

Financial Hardship Policy

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Responsibility:	Director Corporate Services
Responsible Officer (s):	Manager Financial Services / Rates & Revenue Officer
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Legislation:	Chapter 10 of the Local Government Act 1999 - Rates and Charges
Related Documents:	

1 Purpose

The Financial Hardship Policy (the "Policy") is to identify debtors who are experiencing payment difficulties due to financial hardship, and assist those debtors to better manage their bills on an ongoing basis.

This policy sets out:

- processes to identify debtors experiencing payment difficulties due to hardship, including identification by Council, self-identification by a debtor, identification by an accredited financial counsellor, or welfare agency, and
- an outline of a range of processes or programs that Council will use, or apply, to assist our debtors who have been identified as experiencing payment difficulties.

2 Definitions

2.1 In this **policy words defined in this section have a specific meaning:**

- 2.1.1 **accredited financial counsellor** means in South Australia, a person who holds a Diploma of Community Services (Financial Counselling), and who has worked at least 12 months as a financial counsellor under the supervision of the South Australian Financial Counsellors Association
- 2.1.2 **debt** means any money that is owed to Council
- 2.1.3 **debtor** means a person or business who owes rates, fees, charges or other amounts due to the Council
- 2.1.4 **financial counsellor** means accredited financial counsellor
- 2.1.5 **financial hardship** means a circumstance of experiencing a lack of financial means on an ongoing or temporary basis but does not include circumstances where a person chooses not to meet a liability for an unpaid debt
- 2.1.6 **hardship** means **financial hardship** determined in accordance with this policy as an ongoing difficulty in making payments
- 2.1.7 **hardship debtor** means a **debtor** who has been identified under, accepted into, or is eligible for assistance under Council's **hardship program**.
- 2.1.8 **hardship program** means an agreement between Council and a **hardship debtor** for payment of **debt**.
- 2.1.9 **Council, our, us, we** means City of Prospect
- 2.1.10 **policy** means this Financial Hardship Policy

3 Scope

- 3.1 This Policy will apply to Council Rates and Sundry Debtor Invoices.
- 3.2 This Policy does not apply to infringement debts with the Fines Enforcement Recovery Unit (FERU) managing the collection process and holding their own policies and procedures for these debts.
- 3.3 This Policy does not limit or prevent Council Officers from using their delegated powers to waive any fee, charge or amount of arrears relating to the provision of services for these debtors who are experiencing financial hardship.

4 Policy

4.1 Identifying debtors experiencing financial hardship

- 4.1.1 A debtor experiencing financial hardship is someone who is identified by themselves, by Council, by an accredited financial counsellor, or by a welfare agency as having the intention, but not the ongoing financial capacity, to make required payments in accordance with Council's payment terms.
- 4.1.2 There are two types of financial hardship: ongoing and temporary. Depending on the type of hardship being experienced, hardship debtors will have different needs and will require different solutions.
- 4.1.3 Debtors who are identified as experiencing ongoing hardship are generally those on low or fixed incomes. These debtors may require ongoing assistance.
- 4.1.4 Debtors who may be identified as experiencing temporary hardship are those who have experienced a short-term change in circumstances, such as (but not limited to) serious illness, disability or death in the family, loss or change in income, separation, divorce or other family crisis, a loss arising from an accident, or some other temporary financial hardship. These debtors generally require flexibility and temporary assistance, such as an extension of time to pay or an alternative payment arrangement.
- 4.1.5 The extent of hardship will be determined by either Council's assessment process or by an external body, such as an accredited financial counsellor.
- 4.1.6 Where Council assess a debtor's eligibility for hardship assistance, Council will consider indicators including (but not limited to) whether:
 - (1) the debtor is on a Centrelink income and holds a Pensioner Concession Card or holds a Centrelink Low Income Health Care Card;
 - (2) the debtor is eligible for a South Australian Government concession;
 - (3) the debtor has been referred by an accredited financial counsellor or welfare agency;
 - (4) the debtor advises they have previously applied for emergency relief (irrespective of whether or not their application was successful);

- (5) the debtor's payment history indicates that they have had difficulty meeting their obligations in the past;
- (6) the debtor, through self-assessment, has identified their position regarding their ability to pay.

4.2 Assisting debtors who are experiencing financial hardship

- 4.2.1 Council will inform a debtor of this policy where it appears to Council that non-payment of a debt is due to the debtor experiencing payment difficulties due to hardship.
- 4.2.2 Where a debtor has been identified as experiencing financial hardship, Council will offer the debtor, as soon as is reasonably practicable, flexible and frequent payment options that have regard to the hardship debtor's usage, capacity to pay and current financial situation.
- 4.2.3 These options will include the following:
 - (1) A payment arrangement
 - (2) other arrangement, under which the debtor is given more time to pay a bill or to pay in arrears

recognising that some debtors have a short-term financial hardship issue that may be resolved in the near to medium-term, where others may require a different type of assistance for ongoing financial issues.
- 4.2.4 Council will engage in discussion with the hardship debtor to determine a realistic payment option in line with the debtor's capacity to pay.
- 4.2.5 Council will work with a hardship debtor's accredited financial counsellor to determine the payment arrangement and instalment amount that best suits the debtor and their individual circumstances.
- 4.2.6 Where a hardship debtor's circumstances change, Council will work with the debtor, and their financial counsellor, to re-negotiate their payment arrangement.
- 4.2.7 Council will also offer the hardship debtor:
 - (1) where appropriate, information about the right to have a bill redirected to a third person, as long as that third person consents in writing to that redirection,
 - (2) information about, and referral to, accredited financial and other relevant counselling and support services, particularly where a debtor is experiencing ongoing financial hardship.
- 4.2.8 Where a hardship debtor requests information or a redirection of their bills, Council will provide that information or redirection free of charge.

- 4.2.9 Council will explain to the hardship debtor how and when the debtor will be returned to regular billing cycles (and collection), after they have successfully completed the hardship program.
- 4.2.10 Council will also explain to the hardship debtor that they will be removed from our hardship program, and be returned to Council's standard collection cycles, including debt recovery, should they cease to make payments according to the agreed payment arrangement or fail to contact us for a period of greater than 90 days.
- 4.2.11 Council will not take any action to remove a debtor from our hardship program until Council have sent the debtor a written notice, allowing them 10 working days from the date of the notice to contact us to re-negotiate their re-entry into the program.
- 4.2.12 If the hardship debtor is deemed to be suffering ongoing or extreme hardship with their Council rates, confirmed via a letter from an Accredited Financial Councillor, the elected body of Council may consider it appropriate for a hardship debtor to apply for a postponement or remission of rates in accordance with s182 (1) of *The Act*.
- 4.2.13 If the hardship debtor is deemed to be suffering ongoing or extreme hardship to pay a Sundry Debtor invoice, Council may consider it appropriate for a hardship debtor to apply for a postponement or write-off of the invoice, with the approval of the relevant person as per Council's Delegations Register.

4.3 Payment Arrangements

- 4.3.1 Council's payment arrangements for a hardship debtor will be established having regard to:
 - (1) the debtor's capacity to pay and current financial situation,
 - (2) any arrears owing by the debtor, and
 - (3) the debtor's expected debt needs over the following 12 month period.
- 4.3.2 The payment arrangement will also include an offer for the hardship debtor to pay for their debt at a frequency agreed with the debtor (e.g. weekly, fortnightly, monthly or as otherwise agreed with the debtor).
- 4.3.3 Where a payment arrangement is offered to a hardship debtor, Council will inform the debtor in writing, within 10 business days of an agreement being reached, of:
 - (1) the duration of the arrangement
 - (2) the amount of each instalment payable under the arrangement, the frequency of instalments and the date by which each instalment must be paid
- 4.3.4 Council may, but are not required to:

- (1) remit/waive any fees for late payment of a bill for a hardship debtor during their participation in this hardship program, providing any hardship agreement is maintained and/or
 - (2) Offer postponement of the bill for an agreed period prior to commencement of a hardship agreement payment arrangement
- 4.3.5 Where a hardship debtor is seeking assistance in accordance with this policy, but has failed to fulfil their obligations under an existing hardship arrangement, Council may require them to sign up for direct debit deductions.

4.4 Debt recovery

- 4.4.1 Council will suspend debt recovery processes while negotiating a suitable payment arrangement with a hardship debtor.
- 4.4.2 Council will not engage in legal action or commence proceedings for the recovery of a debt for a hardship debtor if:
- (1) the debtor has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
 - (2) Council have failed to comply with the requirements of this policy.

4.5 Rights of debtors experiencing financial hardship

- 4.5.1 Every debtor experiencing financial hardship has the right to:
- (1) Be treated respectfully on a case-by-case basis, and have their circumstances kept confidential.
 - (2) Receive information about alternative payment arrangements, this policy, and government concessions, rebates, grants and assistance programs.
 - (3) Negotiate an amount they can afford to pay on a payment arrangement or other payment arrangement.
 - (4) Consider various payment methods, and receive written confirmation of the agreed payment arrangement within 10 business days.
 - (5) Renegotiate their payment arrangement if there is a change in their circumstances.
 - (6) Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to an agreed payment arrangement.

4.6 General Provisions

- 4.6.1 Council will ensure debtors have equitable access to this policy, and that this policy is applied consistently.

- 4.6.2 Council will ensure appropriate training of staff dealing with debtors in hardship to enable them to treat them with respect and without making value judgements. Training will also assist staff in the early identification of hardship debtors, with establishing payment arrangements based on a hardship debtor's capacity to pay, and include processes for referral to an accredited financial counsellor or welfare agency for assistance.
- 4.6.3 Without limiting the provisions of this policy, where service charges are imposed under Section 155 of the Local Government Act 1999, this policy does not limit or prevent councils from applying other legislative provisions of Chapter Ten of the Local Government Act 1999.

4.7 Confidentiality

- 4.7.1 Any information disclosed by a debtor is confidential and will not be used for any purpose other than the assessment of an application for assistance.

4.8 Complaints Handling

- 4.8.1 Details of Council's debtor complaints and dispute resolution process are available at our website: www.prospect.sa.gov.au. Council will also make a copy of this process available to a debtor, upon request, and at no charge to the debtor.
- 4.8.2 A debtor experiencing hardship has a right to have any complaint heard and addressed by Council, and in the event that their complaint cannot be resolved, the right to escalate their complaint to the external dispute resolution body approved by the Essential Services Commission of South Australia.

5 Review

- 5.1 The Policy will be reviewed once per Council term or as required by legislation. Access to the Policy
- 5.2 The Policy is available for public inspection on Council's website www.prospect.sa.gov.au and from Customer Service at the Civic Centre, 126 Prospect Road, Prospect SA 5082.

6 Further Information

- 6.1 For further information about this policy please contact:

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