



NORTHERN MIDLANDS COUNCIL

POLICY MANUAL

FINANCIAL ASSISTANCE HARDSHIP

Originated Date: Adopted 27 April 2020 – Min No. 116/20

Amended Date/s: Reviewed 13 December 2021 – Min No. 21/490

Applicable Legislation / Council Policy: This policy relates to and depends on other Council policies, as well as Tasmanian Government legislation, including:

- *Local Government Act 1993*, Part 9 – Rates and Charges, particularly:
 - Section 86A – General principles in relation to making or varying rates
 - Sections 125-127 – Postponement of payment
 - Section 128 – Late payments
 - Section 129 – Remission of rates
- *COVID-19 Disease Emergency (Miscellaneous Provisions) Act 2020*
- *COVID-19 Disease Emergency (Commercial Leases Code) Act 2020*

Rates and Charges Policy (pursuant to section 86B of the *Local Government Act 1993*)

Objective 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.

Administration: Corporate Services

Review Cycle/Date: Initial review July/August 2021; and thereafter, every four years. Next review 2025.

1 PURPOSE

The purpose of this policy is to enable Council to provide assistance to community members who are suffering genuine and serious financial hardship by providing an appropriate level of relief from rates.

2 APPLICATION

2.1 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*.

2.2 BACKGROUND

This policy was developed and implemented during the 2020 COVID-19 coronavirus pandemic that spread across the world. To respond to the disease, governments around the world shut down social activities and interaction to prevent transmission, which caused significant impacts on many economic activities and transactions. As a result, many people lost jobs, their clients or their business, destroying incomes and spending. To assist those most critically impacted by the economic slowdown caused by the pandemic Council adopted a robust and a fair hardship policy.



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Serious financial hardship can occur at any time, so this policy is designed to address a range of circumstances.

2.3 PRINCIPLES

This policy will be applied in accordance with the following principles:

- i) Consistent, equitable and respectful treatment of residents and ratepayers that is sensitive to their specific circumstances.
- ii) Maintaining Council's ability to provide essential services to our community through appropriately applied rating processes.
- iii) Assisting ratepayers who are suffering genuine and serious financial hardship.
- iv) Ensuring that those able to contribute to local services, continue to do so.
- v) Minimising the opportunity for misuse, exploitation or fraud by ensuring decisions made to provide special relief or assistance are supported by sufficient evidence.
- vi) Maintaining confidentiality and privacy of applicants, their applications and any information provided.

3 POLICY

3.1 GENUINE FINANCIAL HARDSHIP

According to the Australian Taxation Office (ATO), individuals are considered to be in serious hardship when they are unable to provide the following for themselves, their family or other dependants:

- i) Food;
- ii) Accommodation;
- iii) Clothing;
- iv) Medical treatment;
- v) Education;
- vi) Other basic necessities.

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

- i) Loss of employment of the property owner, family member or household primary income earner;
- ii) Serious illness, including physical incapacity, hospitalisation, or mental illness of the property owner or family member;
- iii) A natural disaster;
- iv) A public health emergency or declared state of emergency;
- v) Family tragedy;
- vi) Family breakdown;
- vii) Financial misfortune;
- viii) 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 used to improve an applicant's cash flow and financial sustainability. Applications for assistance on residential investment properties will not be considered.



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3.2 EVIDENCE OF FINANCIAL HARDSHIP

Applicants under this policy 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 individual 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, e.g. a car.

3.3 HOW COUNCIL CAN HELP

The *Local Government Act 1993* provides Council with three methods of rate relief:

- Postponing rate payments (sections 125-127)
- Remission of late payment penalties or interest (section 128)
- Remission of rates (section 129)

3.3.1 POSTPONING RATE PAYMENTS – DEFERRAL ARRANGEMENTS

A postponement of rates is a deferral of payment in part or full and can be for a specified period and subject to any condition determined by Council.

In confirmed cases of financial hardship, a postponement of individual rates payments within a defined period, in whole or in part, will still have to be paid back at a later date, the obligation to pay is only deferred. The postponement arrangement applies to specified payments and other rate payments are not affected and continue to accrue as normal.

The terms of rate postponement 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 to 6 months. However, rate deferral arrangements will not exceed two (2) years unless exceptional circumstances exist.

All deferred payments must be repaid as specified in accordance with the deferral arrangement along with any new rates which have been raised, 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.



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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.

3.3.2 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 late payment penalties, or the interest accumulated, or both, for a specified period that relates to the period of financial hardship.

During a declared state of emergency (e.g. 2020 Covid-19) interest and penalties may be waived for eligible ratepayers for a period of 6 months.

3.3.3 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 cases of financial hardship. Even in these cases, deferral of rate payments must be applied for and approved first, before an application for rates remission can be considered.

After the applicant has entered into a deferral arrangement, the applicant may apply for remission of rates. The application must demonstrate:

- i) Financial hardship;
- ii) Exceptional and serious circumstances;
- iii) How the applicant's exceptional financial hardship circumstances make the maximum term deferral arrangement under section 3.3.1 unfeasible and unreasonable to fulfil; and
- iv) 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:

- i) Deferral arrangements are preferable to rates remission;
- ii) Amounts or proportions of rates to be remitted are to be minimised, for example, below \$1,000 or 50% of rates owed; with the remainder subject to an agreed payment arrangement;
- iii) Instances of rates remission are to be minimised to no more than one rates remission per applicant.

4 APPLICATIONS

4.1 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:

- Emailed to council@nmc.tas.gov.au or
- Mailed to P O Box 156, Longford TAS 7301.

Applications must:

- Demonstrate and provide evidence for financial hardship and circumstances (see section 3.2 *Evidence of Financial Hardship*);
- 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;



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- Address the requirements of the relevant subsections of section 3.3 *How Council Can Help*.

4.2 ASSESSING APPLICATIONS

Postponement

Applications for postponement arrangements will be determined with a delegation provided under Section 22(2)(ab) of the LGA 1993:

- i) For amounts less than \$2,500 – the Corporate Services Manager; or
- ii) For amounts of \$2,500 or greater – the General Manager.

Interest & Penalties

Applications for remission of late payment penalties or interest charges will be determined by the General Manager in accordance with delegation provided under Section 22(2)(b) of the LGA 1993.

Remission of Rates

Applications for remission of rates will be determined as follows:

- i) the General Manager may authorise a remission of rates of up to \$1,000 per property in a financial year in accordance with a delegation provided under Section 22(2)(b) of the LGA 1993.
- ii) In circumstances where it is recommended a remission greater than \$1,000 should apply the matter will be referred to the Council in Closed Session.

All applicants will be advised of Council's decision in writing.



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APPENDIX A: COMMERCIAL ADDENDUM TO FINANCIAL HARDSHIP ASSISTANCE POLICY

1 INTRODUCTION

1.1 PURPOSE

An Addendum to the Hardship Policy has been provided to achieve a consistent approach to rates assistance for commercial operators across the Northern Midlands Council.

1.2 SCOPE

This Addendum applies to commercial/business ratepayers within the Commercial Land Use Category and Sport & Recreation Land Use Category who are experiencing hardship due to the loss of operating revenue or reduced disposable income.

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.

1.3 PRINCIPLES

The principles are as outlined in the Hardship Policy with only one additional principle that applies to this Commercial Addendum. That is, the principle of proportionality – namely, that any agreed arrangements will take into account both individual and community wide circumstances (such as the COVID-19 pandemic) on commercial ratepayers, with specific regard to their revenue, expenses, and profitability.

2 ADDENDUM

2.1 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); and
- (3) Remission of rates (section 129).

Remission of any rates 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 – see the Hardship Policy for further information.

2.2 IMPLEMENTATION

The Hardship Policy and Addendum were developed and implemented in response to the 2020 COVID-19 pandemic. The circumstances surrounding the pandemic were unprecedented. However, serious hardship can occur at any time.

2.2.1 GENUINE HARDSHIP

Providing assistance to commercial ratepayers who are able to supply evidence of genuine and serious financial hardship.

Evidence may include, for example, one or more of the following:

- Details of closure - including Government enforced closure as a requirement of a natural disaster;
- Tenant correspondence requesting relief (if applicable);



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- Other documentation demonstrating that your business is experiencing financial hardship.

All arrangements to support businesses will be proportionate to the evidence of hardship provided.

3. APPLICATIONS

See the Hardship Policy for information on the assessment of applications.



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APPENDIX B: APPLICATION FOR FINANCIAL HARDSHIP ASSISTANCE

If you are a Northern Midlands Council ratepayer, you may be eligible for hardship assistance in the payment of overdue rates and charges where you are experiencing genuine and serious financial hardship.

For further information, see Financial Hardship Assistance Policy.

APPLICANT INFORMATION

This application is to apply the following concession(s) on the basis of financial hardship (**please select at least one**):

- Postponing rate payments (extension of time);
- Waiver of late payment penalties or interest for the period of financial hardship; or
- Rates remission.

Remission of any rates is reserved only for the most serious and exceptional cases of financial hardship. Even in these cases, deferral of rate payments must be applied for and approved first, before an application for rates remission can be considered.

If you are applying for assistance for more than one property you must complete an application for each property, as the nature, type and ownership of each may differ.

The following questions are designed to provide the Council with as much information as possible to assist in the application assessment process.

Name of the Property Owner(s):

Name of Applicant:

Please tell us why you are applying for hardship assistance:



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- Are you the owner of the property? Yes No
- For what type of property are you applying? Residential Commercial
- Is the property a rental property? Yes No

Rateable Property Details (information as it appears on your rates notice):

Account Number:

Street Address:

Please provide details of how we can contact you:

Name:

Phone Number/s:

Email Address:

FOR RESIDENTIAL PROPERTY APPLICATIONS ONLY:

Current Weekly Income Details:

Pension or other government benefit (complete details below)	<input type="text"/>
Compensation/Superannuation/Insurance or Retirement income	<input type="text"/>
Spouse or partners income (if applicable)	<input type="text"/>
Other income (rental income, child support)	<input type="text"/>
Interest from banks and financial institutions	<input type="text"/>
Total weekly income	<input type="text"/>

Pension/Benefit details (if applicable):

Type of Pension/Benefit	<input type="text"/>
Compensation/Superannuation/Insurance or Retirement income	<input type="text"/>
Date of Issue	<input type="text"/>
Expiry	<input type="text"/>

Do you have a current pensioner remission on your rates? Yes No

Current Weekly Expenses:

Mortgage(s)	<input type="text"/>
Other loans / credit cards	<input type="text"/>
Utilities	<input type="text"/>



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Insurance(s)

Other living expense

Total weekly expenses

Please attach documentary evidence to assist us to review and assess your hardship application

(noting that as much supporting documentation as possible should be provided).

- Evidence of you qualifying for Job Seekers support.
- 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 independent professional, familiar with your circumstances.
- Notice of impending legal action.
- Employer notice of redundancy or termination of employment.
- Letter from charitable organisation regarding loss of employment or inability to provide for basic necessities.
- Accountant or bank statements and notices.
- Overdue medical bills.
- Letter from doctor verifying inability to earn an income due to illness or carer responsibilities.
- Funeral expenses.
- Final notice from school regarding payment of mandatory fees.
- Repossession notice of essential items, like a car or motorcycle.
- Other documentation demonstrating that you are experiencing financial hardship (please describe below):



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FOR COMMERCIAL PROPERTY APPLICATIONS ONLY:

Company Name:

Who is currently paying rates for this property?

Please attach documentary evidence to assist us to review and assess your hardship application (noting that as much supporting documentation as possible should be provided).

- Evidence of your business qualifying for the JobKeeper support package – this alone will qualify as evidence of experiencing genuine financial hardship.
- Assessment by an independent accredited financial counsellor demonstrating an inability to both pay rates and to rearrange asset portfolios to facilitate payment.
- Accountant or bank statements and notices.
- Details of closure - including Government enforced closure as a requirement of COVID-19.
- Tenant correspondence requesting relief (if applicable).
- Commercial and leasing arrangements as a direct result of the COVID-19 pandemic;
- A statutory declaration from an independent professional, familiar with your circumstances.
- Notice of impending legal action.

Please describe and provide other documentation demonstrating the quantum of revenue lost (compared to the same period in the previous year):



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SUBMISSION AND ASSESSMENT

Please make sure your application and documentary evidence is addressed to the General Manager, and submitted as follows:

- Emailed to [e.g. council@nmc.tas.gov.au]; or
- Mailed to The General Manager, Northern Midlands Council, P O Box 156, Longford TAS 7301.

Please use the title '**Hardship Assistance Application**' to assist our staff to identify your application quickly. We will be in contact with you as soon as possible to acknowledge your application and provide advice regarding the assessment process. If you have any enquiries or need assistance completing your application, please contact Council's Customer Service Team].

DECLARATION AND SIGNATURE

I confirm that the information provided within this Application for Financial Hardship is accurate, and there have been no misrepresentations or omissions of fact that would otherwise influence the review and decision of Northern Midlands Council.

Signature:

Name:

Date:

PERSONAL INFORMATION PROTECTION STATEMENT

The personal information that Council is collecting from you is deemed personal information for the purposes of the *Personal Information Protection Act 2004*. The supply of the information by you is voluntary. However, if you cannot provide or do not wish to provide the information sought, Council may be unable to process your application or request.

You may make application for access or amendment to your personal information held by the Council. Enquiries concerning this matter can be addressed to the General Manager].