



COVID-19 Financial Hardship Policy

Date Authorised by Council:

<Type text here>

Commencement Date:

<Type text here>

Review Date (10 years from authorised date):

<Type text here>

Responsible Department

<Type text here>

This policy has been authorised.

1 INTRODUCTION

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

2 CONTEXT

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

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

Rates income is 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 members of the community and Council has a responsibility to provide assistance.

2.1 Alignment

The policy aligns with Moreland City Councils Rating Strategy and Debt Management (including Financial Hardship) Policy.

2.2 Organisational Context

- *Local Government Act 1989*
- Moreland City Council Plan 2017-21
- *Victorian Charter of Human Rights and Responsibilities Act 2006*

3 OBJECTIVES

To provide direction to Council's Officers when collecting and providing for debts owed to Council and to ensure Council takes into consideration the financial hardship of 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. Councils existing Debtor Management (including Financial Hardship) Policy only allows for financial hardship experienced by a residential ratepayer's primary residence. This policy will apply to all rateable properties in Moreland.

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. Councils aim is to provide assistance to ratepayers through the COVID-19 event without creating additional financial stress when the pandemic has been resolved.

Council will encourage ratepayers to set up a payment plan with Council tailored specifically to the ratepayers needs to reduce the amount of debt owing after the pandemic. Council will hold interest on debt accumulated during the COVID-19 pandemic. The interest hold will begin from the declaration of the State of Emergency, 16 March 2020, until the 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 Debt Management (including Financial Hardship) Policy will apply.

4.3 Rates deferral and interest hold

If the ratepayer is unable to enter in to a payment plan, Council will defer the debt accumulated during the COVID-19 pandemic and will hold interest on this debt from the declaration of the State of Emergency, 16 March 2020, until the 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 Debt Management (including Financial Hardship) Policy will apply.

4.4 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.

During the COVID-19 pandemic, Council will hold off on all legal action for the collection of 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 monthly finance paper to Council.

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

6 DEFINITIONS

Term	Definition
Council	Moreland City Council, 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

- Moreland City Council Debt Management (including Financial Hardship) Policy