

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

17 November 2015

Agenda Item 8.3 Financial Hardship Policy 34.POL2

Attachment 1 DRAFT Financial Hardship Policy 34.POL2..... 190

GREATER SHEPPARTON CITY COUNCIL

Policy Number 34.POL2

Financial Hardship Policy

Version 1.0

Adopted TBC

Last Reviewed October 2015

Business Unit:	Finance and Rates
Responsible Officer:	Manager Finance and Rates
Approved By:	Acting Chief Executive Officer
Next Review:	November 2017

PURPOSE

To provide Council with a policy framework for financial relief to ratepayers and general debtors who are experiencing, or are at risk of experiencing, financial hardship. This policy also provides ratepayers and general debtors with a clear and transparent understanding of the options and assistance available.

To ensure a fair collection of revenue and that debts are recovered in an efficient timely manner in accordance with documented processes.

OBJECTIVE

To ensure ratepayers experiencing genuine financial hardship situations are aware of the rating assistance available under the Local Government Act 1989; all applications for rate assistance are treated consistently, objectively, sensitively, respectfully and in a confidential manner; and other ratepayers are not disadvantaged by the granting of inappropriate rate relief.

To ensure Council maintains a consistent approach towards general debtors experiencing genuine financial hardship situations.

SCOPE

This applies to all requests for rate assistance for residential properties and collection of revenue and debts within the municipality.

DEFINITIONS

Reference term	Definition
<i>Financial Hardship</i>	<p>A ratepayer who is living in their primary residence and who wants to pay the rates on their primary place of residence but cannot due to financial difficulty in meeting basic living costs. The ratepayer reasonably expects to be able to pay if payment arrangements were changed. The hardship may be short or long term.</p> <p>For general debtors other than rates debtors the definition is not applicable however the general assumption will apply in that the general debtor has an inability to meet a financial obligation not an unwillingness to pay.</p>
<i>Payment Arrangement</i>	Spreads the rate payment over an agreed period, allowing the ratepayer additional time to make payments without any legal action being taken (e.g. regular repayments which will clear the amount). Interest will be charged on all outstanding amounts until paid in full.
<i>Deferred Arrangement</i>	A postponement of payment in whole or in part for a specified period. An application form is required. Interest continues to accrue on outstanding amounts.
<i>General Debtor</i>	Any individual, organisation, business or other entity owing an amount of money to Council other than those rates and charges collected through the rating and valuation process.

POLICY

Rates Debtors

Assistance will be granted to individuals experiencing financial hardship, with regard to the rates, municipal charge, service rate, special rate and fire service levy on their primary place of residence.

Ratepayers experiencing financial hardship and unable to pay outstanding rates and charges via the standard payment options may apply for a **Payment Arrangement**, subject to compliance with the following conditions:

- The ratepayer must be able to demonstrate they are experiencing financial hardship;
- The payment dates proposed need to be regular (e.g. fortnightly) and the amounts proposed will clear the debt;
- The maximum life of the Payment Arrangement is twelve (12) months following the end of the financial year the arrangement was entered into. Ratepayers can then reapply at this point in time;
- To avoid misunderstandings, all requests for Payment Arrangements made under financial hardship must be in writing specifying the proposed payment dates and amounts. Longer term arrangements will be subject to periodic review;
- Acceptance by the ratepayer that any default in the arrangement may end the arrangement and result in the commencement of legal proceedings; and
- Acceptance by the ratepayer that interest will be levied at the rate set by the Attorney General until the account is paid in full.

Where the ratepayer is unable to commit to regular repayments, a **Deferred Arrangement** will be considered, subject to compliance with the following conditions:

- A confidential statement must be submitted by the ratepayer as evidence of financial hardship;
- Deferment will be for one year only. A ratepayer can re-apply each year. The maximum amount able to be deferred is 50% of the CIV of the property;
- The ratepayer will be encouraged to continue to pay the portion of rates that is affordable given their individual circumstances;
- Acceptance by the ratepayer that any default in the arrangement may end the arrangement and result in the commencement of legal proceedings;
- Acceptance by the ratepayer that interest will be levied at the rate set by the Attorney General until the account is paid in full;

The Manager Finance and Rates will provide a report to the Council on a quarterly basis which will include the value and number of any deferred arrangements provided during the financial period.

Where property ownership changes all overdue rates and charges must be fully paid at settlement. Payment arrangements and deferred arrangements are not transferable.

General Debtors

General debtors will be invoiced through normal Council processes with standard payment terms of 30 days.

In consideration of the elderly and special circumstances that may exist a number of overdue reminders for Aged Services debtors will be sent to the debtor and efforts made

to establish a payment plan before any services are ceased and debt collection services are utilised.

For Children's Services a similar arrangement to the Aged Services debtors will be used with a number of reminders will be submitted and efforts made to organise a payment plan before any services are ceased and debt collection services are utilised.

For the remaining general debtors all efforts will be made to arrange payment, including payment plans, before any debt collection services are utilised.

Those with general debts owing to Council can make application under the financial hardship policy for payment arrangements prior to cessation of services or commencement of formal debt collection.

In consideration of the often small value in nature of such debts verbal arrangements will be accepted on the understanding that any default in the arrangement may result in the cessation of services and the commencement of formal debt collection.

Confidentiality

Applications for consideration of financial hardship will be treated as strictly confidential in accordance with Council's Information Privacy Policy.

RELATED GUIDELINES, STRATEGIES, POLICIES AND DIRECTIVES

- 34.CEOD1 Process for Financial Hardship Applications CEO Directive
- 16.POL2 Information Privacy Policy
- Rating Strategy 2013-2017
- Municipal Association of Victoria Hardship Policy Guidelines November 2013

RELATED LEGISLATION

- Local Government Act 1989
- Fire Services Property Levy Act 2012
- State Concessions Act 2004
- Penalty Interest Rates Act 1983
- Cultural and Recreational Lands Act 1963
- Information Privacy Act 2000
- Charter of Human Rights and Responsibilities Act 2006

REVIEW

Council will review this policy annually from the date of adoption.

Chris Teitzel
Acting Chief Executive Officer

Date

ATTACHMENTS

Nil

GREATER SHEPPARTON CITY COUNCIL
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POLICY – Financial Hardship Policy

4

Adopted TBC