

Document Control	
Policy Title	Financial Hardship Policy
Doc ID No	
Responsible Directorate	Corporate Services/CFO
Responsible Position	Coordinator - Rates
Date Review Due	31 May 2021

Version	Council Meeting Date (Date of Adoption/Review)	Minute Number
V1.0		

1. Purpose

Gympie Regional Council (Council) recognises the diversity of ratepayers within the region and acknowledges that unforeseen personal circumstances can adversely affect the affordability of rates expenses. These situations may include, but are not limited to, sudden illness, death of a partner, loss of employment, being impacted by a natural disaster such as fire, flood or drought, or any other cause reasonably considered that impacts your ability to pay.

Council relies on rates and charges to fund essential services and operate its facilities within the region. The non-payment of rates and charges by some ratepayers places an unfair burden on other ratepayers who meet their obligation in full. However, when pursuing the collection of overdue rates, Council has due concern for the financial hardship faced by some ratepayers.

The key objectives of this policy are to:

- Provide a mechanism that enables people to feel comfortable in approaching Council about outstanding rate debts
- Provide a policy that encourages a consistent and proactive approach in identifying and assisting ratepayers who may be experiencing difficulty paying their rates due to personal or financial hardship
- Encourage people experiencing financial hardship to proactively access financial counselling support services

- Enhance the understanding between Councillors, Council staff and ratepayers by documenting the guidelines for financial hardship eligibility

The purpose of this policy is to identify, pursuant to Section 122(1)(b) of the *Local Government Regulation 2012* (Qld) the classes of ratepayers that can make application for a concession due to financial hardship, and the conditions that must be complied with in order for the concession to be granted. Further, this policy aims to ensure Council works with ratepayers who have a willingness but not the capacity to pay, and treat them with fairness, equity and sensitivity.

2. Scope

These guidelines apply to all Council staff recovering or managing revenue owed to the Council by ratepayers, including those responsible for managing the provision of paid services and products, including permits and penalties or infringements. This policy provides Council with a framework to provide assistance in a time of temporary financial hardship due to extraordinary circumstances.

Under Section 120(1)(c) of the *Local Government Regulation 2012* (Qld), Council may grant a concession if it is satisfied that, '*the payment of rates or charges will cause hardship to the land owner*'. In assessing an application for financial hardship, Council will give consideration to an applicant's prior payments efforts, current financial position and their ability to pay the ordinary annual rates.

When determining financial hardship eligibility, Council will not support applications for hardship assistance where the applicant has another avenue to alleviate the situation or seek further financial assistance and has not taken this alternative option.

This policy does not include property leased (including rental arrangements) to a third party by a private organisation or individual.

3. Related Legislation

Local Government Act 2009 (Qld)

Local Government Regulation 2012 (Qld)

4. Related Documents

Revenue Statement

Information Privacy Policy

Application form Financial Hardship

Financial Assistance referral directory

5. Definitions

Unless specified, all words within this policy have the meaning assigned under Council's Revenue Statement, or the dictionary from schedule (8) contained within the *Local Government Regulation 2012* (Qld).

To further assist in interpretation of this policy the following definitions apply:

"Council" – shall mean the Gympie Regional Council.

"Illness" means: a medical condition diagnosed by a medical professional that impacts the ability of a ratepayer to meet their financial commitments owing to lost income resulting from illness.

"Instalment" means: a sum of money due as one of several equal payments, spread over an agreed period of time as part of payment arrangement.

"Death of a Partner" means: unexpected funeral expenses and/or reduction or loss of family income as a result of the death of a member of a couple (married, registered relationship or de-facto relationship).

"Deferral" means: the temporary freeze and postponement of outstanding and/or overdue rates and charges.

"Direct Debit" means: when you have made application via the approved form to authorise Council to regularly take money from a nominated bank account. This method can be used to make fortnightly payments or to pay rates in full by the due date. It does not constitute a formal payment arrangement.

"Financial Counsellor" means: a person qualified to provide free financial advice and assistance to people who are in debt or not able to meet their ongoing expenses.

"Financial Hardship" includes: appreciable detriment specific to the circumstances of the particular class of individuals (or class of businesses), which will result in that class of individuals

(or class of businesses) being especially disadvantaged. Factors contributing to financial hardship generally include: family tragedy; financial misfortune; serious illness; medical conditions or disability affecting earning capacity; impacts of natural disaster or pandemic; and other serious or difficult circumstances beyond the ratepayer's control. It means an inability to fulfil a financial obligation, not an unwillingness to do so.

"Judgement" means: action taken by Council to recover overdue rates or charges by bringing court proceedings for a debt against a person who is liable to pay overdue rates or charges.

"Market Value": means: the total market value of the land plus buildings and other improvements.

"Payment Arrangement" means: spreading the outstanding rates amount, including any additional charge imposed by Council pursuant to Section 125(3) of the *Local Government Regulation 2012* (Qld) owed to Council over an agreed period, allowing for additional time to make the payments without any legal action being taken (e.g. regular repayments which will clear the amount owing).

"Personal Representative" means: an individual entrusted with the administration of a deceased estate.

"Primary production" means: an owner-occupied property that provides a ratepayer's primary source of income through land use activities relating to agriculture and farming as identified by the Department of Natural Resources, Mines and Energy.

"Principal place of residence" means: an owner-occupied residential dwelling or unit where at least one owner/ratepayer permanently lives.

6. Policy Statement

6.1 Principles

Council will be guided by the following principles:

- Communication – making clear the obligations of ratepayers and the processes used by Council in assisting them to meet their financial obligations
- Transparency – making the processes used to assess and provide assistance simple to administer and cost effective
- Equity – treating all ratepayers in similar circumstances in the same manner
- Privacy – all information provided will be kept confidential and will only be used for the purpose that it is supplied
- Compassion – Council will assess all applications with regard given to diverse circumstances and where required, encourage ratepayers to seek financial counselling support services to avoid recovery action.

6.2 Payment Arrangements

6.2.1 Introduction

On application, and pursuant to Section 121(b) and Section 122 of the *Local Government Regulation 2012* (Qld), Council may provide alternative short term, or long term, payment arrangements for outstanding rates to be paid by instalments.

To assist ratepayers to manage their financial commitment, Council will offer flexible repayment options including fortnightly direct debit, and weekly, fortnightly or monthly instalments during the relevant payment arrangement period. Three business days' notice is required for Council to amend or cancel a direct debit payment. Should the funds not be available in the bank account nominated on the direct debit application form, a non-refundable fee of \$27.00 will be charged to the rates account.

Changes to the frequency of repayments made by other means will be permitted where the overall amount to be paid within the previously approved timeframe remains achievable.

Ratepayers will be advised of an approved, amended or cancelled payment arrangement in writing, and are responsible for ensuring that Council are advised of any changes to their contact details and postal address during the period specified within the agreement. An additional charge equivalent to the rate of interest set by Council at its annual budget meeting will be applied to the outstanding rates and charges that are the subject of the payment arrangements.

Where a ratepayer defaults on a payment arrangement and fails to contact Council to advise of their circumstances, the arrangement will be cancelled and debt recovery action will be commenced pursuant to Section 134 of the *Local Government Regulation 2012* (Qld).

6.2.2 Short term payment arrangement

Short term payment arrangements should be entered into only where appropriate, and where the ratepayer and Council agree that such an arrangement will allow rates and charges to be paid before the next rate notice is issued. Under this arrangement, a reduction of 5% on general rates will be allowed.

A short term payment arrangement will generally result in a minimal charge (refer to clause 6.2.1 above) being applied and all rates and charges being paid in full before the next half yearly rates notice is issued.

Ratepayers are strongly encouraged to contact Council immediately after receiving their rates notice if they would like to request a short term payment arrangement for the current rating period. Prompt application to Council will reduce the amount required for each instalment and halt debt recovery action through its intended purpose.

At the end of the agreed term, any amount that remains outstanding will be carried over to the subsequent rating period as overdue rates and charges and outlined on the rates notice. Alternatively, full payment will result in automatic termination of the payment arrangement.

Approved short term payment arrangements are for a finite period. As such, ratepayers are required to apply for separate payment arrangements for each rating period as required.

6.2.3 Long term payment arrangement

Council recognises that financial circumstances differ between ratepayers and may suggest, or, on request, offer an alternative long term payment arrangement to ratepayers who cannot meet the financial requirements of a short term payment arrangement.

Where entered into, a long term payment arrangement will include all projected rates and charges payable within the agreed period of up to two years.

Under this extended arrangement, no discount will be provided for any rates and charges that will become due, and are included within, the approved long term payment arrangement period.

On approval and acceptance of a long term payment arrangement, ratepayers will be referred to free financial counselling service organisations and encouraged to seek assistance with the ongoing management of their financial liabilities. Written evidence of any financial assessment findings regarding a ratepayer's circumstances may be required by Council when determining continued payment arrangement eligibility.

No recovery action will be taken on any instalment payment that is not overdue.

Where a ratepayer defaults on a long term payment arrangement, the arrangement will be cancelled and debt recovery action may be commenced pursuant to Section 134 of the *Local Government Regulation 2012* (Qld).

6.3 Classes of ratepayers to whom this policy applies

Upon application, Council may provide a concession (by way of deferred payment arrangement) pursuant to this policy, to ratepayers that belong to the following categories.

6.3.1 Principal place of residence ratepayers

Principal place of residence ratepayers who believe they may be experiencing financial hardship are encouraged to contact Council as soon as possible. If assessment by a financial counsellor has been undertaken and the ratepayer prefers, they should contact Council to authorise their counsellor or third party authority, to speak with Council on the property owner's behalf.

The financial hardship application for principal place of residence ratepayers must be supported by a Statutory Declaration detailing:

- Estimated income and expenditure from all sources for the current financial year
- The current balances of bank accounts and, if applicable, investment accounts
- Details of any real property owned and estimated value, including information on the listing of any property for sale
- Details of any other assets (i.e. boats, cars, livestock etc.) and estimated value
- Description, interest rate and balance of other debts such as personal loans, mortgages, credit cards, etc., and if repayments are up to date or in arrears
- Details of any refusal of loans or credit that have been sought to assist in paying the debts
- Details of superannuation fund balances and if an early release has been sought to assist in paying the debts
- Any other information that is relevant to your current financial situation.

Each property owner will be treated with sensitivity and understanding according to their individual circumstance. On receipt of a financial hardship application, Council will consider all information provided by the property owner and, if applicable, their financial counsellor or a medical professional. Council will also take into account the property owners' previous payment history when determining for what period of time a deferment is approved.

Deferrals for a principal place of residence will be approved as either a short term payment arrangement or long term payment arrangement as described in clause 6.2 above. The deferral of rates and charges will be limited to one approval per three-year period.

6.3.2 Deferment for Businesses or Enterprise Ratepayers

Eligible businesses or enterprises, within the following commercial differential rating categories, experiencing financial hardship may apply to defer payment of rates and charges:

- Commercial Vacant
- Commercial General
- Motel
- Hotel/ Tavern
- Caravan Park.

Under this category, eligibility will be assessed as follows:

- The property owner is experiencing financial hardship due to drought, flood, fire, pandemic, other declared natural disaster or Council instigated infrastructure work
- The property is not vacant
- Usually the unforeseen change should have occurred within the last 6 months.

Deferrals for ratepayers in this class will be approved as either for a short term payment arrangement or long term payment arrangement as described in clause 6.2 above.

The deferral of rates and charges will be limited to one approval per three-year period.

The financial hardship application for this category must be supported by a Statutory Declaration detailing:

- Evidence of employment or income loss
- Evidence of situation if not a declared natural disaster or pandemic
- Any other information that is relevant to your current short-term financial situation.

6.3.3 Drought Declared Primary Production Properties

Council may grant a concession or rate deferral for owner-occupied primary production properties in the Differential General Rate Category 80 that are drought declared and experiencing financial hardship on the following basis:

- the rateable property is in a local or state government drought declared area
- the rateable property has a current Individually Drought Property declaration.

If approved, deferral will be granted for current half year levies only as follows:

- Deferral of rates with nil interest will be incurred for the current rating period only
- Interest charges will continue to be accrued for outstanding rates within previous rating periods
- Ratepayers will have 6 months to pay all outstanding rates after the end of the current financial year in which the drought declaration is lifted or the Individually Drought Property declaration has expired.

The financial hardship application for this category must be supported by a Statutory Declaration detailing:

- Evidence of employment or income loss
- Evidence of situation if not a declared natural disaster or pandemic
- Any other information that is relevant to your current short-term financial situation.

6.4 Additional Charges

Outstanding rates and charges that are the subject of deferred payment arrangement pursuant to this policy will be subject to an additional charge, in accordance with Section 125(3) of the *Local Government Regulation 2012* (Qld), in an amount equivalent to interest charges that would be applicable to overdue rates or charges under Section 133 of the *Local Government Regulation 2012* (Qld). This rate of interest is determined by Council at its annual budget meeting.

6.5 Limitations of financial hardship concessions

Financial Hardship applications pursuant to this policy will be considered on an individual basis and always with a view to the ratepayer or debtor re-establishing financial capacity and meeting their financial obligations.

To be eligible an applicant must:

- Have previously demonstrated their willingness to make reasonable and frequent payments through either a short term, or long term payment arrangement, and

- Own the land on which the general rates are being levied with the rates notice issued in the applicant's name, and
- Provide the Statutory Declaration(s) as outlined in Section 6.3 and evidence that all other external financial assistance options have been exhausted as outlined on the approved application form, and
- Council must ensure outstanding rates, legal and other costs never exceed the market value of the property.

Financial hardship relief provided under this policy will be for a finite period as outlined in an approved agreement. If all rates and charges which are the subject of the deferment agreement are not paid at the time of the conclusion of the agreement, pursuant to Section 132(1) of the *Local Government Regulation 2012* (Qld), those unpaid rates and charges will become overdue rates and charges. Pursuant to Section 133 of the *Local Government Regulation 2012* (Qld) overdue rates and charges become liable to interest and, further, Council may take Court action for recovery of same.

6.6 Sale of Land for overdue rates and charges

Further, as per Section 140 of the *Local Government Regulation 2012* (Qld), and the *Local Government Act 2009* (Qld), Council has authority to sell a property for the recovery of overdue rates and charges when some, or all, of the overdue rates and charges have been overdue for at least three years. Vacant land and commercial properties may be sold after one year where judgement has been entered.

6.7 Associated Policy Procedures

Applications for concession must:

- Be lodged in writing on the prescribed form, and submitted to Gympie Regional Council
- Include a signed Statutory Declaration witnessed by a Justice of the Peace or Commissioner of Declarations as outlined in Sections 6.3 and 6.5 of this Policy
- Include any other supporting documentation such as a Medical Certificate from a medical professional and/or a financial position statement from Financial Counsellor
- Identify the principle use of the land for which the concession is being requested.

Applications for financial hardship will be assessed by Council as soon as practicable, and only when all the required supporting documentation is received. Once completed and a decision has been made, Council will advise the property owner of the outcome in writing.

6.8 Effective Date

Approved financial hardship applications will apply from the beginning of the current half-year rating period in which the application is received and appear on the land record for the property. All rates charges, including any concession amount granted will appear on the subsequent rates notice issued to the property owner. Council will not proceed with any debt recovery action on receipt of an application for assistance for Financial Hardship if it meets the criteria, unless it is formally refused. The receipt of an application for Financial Hardship and any relating concession

shall be noted on the property land record pursuant to Section 154 (2) (d) (vi) of the *Local Government Regulation 2012* (Qld).

6.9 Monitoring and data collection

Council will monitor assistance under this policy by maintaining:

- A register of applications received outlining reason for application and eligibility status
- The duration and end date of assistance provided to approved applicants
- Financial reports documenting any shortfall in Council income as a result of the assistance provided.

7 Authority

The CEO is delegated authority to decide applications under this policy. Pursuant to Section 259 of the *Local Government Act 2009* (Qld), the CEO may further delegate one or more Council employees with the authority to decide applications under this policy.

8 Review Trigger

This policy will be reviewed when any of the following occur:

1. The related legislation/documents are amended or replaced.
2. Other circumstances as determined from time to time by a resolution of Council.
3. As initiated by the CEO or Executive Team.
4. Periodic Review - due May 2022.

9 Appendices

Nil.