

Financial Hardship Policy

Policy scope

Council acknowledges that due to exceptional circumstances ratepayers may at times encounter difficulty in paying rates and services as they fall due.

This Policy is intended to ensure that the City offers fair, equitable, consistent and dignified support to ratepayers suffering financial hardship, while treating all members of the community with respect and understanding during times of difficulty.

Policy statement

This policy applies to ratepayers who are experiencing genuine financial hardship where the ratepayer is willing but unable to pay their rates due to unforeseen and unexpected events. It applies to all outstanding rates and service charges as at the date of adoption of this policy.

It is a reasonable community expectation that those with the capacity to pay rates will continue to do so. For this reason the Policy is not intended to provide rate relief to ratepayers who are not able to evidence financial hardship. In which case the ordinary statutory provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* will apply.

Payment difficulties, hardship and vulnerability¹

Financial hardship occurs where a person is unable to pay rates and service charges without affecting their ability to meet their basic living needs, or the basic living needs of their dependants. This policy is intended to apply to all ratepayers experiencing financial hardship regardless of their status, property owners, tenants or business owners alike.

Anticipated Financial Hardship due to COVID19

The City recognises that many ratepayers are already experiencing financial hardship due to COVID-19, and anticipate that additional financial difficulties may arise when their rates are received.

Financial Hardship Criteria

While evidence of hardship will be required, the City acknowledge that not all circumstances are alike and will take a flexible approach to a range of individual situations including, but not limited to:

- Recent unemployment or under-employment
- Sickness or recovery from sickness
- Low income or loss of income
- Unforeseen circumstances such as caring for and supporting extended family

¹ Adapted from the Ombudsman Western Australia publication, **Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance:**
<http://www.ombudsman.wa.gov.au/>

Ratepayers are encouraged to provide any information about their individual circumstances that may be relevant for assessment. This may include demonstrating a capacity to make some payment and where possible, entering into a payment proposal.

The City will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with its statutory responsibilities.

The City will provide assistance subject to the following conditions:

- In the opinion of the Chief Executive Officer the ratepayer is experiencing genuine financial hardship
- The ratepayer's circumstances can be substantiated upon request
- The ratepayer is not bankrupt or subject to a bankruptcy petition
- The property is the principal place of residence or the principal place of business of the ratepayer
- The applicant must be the owner or co-owner of the property and legally liable for payment of rates and charges

Application Process

To apply for consideration of financial hardship, the ratepayer is required to submit a Financial Hardship Application form for assessment. Third party documentation may be requested to assist in determining applications for financial hardship.

Review

The City will establish a mechanism for review of decisions made under this policy. Applications will be assessed by applying principles of fairness, equity, consistency and confidentiality. The City will exercise due diligence in assessing and identify genuine hardship based on the circumstances of each ratepayers situation.

Applicants will be advised of the decision within the City's Customer Service Charter adopted timeframes.

Assistance

When ratepayers are determined to be in Financial Hardship the City will offer on a case-by case basis to:

- Temporarily accept reduced payments and establish an alternative payment arrangement plan
- Temporarily pause payment of rates, administration fees and charges
- Cease any penalty interest for up to 6 months
- Suspend any debt recovery action subject to adherence with agreed payment arrangement plan

Payment Arrangements

Payment arrangements facilitated in accordance with Section 6.49 of the Act are of an agreed frequency and amount. These arrangements will consider the following:

- That a ratepayer has made genuine effort to meet rate and service charge obligations in the past;

- The payment arrangement will establish a known end date that is realistic and achievable;
- The ratepayer will be responsible for informing the City of any change in circumstance that jeopardises the agreed payment schedule.

In the case of severe financial hardship, the City reserves the right to consider waiving additional charges or interest (excluding the late payment interest applicable to the Emergency Services Levy).

Interest Charges

A ratepayer that meets the Financial Hardship Criteria and enters into a payment arrangement may request a suspension or waiver of interest charges for up to 6 months, reviewed quarterly. Applications will be assessed on a case by case basis.

Debt recovery

The City will suspend its debt recovery processes whilst negotiating a suitable payment arrangement with a ratepayer. Where the ratepayer is unable to adhere to the agreed payment plan and advises the City in advance of default, a revised plan will be considered.

Where a ratepayer has not reasonably adhered to the agreed payment plan and there are Rates and Service Charge debts that remain outstanding, the City will offer one further opportunity at a payment plan that will clear the total debt by the end of the current financial year.

Rates and service charge debts that remain outstanding at the end of the financial year will be subject to the rates debt recovery procedures prescribed in the *Local Government Act 1995*.

Communication and Confidentiality

Communication will remain confidential at all times and the City will undertake to communicate with a nominated support person or other third party upon written request.

Ratepayers will be advised of this policy and its application upon contacting the City in relation to outstanding rates or service charge debt.

The City recognises that applicants for hardship consideration are experiencing additional stressors, and may have complex needs. The City will provide additional time to respond to communication sent by the City and will communicate in alternative formats where appropriate.

Definitions and abbreviations

Act – Local Government Act 1995

Responsibility and review information	
Responsible officer:	Finance Manager
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