
NAME OF POLICY: Financial Hardship Policy – COVID-19

POLICY MANUAL: Finance

BACKGROUND

The Council is committed to assisting customers and ratepayers experiencing financial hardship due to the impacts of the COVID-19 Pandemic. This Policy sets out how the Council assists customers and ratepayers, who are experiencing temporary financial hardship as a direct result of the COVID-19 Pandemic, and are finding it difficult to manage the payment of rates and/or sundry charges which are currently outstanding. This policy extends the financial relief that is offered under the Council Financial Hardship Policy.

KEY PRINCIPLES

When responding to requests for financial hardship, the Council will always show respect, empathy and sensitivity towards the situation.

The principles that underpin the assessment of financial hardship are;

Accountability and Transparency

The Council's practices and decisions are underpinned by accountability and transparency and must accord with the requirements and intent of relevant legislation and accepted conventions.

Fairness and Equity

The Council will ensure that outstanding debts are managed fairly and equitably and the application of this policy is consistent. In applying this Policy, the Council maintains that parties who incur debts, do so in full expectation of meeting the prescribed repayment terms.

The Council also acknowledges that organisational and individual financial circumstances can change. If difficulties are anticipated, individuals and organisations must promptly initiate discussions seeking alternative payment arrangements.

Responsibilities

The Council will ensure that customers and ratepayers fully understand the commitments that they and the Council agree to and the requirements that both parties need to do to fulfil those commitments.

Hardship, though, is a partnership that also relies on customers and ratepayers being committed to the principles and requirements of the arrangements put in place, including remaining in contact with the Council and providing information to help the Council understand your circumstances so we can provide the most appropriate assistance to you.

Responsibility for managing the review of financial hardship requests rests with the Council's Finance Unit.

POLICY

Financial hardship for ratepayers and landlords due to the impacts of COVID-19 will be broadly classified into four categories;

- A ratepayer who has become unemployed or underemployed and is receiving a JobSeeker payment from the Government.
- A ratepayer whose business is experiencing financial hardship and is receiving a JobKeeper payment from the Government.
- A landlord whose tenant is experiencing financial hardship and is receiving a JobKeeper payment from the Government as a result of COVID-19 and giving rent relief.
- A ratepayer whose business has been forced to close due to the COVID-19 restrictions that have been put in place but are not in receipt of Job Keeper payments.

Financial Assistance provided to successful applicants claiming financial hardship due to the impacts of COVID-19 will only receive relief for outstanding rates payments may include;

Postponement (Section 182)

Pursuant to Section 182 (1)(a) of the *Local Government Act 1999*, the Council may, upon application, postpone the payment of rates, in whole or in part, for a period that the Council deems appropriate.

In the case of postponement, if approved, the balance of rates will be deferred for a period of between six (6) to eighteen (18) months, depending on the nature of the financial hardship. A review of the circumstances will be carried out at the end of the postponement time period.

Payment Arrangements

Payment plans may be offered subject to a fair and reasonable minimum payment amount. A condition of a payment plan is paying a minimum amount to ensure the payment of future rate instalment to avoid the outstanding debt increasing further.

Interest – Penalty Interest (Section 181)

Pursuant to Section 181 of the *Local Government Act 1999*, the Council may require a person to pay interest on any amounts of rates and charges which a person is liable to pay. The interest rate is fixed under S181(8)(c) of the Act

Section 181(9) of the *Local Government Act 1999* allows for a reduction in the penalty interest rates for the ratepayer. The Council recognises that setting a penalty interest rate which is consistent with S181(8)(c) of the Act could have a negative effect on the finances of ratepayers, which prolongs their hardship.

As such, where hardship is established and subject to any agreed payment arrangements being adhered to, interest and fines for non-payment of quarterly rates may be suspended for the term of the postponement.

Interest on outstanding rates will be levied at the penalty interest rate unless a postponement is granted and a reduced interest rate approved.

Rebate of Council Rates (Section 166)

Pursuant to Section 166(1)(b) of the *Local Government Act 1999*, the Council may grant a discretionary rebate to for the purposes of supporting businesses within the City.

Upon application and demonstration of Financial Hardship, the Council may provide a discretionary rebate of up to the 20% differential between residential and commercial rate-in-the-dollar.

Remission of Council Rates (Section 182)

Pursuant to Section 182 (1)(b) of the *Local Government Act 1999*, the Council may, upon application, may remint the payment of rates, in whole or in part, if the payment of rates will cause hardship.

Upon application and demonstration of Financial Hardship, the Council may remit rates up to the 20% differential between the residential and non-residential rate-in-the-dollar.

REVIEW PROCESS

The Council will review this Policy within 6 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 25 May 2020
This Policy was adopted by Council on 1 June 2020.

TO BE REVIEWED

October 2020