



Financial Hardship Policy

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Responsible Officer:	Manager Finance
Strategic Plan Reference:	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 The purpose of this policy is to enable Council to provide assistance to community members who are suffering financial hardship by providing an appropriate level of relief from local government rates.

4. SCOPE

4.1 Application and Intent

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. 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.

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*.

5. PROCEDURE (POLICY DETAIL)

5.1 Genuine Financial Hardship

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 dependants:

- 1) Food;
- 2) Accommodation;
- 3) Clothing;
- 4) Medical treatment;
- 5) Education;
- 6) Other basic necessities.

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

- 1) Loss of employment of the property owner, family member or household primary income earner;

¹ See: <https://www.ato.gov.au/General/Financial-difficulties-and-serious-hardship/Individuals-with-serious-hardship/>

- 2) Serious illness, including physical incapacity, hospitalization, or mental illness of the property owner or family member;
- 3) A natural disaster;
- 4) A public health emergency or declared state of emergency;
- 5) Family tragedy;
- 6) Family breakdown;
- 7) Financial misfortune;
- 8) Other serious or complicating circumstances.

Community wide issues and circumstances, such as the COVID-19 pandemic, 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.

5.2 Evidence of Financial Hardship - Residential

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.

5.3 Evidence of Financial Hardship – Commercial and Industrial Applications

This will only be considered upon provision of evidence of loss of revenue over the previous year. It will usually be provision of revenue figures provided by an accountant, or equivalent.

5.4 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)

5.4.1 Postponing – 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 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.

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 that 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.

5.4.2 Remitting Late Payment Penalties and Interest

For typical circumstances that are not of financial hardship, rates must be paid by the due date and Councils 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.

5.4.3 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:

- 1) Financial hardship;
- 2) Exceptional and serious circumstances;
- 3) How the applicant's exceptional financial hardship circumstances make the maximum term deferral arrangement under section 0 unfeasible and unreasonable to fulfil; and

- 4) How enforcing fulfilment of the maximum term deferral arrangement would only deepen the seriousness of 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:

- 1) Deferral arrangements are preferable to rates remission;
- 2) Amounts or proportions of rates to be remitted are to be minimised, for example, below \$1,000 or 50%; the remainder subject to payment arrangements;
- 3) Instances of rates remission are to be minimised to no more than one rates remission per applicant.

5.4.4 Commercial and Industrial Applications

Applications for Rate Relief under the *Local Government Act s. 129* Remission of Rates will be considered, for ratepayers with a turnover of less than \$1,000,000. To be eligible, the ratepayer will have incurred a revenue loss, over the previous year, of greater than 75%.

5.4.5 Tenants of Council Properties

Council have some tenants who may find, due to circumstances beyond their control, they are unable to conduct their normal activities. An example would be the suspension of a sporting competition as in the COVID-19 crisis. Rental relief will usually only be granted where the tenant is not using the Council facilities. Any applications should be made directly with Director Governance, Recreation and Property Services.

5.4.6 Sporting Clubs

Applications for assistance from sporting clubs are not covered by this policy.

Any applications should be made directly with Director Governance, Recreation and Property Services.

5.5 Applications

5.5.1 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:

- Submitted via online form at www.kingborough.tas.gov.au;
- Emailed to kc@kingborough.tas.gov.au; or
- Mailed to 15 Channel Highway, Kingston, 7050.

Applications must:

- Demonstrate and provide evidence for financial hardship and circumstances (see paragraph 5.3 of this policy).
- Describe the type of assistance sought, being:
 - Postponing rate payments (a deferral arrangement);
 - Postponing or waiving late payment penalties or interest;
 - Remitting rates, late payment penalties or interest, in part or in full;

- Address the requirements of the relevant subsections of paragraphs 5.3 and 5.4.4 of this policy.

This will only be considered upon provision of evidence of loss of revenue over the previous year. It will usually be provision of revenue figures provided by an accountant, or equivalent.

5.6 How Council can Help

5.6.1 Assessing Applications

Applications for deferral arrangements must be decided by:

- 1) For amounts less than \$2,500 – the Manager Finance; or
- 2) For amounts of \$2,500 or greater – the Director People & Finance.

Applications for remission of any rates or late payment penalties or interest charges must be decided by the Chief Executive Officer under delegation from Council. These will be reported quarterly to Council, however due to privacy considerations only numbers and dollars will be reported, not personal information.

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

6. COMMUNICATION

- 6.1 Members of the public.
- 6.2 Kingborough Councillors.
- 6.3 Kingborough Council staff.

7. LEGISLATION

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

8. RELATED DOCUMENTS

- 8.1 Nil.

9. AUDIENCE

- 1.3 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	