

Council Policy (WCC.010)

Financial Hardship Assistance – Pandemic & Natural Disaster

Responsible Officer:

General Manager

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1 PURPOSE

The purpose of this policy is to enable Council to provide assistance to community members and businesses who are suffering financial hardship by providing an appropriate level of relief from Local Government rates, so that they may overcome these circumstances and return to financial stability and contribute equitably to local services.

This policy applies only to Council rates and charges levied in accordance with Part 9 – Rates and Charges of the *Local Government Act 1993*. This policy does not apply to rates or fees 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*.

This addendum is intended to be supplementary to any other public benefit concessions policy or any other relief measure that Council may implement.

The policy has been developed to be implemented during a pandemic or natural disaster to assist people who lose their jobs, their clients or their business which can destroy incomes and spending. Council determined to assist those that are most critically impacted by an economic slowdown caused by a pandemic or natural disaster with a robust and fair hardship policy.

2 OBJECTIVES

This policy applies to ratepayers including commercial/business experiencing genuine and serious financial hardship and needing assistance to meet both their basic needs and their rate payment obligations to Council. It is not intended to be used to maintain financial positions for those who do not need it and are not genuinely impacted by serious financial hardship.

Despite this, serious financial hardship can occur at any time, so this policy is designed to address a range of circumstances.

This policy will be applied in accordance with the following principles:

- Consistent, equitable and respectful treatment of all residents and ratepayers that is sensitive to their specific circumstances.
- Maintaining Council's ability to provide essential services to our community through appropriately applied rating.
- Assisting ratepayers who are suffering serious financial hardship, so that they may overcome these circumstances and return to financial stability and contribute equitably to local services.
- Ensuring that those able to contribute to local services, continue to do so.
- Minimising the opportunity for misuse, exploitation, or fraud by ensuring decisions made to provide special relief or assistance are supported by sufficient evidence.
- Maintaining confidentiality and privacy of applicants and ratepayers, their applications and any information provided.

3 DEFINITIONS

A Pandemic is defined as the rapid spread of an infectious disease that has spread across a large region, for instance multiple continents or worldwide, affecting a substantial number of individuals

A Natural Disaster is defined as the negative impact following an actual occurrence of natural hazard in the event that it significantly harms a community.

Examples of natural hazards include avalanche, coastal flooding, cold wave, drought, earthquake, hail, heat wave, hurricane (tropical cyclone), ice storm, landslide, lightning, riverine flooding, strong wind, tornado, typhoon, tsunami, volcanic activity, wildfire, blizzard.

4 POLICY

4.1 Genuine Financial Hardship

The health and safety of staff and the wider community is Council's number one priority, and our management team is working closely with the authorities to ensure a consistent approach in relation to Pandemics & Natural Disasters.

According to the Australian Taxation Office (ATO)¹, individuals are considered to be in serious hardship when they are unable to provide the following for themselves, their family or other dependents:

- Food.
- Accommodation.
- Clothing.
- Medical treatment.
- Education.
- Other basic necessities.

Any agreed arrangements for eligible ratepayers will consider both individual and community wide circumstances (such as Pandemic or Natural Disaster) on commercial levies, with specific regard to their revenue, expenses, and profitability. Council recognises that serious financial hardship can occur at any time, therefore this document addresses a range of circumstances.

A number of factors can contribute to or trigger serious financial hardship, including:

- Loss of employment of the property owner, family member or household primary income earner.
- Serious illness, including physical incapacity, hospitalisation, or mental illness of the property owner or family member.
- A natural disaster.
- A public health emergency or declared state of emergency.

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- Family tragedy.
 - Family breakdown.
 - Financial misfortune.
 - Other serious or complicating circumstances.

Community wide issues and circumstances may impact financial hardship, but hardship is always assessed at an individual level, and requires reviewing personal circumstances.

Serious financial hardship involves both low income/cash flow and a low asset base.

Personal property portfolios beyond a primary residence or a business's primary operating space, can be employed to improve an applicant's cash flow and financial sustainability. Applications for assistance on residential investment properties will not be considered.

¹ See: <https://www.ato.gov.au/General/Support-to-lodge-and-pay/In-detail/Evidence-of-serious-hardship/>

4.2 Evidence of Financial Hardship

Applicants will need to provide evidence of their circumstances of financial hardship to justify Council's special consideration of their case. The type of evidence required will depend on your circumstances and may include, for example, one or more of the following:

- Assessment by an independent accredited financial counsellor demonstrating an inability to both pay rates and to rearrange asset portfolios to facilitate payment.
- A statutory declaration from an appropriate and independent professional, familiar with the applicant's circumstances (e.g. a family doctor for health-related evidence, a bank official, insurance policy manager, etc.).
- Pending disconnection of essential services, like water, electricity, gas (does not include mobile phone or internet bills).
- Notice of impending legal action.
- Letter from charitable organisation regarding loss of employment or inability to provide for basic necessities.
- Bank notice for example, overdraft call or mortgaged property repossession.
- Employer notice of redundancy or termination of employment.
- Overdue medical bills.
- Letter from doctor verifying the inability to earn an income due to illness or caring for a sick family member.
- Final notice from school regarding payment of mandatory fees.
- Funeral expenses.
- Repossession notice of essential items, like a car or motorcycle.

4.3 How Council can Help

The *Local Government Act 1993* provides Council with three methods of rate relief:

- 1) Postponing rate payments (Sections 125-127)
- 2) Remission of late payment penalties or interest (Section 128)
- 3) Remission of rates (Section 129)

The following sets out an eligibility scale of rates relief measures based on a business's loss of revenue (due to a pandemic or disaster).

Council will normally apply the following to businesses experiencing loss of revenue (compared to the same period in the previous year):

- Between 75-100% - a rates remission or partial remission.
- Between 50-70% - a rates deferral, negotiated payment terms and/or waiver of penalty and interest charges.
- Between 30-50% - negotiated payment terms and or/waiver of penalty and interest charges.
- Between 0-30% - would prima facie receive no benefit unless they show individual cause.

The value of any waiver will be capped at either \$15,000 by approval of the General Manager or \$50,000 by approval from Council.

4.3.1 Postponing Rate Payments – Deferral Arrangements

In confirmed cases of financial hardship, Council may choose deferral of individual rates payments within a defined period, in whole or in part, to be paid back at a later date, subject to any conditions Council determines. The deferral arrangement applies to specified payments and other rate payments are not affected and continue to accrue as normal.

The terms of rate deferral arrangements will be proportionate to the applicant's demonstrated financial hardship circumstances, so supplying sufficient evidence of these circumstances is important for developing the appropriate terms.

Rate payment deferrals approved under this section are typically deferred by three (3) months. However, rate deferral arrangements can only defer individual payments up to a maximum of two (2) years and only in the most serious circumstances.

All deferred payments must be repaid as specified in accordance with the deferral arrangement, otherwise regular late payment penalties and/or interest will apply. Length of the deferral arrangement will be determined case by case on the basis of hardship.

Ratepayers who are subject to a deferral arrangement who overcome their financial hardship circumstances are encouraged to begin repaying their deferred rates payments as early as they are able.

Note: Council may revoke any postponement of rates payments at any time, in accordance with Section 127 of the *Local Government Act 1993*, by giving 60 days notice in writing to the ratepayer.

4.3.2 Remitting Late Payment Penalties and Interest

For typical circumstances that are not of financial hardship, rates must be paid by the due date and Council may charge a penalty or daily interest or both for each late payment. However, for confirmed cases of financial hardship, Council may waive either the applicable late payment penalties, or the interest accumulated, or both, for a specified period that relates to the period of financial hardship.

4.3.3 Remitting Rates

Remission of any rates, late payment penalties or interest, in part or in full, is reserved only for the most serious and exceptional of financial hardship cases. Even in these cases, deferral of rate payments must be applied for and granted first, before an application for rates remission can be considered.

After the applicant has entered into a deferral arrangement with Council, the applicant may apply for remission of rates. The application must demonstrate:

- Financial hardship.
- Exceptional and serious circumstances.
- How the applicant's exceptional financial hardship circumstances make the maximum term deferral arrangement under section 4.3.1 unfeasible and unreasonable to fulfil, and
- How enforcing fulfilment of the maximum term deferral arrangement would only deepen the seriousness of an applicant's financial hardship and critically impact their ability to provide for the basic living necessities (food, accommodation, clothing, medical treatment) of the applicant and dependents.

In the interests of community fairness and equity, wherever possible and appropriate in determining rates remission applications:

- Deferral arrangements are preferable to rates remission.
- Amounts or proportions of rates to be remitted are to be minimised, for example, below \$1000 or 50%; the remainder subject to payment arrangements.
- Instances of rates remission are to be minimised to no more than one rates remission per applicant.

5 APPLICATIONS

5.1 Applying for Financial Hardship Assistance

To seek financial hardship assistance from Council, an application must be made in writing, addressed to the General Manager, and submitted as follows:

- Emailed to wcc@westcoast.tas.gov.au; or
- Mailed to PO Box 63, QUEENSTOWN TAS 7467

Applications must:

- Demonstrate and provide evidence for financial hardship and circumstances (see section 4.2 – Evidence of Financial Hardship).
- Describe the type of assistance sought, being:
 - Postponing rate payments (a deferral arrangement).
 - Remission of late payment penalties or interest, and/or
 - Remission of rates (in the most serious and exceptional of financial hardship cases).
- Address the requirements of the relevant subsections of section 4.3 – How Council can Help.

5.2 Assessing Applications

Council delegates all decisions relating to postponement of rates payments and reduction or remission of late fees and interest to the General Manager. Who may further delegate this power as appropriate.

Council delegates all remission decisions for primary residences and places of business to the General Manager to a maximum of \$15,000, all individual applications above this will be presented to Council by way of a closed session report. This power cannot be further delegated.

6 LEGISLATION AND RELATED DOCUMENTS

This policy relates to and depends on other Council policies and other Tasmanian Government legislation, including:

- *Local Government Act 1993*, Part 9 – Rates and Charges², particularly:
 - Section 86A – General principles in relation to making or varying rates.
 - Sections 125-127 – Postponement of payment.
 - Section 128 – Late payments.
 - Section 129 – Remission of rates.
- *COVID-19 Disease Emergency (Miscellaneous Provisions) Act 2020*³.
- *Rates and Charges Policy (pursuant to section 86B of the Local Government Act 1993).*

² See: <https://www.legislation.tas.gov.au/view/html/inforce/current/act-1993-095#HP9@HD9@EN>

³ See: <https://www.legislation.tas.gov.au/view/whole/html/inforce/current/act-2020-011>