



**CORANGAMITE  
SHIRE**

# **COVID-19 Financial Hardship Policy**

**Corangamite Shire**  
November 2020

# Council Policy



## COVID-19 Financial Hardship Policy

### Introduction

The purpose of this COVID-19 Financial Hardship Policy is to provide a framework for financial relief to individuals, business and organisations who need assistance from the impacts of the Coronavirus (COVID-19) Pandemic.

### Purpose

COVID-19 was declared a global pandemic on the 30 January 2020 and a State of Emergency was declared in Victoria on the 16 March 2020.

The Policy provides individuals, businesses and organisations with a clear and transparent understanding of options and assistance available if they are experiencing financial hardship due to the pandemic. This Policy provides direction to Council officers when collecting and providing for debts owed to Council and to ensure consideration is given to the financial hardship caused by COVID-19.

### Scope

This Policy applies to all monies owed to Corangamite Shire Council for rate debts (including rates, service charges, municipal charge and fire services levy) and non-rate debts (including animal registrations, permits, fees and user charges).

Council will provide assistance to those in financial hardship in accordance with the *Local Government Act*, while ensuring it does not jeopardise its financial sustainability.

Rates and charges are a secure and reliable source of revenue that Council uses to deliver services to the community. In times of crisis it is important to remember that Council still requires cash flow to deliver critical services to the community, however, it is also recognised that the COVID-19 Pandemic may cause significant financial hardship for members of the community and businesses and Council has a responsibility to provide assistance.

This Policy will be guided by the principles of transparency, efficiency, capacity to pay and equity by treating all debtors consistently and in a fair manner.

### Definitions

Council means Corangamite Shire Council, being a body corporate constituted as a municipal Council under the Local Government Act.

COVID-19 means the novel coronavirus disease.

Debt means the amount (of money) owed by a debtor as a result of a transaction with Council.

Debtor means the individual, business or organisation (including a not-for profit) or other party that owes a debt to Council as a result of a transaction with Council.

Ratepayer means the occupier of any rateable property who is liable to pay rates. This may be the property owner or a tenant who under the lease agreement is liable to pay rates.

## References

*Local Government Act*

*Rates and Charges Collection and Hardship Policy*

## Policy Detail

### ***Financial Hardship***

Financial hardship is a circumstance of experiencing a lack of financial means, which may be either ongoing or temporary. This Policy is to address temporary financial hardship due to impacts of COVID-19.

#### Identification of Financial Hardship caused by the impacts of COVID-19

ABN registered businesses and organisations assessed by the Australian Taxation Office (ATO) as being eligible for the Commonwealth JobKeeper Payment, at the time of applying to Council for financial hardship relief, are automatically deemed to be in Financial Hardship for the purposes of this Policy.

Individuals as a direct result of the COVID-19 in receipt of JobSeeker or JobKeeper, at the time of applying to Council for financial hardship relief, are automatically deemed to be in Financial Hardship for the purposes of this Policy.

For businesses, organisations or individuals that are not automatically deemed to be in Financial Hardship for the purposes of this Policy (as per the tests above), Financial Hardship will be determined by assessment by a panel consisting of Director Corporate and Community Services, Manager Finance and Accountant. External assessment by an independent accredited financial counsellor may be required at the panel's discretion.

The Financial & Consumer Rights Council of Victoria (FCRC) is the peak body for Financial Counsellors in Victoria. The FCRC can help affected persons find a financial counsellor – please visit [www.fcrc.org.au](http://www.fcrc.org.au) or call 1800 007 007 for more information.

#### Application for Financial Hardship caused by the impacts of COVID-19

Access to the Financial Hardship provisions of this Policy is via the Application for COVID-19 Financial Hardship Assistance form which is available on Council's website.

#### Assessment of applications for Financial Hardship caused by the impacts of COVID-19

Assessment of applications for Financial Hardship caused by the impacts of COVID-19 will be an objective assessment based on the information provided by the debtor in the application. Guidelines will be available to officers to support the assessment for Financial Hardship under this Policy.

### ***Debtor to enter into a payment plan***

The total deferral of all financial responsibilities due to an event can cause a secondary bout of financial stress when the event has concluded, and debts remain owing. Council's aim is to provide assistance through the COVID-19 event without creating additional financial stress after the pandemic is over.

Council encourages all debtors impacted by COVID-19 to enter into a payment plan tailored specifically to their needs to reduce the amount of debt owing after the pandemic.

Council will hold interest on debt accumulated by debtors deemed to be experiencing Financial Hardship under this Policy who have entered into a payment plan. The interest hold will begin from 24 March 2020 and continues whilst this Policy remains in force to allow ample

time for debts to be paid without interest accruing on overdue amounts. If a debt remains outstanding following the revocation or sunset of this Policy the debt will be recovered in accordance with previously existing arrangements and practices.

***Rate debtors***

Amounts due by all rate debtors for amounts owing in respect of the 2019-2020 financial year or earlier are wholly deferred until at least 31 July 2020. Interest will also not be charged. For amounts remaining unpaid as at 31 July 2020 rate debtors who are deemed to be experiencing Financial Hardship under this Policy must enter into a payment plan in accordance with the provisions above.

***Refusal to enter into a payment plan***

If a debtor is unable or refuses to enter into a payment plan for amounts due, Council will defer debt recovery action to allow ample time for the debt to be paid without interest charged. If the debt remains outstanding for 90 days, the debt will be recovered in accordance with previously existing arrangements and practices.

***Non-rate debt waivers***

Individuals who are deemed to be in Financial Hardship for the purposes of this Policy (see above) and are unable to repay their non-rate debt may make application to Council for the non-rate debt to be waived. The application will be in a form to be determined by Council Officers. Applications for non-rate debt waivers will only be considered whilst this Policy remains in force. Council will make the determination on requests for the waiver of non-rate debts after assessment by a panel of Council officers as described above.

***Commercial leases of Council owned facilities***

Council will have regard to the National Cabinet's mandatory Code of Conduct for commercial tenancies in determining eligibility to waive rents due under a commercial lease. An eligible lessee will receive a 100% waiver on rents due whilst this Policy remains in force and they remain eligible for JobKeeper. Lessee's remain liable for all outgoings and must prove eligibility on a monthly basis to receive an ongoing waiver.

***Debt recovery***

Council will make a reasonable attempt to contact a customer about their overdue account. This may include a reminder letter, account statement, email or phone call.

Whilst this Policy remains in force and debtors have entered into and continue to honour a payment arrangement, Council will hold off on all legal action for the collection of rate and non-rate debtors. Rate debtors remain liable for legal costs incurred by Council.

***Monitoring***

This Policy will be reviewed regularly by officers to ensure Council's cash flow position is not compromised. Officers will seek a review by Council if necessary.

**Reference to linked Procedure or Guidelines, if applicable**

Application for COVID-19 Financial Hardship Assistance form.

**Review Date**

This Policy will sunset 31 May 2021 unless reviewed by Council prior.

It is considered that this Policy does not impact negatively on any rights identified in the *Charter of Human Rights and Responsibilities Act 2006*.