Port Pirie Regional Council

FINANCIAL HARDSHIP POLICY	
Type	Governance
Category	Finance
Responsible Officer	Director Corporate & Community
First Issued / Adopted	24 June 2015
Review Period	3 Years
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Applicable Legislation	Local Government Act 1999
Related Documents	Rates Policy Debt Collection Policy Financial Hardship (CWMS) Policy Complaints Policy
Public Consultation Required	No
File Reference	9.63.1.4

1. PURPOSE

To provide rate and other sundry debtors who are experiencing payment difficulties due to financial hardship, with an understanding of the options and assistance available to manage their payments.

2. SCOPE

The policy applies to all debtors, rates and other, experiencing difficulties due to financial hardship. It does not apply to CWMS debtors who are considered in the Financial Hardship (CWMS) Policy.

3. DEFINITIONS

In this policy:

- ***Council*** means Port Pirie Regional Council.
- ***debtor*** means a person who owes amounts for rates, fees, charges or other amounts due and payable to the Council.
- ***accredited financial counsellor*** means 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.
- ***financial hardship*** means a circumstance of experiencing a lack of financial means, that may be either ongoing or temporary, but does not include circumstances where a person chooses not to meet a liability for an unpaid debt or to support a lifestyle choice.
- ***hardship debtor*** means a debtor who has been identified under, accepted into, or is eligible for assistance under Council's hardship program.
- ***hardship program*** means an agreement between Council and a debtor for payment of outstanding sums due to Council.
- ***policy*** means this Financial Hardship Policy.

4. POLICY STATEMENT

Council is committed to assisting rates and sundry debtors, in a manner that best suits the debtor, to clear their outstanding debt in a planned and efficient manner.

This policy sets out:

- the approach to identify debtors experiencing difficulties meeting payments due to financial hardship, and
- an outline of the processes that Council will use or apply, to assist debtors who have been identified as experiencing payment difficulties.

4.1 Identifying debtors experiencing financial hardship

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 financial capacity, to make required payments in accordance with Council's payment terms.

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.

Debtors who are identified as experiencing ongoing hardship are generally those on low or fixed incomes. These debtors may require ongoing assistance.

4. POLICY STATEMENT (Cont'd)

4.1 Identifying debtors experiencing financial hardship (Cont'd)

The extent of hardship will be determined by an external body, such as an accredited financial counsellor or welfare agency.

The assessment will consider the following (but not limited to):

- the debtor is on a Centrelink income and holds a Pensioner Concession Card or holds a Centrelink Low Income Health Care Card;
- the debtor is eligible for a South Australian Government concession;
- the debtor has been referred by an accredited financial counsellor or welfare agency;
- the debtor advises that they have previously applied for emergency relief (irrespective of whether or not their application was successful);
- the debtor's payment history indicates that they have had difficulty meeting their payment obligations in the past;
- the debtor, through self-assessment, has identified their position regarding their ability to pay.

For Rates Debtors, applications for financial hardship will only be considered for an owner's principal place of residence.

4.2 Assisting debtors who are experiencing financial hardship

Temporary Financial Hardship

Debtors who may be identified as experiencing temporary hardship are those who have experienced a short-term change in circumstances, such as 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 difficulty.

These debtors generally require flexibility and temporary assistance, such as an extension of time to pay or an alternative payment arrangement. For more information, refer to the Debt Collection Policy.

Ongoing Financial Hardship

Where a debtor has been identified as experiencing ongoing 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 capacity to pay and the amount of the debt outstanding.

These options will include the following:

- a flexible payment plan,
- the availability of Centrelink's Centrepay service, or
- other arrangement, under which the debtor is given more time to pay a bill or to pay any arrears,

4. POLICY STATEMENT (Cont'd)

4.2 Assisting debtors who are experiencing financial hardship (Cont'd)

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.

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.

Where a hardship debtor's circumstances change, Council will work with the debtor, and their accredited financial counsellor, to re-negotiate their payment arrangement.

Where the amount of the debt outstanding is significant compared to the current capital valuation of the property Council may be prudent to not enter a payment arrangement particularly where the debtor is unlikely to be able to make full payment within a reasonable period of time.

Council will also offer the hardship debtor:

- where appropriate, information about the right to have a debt redirected to a third person, as long as that third person consents in writing to that redirection
- information about, and referral to, Commonwealth and South Australian Government concessions, rebates, grants and assistance programs
- information about, and referral to, accredited financial and other relevant counselling and support services, particularly where a debtor is experiencing ongoing financial hardship.

Where a hardship debtor requests information or a redirection of their bills, Council will provide that information or redirection free of charge.

All hardship arrangements will be agreed and confirmed in writing. Email is acceptable. A copy of the payment arrangement offered to a hardship debtor, will be provided to the debtor in writing, (email is acceptable) within 10 business days of an agreement being reached.

The payment arrangement will include:

- the duration of the arrangement;
- the amount of each instalment payable under the plan, the frequency of instalments and the date by which each instalment must be paid;
- if the debtor is in arrears – the number of instalments to pay the arrears; and
- if the debtor is to pay in advance – the basis on which instalments are calculated.

4.3 Debt Collection/Recovery

Council will suspend debt collection recovery processes while negotiating a suitable payment arrangement with a hardship debtor.

4. POLICY STATEMENT (Cont'd)

4.3 Debt Collection/Recovery (cont'd)

Council will not engage in legal action or commence proceedings for the recovery of a debt of a hardship debtor if:

- the debtor has agreed to a payment arrangement and continues to adhere to the terms of that arrangement, or
- Council has failed to comply with the requirements of this policy.

4.4. Waiving of debt

Council may allow the waiving of part or all of an outstanding debt. This will be a once-off waiver.

The following options are available:

- Waive of fines and interest;
- Waive of Rates and/or Charges – will only be considered in exceptional circumstances and will be a once-off situation;
- Period of no fines or interest – up to maximum of 3 months.

A remission or waiving of rates in whole or part will rarely be approved due to the inequitable situation for the whole of the community. Rates Debtors may consider postponement of rates.

4.5. Postponement of rates payment

This is an arrangement where a large component of the rates debt on the principal place of residence can be postponed until the property is sold or the ownership transferred to another party. Further information is contained in the Rates Policy.

4.6. Rights and Obligations

Every debtor experiencing financial hardship has the right to:

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

Every debtor is expected to actively participate in meeting their obligations.

4. POLICY STATEMENT (Cont'd)

4.7. General Provisions

Council will ensure debtors have equitable access to a copy of this policy, including the provision of a hard copy.

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 plans based on a hardship debtor's capacity to pay, and include processes for referral to an accredited financial counsellor or welfare agency for assistance.

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. Council's Complaints Policy is available at Council's website: www.pirie.sa.gov.au.

4.8. Exiting from the hardship arrangements

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.

Council will explain to the hardship debtor that they will be removed from its 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 Council for a period of greater than 90 days.

Council will not take any action to remove a debtor from its hardship program until Council has sent the debtor a written notice, allowing them 10 working days from the date of the notice to contact Council to re-negotiate their re-entry into the program.

5. FURTHER INFORMATION

This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site: www.pirie.sa.gov.au

- Port Pirie Council Administration Centre, 115 Ellen Street, Port Pirie
- Crystal Brook Rural Office, Bowman Street, Crystal Brook.

Copies will be provided to interested parties upon request, and upon payment of a fee in accordance with Council's Schedule of Fees and Charges.