



COVID-19 Financial Hardship Policy

Responsible Business Unit:	Governance & Engagement
Responsible Author:	Manager Finance
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1 INTRODUCTION

The purpose of this COVID-19 Financial Hardship Policy is to provide Council with a policy framework to provide financial relief to residents and businesses who may need assistance from the impacts of the Coronavirus Pandemic. The policy aims to provide all of our ratepayers, businesses and sundry debtors with a clear and transparent understanding of options and assistance available if currently experiencing financial hardship due to the pandemic.

2 CONTEXT

The COVID-19 is a new virus that can cause an infection in people, including a severe respiratory illness. COVID-19 spreads through close contact and hold interest with an infected person, mostly via face to face contact.

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

Rates received from residents and businesses are a secure and reliable source of revenue that Council uses to deliver services to the community. In times of crises it is important to remember that Council still requires cashflow to deliver critical services to the community, however, it is also recognised that the COVID-19 pandemic will cause significant financial hardship for some members of the community and Council can in certain circumstances provide assistance.

2.1 Alignment

The policy aligns with the existing City of Darebin Rates Financial Hardship Policy.

2.2 Organisational Context

- *Local Government Act 1989/new LG Act*
- City of Darebin Council Plan 2017-21
- *Victorian Charter of Human Rights and Responsibilities Act 2006*

3 OBJECTIVES COVID-19 Hardship Policy

To provide direction to Council officers when collecting and providing for debts owed to Council and to ensure Council takes into consideration the financial hardship of sundry, residential, business and commercial debtors caused by COVID-19. Council will provide assistance to those in financial hardship in accordance with the *Local Government Act 1989*, while ensuring it does not jeopardise the funding of its operations.

The 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.

4 POLICY DETAILS

4.1 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. This policy will apply to sundry debtors, residents, business and commercial ratepayers in Darebin.

4.2 Payment plan and interest hold

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 bills are owed. Council's aim is to provide assistance to sundry debtors, residents, business and commercial ratepayers through the COVID-19 event without creating additional financial stress when the pandemic has been resolved.

Council will encourage sundry debtors, residents, business and commercial ratepayers to set up a payment plan with Council tailored specifically to their needs, to reduce the amount of debt owing after the pandemic. Council will not charge interest on debt accumulated during the COVID-19 pandemic. The interest hold will begin from the 29 February 2020 until 30 June 2021 to allow ample time for the debt to be paid without interest. If any debt is still outstanding at 1 July 2021, Councils existing Rates Financial Hardship Policy will apply.

4.3 Rates and sundry debtors deferral and interest hold

If the sundry debtor, resident, business or commercial ratepayer is unable to enter into a payment plan, Council will defer the debt accumulated during the COVID-19 pandemic and will not charge interest on this debt from the 29 February 2020 until 30 June 2021 to allow ample time for the debt to be paid without interest. If any debt is still outstanding at 1 July 2021, Councils existing Rates Financial Hardship Policy will apply.

4.4 Debt recovery

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

During the COVID-19 pandemic, Council will hold off on all legal action for the collection of sundry fees and rates and charges. This does not include legal action to recover the payment of fines.

The debtor will be liable for all legal costs incurred by Council in the debt collection process.

5 MONITORING, EVALUATION AND REVIEW

Council officers will monitor Councils cashflow position and will include this report in the quarterly finance paper to Council.

This Policy will be reviewed when the State of Emergency is lifted or if Councils cashflow position is threatened to be compromised.

6 DEFINITIONS

Term	Definition
Council	City of Darebin, being a body corporate constituted as a municipal Council under the <i>Local Government Act 1989</i>
Debt	Debt is the amount (of money) owed by a debtor as a result of a transaction with Council.
Debtor	Debtor refers to the individual, organisation or other party that owes a debt as a result of a transaction with Council.
Ratepayer	Is the occupier of any rateable property who is liable to pay rates. This maybe the property owner or a tenant who under the lease agreement is liable to pay rates.

7 ASSOCIATED DOCUMENTS

- City of Darebin Rates Financial Hardship Policy