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# Debt Management and Financial Hardship policy and Retail Water Customer Account Assistance policy (reviewed)

Responsible Officer: Group Manager Corporate and Commercial (Guy Bezrouchko)

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## Recommendation

That Council:

1. Receive and note the report.
2. Publicly exhibit the revised Retail Water Customer Account Assistance policy and Debt Management and Financial Hardship policy (Attachment 1 and 2) for a period of 28 days, and:
  - i). Should no public submissions be received:
    - (a) The following policies be revoked and any policies revived as a result of the revocation:
      - Debt Management and Financial Hardship policy dated 15 April 2020; and
      - Retail Water Customer Account Assistance policy dated 19 September 2018.
    - (b) The revised policies attached to this report be adopted.
    - (c) The revised Retail Water Customer Account Assistance policy be applied to those properties identified as staff having excess water usage in flood affected areas for Quarter 4 (February to May 2022).
  - ii). Should any public submission be received, those submissions be considered by Council at its next meeting in conjunction with consideration of revoking the above policies and adopting the revised policies.
3. Fix the amount above which debts may be written off only by resolution of Council at \$5,000 (incl. GST).
4. Approve the removal the paragraph referring to write-offs: Rates, Charges and Debts to Council from the Revenue policy (Fees and Charges 2022-23) as it is captured in the General Manager's delegation.

## Background

### Revised Retail Water Customer Account Assistance policy

The recent natural disaster has had significant financial impact on our customers and community. Finance staff have received numerous enquiries from retail customers regarding financial assistance, debt waiver or other financial relief due to excess water accounts post 2022 floods.

306 properties have been identified as having excess water usage in flood affected areas for Quarter 4 (February to May), 2022. Properties with excess water usage were identified following an analysis of the Q4/2022 water charges against the previous year's water charges for the same quarter. Staff have investigated possible avenues for financial relief and support within its financial capacity which Council can consider applying for those affected by the 2022 NSW floods.

While legislative provisions do exist to grant financial assistance through Section 356 of the *Local Government Act 1993* (LG Act'), amendments are required to the Retail Water Customer Account Assistance policy to be able to provide any form of natural disaster relief now and in the future.

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### Proposed policy change

Under the current policies, Council has limited scope to provide financial relief in circumstances such as natural disasters. The revised Retail Water Customer Account Assistance policy proposes a new category for “Natural Disaster Events”, which will allow for Council to have a determined position with which to deal with customers, financially impacted by natural disasters.

#### **6. Granting of financial assistance – Natural disaster event**

- 6.1. Council may, in its discretion, agree to financial relief in the form of adjusting water charges where a Natural Disaster (as declared by the Federal Government) could reasonably be considered to have contributed to an excess water use reading/charge.
- 6.2. Financial relief will be assessed based on a historical water consumption comparison. Water charges will be adjusted to reflect the customers usual water usage.
- 6.3. Council staff will identify properties impacted by a natural disaster event and will apply 6.2 above to determine disaster relief applicable.

Should Council support this policy change and after 28 days of public exhibition there are no material public submissions received, staff will apply this revised policy to the 306 flood affected properties identified (total financial relief \$60K). This would be reported to Council through the next available Retail Water Customer Account Assistance report along with a request for an additional budget of \$60K to cover financial assistance for retail water customers due to the natural disaster event.

### Revised Debt Management and Financial Hardship policy

Currently contained within this Debt Management and Financial Hardship policy is a section on write-off's which refers to the amount above which debts to Council may be written off only by resolution of the Council (currently fixed at \$1,000 ex-GST). Council delegates to the General Manager the power to write off debts equal to or below this threshold. Debts approved for write-off by Council staff are done so under delegation and in accordance with sections 131 or 213 of the *Local Government (General) Regulation 2021*.

#### **Write-offs**

The amount above which debts to Council may be written off only by resolution of the Council is fixed at \$1,000.00 (ex-GST). Council delegates to the General Manager the power to write-off debts equal to or below this threshold.

The General Manager sub-delegates the power to write-off debts equal to or below:

- \$500.00 to the relevant Group Manager
- \$250.00 to the Finance Manager.

It is recommended for Council to increase the amount for which debts may be written off only by resolution of Council to \$5,000 (incl. GST). In today's economic climate where \$1,000 is a very low threshold for operational efficiency, this increase to \$5,000 would provide Council staff with both operational and administrative efficiency. This would allow these 'business as usual' operational decisions to be made by Council staff with appropriate delegation without the need to wait up to 2 months to seek resolution by Council. Council members would continue to review and provide Council resolution for all write off's over \$5,000 and receive visibility of all debt write-offs made by Council staff. The bi-annual 'Debt write-off information summary' report presented to Council in February and August is the mechanism by which Council is advised of all bad-debts written off for the period 1 July to 31 December and 1 January to 30 June each year.

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### Proposed policy change

It is recommended this authority for the General Manager to approve debt write-off up to the approved threshold be removed from the Retail Water Customer Account Assistance policy and captured within the Council issued delegation to the General Manager. Amendments to this instrument of delegation is being presented for Council resolution at the August 2022 Council Meeting.

### Revised Revenue policy (Fees and Charges 2022-23)

In line with the above recommendation to remove the reference to the amount above which debts to Council may be written off only by resolution of the Council in the Debt Management and Financial Hardship policy for it is also recommended to remove this same reference from the 'Revenue policy (Fees and Charges 2022-23) for the purpose of consistency.

#### ***Write Offs – Rates, Charges and Debts to Council***

The amount above which rates, charges and debts to Council may be written off only by resolution of the Council is fixed at \$1,000.00 (ex-GST). Council delegates to the General Manager the power to write off rates, charges and debts equal to or below this threshold.

### Proposed policy change

It is recommended this authority for the General Manager to approve debt write-off up the approved threshold be removed from the Revenue policy (Fees and Charges 2022-23) and be captured within the Council issued delegation to the General Manager. Amendments to this instrument of delegation is being presented for Council resolution at the August 2022 Council Meeting.

### **Finance**

Council has an existing approved recurrent budget for retail water customer account assistance of \$25,000 and a write-off budget for \$10,000. In the event of a natural disaster, an additional budget maybe required. This would be reported to Council through the next available Retail Water Customer Account Assistance report along with the request for an additional budget to cover the natural disaster event.

### **Legal**

Section 131(1) of the *Local Government (General) Regulation 2021* ('LG Regulation') provides that *"The council must, from time to time, by resolution, fix the amount of rates and charges above which any individual rate or charge may be written off only by resolution of the council."*

Section 356 of the *Local Government Act 1993* ('LG Act') provides that:

- (1) *A council may, in accordance with a resolution of the council, contribute money or otherwise grant financial assistance to persons for the purpose of exercising its functions.*
- (2) *A proposed recipient who acts for private gain is not ineligible to be granted financial assistance but must not receive any benefit under this section until at least 28 days' public notice of the council's proposal to pass the necessary resolution has been given.*
- (3) *However, public notice is not required if -*
  - (a) *the financial assistance is part of a specific program, and*
  - (b) *the program's details have been included in the council's draft operational plan for the year in which the financial assistance is proposed to be given, and*

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- (c) *the program's proposed budget for that year does not exceed 5 per cent of the council's proposed income from the ordinary rates levied for that year, and*
  - (d) *the program applies uniformly to all persons within the council's area or to a significant group of persons within the area.*
- (4) *Public notice is also not required if the financial assistance is part of a program of graffiti removal work.*

It is proposed that the revised policies, which each contemplate the granting of financial assistance, be placed on public exhibit for a period of 28 days for full transparency and to promote the objectives of section 356 of the LG Act.

### **Consultation**

To place the amended Debt Management and Financial Hardship policy and Retail Water Customer Account Assistance policy on public exhibition for 28 days and seek public submissions.

### **Conclusion**

Relief on water usage charges needs to be determined on a case-by-case basis and applied through an appropriate mechanism.

The current policies do not provide enough flexibility or adequate financial delegation to address these issues adequately in circumstances of a declared natural disaster. The revised policies have been developed to bridge this gap and are recommended for approval by Council subject any public submissions being received.

### Attachments

1. Retail Water Customers' Account Assistance policy adopted on 19 September 2018 **(for revocation)** **(available via website)** <https://www.rous.nsw.gov.au/page.asp?f=RES-ABA-28-13-74>
2. Debt Management and Financial Hardship policy adopted on 15 April 2020 **(for revocation)** **(available via website)** <https://www.rous.nsw.gov.au/page.asp?f=RES-MSA-63-57-38>
3. Proposed Retail Water Customer Account Assistance policy **(for adoption)**
4. Proposed Debt Management and Financial Hardship policy **(for adoption)**
5. Revenue Policy (Fees and Charges 2022-23) **(available via website)**  
<file:///C:/Users/nsmith/Downloads/fees-and-charges-2022-23.pdf>