

# HARDSHIP POLICY

<b>QUALITY CONTROL</b>			
<b>TRIM REFERENCES</b>	12/114 – D16/44048		
<b>RESPONSIBLE POSITION</b>	Manager Finance		
<b>APPROVED BY</b>	Council resolution		
<b>REVIEW DATE</b>	1st July 2018	<b>REVISION NUMBER</b>	1
<b>EFFECTIVE DATE</b>	<b>ACTION</b>	<b>MINUTE NUMBER</b>	
30 November 2016	Public Display	45377	
22 February 2017	Adopted	45460	

## 1. INTRODUCTION

Broken Hill City Council acknowledges that from time to time some residents/ratepayers may suffer from financial hardship.

The purpose of this policy is to provide empathy and assistance to those ratepayers who are experiencing genuine financial hardship.

## 2. POLICY OBJECTIVE

The definition of Hardship to be used by Council is as follows: - "A situation where a ratepayer is unable, reasonably, because of illness, unemployment or other reasonable cause, to discharge their financial obligations to Council and the Customer reasonably expects to be able to discharge those obligations of payment and/or Service arrangements were changed. Financial hardship can be of limited or long term duration."

The *Local Government Act 1993* allows Council to provide assistance to ratepayers experiencing hardship. Hardship can result from a number of factors including:

- Loss of employment by the consumer or family member
- Family breakdown.
- Illness including physical incapacity, hospitalisation, or mental illness of the consumer or family member.
- A death in the family.
- Natural Disaster.

## 3. POLICY SCOPE

Authority for implementation of the Hardship Policy is delegated by Council to the General Manager in accordance with the *Local Government Act 1993*.

The General Manager may delegate the hardship function to an authorised council employee. Delegated officers are required to acknowledge that they have received a copy of this policy which is in accordance to relevant regulations and legislations.

## **4. POLICY STATEMENT**

### **4.1. ETHICS AND CONFLICTS OF INTEREST**

Officers shall refrain from personal activities that would conflict with proper execution and management of Council's Debt Recovery Policy. Council's Code of Conduct provides guidance for recognising and disclosing any conflicts of interest.

### **4.2. PRIVACY OBLIGATIONS**

Personal information means information or opinion, whether it is true or not, about an individual that can reasonably allow the individual to be identified.

A debtor's personal information will be treated with respect and Council will comply with the Privacy and Personal Information Protection Act 1998 when collecting and disclosing information throughout the debt recovery process.

### **4.3. PAYMENT ARRANGEMENTS**

Council may accept payment of rates and charges in accordance with an agreement and can resolve to write off or reduce interest accrued on rates & charges if the person complies with the agreement.

The basic principle of any agreed financial arrangement is that the repayment should be sufficient to cover expected future use of the service (as adjusted to ensure the customer's financial position does not worsen over a reasonable period of time) as well as providing continued reduction of debt at a reasonable level (i.e. the customer should not be going into further debt under the arrangement).

The maximum assistance to be granted to the ratepayer is to be a repayments scheme over a two year period with no interest charge applied. In case if the hardship still persists, then ratepayer will have to reapply and put in a fresh application.

### **4.4. WRITE OFF OF ACCRUED INTEREST**

Council may resolve to write off accrued interest on rates and charges payable by a person if, in Council's opinion, the reasons that the person was unable to pay the rates and charges when they became due and payable were beyond the person's control, or; that the person is unable to pay the accrued interest for reasons beyond that person's control, or; that the payment of the accrued interest would cause the person hardship.

The waiver will be considered once the ratepayer agrees to enter in an arrangement to pay off the debt in periodical payments by direct debit. The interest amount will be written off at the end of the financial year if the payment arrangement is adhered to. In case of broken payments, interest will not be written off.

### **4.5. CONSIDERATION FOLLOWING REVALUATION**

Ratepayers who incur an increase in the first year following a general Revaluation of land values are able to apply to Council for rate relief if the increase in the amount of rates payable will cause them substantial financial hardship.

The criteria used to determine eligibility:

- Property must be categorised residential for rating purposes.

- Rates payable (net of pensioner concession) must be more than 6% of the gross annual household income; and
- Applicant must be an owner and an occupier of the property to which the rates relate and the dwelling must be the applicant's sole or principal place of living; and
- Ordinary rate increase must be more in percentage terms than the amount determined by Council at each revaluation. The ordinary rate increase is calculated as the ordinary rates payable for the new rating year (being the first year in which new valuations are used) minus the ordinary rates payable in the previous rating year increased by the allowed rate pegging increase for the year. (Eg. Rates 2014/2015 \$600 minus rates 2013/2014 \$400 plus 2.3% rate pegging increase (\$409) = \$191)
- Maximum assistance will be capped at \$200.00.

Assistance is calculated as follows:

- One half of the ordinary rate increase up to a maximum of \$200 (e.g. \$191 increase x 0.5 = \$95.50. \$500 increase x 0.5 = \$200 max).
- No assistance is to be given for domestic waste management charges, levies or special rates.

#### **4.6. APPLICATION PROCESS**

Ratepayers who wish to access the financial hardship provisions of this policy must provide sufficient information to Council in order for an assessment to be made. Applicants should submit their request in writing and are requested to complete the Hardship Application form detailing personal financial information.

Please note that submitting the hardship application does not mean that it will be approved. Hardship assistance is subject to approval and it can also be declined in case if the information provided is not sufficient.

The applicant must be the owners/spouse or part owner of the property and be liable for the payment of rates and charges on this property.

The property for which the hardship application applies must be the principal place of residency of the applicant/s as the hardship relief will be provided on residential property only.

Applications under Section 601 of the *Local Government Act 1993* must be submitted within 6 months of the posting date of the rates notice in the first year of the general revaluation for rating purposes.

### **5. IMPLEMENTATION**

#### **5.1. Roles and Responsibilities**

The following Council officers are responsible for the implementation and the adherence to this policy:

- General Manager
- Chief Operating Officer
- Manager Finance
- Management/ Financial Accountant

- Assistant Management Accountant
- Rates Officer

## **5.2. Communication**

This Policy will be communicated to the community and staff in accordance with Council's Policy, Procedure and Process Framework and Council's Business Paper process. Following adoption by Council the Policy will be made available on Council's website.

## **5.3. Associated Documents**

The following documentation is to be read in conjunction with this policy.

- Debt recovery Policy

## **6. REVIEW**

Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guidelines.

The standard review period will be every two (2) years from the effective date. The responsible Council officer will be notified of the review requirements three (3) months prior to the expiry of this policy.

The Chief Financial Officer is responsible for the review of this policy.

## **7. LEGISLATIVE AND LEGAL FRAMEWORK**

This policy is to be read in conjunction with the following:

- *Local Government Act 1993*
- *Local Government (General) Regulation 2005*
- *Local Government Code of Accounting Practice and Financial reporting*
- *Australian Accounting Standards*
- *Department of Local Government Circulars*
- *Trade Practices Act 1974*
- *Australian Securities and Investments Commission Act 2001*
- *ACCC and ASIC Debt Collection Guideline for collectors and creditors*
- *Privacy and Personal Information Protection Act 1998*
- *Australian Communications Industry Forum – Guide for a Hardship Policy*

Council employees shall refrain from personal activities that would conflict with proper execution and management of Council's Hardship Policy. Council's Code of Conduct provides guidance for recognising and disclosing any conflicts of interest.