



SUNDRY DEBT HARDSHIP MANAGEMENT POLICY

Corporate Document

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Purpose

To provide a framework for staff when dealing with sundry debtors experiencing genuine financial hardship with the payment of their debts.

Objectives

The objectives of this policy are to:

- ensure a holistic and consistent approach to Council's management of requests for hardship assistance to sundry debtors relating to payment of debt
- provide a framework for considering sundry debtors genuine financial hardship with the payment of rents, fees and charges
- be empathetic to sundry debtors that can demonstrate genuine financial hardship
- to provide options for assistance to mitigate the effects of financial hardship

Scope

This Policy applies to Council's sundry debtors who are experiencing financial hardship and Council staff that have delegated authority to consider and determine requests financial hardship assistance from sundry debtors and to recover outstanding debts

Definitions

- **Financial hardship** means demonstrable personal or entity circumstances that indicate an inability to pay debts owed to Council as a result of circumstances beyond an individual's or entity's control
- **Interest** means a charge raised in relation to arrears of rent, fees or charges as specified in individual agreements
- **Rates and charges** means all balances listed on a rates and charges notice or legal notice
- **Sundry debts** means non rates and charges debts listed in Council's accounts receivable ledger and/or supplementary management systems, and including such debts as commercial property rents and fees, public land rents and fees, ovals and reserves fees, public infrastructure restoration works, regulatory inspections and miscellaneous income

Background

Council acknowledges that sundry debtors may, from time to time, fall into arrears and face an inability to pay a debt owed to Council for reasons of financial hardship caused by circumstance beyond their control.

A governance framework is established under this Policy to supplement and support Council's debtor management system and to assist in the consideration of requests for hardship assistance. Request for assistance may fall anywhere between being specifically individual due to personal circumstances or wide ranging and affecting all debtors due to broader emergencies or disasters.

This policy is an element of Council's debt management governance framework comprising the Debt Recovery Management Policy, Rates and Charges Hardship Policy, Debt Management Corporate Practice and Procedures and delegations.

Principles of hardship assistance for sundry debtors

Council's management of requests for financial assistance from its sundry debtors for reasons of hardship is based on the following principles:

1. Council will ensure a consistent approach to Council's management of requests for financial assistance to sundry debtors relating to payment of sundry debts
2. The General Manager will balance community use of commercial rental income against tenants needs
3. Council will be empathetic to sundry debtors that can demonstrate genuine financial hardship
4. Council will provide financial assistance to sundry debtors upon request only after consideration on a case-by-case basis on their merits and where it is demonstrated that genuine financial hardship has occurred or would occur if the terms of the agreement are strictly adhered to.
5. In determining genuine financial hardship, Council will require an applicant to confirm the causes of the hardship or factors that have contributed to a downturn in business, beyond the control of the debtor, and provide documented evidence of such hardship or downturn including but not limited to Goods and Services Tax Business Activity Statements lodged with the Australian Taxation Office for the period in question, together with evidence of any financial assistance received from the State and Federal levels of government
6. In determining genuine financial hardship, Council will also consider the prior sustainability of the business and the debtor's payment history, including instances where the General Manager is satisfied that the causes of such hardship or downturn could have been within the control of the debtor and are therefore questions of existing business sustainability or poor management practices on the part of the debtor
7. Where financial hardship or business downturn is caused by overarching factors such as disasters, pandemics and other emergencies, the General Manager may determine to grant financial assistance on a holistic basis to sundry debtor with a discretion to require production of evidence dependent upon the circumstances
8. Council may determine to provide sundry debtors, in lieu of reduction or write-off of debt, options to mitigate the effect of hardship including deferment, other arrangements to repay debt and waiving of interest eligible to be raised on the debt under the individual agreements

Hardship assistance procedures

Council's Debt Management Corporate Practice and Procedures specifies the process for Council's receiving, considering and determining requests for financial assistance due to genuine hardship.

Responsibilities

All requests for sundry debt hardship assistance will be determined by the General Manager or delegate who has the appropriate sub-delegation within approved limits.

Sundry Debt Hardship Management Policy

Those staff assigned responsibilities in relation to sundry debts under the Debt Management Corporate Practice and Procedures will receive and assess requests for sundry debt hardship assistance and forward a recommendation to the relevant Director for endorsement and referral to the General Manager (or delegate) for determination.

Related Information/Glossary

- *Local Government Act 1993*
- *Local Government (General) Regulation 2005*
- Debt Management Corporate Practice and Procedures
- Debt Recovery Management Policy
- Rates and Charges Hardship Management Policy

Review

This policy will be reviewed every four years unless otherwise directed by the Executive Team.

Contact

Enquiries should be directed to the Manager Governance on 9978 4010.

Amendments

Date	Amendment	Reference
07/09/2021	Original adopted	CS/31