

## 10.1. Hardship Policy

<b>AUTHOR</b>	Ian Robertson, Service Unit Manager Corporate Governance Aigul Utegenova, Chief Financial Officer
<b>ENDORSED BY</b>	Duncan Rennie, Acting Director Corporate Services
<b>ATTACHMENTS</b>	1. Hardship Policy [10.1.1 - 5 pages]
<b>CSP LINK</b>	<b>Outcome 2 – A connected and socially inclusive community where everyone is valued</b> S3. Nurture a shared sense of belonging where everyone’s voice is heard and people feel they are valued  <b>Outcome 8 – An effective, accountable and sustainable Council that serves the community</b> G6. Commit to efficiency and value for money in service delivery G8. Manage Council’s finances through robust long-term planning and ongoing financial management

### PURPOSE:

The purpose of this report is to present a new draft Financial Hardship Policy and for Council to endorse public exhibition of the amended policy for 28 days.

### EXECUTIVE SUMMARY:

- The *Financial Hardship Policy* was originally adopted by Council in June 2005.
- Council has reviewed and redeveloped a new Draft Financial Hardship Policy as committed to as part of the recent special variation application.
- The updated policy is written in plain English, making it easier to understand and navigate for all ratepayers.
- Eligibility has been broadened to include a wider range of financial hardship situations and now allows applications from both individuals and businesses.
- The previous percentage of income test has been replaced with a flexible, principles-based assessment that considers overall capacity to pay.
- The policy now clearly outlines available assistance options, introduces a transparent application and appeals process, and promotes a supportive, respectful approach to all applicants.

### RECOMMENDATION:

**1. THAT** the draft Financial Hardship Policy be endorsed for public exhibition for a period of 28 days.

**2. THAT** a further report be provided to Council following the conclusion of the public exhibition period, for the purpose of considering any submissions received, and to adopt the amended Financial Hardship Policy.

## **Background**

The Financial Hardship Policy was originally adopted by Council in June 2005.

Council acknowledged this policy required review and committed to this as part of its special rate variation application in February 2025.

In undertaking the review, feedback from the Independent Pricing and Regulatory Tribunal IPART has been incorporated into the policy including the need for greater clarity, accessibility, and relevance, particularly in the context of proposed rate increases and cost of living pressures.

## **Report**

Council has redeveloped the Financial Hardship Policy as follows:

The policy has been rewritten in clear and accessible language to ensure it is easy for community members to understand. Legal references and technical terms have been simplified or moved to supporting sections, removing the need for readers to navigate complex definitions or legislative clauses.

A new purpose statement now clearly explains that the policy exists to provide assistance to individuals and businesses experiencing genuine financial hardship. The scope of the policy has been clarified to apply to anyone with financial obligations to Council, including rates, charges, or fees, and is no longer restricted to specific circumstances such as general revaluation.

Eligibility for assistance has been broadened to reflect a wider range of financial difficulties. Applicants may now qualify due to job loss, illness, family breakdown, domestic violence, natural disasters, or other personal crises. Businesses are also now eligible to apply, ensuring the policy supports a broader section of the community.

Council has replaced the previous percentage of income test with a principles-based approach to assessing capacity to pay. This new approach allows for a more flexible and realistic assessment of each applicant's situation, taking into account total disposable income, dependants, financial commitments, and input from financial counsellors, particularly relevant in a high-inflation environment.

The types of assistance available are now clearly set out in the policy. These include payment plans, extensions, and the waiver or reduction of interest, fees, or charges in accordance with the Local Government Act. It is also clearly stated that the principal amount of rates cannot be waived, providing clarity and transparency around Council's authority.

To improve transparency and fairness, the policy now includes a clearly defined application and assessment process. Applicants are to be notified in writing within ten business days, and reasons will be provided if an application is declined. A structured appeals process has also

been introduced, with reviews undertaken by more senior staff or referred to the elected Council if necessary.

The revised policy promotes a respectful and supportive approach. Applicants are encouraged to share their circumstances without fear of judgment, and Council staff are expected to consider each application on its merits with empathy and discretion.

Council has also included referral pathways to external support services for individuals or organisations in financial distress. These include Centrelink, the Financial Rights Legal Centre, the National Debt Helpline, and other relevant organisations, ensuring applicants have access to broader assistance where needed.

Finally, the policy now clearly defines the responsibilities of Council staff, management, and elected officials in its implementation. This ensures consistency in how the policy is applied and reinforces accountability across all levels of Council.

### **Consultation requirements**

Community engagement will be undertaken in accordance with Council's Community Engagement Protocol

### **Financial/Resource Implications**

The financial impact to Council as a result of the amendments to the Financial Hardship Policy is considered negligible.

### **Legislation**

The Local Government Act 1993 (NSW) provides the primary legislative authority for councils to offer financial hardship assistance. In particular, Sections 564, 577, and 601 allow councils to enter into payment arrangements, waive or reduce interest on overdue rates and charges, and postpone the payment of rates in cases of genuine hardship.

The Privacy and Personal Information Protection Act 1998 (NSW) governs how councils collect, store, use, and disclose personal and financial information provided by hardship applicants. This legislation ensures that all information received as part of a hardship application is handled in a confidential and lawful manner.

The National Credit Code, as implemented through the National Consumer Credit Protection Act 2009 (Cth), is primarily intended for credit providers but offers relevant principles for councils to consider when assessing financial hardship. These include the importance of fair treatment, flexibility in payment arrangements, and the consideration of individual circumstances.

# FINANCIAL HARDSHIP POLICY

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READOPTED:  
xxx

NEXT REVIEW:  
2027/28

DOCUMENT TYPE:  
Council Policy

POLICY OWNER:  
Director Corporate Services

POLICY REFERENCE:  
CNCL\_POL\_ECM7661596



## 1. PURPOSE

The purpose of this policy is to establish the framework and circumstances in which relief may be provided by Council in cases of genuine financial hardship, and to assist Council in complying with and fulfilling the statutory requirements of the Local Government Act 1993.

## 2. SCOPE

**2.1** This Policy applies to any person or organisation owing rates, charges, fees, or other debts to Council.

The Policy applies to Council staff with delegated responsibility for carrying out associated administration, and any debt recovery agents who may act on behalf of Council.

## 3. DEFINITIONS

TERM	DEFINITION
<b>3.1</b> Financial Hardship	Experiencing financial difficulty and unable to meet legally owed payments in a timely manner. Financial hardship can arise from: <ul style="list-style-type: none"> <li>• Loss or change in income or increase in essential expenditure</li> <li>• Illness</li> <li>• Loss arising from an accident</li> <li>• Natural disaster or emergency situation</li> <li>• Death in the family</li> <li>• Separation, divorce, or other family crisis</li> <li>• Family violence</li> </ul>
<b>3.3</b> Debt Recovery Agent	A professional who works to recover unpaid debts on behalf of a creditor or client (i.e., North Sydney Council)
<b>3.4</b> Capacity to Pay	A person or organisation's ability to meet financial commitments.

## 4. PROVISIONS

**4.1.** Any person or organisation who cannot pay rates, fees, or charges due to hardship can apply to Council for assistance.

**4.2.** Council recognises that financial hardship can affect anyone and is committed to working with individuals in a respectful and supportive manner.

**4.3.** Council will consider each application on its merits. Applicants are encouraged to share any information they feel comfortable providing to help Council understand their circumstances. Factors to be considered may include, but are not limited to, whether the individual/organisation:

- has provided evidence in accordance with the application requirements outlined in the application form
- receives Centrelink benefits
- receives other benefits (e.g., emergency relief funding)
- is experiencing domestic or family violence involving financial abuse
- has been referred by an accredited financial counsellor, welfare agency, or legal assistance service
- has a payment history that indicates they have difficulty in meeting payments in the past.

**4.3.1** Capacity to pay will be assessed as part of this process. The payment amount and/or payment plan will take into account the applicant's circumstances including, but not limited to:

- total disposable income and current financial commitments;
- any children and/or dependents of the individual; and
- advice from an accredited financial counsellor.

**4.4.** Council assistance may include the following:

- an extension to the payment due date;
- a payment plan or agreement under Section 564 of the Local Government Act 1993, allowing rates and charges (whether overdue or not) to be paid in instalments over an agreed period (e.g., weekly over six months);
- reduction, deferral, waiver, or write-off of interest, fees, or charges for eligible applicants, in accordance with Sections 564, 577, and 601 of the Local Government Act 1993;

Note: The principal amount of rates cannot be written off or waived.

**4.4.1** If a payment plan is considered, Council will work with the applicant to ensure the plan is realistic in terms of the applicant's capacity to pay and is agreeable to both parties.

**4.4.2** If a payment plan is agreed, the applicant will be given written notice of:

- how long the plan will last;
- the amount of each instalment payable under the plan;
- the due date of each instalment;
- what action the council will take if the applicant misses a payment;
- who to contact if the applicant's circumstances change; and
- details of any payment deferral options (e.g. s601, Local Government Act).

**4.4.3** Penalty interest charges may be written off or reduced if:

- the applicant complies with their payment plan;
- if the applicant is a 'first time' defaulter with a good payment history and there are mitigating circumstances.

**4.5.** The applicant will be informed of Council's decision in writing within 10 business days and will be given reasons if the application is declined.

**4.5.1.** If not satisfied with the outcome, the applicant can appeal the decision. Council will carefully reconsider the application and provide a clear explanation of the outcome, ensuring the applicant feels heard and respected throughout the process. The appeal will be managed by a more senior staff member to the original application; however, the process of assessment will remain the same. Should the applicant still be dissatisfied, they can make a complaint to Council under the *Complaints Handling Policy*.

**4.6.** Individuals/organisations in financial distress will be referred to budgetary and community support services as appropriate. Support service examples are listed in section 7 of this policy document.

**4.7.** A hardship arrangement may be cancelled if the individual/organisation:

- fails to comply with the payment plan;
- no longer owns the property;
- advises Council that financial hardship no longer applies; or
- provides information that is later found to be false or misleading.

**4.7.1** If an individual/organisation fails to comply with the payment plan or fails to contact Council about failing to pay, Council will send a reminder.

If the ratepayer does not respond to the reminder in ten business days, and Council determines the payment plan is unlikely to be met, the payment plan may be cancelled. This decision will be communicated to the individual/organisation in writing.

The debt would then become subject to the normal debt recovery processes of Council.

## 5. ROLES & RESPONSIBILITIES

RESPONSIBLE	ACCOUNTABLE
<b>5.1</b> Responsible Officer	Council's Chief Financial Officer is the responsible officer for this Policy and is accountable for its currency and communication.
<b>5.2</b> Mayor and Councillors	The Mayor and Councillors have a governance role in relation to council policies. They are responsible for reviewing and adopting policies that reflect legislative requirements and community expectations. Any appeals against the CEO's decision may be referred to the elected Council for determination.
<b>5.3</b> Chief Executive Officer	Council has delegated the Chief Executive Officer the authority to exercise the responsibilities detailed in this Policy.
<b>5.4</b> Executive Leadership Team	ELT are responsible for ensuring their departments adhere to the requirements of this Policy and providing guidance in respect of the strategic objectives of the Policy within their Division and the organisation.



5.5 Employees	Employees must adhere to the requirements of this Policy and operate within its authorities.
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## 6. RELATED DOCUMENTS

DOCUMENT	LOCATION
6.1 Debt Recovery Policy	<a href="#">As published on Council's website</a>
6.2 Financial Management Policy	<a href="#">As published on Council's website</a>
6.3 Long Term Financial Plan	<a href="#">As published on Council's website</a>

## 7. RELATED LEGISLATION AND GUIDANCE

LEGISLATION/GUIDANCE	NOTES
7.1 Local Government Act 1993 (NSW)	The Act empowers NSW Councils to provide relief to those experiencing genuine financial difficulty. It ensures Councils can work flexibly with those in financial hardship, catering to the specific circumstances of each applicant.
7.2 National Credit Code	The Code dictates the process for requesting hardship assistance from credit providers.
7.3 Privacy Act 1988 (Cth)	The Act protects and regulates the use and disclosure of financial hardship information.
7.4 Support Services	Council encourages individuals experiencing financial distress to seek support from the following trusted services. <ul style="list-style-type: none"> <li>• <a href="#">Centrelink</a></li> <li>• <a href="#">Financial Counsellors Association of NSW</a></li> <li>• <a href="#">Financial Rights Legal Centre</a></li> <li>• <a href="#">National Debt Helpline</a></li> <li>• <a href="#">Services Australia (crisis payment)</a></li> </ul>

## 8. VERSION HISTORY

Version	Date Approved	Approved by	Resolution No.	Review Date
1	2 June 2005	Council	580	2008/09
2	16 February 2009	Council	61	2012/13
3	18 February 2013	Council	61	2016/17
4	25 June 2018	Council	214	2020/21
5	26 February 2024	Council	29	2028/29
6.	xxx	Council	xxx	2028/29