FINANCIAL HARDSHIP

POLICY OPERATIONAL

1. Policy Statement

This Policy sets out Council's ability to provide concessions to property and business owners when the payment of rates and charges will cause financial hardship to the property or business owner.

2. Scope

This Policy applies to all property owners in the Hinchinbrook Shire and extends to local businesses within Council's boundaries.

3. Responsibility

Council is responsible for the approval of this Policy.

The Chief Executive Officer (CEO), assisted by the Chief Financial Officer (CFO), is responsible for the implementation, maintenance and compliance of this Policy.

4. Definitions

Business Owner means the person/s who have full legal responsibility for a business located within the Hinchinbrook Shire Council boundaries. It can be an individual or group that owns the assets of the business and profits from them.

Chronic Illness means an illness that is permanent or lasts longer than three months (*www.health.gov.au*).

Death of a Partner means the death of a member of a couple (married, registered relationship or defacto relationship).

Financial Hardship for a Property Owner means an inability to meet basic requirements (including food, clothing, medicine, accommodation, and children's education). This hardship may occur as a result of chronic illness, long-term unemployment or costs and/or loss of income associated with the death of a partner or other extenuating circumstances.

Financial Hardship for a Business Owner means loss of income due to unavoidable circumstances. This hardship may occur as a result of forced closure due to government directive (e.g. pandemic) or government interference with the running of their business (e.g. long term roadworks cutting the ability for customers to frequent the business).

Long-Term Unemployment means unemployed for 52 weeks or more.

Property Owner means the 'owner of the land' as defined under the *Local Government Act 2009*.

Residential Property means property that has as its primary use, use for residential purposes as per Council's land use classification.

5. Policy

5.1 Principles

In certain instances, the payment of rates and charges may cause hardship to a single property or business owner due to their personal circumstances, or to a group of property or business owners as a result of a sizeable event or disaster.

Where this occurs, Council may grant relief in consideration of all factors, including the circumstances of the individual property or business owner, the circumstances of the group of property or business owners, and the financial impact on Council's revenue generation, financial sustainability, and the wider community.

In applying this policy, all applications for financial hardship relief will be assessed in a way that is:

- Compassionate to the circumstances;
- Consistently applied;
- Transparent;
- Financially responsible, considering Council's revenue requirements and service obligations; and
- Compliant with legislation.

5.2 Financial Hardship Support

Council may provide support to Property Owners and Business Owners who may be experiencing genuine financial hardship and are unable to meet a realistic payment arrangement to recover the rates and charges levied against a property or business.

Where a Property Owner or Business Owner can show that maintaining a realistic payment arrangement to recover the rates and charges levied, would entail genuine hardship, Council seeks to provide a framework for assistance deemed appropriate to the circumstances experienced.

Hardship relief provided under this policy does not forgo Council's normal debt recovery action, including Council's ability to sell land for arrears of rates.

5.3 Criteria for Financial Hardship Support

Council may consider an application for rates and/or charges relief under this Policy on a property where:

- The Property Owner is unable to maintain payment arrangements in accordance with Council's Rate Recovery Policy; and
- The Property Owner is experiencing genuine hardship such as:
  - Less than two weeks of available funds equivalent to the maximum rate of income support payment provided by the Department of Human Services for Crisis Payments (evidence must be provided by the Department of Human Services); or
  - Long term unemployment; or
  - Suffering from a chronic or terminal illness which prevents them from seeking employment and reduces their income (evidence must be provided from medical practitioner or hospital facility); or
  - Unexpected expenses incurred and reduction or loss of family income as a result of the death of a partner.

5.4 Types of Relief which may be Applied

The CEO or CFO, may grant relief under this policy to a Property Owner or Business Owner by one or more of the following:

- An agreed payment arrangement outside the current debt recovery action; or
- Temporary Relief is considered where the ratepayer is seeking assistance from Council to overcome a short term payment difficulty where they are unable to pay Rates and Charges within the prescribed period. To be eligible for this temporary relief there must be no pre-existing debt. Temporary relief may consist of a waiver of interest for a period of up to 6 months from the date of issue of the rates notice.
- Subject to satisfactory completion of an agreed payment arrangement and/or repayment of all outstanding rates and/or charges;
    - Reimbursement of interest charges against the property that have accrued prior to the completion of an agreed payment arrangement; and
    - Withholding of further legal action and associated costs to recover outstanding rates and charges.

Relief is also provided if a water leak causes water consumption to increase by over 50 kilolitres above normal consumption as per Council's Water Leak Relief Policy.

5.5 Lodging an Application for Relief

The Property Owner or Business Owner is required to complete and submit a Financial Hardship Application Form which will include details and proof of the cause of hardship, and the actions which the Property Owner or Business Owner has taken to alleviate the situation and seek assistance.

Property Owner

Council may consider an application for rates and charges relief under this Policy for a Property Owner where:

- An application is made to Council for the relief of rates and/or charges by the Property Owner;
- The application needs to demonstrate severe and/or unusual hardship; and
- The event that impacted upon the landowners ability to pay the rates and charges

Business Owner

Council may consider an application for rates and charges relief under this Policy for a Local Business where:

- The business is located within Council's boundaries; and
- An application is made to Council for the relief of rates and/or charges by the Business Owner; and
- The business owner is experiencing genuine financial hardship, such as there has been a loss of income greater than 30% on the same period during the previous financial year; and
- The application must demonstrate severe and/or unusual hardship.

5.6 Assessment and Approval of Application

Any application made for a rates and/or charges relief due to Financial Hardship may be approved by the CEO or CFO.

5.7 Support Agencies

Where appropriate, Council will refer the Property Owner or Business Owner to a Financial Support provider.

5.8 Supporting Documentation

It is the applicant's responsibility to provide sufficient supporting information to enable an assessment to be made as to the severity of the financial hardship being experienced. Officers may request additional information to assist with this assessment outside of that provided for below.

The following documentation may be requested to assist Council when assessing a Property Owners eligibility for hardship relief:

- Pay Slips (two most recent pay slips);
- Tax Return (if self-employed);
- Centrelink statements;
- Employment separation certificate;
- Medical certificate and/or letter from medical practitioner or hospital facility;
- Property sales agency agreement (if you are intending to sell a property to repay your debt);
- Any written advice of current hardship arrangements with lenders/creditors; or
- Other documentation considered necessary to make an assessment.

The following documentation may be requested to assist Council when assessing a Business Owners eligibility for hardship relief:

- Business Activity Statements for the last three years;
- Profit and Loss Statements for the last three financial years;
- Current Balance Sheet;
- Tax Return / Notice of Assessment;
- Any written advice of current hardship arrangements with lenders/creditors; and
- Other documentation considered necessary to make an assessment.

5.9 Dispute or Failure to Comply

If a Property Owner or Business Owner:

- Does not respond to Council's offer of relief within 20 business days of the date printed on the offer; or
- Fails to wholly comply with Council's offer of relief; or
- Fails to comply with the requirements of the agreed payment arrangement once approved,

Council may proceed with normal debt recovery action, including the application of interest, and legal charges where applicable.

However, prior to commencing debt recovery action, if the Property Owner is on a payment arrangement, Council will first liaise with the property owner to rectify the defaulted payments within ten business days from notification of the breach. If the applicant defaults on the agreed payment arrangement on two occasions the arrangement will be cancelled, and debt recovery action will recommence.

If a Property Owner or Business Owner is unsatisfied with the outcome of their application under this policy, they may seek a review of the decision.

6. Legal Parameters

- *Local Government Act 2009*;
- *Human Rights Act 2019*; and
- *Information Privacy Act 2009.*

7. Associated Documents

- Financial Hardship Application Form;
- Revenue Policy;
- Revenue Statement Policy;
- Rate Rebate and Concession Policy;
- Rate Recovery Policy; and
- Water Leak Relief Policy.

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