

Financial Hardship Policy



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Related strategic documents, policies, or procedures:	Revenue and Debt Collection Policy 2020 Financial Plan 2022 COVID-19 Financial Hardship Policy 2022		

Date	Version Number	Details of Version	Modified by
19/10/2022	2	Readoption	Executive Manager Corporate Services
20/05/2020	1	Adoption	Financial Services Coordinator

1. Purpose

The purpose of this Policy is to establish a consistent approach for Mount Alexander Shire Council to manage payments and communicate with ratepayers who are identified as experiencing financial hardship. Those ratepayers not experiencing financial hardship should refer to the Revenue and Debt Collection Policy.

2. Scope

This Policy applies to those ratepayers who have been identified, either by themselves, Council Officers or by an independent accredited financial counsellor, as having the intention to pay, but who do not have the financial capacity to make the required payments. Where financial hardship cannot be established, Council may avail itself of the collection options under Sections 180 and 181 of the *Local Government Act 1989* (the Act), to recover overdue amounts. These recovery methods include legal action and, in extreme circumstances, the sale of property.

Council offers multiple options for financial assistance, including interest waiver, payment arrangements or payment deferral.

This policy applies to:

- Property rates and charges only.
- The ratepayer's principal place of residence. Applications for financial hardship consideration on other properties will not be considered.

Any form of assistance provided under this Policy will be up to a maximum of twenty four months. A further application for financial hardship consideration may be submitted after this period.

3. Policy

3.1. Financial Hardship

Council recognises that our ratepayers may experience times of financial hardship due to circumstances beyond their control and therefore do not have the capacity to pay their rates.

Our objective is to work with affected ratepayers to implement an acceptable resolution for both parties. All of our customers are to be treated with dignity and respect, and sensitivity is required and an absence of value judgements is necessary, when working with customers experiencing financial hardship.

Identification and types of financial hardship

The identification of financial hardship can be determined by:

- Assessment by Mount Alexander Shire Council staff.
- Self-assessment by the ratepayer.
- External assessment by, for example, an independent accredited financial counsellor.

There are two types of hardship which means that our ratepayers may have different needs:

- Temporary hardship – due to a sudden change in circumstance e.g. illness, unemployment, separation, a death in the family, loss arising from an accident etc. These customers generally require flexible and temporary payment arrangements, such as an extension of time to pay.
- Long-term hardship – generally those who are on low or fixed incomes. These ratepayers may require ongoing assistance. They will be required to resubmit their hardship application every twenty four months.

Financial hardship considerations

Where an assessment takes place to determine a ratepayer's eligibility under this Policy, Mount Alexander Shire Council will give consideration to the below indicators:

- A sudden change in circumstance e.g. illness, unemployment, separation, a death in the family, loss arising from an accident etc.
- Low or fixed incomes.
- Eligibility for a government funded concession such as a Health Care card or social security benefit.
- Ratepayer's history of using the Financial Hardship Policy.
- Evidence of similar financial hardship e.g. overdue utilities.
- Receiving assistance from a financial counsellor.

Financial hardship assistance and assessment

In discussion with Council Officers, the following assistance may be offered during the financial hardship arrangement made:

- Deferral of rates and charges for a period no longer than six months.
- Cessation of interest charges.
- Cessation of legal action.

Assessment of financial hardship will be an objective assessment based on the information provided by the customer to Council.

Rights of customers who are experiencing financial hardship

Council has a responsibility to ensure that every customer who is experiencing financial hardship has the right to:

- Be treated fairly, in a sensitive and confidential environment.
- Nominate a payment arrangement that is affordable, regardless of whether this amount will be sufficient to repay both current rates and rates in arrears.
- Receive written confirmation of the agreed payment arrangement.
- Re-negotiate the amount of their payment arrangement if there is a change in their personal circumstances. Customers will receive written confirmation of the agreed alternative payment arrangement.
- Not incur interest and be exempt from legal action and any debt recovery costs whilst in an approved arrangement, and are adhering to the agreed payment arrangement terms.
- Be provided information as to the circumstances in which they would move back to the mainstream rates payment process after twenty four months.

Minimum service standards

Council commits to the following service standard as a minimum when working with customers who are experiencing financial hardship. We will:

- Engage in a discussion with customers to determine an option suitable for both parties.
- Offer a range of payment options based on the type of hardship being experienced by the customer, understanding that short term hardship may be resolved in the near future whilst long term hardship may require different and ongoing assistance.
- Provide training for staff to ensure that customers are treated with sensitivity and respect, in an environment free from value judgements.
- Exempt customers in financial hardship from legal action and debt recovery costs while payments are being made by the customer, according to the agreed repayment plan or whilst they are in negotiation of being eligible under the Financial Hardship Policy.
- Ensure appropriate escalation procedures from the Council's Complaint Policy are in place for any customer complaints regarding Mount Alexander Shire Council's Financial Hardship Policy.

4. Responsibilities

Position	Responsibility
Executive Manager Corporate Services	Policy review. Approve third and subsequent deferral of rates and charges within a twenty-four-month period. Approve the cessation of interest for eligible hardship customers. Approve the cessation of legal action.
Financial Services Coordinator	Policy implementation. Approve the second deferral of rates and charges within a twenty-four-month period. Approve the cessation of interest for eligible hardship customers.
Collections Officer	Initial assessment of financial hardship. Approve the first deferral of rates and charges within a twenty-four-month period. Approve the cessation of interest for eligible hardship customers. Manage the debt collection and repayment process.
Ratepayer	Communicate with Council regarding any change in circumstances affecting their ability to pay their rates. Make payments according to the agreed payment plan

5. Human Rights Statement

It is considered that this policy does not impact negatively on any rights identified in the Charter of Human Rights and Responsibilities Act (2006).