

City of Hobart

Financial Hardship Assistance Policy

Version 5.0

Adopted: 19 March 2024

Document Control

Policy Name	Financial Hardship Assistance Policy
First issued/approved	27 April 2020
Source of approval/authority	Council
Last reviewed	19 March 2024
Next review date	March 2026
Version number	5.0
Responsible Officer	Manager Rates, Procurement and Risk
Department responsible for policy development	City Enablers
Strategic Plan reference	Strategy 8.2.5
Related policies	• <i>Local Government Act 1993</i>, Part 9 – Rates and Charges • City of Hobart Rates and Charges Policy • Council Policy - Collection of Rates Arrears • Council Policy - Rate Remissions – Service Rates and Charges • Council Policy - Rates Exemption – Charitable Purposes • Council Policy – Pensioner Rates Remissions
Publication of policy	City of Hobart website at: www.hobartcity.com.au/Council/About-Council/Council-policies
TRIM number	F21/20709

Contents

1	Introduction	4
1.1	Purpose.....	4
1.2	Scope	4
1.2.1	Application and Intent.....	4
1.3	Principles	4
1.4	City of Hobart Capital City Strategic Plan 2023	5
1.5	Related Policies and Legislation	5
1.6	Policy Review and Update Cycle.....	5
2	Policy.....	6
2.1	Genuine Financial Hardship.....	6
2.2	How Council can Help.....	6
2.2.1	Deferral of Rates Payments.....	7
2.2.2	Remitting Late Payment Penalties and Interest	7
2.2.3	A Payment Arrangement.....	7
2.3	Evidence of Financial Hardship.....	7
2.4	Evidence Required to Support a Commercial Property Application	8
3	Applications.....	9
3.1	Applying for Financial Hardship Assistance.....	9
3.2	Assessing Applications.....	9
4	Information and Contacts	10

1 Introduction

1.1 Purpose

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.

1.2 Scope

1.2.1 Application and Intent

This policy applies to all ratepayers in the Hobart municipal area experiencing genuine and serious financial hardship and needing assistance to meet both their basic needs and their rates 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.

A 'ratepayer' under this policy, is a person who is liable to pay rates on a property in the Hobart municipal area. This is usually the owner of the property but could also be a tenant leasing the property if the lease agreement requires that person to pay council rates.

Owner landlords can apply to the City for rates assistance on behalf of commercial tenants who are experiencing financial hardship on the condition that assistance provided is passed onto the tenants.

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 1979*.

Council frequently enters into payment arrangements with ratepayers under its Collection of Rates Arrears policy. These payment arrangements continue to accrue penalty and interest on overdue amounts. This form of assistance is not categorised as 'financial hardship assistance'. In these circumstances Council will monitor progress towards clearing the rates arrears within a specified time.

1.3 Principles

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

- (1) Consistent, equitable, flexible and respectful treatment of all ratepayers that is sensitive to their specific circumstances.
- (2) Maintaining Council's ability to provide essential services to our community through appropriately applied rating.
- (3) Assisting ratepayers who are suffering serious financial hardship, so that they may overcome these circumstances and return to financial stability and contributing equitably to local services.
- (4) Ensuring that those able to contribute to local services, continue to do so.
- (5) Minimising the opportunity for misuse, exploitation or fraud by ensuring decisions made to provide special relief or assistance are supported by sufficient evidence.

- (6) Maintaining confidentiality and privacy of applicants and ratepayers, their applications and any information provided.
- (7) Compliance with relevant legislative requirements.

1.4 City of Hobart Capital City Strategic Plan 2023

This Policy is consistent with the City of Hobart Capital City Strategic Plan 2023, specifically:

Outcome 2.4 Hobart communities are safe and resilient, ensuring people can support one another and flourish in times of hardship.

- Strategy 2.4.3 Support and implement initiatives to build resilience to emergencies, with a focus on those most vulnerable.

Outcome 7.1 Hobart has a diverse supply of housing and affordable homes

- Support members of the community who are experiencing homelessness.

Outcome 8.2 Hobart is a city that delivers public value and excellence by being a financially responsible, high performing and accountable organisation that is responsive to the needs of the community.

- Strategy 8.2.1 Monitor and maintain financial sustainability into the future through responsible management of annual budgets, assets and long-term financial planning.
- Strategy 8.2.4 Achieve improved customer service and experiences by enabling a customer-focused approach to service delivery.
- Strategy 8.2.5 Maintain a rating system that supports fairness, capacity to pay and effectiveness.

1.5 Related Policies and Legislation

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 Charges¹, particularly:
 - Section 86A – General principles in relation to making or varying rates
 - Sections 125-127 – Postponement of payment
 - Section 128 – Late payments
- City of Hobart Rates and Charges Policy (pursuant to section 86B of the *Local Government Act 1993*).
- Council Policy - Collection of Rates Arrears
- Council Policy - Rate Remissions – Service Rates and Charges
- Council Policy - Rates Exemption – Charitable Purposes
- Council Policy - Rates Remissions
- Council Policy - Grants and Benefits Disclosure

1.6 Policy Review and Update Cycle

This policy is to be reviewed every two years.

¹ See: <https://www.legislation.tas.gov.au/view/html/inforce/current/act-1993-095#HP9@HD9@EN>

2 Policy

2.1 Genuine Financial Hardship

According to the Australian Taxation Office (ATO)², individuals are considered to be in serious hardship when they are unable to provide the following for themselves, their family or other dependants:

- (1) Food;
- (2) Accommodation;
- (3) Clothing;
- (4) Medical treatment;
- (5) Education;
- (6) Other basic necessities.

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

- (1) Loss of employment of the property owner, family member or household primary income earner;
- (2) Serious illness, including physical incapacity, hospitalization, or mental illness of the property owner or family member;
- (3) A natural disaster;
- (4) A public health emergency or declared state of emergency;
- (5) Family tragedy or death in the family;
- (6) Family breakdown;
- (7) Financial misfortune;
- (8) Other serious or complicating circumstances.

Community wide issues and circumstances, such as a public health emergency may impact financial hardship, but hardship is always assessed at an individual or entity level and requires review of personal circumstances.

The applicant is required to provide clear evidence that the person/entity who owns the property and is the ratepayer has experienced financial hardship.

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 may be employed to improve an applicant's cash flow and financial sustainability.

2.2 How Council can Help

It is a requirement that if an owner landlord applies for rates relief on behalf of tenants, who are responsible for the rates, experiencing financial hardship that assistance granted is passed onto the tenants.

² See: <https://www.ato.gov.au/individuals-and-families/financial-difficulties-and-disasters/support-to-lodge-and-pay/in-detail/evidence-of-serious-hardship>

2.2.1 Deferral of Rates Payments

In confirmed cases of financial hardship, Council may offer temporary deferral of individual rates payments within a defined period, in whole or in part, to be paid back at a later date, subject to the following conditions:

- The Council must be satisfied that payment would cause financial hardship.
- The amount to be deferred is to be the amount requested by the applicant up to the value of the annual rates.
- The deferral will not attract late payment penalty and interest.
- The total deferred rates amount must be paid in full if:
 - The ratepayer ceases to own or occupy the land in respect of which those rates are payable; or
 - The City revokes the deferral of payment of rates by giving 60 days' notice in writing to the ratepayer of the date on which the deferral ceases to operate.
- All deferred payments must be repaid as specified in accordance with the deferral arrangements, otherwise regular late payment penalties and interest will apply.
- Ratepayers who are in receipt of a deferral arrangement who overcome their financial hardship circumstances are to begin repaying their deferred rates payments as early as they are able.

The terms of rate deferral 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.

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

2.2.3 A Payment Arrangement

A payment arrangement where smaller amounts are paid over a period of time may be negotiated to assist those in financial hardship. A payment arrangement may include the waiving of the applicable late payment penalties or the interest accumulated, or both, for the term of the payment arrangement in line with clause 2.2.2 of this Policy, above.

2.3 Evidence of Financial Hardship

Applicants 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:

- An application in writing detailing the reasons why the ratepayer is unable to pay the rates and charges when they fall due and payable;
- 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 someone who is familiar with the applicant's circumstances (e.g. a family doctor for health-related evidence, a bank official, insurance policy manager, Government agency, etc.);
- Commercial lease agreements if applicable;
- Statement from company accountant;
- Details of business closure;
- 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;
- Official eviction notice;
- 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, like a car or motorcycle;
- Evidence of qualification for government assistance;
- Evidence of support being provided to tenants if applicable.

2.4 Evidence Required to Support a Commercial Property Application

The type of evidence required to support an application from a commercial property / organisation, includes the following. Items marked with an (*) are mandatory and must all be included when applying:

- (*) An application in writing detailing the reasons why the ratepayer is unable to pay the rates and charges when they fall due and payable, including a statutory declaration that all the information provided is true and correct;
- A statutory declaration from someone who is familiar with the applicant's circumstances (e.g. a family doctor for health-related evidence, a bank official, insurance policy manager, Government agency, etc.);
- (*) Commercial lease agreements, if applicable;
- Statement from company accountant;
- Notice of impending legal action;
- Bank notice for example, overdraft call or mortgaged property repossession;
- Audited or unaudited financial statements (for the current and previous financial year), including the most recent monthly profit and loss and balance sheet information with comparatives;
- Cash flow statements with comparatives.

3 Applications

3.1 Applying for Financial Hardship Assistance

Any ratepayer who cannot pay their rates or charges due to genuine financial hardship may apply for assistance at any time; however, ratepayers are encouraged to contact Council to seek assistance as soon as financial hardship is identified.

In order to seek financial hardship assistance, an application form must be completed. The form is available online at: www.hobartcity.com.au/Residents/Rates/Financial-Hardship-Rates-Relief or by calling Council on (03) 6238 2711 or emailing: coh@hobartcity.com.au.

To seek financial hardship assistance from Council, an application must be made in writing, addressed to the Chief Executive Officer, and submitted as follows:

- Submitted via online form at: www.hobartcity.com.au/Residents/Rates/Financial-Hardship-Rates-Relief;
- Emailed to coh@hobartcity.com.au; or
- Mailed to GPO Box 503, Hobart TAS 7001.

Applications must:

- Demonstrate and provide evidence for financial hardship and circumstances (see section 2.3 – Evidence of Financial Hardship);
- Include all of the mandatory evidence required to support an application from a commercial property / organisation, if applicable.
- Describe the type of assistance sought, being:
 - Deferring rate payments);
 - Waiving late payment penalties or interest;
 - A payment arrangement;
- Address the requirements of the relevant subsections of section 2.2 – How Council can Help.

3.2 Assessing Applications

Applications for rate deferrals must be decided by:

- (1) The Manager Rates, Procurement and Risk and the Chief Executive Officer.

Applications for remission of penalty and interest charges pertaining to Council rates must be decided by:

- (1) For amounts up to \$500 per application – the Manager Rates, Procurement and Risk.
- (2) For amounts above \$500 per application – the Chief Executive Officer.

Applications for payment arrangements must be decided by:

- (1) The Manager Rates, Procurement and Risk.

As part of the assessment by Council, it may be necessary for Council Officers to request further information from the ratepayer to support the application.

The application will be valid for a maximum period of 12 months from the date of approval. The ratepayer will be required to reapply prior to the end of the 12 months to establish whether circumstances have changed.

4 Information and Contacts

For more information on Council rates and charges please contact the City's Rates Unit on:

Tel: 03 – 6238 2711

Email: coh@hobartcity.com.au

Or visit the City's website at: www.hobartcity.com.au/Council/Rates