

## COVID-19 Financial Hardship Policy

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## Introduction

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The Coronavirus disease (COVID-19) is a new rapidly spreading virus that causes potentially fatal 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 30 January 2020 and a State of Emergency was declared in Victoria on the 16 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.

## Purpose

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The purpose of the 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.

## Scope

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This applies to all requests from owners and or occupiers of properties, for collection of revenue and debts within the municipality.

## Responsibilities

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Council's Finance Department is responsible for the management and review of this policy. Council's Finance Department will monitor Council's cashflow position and will include this information in the monthly finance report to the Executive Management Team.

## Policy

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This policy aims 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, or the Local Government Act 2020 (whichever applies at the time), while ensuring it does not jeopardise its ability to continue to carry out its core functions.

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.

### **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. Council's 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 Maribyrnong.

### **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 September 2020 or if required to the 30 June 2021 to allow 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.

### **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 September 2020 or if required to the 30 June 2021 to allow 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. Debt recovery**

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

During the COVID-19 pandemic, Council will suspend 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.

## Key Stakeholders

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Key Stakeholders have been identified and include:

- Ratepayers

## Related Legislation

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Local Government Act 1989

Local Government Act 2020

Victorian Charter of Human Rights and Responsibilities Act 2006

## Related Documents

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Maribyrnong City Council Plan 2017-2021

Maribyrnong City Council Rating Strategy

Maribyrnong City Council Debt Management

Maribyrnong City Council Financial Hardship Policy

## Review of Policy

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This Policy will lapse in June 2021.