

## 3.6 Financial Hardship Policy

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### OBJECTIVE

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

Whilst acknowledging all landowners/debtors should make an equitable contribution toward funding the cost of the provision of the essential services provided by the Shire, it is not the intention of Council to cause hardship to any person through the Council's debt recovery procedures and consideration will be given to acceptable arrangements to clear any debt.

The objective of this Policy is to have a consistent, collaborative, and supportive approach to recovery and collection of debts including rates and service charges whilst recognising the need to ensure that all payments due are collected, in order to deliver Shire of Dandaragan services.

### Definitions

Term	Meaning
Act	Local Government Act 1995
Debtor	A person or entity that is responsible for the payment of services rendered by the Shire of Dandaragan
Debt Management Policy	The Shire of Dandaragan's Council Policy titled "Debt Management Policy"
Exceptional Circumstances	Unusual, uncommon, or abnormal situations that are beyond a person's control and not caused by their own actions or inaction
Financial Hardship	where a change in a person's circumstances results in them being 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
Immediate Family	A person's spouse, de facto partner, child, parent, grandparent, grandchild, or sibling
Policy	This Shire of Dandaragan Council policy titled "Financial Hardship"
Ratepayer	A person or entity that is responsible for the payment of rates to the Shire of Dandaragan

### POLICY STATEMENT

#### 1 Payment difficulties, hardship, and vulnerability

Payment difficulties, or short-term financial hardship, occur where a change in a person's circumstances result in an inability to pay a rates or service charge debt.

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. Furthermore, the Shire of Dandaragan recognises the likelihood that a declared State of Emergency will increase the occurrence of payment difficulties, financial hardship, and vulnerability in our community. This policy is intended to apply to all ratepayers or debtors experiencing financial hardship regardless of their status, be they a property

owner, tenant, or business owner.

## **2 Financial Hardship Criteria**

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

- a) Recent unemployment or under-employment
- b) Sickness or recovery from sickness
- c) Low income or loss of income
- d) Unanticipated circumstances such as caring for and supporting immediate family members.

Ratepayers or debtors are encouraged to provide as much information as possible to support their individual circumstances, which will be taken into consideration during the assessment process. Preference will be for ratepayers or debtors to enter into a reasonable payment proposal. The Shire will consider all circumstances, applying the principles of fairness, integrity, and confidentiality whilst complying with statutory responsibilities.

## **3 Payment Arrangements**

Payment arrangements will be facilitated in accordance with Section 6.49 of the Act and of an agreed frequency and amount to align with the Shire's Debt Management Policy. These arrangements will consider the following:

- a) That a ratepayer/debtor has made genuine effort to meet rate and service charge obligations in the past.
- b) The payment arrangement will establish a known end date that is realistic and achievable.

The ratepayer/debtor will be responsible for informing the Shire of Dandaragan of any change in circumstance that jeopardises the agreed payment schedule.

In the case of severe Financial Hardship, the Shire reserve the right to consider waiving additional charges or interest (excluding the late payment interest applicable to the Emergency Services Levy).

## **4 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. Applications will be assessed on a case-by-case basis.

## **5 Deferral of Rates**

Deferral of rates may apply for ratepayers who have a Pensioner Card, State Concession Card or Seniors Card and Commonwealth Seniors Health Care Card registered on their property. The deferred rates balance:

- a) remains as a debt on the property until paid.
- b) becomes payable in full upon the passing of the pensioner or if the property is sold or if the pensioner ceases to reside in the property.
- c) may be paid at any time, but the concession will not apply when the rates debt is subsequently paid (deferral forfeits the right to any concession entitlement); and
- d) does not incur penalty interest charges.

## 6 Debt recovery

The Shire will suspend its debt recovery processes while negotiating a suitable payment arrangement with a ratepayer/debtor. Where a ratepayer/debtor is unable to make payments in accordance with the agreed payment arrangement and the ratepayer/debtor makes an alternative payment arrangement with the Shire before defaulting on the 3<sup>rd</sup> due payment, the Shire will continue to suspend all debt recovery processes. Further information regarding the Shire's approach to debt recovery please refer to 3.7 - Debt Management Policy.

Where a ratepayer/debtor has not reasonably adhered to an agreed payment plan, then for any rates or service charge debt that remains outstanding on 1 July of any financial year, the Shire may offer the ratepayer or debtor one further opportunity of adhering to a payment plan that will clear the total debt by the end of that financial year.

Rates and service charge debts that remain outstanding at the end of the said financial year, may be subject to the rates debt recovery procedures prescribed in the Act.

## 7 Review

The Shire will establish a mechanism for review of decisions made under this Policy and advise ratepayers/debtors of their right to seek review and the procedure to be followed.

## 8 Communication and Confidentiality

The Shire will maintain strict confidential communications and will only communicate with a nominated support person or other third party at the ratepayers/debtors request.

The Shire will advise ratepayers/debtors of this Policy and its application, when communicating in any format (i.e. verbal or written) with a ratepayer/debtor with an outstanding rate or service charge debt.

The Shire recognises that applicants for hardship consideration are experiencing additional stressors and may have complex needs. The Shire will provide additional time to respond to communication and will communicate in alternative formats where appropriate. The Shire will ensure all communication with applicants is clear and respectful at all times

## 9 Related Documentation / Legislation

- a) Local Government Act 1995
- b) Local Government (Financial Management) Regulations 1996
- c) Shire of Dandaragan Financial Hardship Application Form
- d) Ombudsman Western Australia publication: 'Local Government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance'
- e) Shire of Dandaragan Debt Management Policy

<b>Policy Number</b>	3.6 – Financial Hardship Policy
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