do so.
- **Ratepayer:** Is the occupier of any rateable property who is liable to pay rates. This may be the property owner or a tenant who under the lease agreement is liable to pay rates.

## Procedure

### 1. Application

- 1.1 Ratepayers or Debtors who seek a deferment of payment or the waiver of rates, charges, debts or interest must apply in writing and provide relevant information to substantiate their request.
- 1.2 Ratepayers and Debtors may be required to provide further information.
- 1.3 Ratepayers and Debtors may be required to verify the information provided.
- 1.4 It is preferred that Rates applications are completed using the appropriate Council-approved forms to ensure sufficient information is provided in the first instance.

### 2. Process For Dealing With Application Made Under Section 1 Of This Policy

- 2.1 When an application is received it will be acknowledged in writing by the Revenue, Property and Valuations Coordinator.
- 2.2 Applications for deferment of payment shall be assessed on the basis that the payment would cause financial hardship.
- 2.3 Applications for waiver of rates, debts, charges and/or interest shall be assessed on the basis that the ratepayer or debtor is suffering or would suffer financial hardship if the ratepayer or debt paid the full amount for which they are liable.
- 2.4 If the application is for a debt of less than \$2,000 the application shall be assessed and processed by the Revenue, Property and Valuations Coordinator. All other applications will be referred to the Manager Finance and/or the General Manager Corporate.
- 2.5 If an application to waive all or part of the debt is supported – in writing – by a qualified financial counsellor, the Revenue, Property and Valuations Coordinator and the Manager Finance will review the application and make a recommendation to the General Manager Corporate.
- 2.6 The recommendations referred to in clauses 2.4 and 2.5 may include any of the following (or any combination of) options:
  - 2.6.1 payment plan for full payment, with or without an interest charge, within a specified timeframe but not exceeding two years
  - 2.6.2 defer payment, with or without interest charge, to an agreed date in the future but no later than two years
  - 2.6.3 defer payment indefinitely, with or without interest charge, but such rates and charges that are unpaid shall remain as a “first charge on the land” in accordance with Section 156(6) of the *Local Government Act 1989*

- 2.6.4 waive interest charge on unpaid rates, debts and charges for a specified timeframe but not exceeding two years
- 2.6.5 waive rates, debts and charges, in full or in part, and waive interest charge for a specified timeframe but not exceeding two years.
- 2.7 Except for clause 2.6.3, the recommendation and subsequent decision must refer to the time period for which the decision will apply. At the expiration of the time period, the decision is to be reviewed and the Revenue, Property and Valuations Coordinator may require the Applicant to submit a new application to be considered in accordance with this Policy.

### 3. Review Of Decision

If the applicant is aggrieved by the decision of the General Manager Corporate they may seek a review of the decision by the Chief Executive Officer.

If the applicant is still aggrieved by the decision of the Chief Executive Officer they may refer the matter to the Victorian State Ombudsman.

## Review

This policy may be reviewed at any time by the Council to accommodate changes in legislation, regulations, policy gaps, new technology or systems, as well as remain consistent with industry best practice.

## Related Policies

- *Council Policy – CP 28 Debt Management Policy*
- *Benalla Rural City Council Revenue and Rating Plan*
- *Benalla Rural City Council Plan 2021-2025*
- *Benalla Rural City Community Plan 2016-2036*
- *Rate Arrangement Application Form*
- *Rates Deferment Application Form*

## Related Legislation

- *Local Government Act 2020*
- *Local Government Act 1989*
- *Penalty Interest Rates Act 1983*