

# Financial Hardship Assistance Policy

(Policy Number – L-FINPOL001)  
(Policy Type – Council)

## 1 Aim

The aim of this policy is to enable Council to provide assistance to community members who are experiencing genuine and serious financial hardship through the provision of relief from rates.

## 2 Policy Statement

This policy applies to ratepayers experiencing genuine and serious financial hardship and needing assistance to meet both their basic needs and their rate payment obligations to Council.

This policy does not apply to those who do not need it and are not genuinely impacted by serious financial hardship.

This policy was developed and implemented during the COVID-19 coronavirus pandemic. To respond to the disease, governments around the world shutdown social activities and interaction to prevent its transmission, which caused significant impacts on many economic activities and transactions. As a result, many people lost jobs, their clients or their businesses, destroying incomes and spending.

It is recognised that serious financial hardship can occur at any time, therefore this policy addresses a range of circumstances.

## 3 Legislative Requirements

### 3.1 Local Government Act 1993

Part 9 – Rates and Charges, particularly:

- Section 86A – General principles in relation to making or varying rates.
- Sections 90-92 – General Rates
- Sections 125-127 – Postponement of payment
- Section 128 – Late payments
- Section 129 – Remission of rates

This policy will only apply to rates levied in accordance with the *Local Government Act 1993*. The policy does not apply to any rate or charge collected on behalf of other authorities in accordance with section 88 of the *Local Government Act 1993*,

such as fire service contributions collected pursuant to section 79B of the *Fire Service Act 1973*.

### 3.2 Other Legislation

*COVID-19 Disease Emergency* (Miscellaneous Provisions)

### 3.3 Strategic Plan Reference

The Latrobe Council Strategic Plan provides the following *Advocacy and Leadership* objective:

*To provide leadership for the community and advocate on its behalf to improve the economic, social and environmental wellbeing of the Latrobe Council area.*

## 4 Policy Detail

The Financial Hardship Assistance Policy will be applied in accordance with the following:

Purpose	Description
<b>Principles</b>	<ul style="list-style-type: none"> <li>(1) Consistent, equitable and respectful treatment of all residents and ratepayers which is sensitive to their specific circumstances.</li> <li>(2) Maintaining Council's ability to provide essential services to the community through appropriately applied rating processes.</li> <li>(3) Assisting ratepayers who are suffering serious and genuine financial hardship.</li> <li>(4) Ensuring that those able to contribute to local services, continue to do so.</li> <li>(5) Minimising the opportunity for misuse, exploitation or fraud by ensuring decisions made to provide special relief or assistance are supported by sufficient evidence.</li> <li>(6) Maintaining confidentiality and privacy of applicants and any information provided.</li> </ul>
<b>Genuine Financial Hardship</b>	<p><u>Individuals</u></p> <p>Council will rely on the Australian Taxation Office (ATO) definition to determine hardship eligibility for individuals. Individuals can be considered to be in serious financial hardship when they are unable to provide the following for themselves, their family or dependants:</p>

<b>Purpose</b>	<b>Description</b>
	<p>(1) Food,            (2) Accommodation,            (3) Clothing,            (4) Medical treatment,            (5) Education, and            (6) Other basic necessities.</p> <p>Community wide issues and circumstances, (e.g. COVID-19 pandemic), may impact financial hardship, but hardship is always assessed on an individual basis, and requires reviewing personal circumstances.</p> <p>Serious financial hardship involves both low income/cash flow and a low asset base. Personal property portfolios beyond a primary residence or a business' primary operating space can be used to improve an applicant's cash flow and financial sustainability.</p> <p>Applications for assistance on residential investment properties will not be considered.</p> <p><u>Business</u></p> <p>Financial difficulties for business will require demonstration of pending closure, disconnection of an essential service, repossession of a vehicle that is used for business purposes, imminent legal action pending for non-payment of debts, etc.</p>
<b>Evidence of Financial Hardship</b>	<p>Applicants under this policy will need to provide evidence of their circumstances of financial hardship to allow Council to consider their eligibility. The type of evidence required will depend on circumstances and may include (for example), one or more of the following:</p> <ul style="list-style-type: none"> <li>• Evidence of qualifying for Job Seekers support.</li> <li>• Assessment by an independent accredited financial counsellor demonstrating an inability to both pay rates and to rearrange asset portfolios to facilitate payment.</li> <li>• A statutory declaration from an appropriate and</li> </ul>

Purpose	Description
	<p>independent professional, familiar with the applicant's circumstances (e.g. a family doctor for health-related evidence, a bank official, insurance policy manager, etc.).</p> <ul style="list-style-type: none"> <li>• Pending disconnection of essential services, like water, electricity, gas (does not include mobile phone or internet bills).</li> <li>• Notice of impending legal action.</li> <li>• Letter from charitable organisation regarding loss of employment or inability to provide for basic necessities.</li> <li>• Bank notice for example, overdraft call or mortgaged property repossession.</li> <li>• Employer notice of redundancy or termination of employment.</li> <li>• Overdue medical bills.</li> <li>• Letter from doctor verifying the inability to earn an income due to illness or caring for a sick family member.</li> <li>• Funeral expenses.</li> <li>• Repossession notice of essential items (e.g.car).</li> </ul>
<p><b>Options available for financial relief</b></p>	<p>The <i>Local Government Act 1993</i> provides Council with three options for the provision of rate relief:</p> <ol style="list-style-type: none"> <li>(1) Postponement of payment (sections 125-127)</li> <li>(2) Remission of late payment penalties or interest (section 128)</li> <li>(3) Remission of rates (section 129)</li> </ol>

In assessing an application under the Financial Hardship Assistance Policy, Council will consider the following options:

Purpose	Description
<b>Postponement</b>	<p>A postponement of rates is a deferral of payment in part or full and can be for a specified period and subject to any conditions determined by Council.</p> <p>In confirmed cases of financial hardship, a postponement of individual rate payments for a defined period, in whole or in part, will still have to be paid at a later date (the obligation to pay is only deferred). The postponement arrangement will only apply to specified payments, with other rate charges not affected and continuing to accrue as normal.</p> <p>The terms of a rate postponement will be proportionate to the applicant's demonstrated financial hardship circumstances.</p> <p>Rate payment postponement approved under this policy will typically be for a period of 3 to 6 months. Rate deferral arrangements will not exceed past two (2) years unless exceptional circumstances exist.</p> <p>Approved rate deferrals must be settled at the conclusion of this two (2) year period, along with any new rates which have been raised in the meantime.</p> <p>Ratepayers who have a postponement arrangement who overcome their financial hardship circumstances, are encouraged to begin repaying their postponement rates payments as early as possible.</p> <p>Council may revoke any postponement of rates payments at any time, in accordance with section 127 of the <i>Local Government Act 1993</i>, by giving 60 days' notice in writing to the ratepayer.</p>
<b>Remission of Late Payment Interest</b>	<p>For confirmed cases of financial hardship, Council may waive the late payment interest accumulated for a specified period which relates to the period of the financial hardship.</p> <p>During a declared state of emergency interest and penalties will be waived for eligible ratepayers for a period of six months.</p>
<b>Remission of Rates</b>	<p>Remission of any rates, late payment penalties or interest, in part or in full, is reserved for only the most serious and exceptional cases of financial hardship. Even in these</p>

Purpose	Description
	<p>cases, postponement of rate payments must be applied for and approved first before an application for a rate remission will be considered.</p> <p>After a postponement arrangement has been agreed, the applicant may apply for a remission of rates. A remission application must demonstrate:</p> <ol style="list-style-type: none"> <li>(1) Financial hardship,</li> <li>(2) Exceptional and serious circumstances,</li> <li>(3) How the applicant's exceptional financial hardship circumstances make the maximum term postponement arrangement unfeasible and unreasonable to meet, and</li> <li>(4) How enforcing the maximum term postponement arrangement would further deepen the seriousness of the applicant's financial hardship and critically impact their ability to provide for the basic living needs.</li> </ol> <p>In the interests of community fairness and equity, wherever possible and appropriate:</p> <ol style="list-style-type: none"> <li>(1) Postponement arrangements are preferable to a rate remission.</li> <li>(2) Amounts or proportions of rates to be remitted are to be minimised, for example, below \$1000 or 50% of the rates owed, with the remainder subject to an agreed payment arrangement.</li> <li>(3) Instances of rates remission are to be minimised to no more than one rate remission per applicant.</li> </ol>

The process to be followed in relation to Financial Hardship under this policy are:

Purpose	Description
<b>Applications</b>	<p>To seek financial hardship assistance from Council, an application must be made in writing, addressed to the General Manager, and submitted as follows:</p> <ul style="list-style-type: none"> <li>• On the approved form available at: <a href="http://www.latrobe.tas.gov.au">www.latrobe.tas.gov.au</a></li> <li>• Emailed to <a href="mailto:council@latrobe.tas.gov.au">council@latrobe.tas.gov.au</a> or</li> <li>• Mailed to Latrobe Council, PO Box 63, Latrobe 7307.</li> </ul>

Purpose	Description
<b>Applicants will provide</b>	<ul style="list-style-type: none"> <li>• Evidence of financial hardship and circumstances.</li> <li>• Describe the type of assistance being sought:               <ul style="list-style-type: none"> <li>- Postponement of rate payments (a deferral arrangement),</li> <li>- Postponement or waiving late payment penalties or interest,</li> <li>- Remission of rates, late payment penalties or interest, in part or in full.</li> </ul> </li> </ul>
<b>Assessment process</b>	<p><u>Postponement</u></p> <p>Applications for postponement arrangements will be determined in accordance with a delegation provided under Section 22(2)(ab) of the <i>Local Government Act 1993</i>.</p> <p>(1) for amounts less than \$5,000 – by the General Manager; and</p> <p>(2) for amounts above \$5,000 – by Council in Closed Session.</p> <p><u>Penalties and Interest</u></p> <p>Applications for remission of penalties and/or interest will be determined by the General Manager in accordance with a delegation provided under Section 22(2)(b) of the <i>Local Government Act 1993</i>.</p> <p><u>Remission of Rates</u></p> <p>Applications for remissions will be determined as follows:</p> <ul style="list-style-type: none"> <li>• the General Manager may authorise a remission of rates of up to \$1,000 per property in a financial year in accordance with a delegation provided under Section 22(2)(b) of the <i>Local Government Act 1993</i>.</li> <li>• In circumstances where it is recommended a remission of greater than \$1,000 should apply, the matter will be referred to the Council in Closed Session.</li> </ul> <p>Council will respect the privacy of individuals and business owners who apply for Financial Hardship assistance.</p> <p>All applicants under this policy will be advised of Council's decision in writing.</p>

In responding to the COVID-19 pandemic:

Purpose	Description
<b>COVID-19 Pandemic</b>	<p>To assist those businesses most impacted by the economic slowdown caused by the COVID-19 pandemic, Council will consider providing financial hardship assistance based on the principle of proportionality – namely, that any agreed arrangements will take into account both individual and community wide circumstances on commercial ratepayers, with specific regard to their revenue, expenses, and profitability.</p> <p>To assist those businesses most critically impacted by the economic slowdown caused by the pandemic, Council will consider applications for assistance from commercial businesses, who provide evidence of:</p> <ol style="list-style-type: none"> <li>1. their eligibility for the Australian Government’s JobKeeper Program, and</li> <li>2. the business’ loss of revenue (compared to the same period in the previous year) which is directly attributable to the COVID-19 pandemic.</li> </ol> <p>Other information in support of an application can include:</p> <ul style="list-style-type: none"> <li>• enforced closure due to Government directions,</li> <li>• commercial tenant requests for financial relief,</li> <li>• any documentation that confirms the business is experiencing significant financial hardship, or</li> <li>• any other relevant documentary evidence.</li> </ul> <p>Any assistance provided will be based on an eligibility scale as follows:</p> <ol style="list-style-type: none"> <li>1. Between 75-100% loss of revenue - a full general rates remission equal to a period of 6 months;</li> <li>2. Between 50-75% loss of revenue - a full general rates remission equal to a period of 3 months or a rates postponement with a negotiated payment schedule;</li> <li>3. Between 30-50% loss of revenue – a postponement of the general rate with negotiated payment terms;</li> <li>4. Between 0-30% - no benefit provided unless exceptional individual circumstances have been demonstrated.</li> </ol>

Purpose	Description
	<p>A rates postponement agreement will be for a maximum period of 6 months for any ratepayer who meets the hardship requirements outlined in this policy.</p> <p>As a state of emergency has been declared for COVID-19 any interest normally accruing on late payments will be waived for a period of six months for all ratepayers.</p>

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