



Financial Hardship Policy

<b>Policy Identification:</b>	
Policy type:	Finance – rates
Summary:	Section 182 of the Local Government Act 1999 permits a Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates on the basis of hardship. This policy details the way Council manages this process.
Record number:	7.63.1
Date of adoption or approval:	14 July 2006
Last review date:	8 August 2016
Next review date:	8 August 2017 Annual Review
Authorised by:	Council
Responsible department:	Corporate and Community Services
Responsible officer:	Manager Corporate Services
Review officer:	
Consultation required:	
Relevant references:	
Delegations:	
Legislation:	
Related policies:	Rate Relief Policy
Related procedures:	

**1. Financial Hardship**

Where a ratepayer is suffering financial hardship and anticipates difficulty in paying council rates, he or she is encouraged to contact the Rates Administrator for informal advice in the first instance.

Ratepayers will be encouraged to contact the regions Rural Financial Counsellor who will provide council with an independent assessment of the ratepayer’s financial position. If the ratepayer would prefer they can speak direct to Council regarding their financial position.

If the hardship is as a result of an emergency, then the hardship could be classified as short term. Such short term hardship is most suitable for rates to be paid by special arrangement with the Council.

If the hardship is as a result of a recent decrease in household income or increases in household expenses, then the hardship could be classified as medium term. Such medium term hardship is most suitable for a remission of or part of the Council rates.

If the hardship is anticipated to persist for more than twelve months then the hardship could be classified as long term. Such long term hardship is most suitable for a postponement of part of the council rates.

As a guide financial hardship could be defined as the inability to provide food, accommodation, clothing, health and/or education for yourself or for your family on an ongoing basis.

It is emphasised that all enquiries relating to financial hardship are treated confidentially by the Council. In many cases short term special arrangements can be made with the Rates Administrator.

## **2. Postponement (relief from hardship)**

Section 182 of the Local Government Act 1999 permits a Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates on the basis of hardship. A ratepayer must not apply for and receive both a postponement of rates and a remission due to financial hardship in the same financial year.

Where a ratepayer is suffering financial hardship in paying rates, he or she is invited to contact the Rates Administrator in the first instance

A ratepayer may be required to submit evidence of hardship. All such enquiries and submissions will be treated confidentially by the Council.

The Chief Executive Officer, in conjunction with the Director Corporate & Community Services and the Rates Administrator, is authorised to approve the postponement of rates as a result of proven hardship.

All applications for postponement of rates will be assessed on a case by case basis and are not contingent on the level of increase in rates payable.

Applications for postponement of rates must be made by the principal ratepayer in writing and will be assessed on the following criteria:

1. The property is the principal place of residence by the ratepayer, and
2. The property has been owned by the ratepayer and has been their principal place of residence for a minimum of 10 years, or if for a lesser period, that significant financial hardship can be demonstrated to have arisen during this period, and
3. the ratepayer is able to demonstrate financial hardship by way of:-
  - a. presentation of a copy of their most recent tax return indicating a gross household income of less than \$25,500, or
  - b. presentation of a pension concession card or health care card, or
  - c. confirmation from FAYS that the ratepayer is experiencing financial hardship, or
  - d. independent financial advice confirming that the ratepayer is experiencing financial hardship, including details of their gross taxable income being less than \$25,500 for the household, or

- e. demonstration that the ratepayer is a self funded retiree earning less than \$25,500 per household per year taxable income and all members of the household are working in paid employment not more than 20 hours per week combined.

Monthly interest will accrue on outstanding Council rates (including postponed rates) in accordance with provisions of the Local Government Act 1999, except where it is considered by the Chief Executive Officer that the financial situation of the applicant is extreme and there is no capacity to make payment of interest and fines.

Once approved, the postponement of rates will come into effect from the date of application for postponement.

The amount postponed, except where it is considered by the Chief Executive Officer that the financial situation of the applicant is extreme and there is no capacity to make payment of rates, shall not exceed:

- a. the difference between the fixed charge amount and the total general rate levied from the property each year, or
- b. 30% of the total general rate levied for the property each year, whichever is the lesser.

Where the Chief Executive Officer considers that the financial situation of the applicant is extreme and there is no capacity to make payment of rates, fines or interest, the amount postponed may include the full amount of rates, fines and interest outstanding at the date of application.

Postponements granted pursuant to this policy shall not be granted for a period greater than 12 months at any one time from the date of application for rate relief due to financial hardship.

A ratepayer with postponed rates is obliged to advise Council in writing within 14 days of any change to their circumstances. In particular:

- a. change of ownership
- b. change of occupation
- c. alterations or improvements to the property
- d. land division, or
- e. change in financial circumstances

Periodic audits of eligibility will be conducted by Council staff to substantiate ongoing entitlement for postponement.

A statutory declaration confirming that the property is the principal place of residence of the ratepayer and has been in the same ownership for at least 10 years (if applicable) will be required at the time of application.

A ratepayer who has become an owner or occupier within the last 10 years will only be assessed for a postponement if they are able to demonstrate that their financial situation has changed significantly since they purchased or occupied their principal place of residence.

A ratepayer applying for a postponement must provide confirmation that they have advised relevant interested parties of their intention and list of the contact details of those parties in the written application.

### **3. Remissions (relief from hardship)**

Section 182 of the Local Government Act 1999 permits a Council, on the application of the ratepayer, to partially or wholly remit rates or to accept rates on the basis of hardship.

A ratepayer must not apply for and receive both a remission of rates and a postponement due to financial hardship in the same financial year.

Where a ratepayer is suffering financial hardship in paying rates, he or she is invited to contact the Rate Administrator in the first instance.

A ratepayer may be required to submit evidence of hardship. All such enquiries and submissions will be treated confidentially by the Council.

The Chief Executive Officer, in conjunction with the Director Corporate & Community Services and the Rate Administrator, is authorised to approve the remission of rates as a result of proven hardship.

All such cases must demonstrate hardship which is anticipated to continue for the greater part of the financial year. Ratepayers suffering hardship which is of a short term nature will be offered relief through flexible payment arrangements. These ratepayers are not precluded from making a subsequent application for remission later in the financial year.

All applications for remission of rates will be assessed on a case by case basis and are not contingent on the level of increase in rates payable.

Applications for remission of rates must be made by the principal ratepayer in writing and be received by Council prior to 31<sup>st</sup> December in the current financial year. Retrospective or continuing annual remissions will not be considered

Applications will be assessed on the following criteria:

1. The property is the principal place of residence by the ratepayer, and
2. The property has been owned by the ratepayer and has been their principal place of residence for a minimum of 10 years, or if for a lesser period, that significant financial hardship can be demonstrated to have arisen during this period, and
3. the ratepayer is able to demonstrate financial hardship by way of:-
  - a. presentation of a copy of their most recent tax return indicating a gross household income of less than \$25,500, or

- b. presentation of a pension concession card or health care card, or
- c. confirmation from FAYS that the ratepayer is experiencing financial hardship, or
- d. independent financial advice confirming that the ratepayer is experiencing financial hardship, including details of their gross taxable income being less than \$25,500 for the household, or
- e. demonstration that the ratepayer is a self funded retiree earning less than \$25,500 per household per year taxable income and all members of the household are working in paid employment not more than 20 hours per week combined.

Once approved, the remission of rates will apply to the annual rates levied with the remitted amount reducing in approximately equal portions for each of the remaining instalments.

A statutory declaration confirming that the property is the principal place of residence of the ratepayer and has been in the same ownership for at least 10 years (if applicable) will be required at the time of application.

A ratepayer who has become an owner or occupier within the last 10 years will only be assessed for a postponement if they are able to demonstrate that their financial situation has changed significantly since they purchased or occupied their principal place of residence.

#### 4. Availability of Policy

This Policy will be available for inspection at the Council Offices at Loxton or Waikerie during ordinary business hours at no charge.

Copies of this Policy will also be available from Council's website [www.loxtonwaikerie.sa.gov.au](http://www.loxtonwaikerie.sa.gov.au) or postal copies may be obtained from the Council Office free of charge.

#### 5. Document history and version control

Date	Version	Authorisation – Council/ Committee/ Senior Management Team	Amendment details
8/08/2016	1.10	Council at the special meeting of 8 August 2016	This version includes the amended policy template and document history and version control protocols.

