CITY OF Fremantle

Council Policy

Financial Hardship

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Financial Hardship

Policy scope

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

This Policy is intended to ensure that the City offers fair, equitable, consistent and dignified support to ratepayers and debtors 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 and debtors who are experiencing genuine financial hardship where the ratepayer or debtor is willing but unable to pay their debt due to unforeseen and unexpected events. It applies to all outstanding rates and charges as at the date of adoption of this policy.

Note this policy is not for a write off of debt. It is assistance for financial hardship only. Full Rates and charges are still required to be paid.

It is a reasonable community expectation that those with the capacity to pay will continue to do so. For this reason, the Policy is not intended to provide relief to ratepayers or debtors 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.

1. Payment difficulties, hardship and vulnerability

1.1 Financial hardship occurs where a person is unable to pay rates or 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 debtors or ratepayers (excluding fully entitled pensioners who are eligible to defer rates) experiencing financial hardship regardless of their status being property owners, tenants or business owners alike.

2. Financial Hardship Criteria

2.1 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
- Family and Domestic violence
- Unforeseen circumstances such as caring for and supporting extended family

2.2 Ratepayers or debtors 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.

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

2.4 The City will provide assistance subject to the following conditions:

- In the opinion of the Chief Executive Officer the ratepayer or debtor is experiencing genuine financial hardship
- The ratepayer or debtor's circumstances can be substantiated upon request
- The ratepayer or debtor is not bankrupt or subject to a bankruptcy petition

For Rates assistance:

- The application must relate to 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
- For commercial tenants, the applicant must be legally liable for the payment of rates and charges as clearly outlined in a lease agreement or similar.

3. Evidence Addressing Criteria

Applicants will be required to complete a statutory declaration outlining the reasons for financial hardship; AND provide written evidence to the satisfaction of the City that addresses criteria outlined in section 2 of this policy. Depending on the circumstance that is contributing to the financial hardship this may include one, some or all of the following as determined by the Chief Executive Offcier:

- A letter from a recognised and practising financial counsellor, advisor or accountant (must be accredited by or be a member of an appropriate peak body, professional or charitable association).
- A letter or statements from the applicant's financial institution or bank that verifies the circumstance that is contributing to the financial hardship.
- A letter from the medical practitioner that is currently treating or has diagnosed any disclosed health issues that are contributing to the financial hardship.
- Any documentation from Centrelink or other relevant State or Federal support agency that demonstrates or verifies the disclosed circumstances.

The City recognises that not all applicants will have access to or have the means to have access to professional services such as accountants and financial advisors that can verify or demonstrate the applicant's financial hardship. In this instance the City encourages applicants to seek support from the variety of organisations that provide free financial counselling and advice. These include but are not limited to:

- The National Debt Helpline – 1800 007 007 and www.ndh.rog.au
- Uniting WA Financial Well Being and Support services - 1300 663 298 and unitingwa.org.au
- Vinnies WA Financial Counselling – 08 6323 7500 and vinnies.org.au
- St Patrick's Community Support Centre Financial Counselling – 08 6372 4800 or www.stpats.com.au

The City will take into consideration evidence of correspondence with or documentation from the above-mentioned support agencies as part of its assessment of the application for financial hardship.

4. Application Process

4.1 To apply for consideration of financial hardship assistance, the ratepayer or debtor is required to submit a Financial Hardship Application for assessment. Third party documentation as outlined in section 3 of this policy may be requested to assist in determining applications for financial hardship.

5. Review

5.1 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 ratepayer or debtor's situation.

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

6. Assistance

6.1 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

7. Payment Arrangements for Rates and Service Charges

7.1 Payment arrangements facilitated in accordance with Section 6.49 of the *Local Government Act 1995* 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.

7.2 In the case of financial hardship as determined in line with the criteria set out in this policy, the City will waive additional charges or interest (excluding the late payment interest applicable to the Emergency Services Levy).

7.3 In the case of financial hardship as determined in line with the criteria set out in this policy, a ratepayer that opts into the standard 'pay rates by instalment' option (available to all ratepayers) may request a suspension or waiver of the instalment and interest charges associated with that option for the financial year in which the relevant rates and service charges were issued.

8. Interest Charges

8.1 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.

9. Debt Recovery

9.1 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.

9.2 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.

9.3 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.*

10. Communication and Confidentiality

10.1 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.

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

10.3 The City recognises that applicants for hardship consideration are experiencing additional stress 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

Nil.

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