

# Hardship Policy

ADOPTED BY COUNCIL: 28 JUNE 2023

## 1. PURPOSE

Council recognises there are cases of financial hardship requiring respect and compassion. This policy establishes guidelines for the assessment of hardship applications applying the principles of respect, fairness, integrity, flexibility, confidentiality and compliance with relevant statutory requirements.

## 2. APPLICATION

This policy applies to all applications for waiving, deferment and alternative payment arrangements, or the writing off of rates, fees, charges and interest accrued on such debts.

## 3. POLICY INTENT

The objective of this Policy is to establish an effective, accountable and transparent framework for managing the circumstances under which Council will assess requests for relief due to financial hardship.

## 4. COMMUNITY STRATEGIC PLAN OBJECTIVES

The Community Strategic Plan 2017-2027 reflects the community's input and aspirations for how the Armidale Region can best continue to grow and prosper. It also presents strategies on how Council can effectively balance its economic, environmental, and social aspirations to improve overall community well-being, foster creativity and innovation, build communities, and create opportunities.

The Delivery Program and Operational Plan align with the Community Strategic Plan to ensure consistency in strategic planning and delivery of services and infrastructure.

The main supporting strategies related to this policy in the Delivery Program are:

### **Leadership for the Region**

Fiscal Responsibility: Council exceeds community expectations when managing its budget and operations

Organisational Health: Council demonstrates sound organisational health and has a culture which promotes

Our People and Community: Services are provided to ensure inclusiveness and support to the vulnerable members of our community

## 5. POLICY

### Background

This policy recognises that ratepayers and other debtors may at times encounter difficulty in the payment of rates, water and other charges. Council's intention is to offer ratepayers in these situations a suitable payment arrangement. Hardship can result from a number of factors including but not limited to:

- Loss of employment or a change in income
- Illness, incapacity, hospitalisation
- Family breakdown or a death in the family
- Natural disaster
- A change in circumstances

### When applications will be considered

Council will only consider an application for rates and charges hardship relief where:

- The property is in the name of a person/s;
- The property is the owner's principal place of residence;
- The property is rated as residential or farmland; and
- There is overdue debt.

The above criteria excludes applications for hardship relief from being considered from companies or other entities, including trusts.

For non-property related debt applications, hardship relief will not be considered where debts are not in the name of individuals and will be assessed on a case by case basis.

### Types of concession available

The *Local Government Act 1993* allows Council to provide hardship assistance to ratepayers under the following sections of the Act:

*Section 564* provides that Council may enter into an agreement for the payment of rates and charges. Ratepayers and other debtors can apply for a payment arrangement if they:

- a) have overdue amounts outstanding; and
- b) can substantiate their hardship (evidence may be requested).

*Section 567* provides that Council may write off accrued interest on rates and charges if, in its opinion, the person was unable to pay the rates or charges when they became due for reasons beyond the person's control, or that the payment of interest would cause the person financial hardship. Applications need to be made in writing and evidence would need to be provided.

*Section 601* relates to hardship resulting from certain valuation changes and provides that Council has the discretion to waive, reduce or defer the payment of the whole or part of the increase in the amount of rates payable if hardship is proven. Applications under this section are generally only for exceptional circumstances, are limited to residential properties, need to be made in writing and evidence would need to be provided.

## Payment Arrangements

Council recognises that providing options for debtors to keep debt at manageable and affordable levels will assist in minimising financial stress and avoiding costs associated with escalated debt recovery. In cases of hardship, Council will work with customers to put suitable payment arrangements in place.

Payment arrangements should be finalised where possible prior to the next rates being levied so the problem is not compounded and will be negotiated so that all outstanding arrears as well as any current rates and charges are cleared within a 12 month period. Longer periods outside the 12 month timeframe may be accepted in some circumstances on a case by case basis.

All ratepayers who enter into a payment arrangement will continue to have interest charged on the outstanding amount in accordance with section 566 of the Local Government Act 1993.

### Lodging a request for hardship relief

Requests for hardship relief in the form of payment arrangements that result in all outstanding debt cleared within a 12 month period can be made by phone or in writing. A 'Payment Arrangement' form will then be prepared and sent to the ratepayer or debtor for agreement and signature.

If ratepayers are still having difficulties with paying the agreed amounts as per their Payment Arrangement, or are experiencing more serious hardship, we encourage them to review both Council's 'Hardship checklist' and 'Rates and Water Payments Flowchart'. Both can be found on Council's website.

All other requests for hardship relief including variations of the interest rate must be made in writing. Council may then request further information from the ratepayer or debtor in order to undertake an assessment of the application.

### Interest

Council has the discretion to waive or reduce the interest rate on the outstanding amount in accordance with section 566 (3) of the *Local Government Act 1993*.

Requests for the writing off of any interest may also be considered by Council if both the payment arrangement obligations have been met in full and there are no longer any overdue amounts. Council will only consider write-off amounts once a written request is submitted. Requests should refer to hardship impacts and final decisions will be referred to the General Manager.

### Continuing hardship

Ratepayers and debtors that continue to experience hardship may apply for additional hardship consideration and this will be considered on a case by case basis. Included in this would be the possible option of a 'rate deferral agreement' in exceptional circumstances.

## 6. LEGISLATIVE REQUIREMENTS

There are a number of legislative requirements that will apply and need to be followed under this policy:

- NSW Local Government Act 1993
- NSW Local Government (General) Regulation 2005
- NSW Privacy and Personal Information Act 1998
- NSW State Records Act 1998

## 7. REVIEW

This Policy will be reviewed every two years from the date of each adoption of the policy, or more frequently as required.

## 8. REPORTING

### Record Keeping Procedures

Debt recovery activities will be carried out in a manner that supports Council officers in meeting their obligations to ensure information of a confidential nature is obtained, recorded in an appropriate manner in accordance with the relevant Council privacy procedures.

### Website

Council will provide information on its website to inform ratepayers and other debtors about its debt recovery processes, payment arrangement options and available financial counselling services ([www.armidaleregional.nsw.gov.au/hardship-support](http://www.armidaleregional.nsw.gov.au/hardship-support)).

## 9. RESPONSIBLE OFFICER

The responsible officer for this policy is the Chief Financial Officer.

## 10. ROLES AND RESPONSIBILITIES

### Debt Recovery Officer

Responsible contact for initial confidential requests, maintaining records and registry of payment arrangements, debt recovery status and processing of hardship applications that are in accordance with standard policy provisions.

### Revenue Coordinator

Responsible for implementation, application and review of policy, escalations, dispute resolution and assessment of applications for hardship outside standard policy provisions.

### Chief Financial Officer

Escalated and unresolved dispute resolution and oversight of hardship provisions.

### General Manager

Authority to write off debts within allowable limits. All other debt write-offs are by Council resolution.

## 11. RELATED PROCEDURES

This policy should be read in conjunction with Council's *Debt Recovery Policy*.

Other related policies include:

- *Revenue Policy*
- *Fees & Charges Policy*

APPROVAL AND REVIEW	
Responsible Business Unit	<b>Financial Services</b>
Responsible Officer	<b>Chief Financial Officer</b>
Date/s adopted	<b>28 June 2023 - Council</b>
Date/s of previous adoptions	<b>22 September 2021 - Council</b>
Date of next review	<b>April 2025</b>
TRIM Reference	