

POLICY TITLE FINANCIAL HARDSHIP POLICY Draft 1

POLICY NUMBER CPOL/CORP234

1. POLICY STATEMENT

This policy applies to customers who are experiencing difficulties with paying their rates and charges or debtor accounts. Swan Hill Rural City Council defines a customer experiencing hardship as someone who is willing but unable to pay their rates/debtors as a result of financial difficulties.

This policy ensures that regardless of their circumstances our community will face no judgement, and will be treated with understanding, dignity and respect. Financial hardship assistance will help reduce additional penalties and costs that are being incurred by those in the community that can least afford them.

Council is committed to continual improvement through our learning, working with our partners and experts in the field of financial vulnerability. This policy also recognises that family violence is a serious issue that poses substantial risk to the health and wellbeing of our community. Swan Hill Rural City Council is committed to effectively supporting customers who may be experiencing family violence, either directly or indirectly.

2. PURPOSE

The purpose of this Financial Hardship Policy is to provide Council with a Policy framework setting out the process of providing financial relief to individuals and businesses requiring assistance in the payment of rates and charges or debtor accounts on the grounds of financial hardship.

3. SCOPE

This Policy applies to all property owners, rates payers and debtors of the Swan Hill Rural City Council who have been identified, either by themselves, Swan Hill Rural City Council or by an independent accredited financial counsellor as having the intention to pay their rates/debtors but do not have the financial capacity to make the required payments.

This policy shall apply to revenue included on the rates notice, such as rates, waste charges, interest and other relevant charges along with debtor accounts. It is important to note that this policy does not apply to fines issued under Council's Local Laws or any other Act.

In the implementation of this policy, due consideration will be given to determining the type of payment arrangement that is best suited to each property owner's/debtor's individual circumstance and the need to observe compassion, respect and transparency in the assessment of financial hardship applications.

4. DEFINITION

Hardship may be defined as short term or ongoing in duration. Swan Hill Rural City Council appreciates that every customer's situation is different. Payment arrangements and/or assistance options offered to each customer is based on their specific circumstances and capacity to pay. Customers will be offered a range of tailored assistance options to address their circumstances.

Customers will be encouraged to make a regular payment arrangement so that bills can be paid in smaller more manageable amounts. Our payment arrangements are flexible and can be renegotiated when customers' circumstances change.

5. POLICY

Swan Hill Rural City council encourages customers who are struggling financially to contact us either personally or through a third party, such as a financial counsellor or a welfare agency.

Assistance provided under this Policy is available to any person, business or group who have a financial obligation to Council in relation to rates/debtors. The following will be considered when assessing granting assistance under this policy:

- the applicant has displayed a history of attempting to pay the debt to Council;
- the applicant has initiated contact with Council to discuss the debt;
- the applicant is experiencing exceptional circumstances impacting their ability to meet their financial obligations to Council. This could be wide and varied and will be considered on a case by case basis;
- the applicant is experiencing any of the identified compassionate grounds as follows;
 - a. **family violence** – when a person has reported being a victim of family violence;
 - b. **pandemic** - Significantly impacted from a pandemic including unemployment or illness;
 - c. **medical treatment** - when a person needs to pay for medical treatment for themselves or a dependant;
 - d. **mortgage assistance** – when a person needs to prevent their home from being sold by a lender;
 - e. **modification to your home or motor vehicle** - in the case of a disability a person needs to modify their home or vehicle to accommodate their own needs or the needs of a dependant;
 - f. **palliative care** – when a person needs to pay for palliative care;
 - g. **funeral expenses** - when a person needs to pay expenses associated with a funeral;
 - h. **natural disaster** – when a person attends to emergency spending caused by a natural disaster eve
 - i. **low income** – as defined by Services Australia, for example a customer eligible for a Government funded concession;
 - j. **other** – another reason as approved by an Authorised Officer of Swan Hill Rural City Council

Council will consider all applications for Financial Hardship, made in writing on the Financial Hardship Application Form, in a respectful, compassionate, fair, sensitive and confidential manner. Council will also ensure all details are managed with the highest degree of privacy and sensitivity.

Financial Hardship Application Forms are available from Council offices or on Council's website and can be lodged:

In person 45 Splatt Street, SWAN HILL
72 Herbert Street, ROBINVALE

Email council@swanhill.vic.gov.au

By post Chief Executive Officer
PO Box 488
SWAN HILL VIC 3585

All applications are assessed on a case by case basis. The information requested to support an application will be commensurate with the level of support being sought.

Where appropriate Council will refer customers to relevant counselling services for assistance.

Swan Hill Rural City Council's goal for customers experiencing hardship is to help them with their needs and to provide support through our hardship application. It is not Council's policy to provide financial support.

Decisions made on applications are subject to review by the Chief Executive Officer.

6. NON COMPLIANCE WITH AGREED OBLIGATIONS

Customers who do not adhere to their agreed obligations will be contacted and managed in accordance with regulatory obligations under the Local Government Legislation Amendment (Rating and Other Matters) Act 2022.

7. RELATED POLICIES/DOCUMENTS

POL/CORP204 Debt Collection Policy
Financial Hardship Application Form
Financial Hardship Application - Appeal Form
PRO/CORP234 Financial Hardship Procedure

8. RELATED LEGISLATION

Local Government Act 1989
Local Government Act 2020
Local Government Legislation Amendment (Rating and Other Matters) Act 2022

9. DOCUMENT HISTORY

Version Number	Issue Date	Description of Change
1.0	November 2014	Initial release
1.1	December 2015	Review
1.2	April 2019	Review
1.3	February 2023	Review

Signed: _____ **Mayor** **Date:** _____

PROCEDURE TITLE FINANCIAL HARDSHIP PROCEDURE

PROCEDURE NUMBER PRO/CORP234

ENABLING POLICY

Financial hardship policy CPOL/CORP234

ENABLING LEGISLATION

Local Government Act 1989 and Local Government Act 2020 and Local Government Legislation Amendment (Rating and other matters) Act 2022

1. PURPOSE

The purpose of this procedure is to provide a broad definition for genuine financial hardship and outline the processes to be followed in actioning applications for Financial Hardship.

Council aims to:

- Provide assistance to customers, experiencing genuine financial hardship.
- Provide clearly defined guidelines for Council employees to effectively and consistently manage customer financial hardship applications.
- Detail a framework of available assistance options for financial hardship applications.

2. SCOPE

This procedure applies to all Council employees whom may receive applications for financial hardship.

3. PROCEDURE

3.1. Responsibilities

Employee Responsibilities

When assessing Financial Hardship Applications, employees must be extremely aware of the probable financial, emotional, physical or psychological difficulties that the Council client may be experiencing.

Employee responsibilities in Council's *Debt Collection Policy and Procedure POL/CORP204* also apply to this procedure.

3.2. Definition of Financial Hardship

A Council customer is regarded to be in financial hardship if their intention is to pay their Council debt but they do not have the financial capacity to make the payment(s) within the timeframe specified by Council.

The assessment may be made by Council employees, external assessment from an independent financial counsellor (e.g. Mallee Family Care), or self-assessment by the Customer.

Financial Hardship can arise from a variety of situations as noted in Council's Financial Hardship Policy at section 5. Common causes of hardship may include, but are not limited to: unemployment, ill health, separation, a family death, serious accident, family violence, substance abuse, gambling addiction, sudden income reduction, substantial unexpected expenses or other factors resulting in unforeseen change in the property owner/debtor's capacity to meet their payment obligations, whether through a reduction in income or through an increase in non-discretionary expenditure.

3.3. Management of Applications

All Financial Hardship applications, whether referred from a Council employee or an independent financial counsellor, are assessed in the first instance, by the relevant program manager and approved by the relevant Director. The assessment of the application should be actioned within 14 days of receipt. The result of the application is to be conveyed in writing to the applicant and the Customer Service and Revenue Co-ordinator.

The written response is to detail the appeal provision to the Chief Executive Officer. Determination of any appeal also needs to be actioned within 14 days of receipt. (Examples of the Hardship Application and Appeal document are provided as Attachments A and B).

3.4. Rates and Special Charges Scheme Debts

It is anticipated that financial hardship assistance will only be granted to individuals on their primary residence however, specific circumstances may arise where additional assistance is considered (i.e. flooding of farm land). If an application is made by an Incorporated Association Council may require a Financial Audit Statement from the Incorporated Association.

3.5. Types of assistance available

3.5.1. Existing Payment Arrangements

Renegotiate the amount, incidence or length of existing instalment arrangements. Interest amounts, if applicable, would continue to accrue.

3.5.2. Interest Reduction

Penalty interest on outstanding rate amounts is set by the Penalty Interest Act 1983 or is to be calculated at or below the rate fixed by the Minister under section 172A(1) of the Local Government Legislation Amendment (Rating and

Other Matters) Act 2022. Interest on Special Rates and Charges and Loan/Lease Agreements are set at the time of raising these charges. Council may provide interest amount reductions, either in part or in full, for interest amounts raised; or

Council may provide for an agreed interest free period until payment is made.

Assistance for interest reduction would have regard to the demonstrated efforts of the ratepayer to meet past and current payment obligations. Assistance may be granted for short or long term cases.

3.5.3. Deferral of Payment

An account may be placed on hold for a set or indefinite period. This option would generally apply to long term cases of extreme financial hardship. There would need to be demonstrated long term issues which may affect the customer's ability to meet current and future commitments.

Any deferred payments are to be reviewed on a quarterly basis.

3.5.4. Waiver of Account

Section 171A of the Local Government Act 1989 allows Council to waive, in part, or in whole any rate or charge, or any interest imposed for late payment. For all other accounts, the waiver is authorised as per Council's Debt Collection Policy.

This provision is generally only used in circumstances of dire financial hardship, or where a commercial decision is made not to pursue a debt.

3.5.5. Formal Debt Collection Action

Formal debt collection actions are to be suspended during the financial hardship application and approval periods. Council may cancel a payment plan at any time of the person/business is not complying with the terms of the plan per Section 171B (7) of the Local Government Legislation Amendment (Rating and Other Matters) Act 2022.

3.6. External Referral Services

Council employees are able to direct ratepayers to online information services.

The Consumer Action Law Centre (www.consumeraction.org.au) is a not for profit provider of phone based financial counselling services. The financial counselling hotline can be reached on 1800 007 007. This free hotline is open from 09.30am to 4.00pm, Monday to Friday. The centre can also direct callers to their closest local in-person service.

Financial Counselling Australia has developed the www.debtsselfhelp.org.au website. The website provides letter templates, fact sheets, information on financial counselling services and a debt management self-help tool.

Mallee Family Care, 229-235 Beveridge Street, Swan Hill, VIC, 3585, 5032 4479, provide a telephone financial hardship counselling service with their Mildura Office. Personal visitations may be arranged in Swan Hill depending on client requirements.

Rural Financial Counselling Service of Victoria North-West, Murray Mallee Region, 139 Lime Avenue, Mildura, VIC, 3500, Tel.No.1300 769 489, provide a personal contact financial hardship counselling service which is available on appointment.

Swan Hill Neighbourhood House, 89-100 Gray Street, Swan Hill VIC 3585, Tel. No. 5032 1549, provide no interest loans for low income families and individuals. There is a set of criteria for all loan application.

4. RELATED POLICIES/DOCUMENTS

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Signed: _____ **CEO** **Date:** _____