



# Financial Hardship Policy

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<b>Responsible Officer:</b>	Manager Finance
<b>Strategic Plan Reference:</b>	1.1 A Council that engages with and enables its community

### 1. POLICY STATEMENTS

- 1.1 Kingborough Council acknowledges that from time to time some residents/ratepayers may suffer from financial hardship.
- 1.2 The purpose of this policy is to provide assistance to those ratepayers who are experiencing financial hardship.

### 2. DEFINITIONS

- 2.1 *'Financial Hardship'* means when a ratepayer is unable to pay their bills, or meet other financial obligations, when they are due.

### 3. OBJECTIVE

- 3.1 This policy is to help ratepayers who are suffering financial hardship by providing relief via alternative payment arrangements to the requirement to pay Council rates and charges. Relief may also be available in the application of interest and penalties applied to overdue rates.

### 4. SCOPE

- 4.1 This policy establishes the guidelines for the assessment of financial hardship applications.

### 5. PROCEDURE (POLICY DETAIL)

- 5.1 A ratepayer may be eligible for consideration for hardship assistance in the payment of rates, service charges, interest and penalties, where:
  - 5.1.1 the person is unable to pay rates, or charges, when due and payable, for reasons beyond the person's control, or
  - 5.1.2 payment would cause the person hardship.
- 5.2 What is Financial Hardship?
  - 5.2.1 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, may be employed to improve an applicant's cash flow and financial sustainability. Applications for assistance on residential investment properties will generally not be considered. The nature of a hardship application means Council will request financial information.
- 5.3 Assistance for Residential
  - 5.3.1 Council will consider waiving the application of interest and penalties and a deferment of due dates for payment. In most instances an application for deferment will only be agreed if the ratepayer enters into, and adheres to, a direct debit payment plan.
- 5.4 Assistance for Commercial and Industrial
  - 5.4.1 Any rate relief will only be available upon provision of evidence of loss of revenue over the previous year. It will only be available for ratepayers with an annual turnover of less than \$1,000,000.
  - 5.4.2 For a revenue loss, over the previous year, of:
    - i. between 75 - 100%  
there will be a waiver of rates for the quarter where the revenue loss is verified by evidence supplied;

- ii. between 50 – 75%  
there will be negotiated payment terms and/or waiver of penalty and interest charges over the following twelve months;
- iii. between 30 – 50%  
there will be negotiated payment terms and/or waiver of penalty and interest charges over following six months;
- iv. between 0 – 30%  
there will be no benefit provided unless they show individual cause, in which case some benefit may be considered.

### 5.5 Tenants of Commercial properties

5.5.1 Rate relief can only be provided to a ratepayer that is the landlord of a commercial property where that ratepayer agrees to provide the rate relief to a commercial tenant. A landlord may apply on a tenant's behalf, on condition that:

- i. the revenue loss of the tenant is verified under the same criteria as the commercial ratepayer above; and
- ii. the landlord agrees to pass the rate relief on to the tenant and the tenant must verify they have received the rate relief.

5.5.2 Where a commercial property has multiple tenants', relief may be given to portions of a property that are associated with individual tenants. Council will determine appropriate allocations.

5.5.3 The assistance given to tenants will be to treat each tenant as a "stand alone" ratepayer and apply the assistance from 5.4 above.

### 5.6 Application process

5.6.1 Ratepayers seeking assistance from this policy should apply via the application form on Council's website.

### 5.7 Assistance for Tenants of Council properties

5.7.1 Council will consider any application for rental relief from tenants of Council properties where, due to circumstances beyond their control, they are unable to conduct their normal activities. Rental relief will usually only be granted where the tenant is not using the Council facilities. This relief will only be available where the hardship is for a period of longer than one month.

5.7.2 Normal outgoings that are charged to tenants will still be payable.

### 5.8 Sporting Clubs

**This policy is not designed for Sporting Clubs. If they require assistance they should apply directly to Council.**

### 5.9 Limit of Rate/Rental relief

5.9.1 Any rate or rental relief under this policy will only be for a period of no longer than twelve months. Applications should be submitted quarterly.

### **6 GUIDELINES**

- 6.1 A ratepayer or tenant seeking relief under this policy must apply by completing the application form and describing why they are in genuine financial hardship. The application form is available on the Council website.
- 6.2 Assistance can only be given to ratepayers. If the ratepayer agrees to pass any assistance provided, in full, on to a tenant, a tenant will be assessed individually using the above turnover criteria. This may mean only a portion of a rate assessment will qualify for hardship assistance.
- 6.3 Council may ask the ratepayer to provide evidence that they are suffering, or will suffer, genuine financial hardship. For Commercial and Industrial ratepayers independently verified turnover information will be required.
- 6.4 Ratepayers and tenants will be assisted through consideration of the application of interest and penalties on overdue rates and an extension of due dates for payment.
- 6.5 Decisions for applications under this policy are to be made by
  - 6.5.1 Rates Officers, for the deferment of the payment due-date, or the waiving of interest and penalties, and where these alternative payment arrangements still result in the full payment of rates within the financial year.
  - 6.5.2 Chief Financial Officer, or Manager Finance, for decisions up to \$2,500, or payment of rates over multiple rating years,
  - 6.5.3 Executive Manager Governance and Community Services, for decisions on tenants' rental up to \$2,500, and
  - 6.5.4 General Manager for decisions above \$2,500.

### **7 COMMUNICATION**

- 7.1 Members of the public
- 7.2 Kingborough Councillors
- 7.3 Kingborough Council staff

### **8 LEGISLATION**

- 8.1 Sections 125 and 126 of the *Local Government Act 1993*.

### **9 RELATED DOCUMENTS**

- 9.1 Nil.

### **10 AUDIENCE**

- 10.1 Public.

### APPLICATION FOR FINANCIAL HARDSHIP CONSIDERATION

Kingborough Council has approved a Financial Hardship Policy which will be used to assist households, businesses. This Policy provides for the deferral of rates and charges and remission or deferral of user fees and charges.

Name	
Address	
Ratepayer name	
What assistance are you seeking from Council?	
Reason for application	
If a landlord, will you pass the benefit of this remission onto your tenant(s)?	
Property address	
PID	
Employment Details	
Additional information you would like to add to this application	
Contact Telephone number	
Contact email address	