

FINANCIAL HARDSHIP POLICY

Policy Objective

To give effect to the Town's commitment to assist rates debtors and sundry debtors experiencing financial hardship by:

- Enabling a rates debtor or sundry debtor experiencing financial hardship to make application for assistance relating to outstanding rates or service charges or sundry debts; and
- Treating all rates debtors and sundry debtors experiencing financial hardship in a fair and consistent manner.

Policy Scope

This policy applies to rates debtors and sundry debtors who are unable to pay outstanding rates, service charges or sundry debts due to financial hardship.

Definitions

In this policy unless the contrary intention appears:

Debtor – means an individual, organisation or other party that transacts with the Town where goods or services are provided, use of facilities are made available, fines and licence fees are levied and any other transaction that results in an expected future payment to the Town;

Financial Hardship – A person will be considered to be in financial hardship if paying their rates, service charges or sundry debts due to the Town will affect their ability to meet their basic living needs.

Payment Agreement – means an arrangement whereby the debtor pays amounts over a period, agreed to by the Town, to pay the total amount outstanding. A payment agreement would normally require payments to be made by direct debit and be structured to clear the debt due to the Town within a period of 12 months.

Rates Debt – means amounts due and payable to the Town for rates and service charges levied by the Town pursuant to the provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*.

Rates Debtor – means an individual, organisation or other party that has outstanding monies owed to the Town for a rates debt.

Sundry Debt – means any debt due to the Town other than rates or service charges.

Sundry Debtor – means an individual, organisation or other party that has outstanding monies owed to the Town for a sundry debt

Policy Statement

Monies owing to the Town for outstanding rates, service charges and sundry debts must be paid. This provides equity for all property owners and community members by ensuring all accept and meet their obligations to contribute to the cost of the provision of essential community infrastructure and services.

The Town is mindful however, that property owners and community members may from time-to-time experience financial pressure caused by a wide range of stressors.

The Town will be sympathetic toward those experiencing genuine financial hardship and will work with rates debtors and sundry debtors to create a suitable payment agreement reflective of each person's particular circumstances.

The Town aims to recover outstanding rates, service charges and sundry debts within twelve (12) months of the due date(s) for payment (refer Recovery of Rates and Service Charges Policy and Recovery of Sundry Debts Policy). The Town recognises that in circumstances of genuine financial hardship that may not be possible and may enter into an agreement for payment of the debt over a longer period. The payment agreement will generally:

- be structured to clear the outstanding debt within three (3) years;
- require future rates, service charges and any other monies that may become payable to the Town to be paid on time; and
- require payments to be made by direct debit.

The Town is committed to helping those who are experiencing genuine financial hardship. However, where outstanding rates or service charges are unable to be paid within three (3) years, the financial hardship may be so significant that continued property ownership is untenable.

1.1 What is Financial Hardship?

1.1.1 A person will be considered to be in financial hardship if paying their rates, service charges or sundry debts due to the Town will affect their ability to meet their basic living needs.

1.1.2 Payment difficulties tend to be short term, but financial hardship may become entrenched. An individual experiencing financial hardship is generally unable to provide for the costs of one or more of the following items:

- Accommodation costs such as mortgage and/or utility costs;
- Food;
- Clothing;
- Medical treatment;
- Education; or
- Other basic necessities.

1.2 Identifying Financial Hardship

1.2.1 A property owner or community member experiencing financial hardship should contact the Town as soon as possible. This may be before the debt becomes due and payable. A property owner or community member does not need to have defaulted to apply for financial hardship support.



- 1.2.2 The Town recognises that financial hardship may arise from a range of individual circumstances, including:
- Recent unemployment or under-employment;
 - Separation or divorce;
 - Unanticipated circumstances such as caring for or supporting extended family;
 - Domestic or family violence;
 - Loss of a spouse or loved-one;
 - Physical or mental health problems;
 - A chronically ill family member;
 - A local, State, or National emergency;
 - A serious accident;
 - Business downturn; or
 - Emergency event from natural disasters.
- 1.2.3 The Town will determine the nature and extent of support provided in consultation with the rates debtor or sundry debtor as part of the assessment process.
- 1.2.4 The Town will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with its statutory responsibilities.

1.3 Evidence of hardship

- 1.3.1 A rates debtor or sundry debtor applying for financial hardship support will be required to provide evidence of financial hardship and make a proposal to clear the outstanding debt within three (3) years.

2. Application for Financial Hardship

2.1 Application

- 2.1.1 A rates debtor or sundry debtor applying for financial hardship support will be required to complete an Application for Financial Hardship Support form and provide all relevant information about their individual circumstances to allow the Town to make an assessment. The application should be accompanied by supporting documentation, which may include:
- A letter from a recognised financial counsellor or financial planner indicating financial hardship;
 - Copy of recent bank statements for all bank accounts;
 - Any relevant Centrelink documentation;
 - Bank notice, for example, for mortgage arrears;
 - Disconnection notice for utilities;
 - Notice of impending legal action;



- Repossession notice of essential items such as a car or motorcycle;
- Evidence of loss of employment/registration for Newstart allowance;
- Final notice from school regarding payment of mandatory fees; or
- Medical certificate confirming inability to work.

2.1.2 The Town may require the applicant to provide additional information or supporting documentation.

2.2 Assessment

2.2.1 The Town will contact a rates debtor or sundry debtor who has applied for financial hardship support within ten (10) business days to discuss the application and request further information or supporting documentation where necessary. The Town will assess the application within thirty (30) days of receipt of all required information and supporting documentation.

2.2.2 The Town will carefully consider all relevant information and supporting documentation provided and will exercise due care in assessing financial hardship taking into account rates debtor or sundry debtor's individual circumstances.

2.2.3 Factors the Town may consider in assessing an application for financial hardship support include:

- The size of debt;
- The length of time the debt has remained outstanding;
- Whether the debt has accumulated over time;
- Any prior payment arrangements entered into under the Town's Recovery of Rates and Service Charges Policy or Recovery of Sundry Debts Policy;
- Any prior applications for financial hardship support or payment agreements
- The nature of the property, including whether it is leased;
- Any mortgage or other debt secured by the property; or
- The personal and financial circumstances of the applicant.

2.2.4 The Director Corporate Services may enter into payment agreements with rates debtors and sundry debtors for the Town where the payment agreement will result in payment of the outstanding debt within three (3) years. Payment agreements outside of these terms will be at the discretion of the Chief Executive Officer.



2.3 Payment agreements – Terms and Conditions

2.3.1 Where the Town accepts the application for financial hardship and enters into a payment agreement with a rates debtor or sundry debtor, the following may apply:

Agreement:

2.3.1.1 The parties will enter into a payment agreement detailing the terms and conditions of the agreement and the Town will provide a copy of the signed agreement to the rates debtor or sundry debtor.

Suspension of Fees and Interest charges:

2.3.1.2 The Town may suspend administration fees and interest charges while a rates debtor or sundry debtor adheres to the terms and conditions of a payment agreement entered into under this Policy.

Change in circumstances:

2.3.1.3 A rates debtor or sundry debtor must keep the Town informed in writing of any change in their personal or financial circumstances that may affect their capacity to pay.

Review Payment Plans:

2.3.1.4 A rates debtor or sundry debtor make written application to the Town for review of a payment agreement where their personal or financial circumstances have changed.

2.4 Cancellation of Payment Agreement

2.4.1 The Town may cancel a payment agreement for noncompliance where a rates debtor or sundry debtor consistently fails to adhere to the terms and conditions of the payment agreement (“consistent default”). As a guide, consistent default will be considered to have occurred where a rates debtor or sundry debtor misses three consecutive payments, or 25 per cent of required annual payments and fails to contact the Town to advise of a change in circumstances or apply for review of the payment agreement. The Town will provide written notification to the rates debtor or sundry debtor where it cancels a payment agreement.

2.4.2 The Town has discretion on whether or not to enter into a further payment agreement with a rates debtor or sundry debtor and may instead decide to initiate debt recovery proceedings.

3 Debt Collection

3.1 The Town will not commence debt recovery proceedings, and will suspend any current debt recovery proceedings, while it is assessing an application for financial hardship support.

3.2 The Town will not commence or recommence debt recovery proceedings while the ratepayer or sundry debtor is adhering to the terms and conditions of a payment agreement under this Policy.

3.3 The Town reserves the right to commence or recommence debt recovery proceedings where a payment agreement is cancelled for consistent default.



- 3.4 Debt recovery proceedings will be conducted in accordance with the Town's Recovery of Rates and Service Charges Policy or Recovery of Sundry Debts Policy, as the case may be.
- 3.5 Legal costs and expenses incurred by the Town in recovering rates debts will be charged against the land in accordance with the section 6.43 of the *Local Government Act 1995*.

4.1 Concession and Deferment of Rates

4.1.1 The Office of State Revenue (OSR) provides concessions to eligible pensioners and seniors on their local government rates and service charges and the Emergency Services Levy (ESL). The OSR determines all rules around rebates and deferments for pensioners and seniors. The rules are administered by the Town.

4.2 Concession

- 4.2.1 Seniors who meet the eligibility criteria are entitled to claim a rebate of up to 25 per cent of their rates (including specified area rate), subject to a cap. Pensioners who meet the eligibility criteria are entitled to claim a rebate of up to 50 per cent of their rates, subject to a cap. Capping does not apply to the ESL.
- 4.2.2 Seniors may register in person with the Town or with the Water Corporation by phoning 13 13 85 or online via www.watercorporation.com.au/my-account/i-want-to/concessions.
- 4.2.3 Rates debtors entitled to a rebate are eligible to apply for financial hardship support under this Policy.

4.3 Deferment of Rates

- 4.3.1 Ratepayers who hold a Pensioner Card, State Concession Card or Seniors Card and Commonwealth Seniors Health Care Card registered on their property may be eligible for a deferral of their rates and ESL.
- 4.2.3 The deferred rates balance –
- Remains as a debt on the property until paid;
 - 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;
 - May be paid at any time, but a concession is not received when the rates are paid; and
 - Does not incur penalty interest charges.

5. Financial counselling

5.1 The Financial Counsellors' Association of WA can refer a debtor to a financial counsellor in their area. Alternatively, the debtor can call the Financial Counselling Helpline 1800 007 007. The Helpline provides a free confidential service for all Western Australians with financial problems and queries.

Financial Counsellors' Association of WA

Phone: 08 9325 1617

Email: afm@financialcounsellors.org

Website: www.financialcounsellors.org

Financial Counselling Helpline: 1800 007 007

6. Assistance from Town Staff

6.1 The Town's rates and finance officers are able to assist rates debtors and sundry debtors who are experiencing difficulty paying their outstanding rates and sundry debts by providing information about:

- The Town's Recovery of Sundry Debts Policy, Recovery of Rates and Service Charges Policy and the Financial Hardship Policy;
- Payment agreements with the Town under the above policies;
- The Financial Hardship application process and documentation requirements;
- Government funded concession and deferment entitlements; and
- Government and community programs and services available including financial counselling.

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