

# Policy

## Financial Hardship



### Policy Type

Council

### Policy Purpose

The City 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 of Cockburn (City) offers fair, equitable, consistent, and dignified support to Ratepayers experiencing Financial Hardship, while treating all members of the community with respect and understanding during Financial Hardship.

This Policy explains what the City will consider as constituting Financial Hardship and options available to the City to assist those that qualify.

### Policy Statement

#### (1) Scope

1. This Policy applies to all ratepayers of the City experiencing Financial Hardship and is applicable to rates and service charges as at the date of adoption of this Policy.
2. The provisions of the *Local Government Act 1995* (the Act), *Local Government (Financial Management) Regulations 1996*, and *Rates and Charges (Rebates and Deferments) Act 1992* apply.

#### (2) Objectives

1. 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.
2. Financial Hardship occurs where a person is unable to pay a debt without affecting their ability to meet their basic living needs, or the basic living needs of their dependants.
3. The City recognises that people in our community may be experiencing Payment Difficulties, Financial Hardship and vulnerability.

4. The key objectives of this Policy are to:

- i. provide a mechanism that enables ratepayers to feel comfortable in approaching the City about outstanding debts;
- ii. reduce the number of people experiencing vulnerability being involved in formal recovery processes;
- iii. encourage a consistent and proactive approach in identifying and assisting ratepayers who may be experiencing difficulty paying their rates due to personal or Financial Hardship;
- iv. encourage people experiencing Financial Hardship, to access financial counselling support services earlier;
- v. enable more appropriate ways for the City to seek payment of rates arrears;
- vi. reduce costs to the ratepayer associated with recovery

(3) Financial Hardship Criteria

1. Evidence of Financial Hardship will be required. However, the City 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:
  - i. Recent unemployment or under-employment
  - ii. Sickness or recovery from sickness
  - iii. Low income or loss of income
  - iv. Unanticipated circumstances such as caring for and supporting extended family.
2. Ratepayers are encouraged to provide 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 arrangement.
3. The City will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with statutory responsibilities

(4) Payment Arrangements

1. Payment arrangements may be facilitated in accordance with Section 6.49 of the Act and are to include an agreed frequency and amount.
2. These arrangements will consider the following:
  - i. The ratepayer has supplied Evidence of Financial Hardship;

- ii. The ratepayer has made genuine effort to meet rate and service charge obligations in the past;
  - iii. The payment arrangement will establish a known end date that is realistic and achievable; and
  - iv. The ratepayer will be responsible for informing the City of any change in circumstance that jeopardises the agreed payment schedule.
3. Payment made by ratepayers in advance of any due date are outside the scope of this Policy.
4. Centrepay

The City accepts payment arrangements for Centrelink customers via Centrepay. Any Centrelink customer can apply to make regular deductions from their Centrelink payment to make payment towards rates amounts due. Centrepay is a voluntary bill paying service which is free for Centrelink customers.

(5) Deferment under the *Rates and Charges (Rebates and Deferments) Act 1992*

1. Persons eligible under the *Rates and Charges (Rebates and Deferments) Act 1992* should refer to the Department of Finance Fact Sheet for information on the application process and criteria – Pensioners and Seniors Concessions Scheme.

(6) Deferment under this Policy

1. Ratepayers may apply to have rates and charges in part or whole deferred for a specified period (maximum 12 months).
2. To be eligible to apply for deferment:
  - i. The ratepayer must be experiencing undue and unavoidable Financial Hardship; and
  - ii. The property must be the ratepayer's principal place of residence or principal place of business; and
  - iii. The ratepayer must supply Evidence which substantiates they meet the Financial Hardship criteria; and
  - iv. The ratepayer agrees to pay any portion of rates and charges within their capacity to do so.
3. The City will review a deferment on or before the expiry of the deferral period.
4. The ratepayer may be eligible for a further deferment period however must submit an application in accordance with this Policy.

5. The City will consider applications made by ratepayers impacted by Emergency Situations.
6. Applications for deferment made as a result of impacts by any Emergency Situations will:
  - i. Be available to all ratepayers impacted by the Emergency Situation for a deferment period of up to three (3) months; and
  - ii. Require evidence which substantiates the ratepayer meets the Financial Hardship criteria.
  - iii. Include agreement to pay any portion of rates and charges within the capacity of the ratepayer to do so

(7) Interest Charges

1. Interest will be charged on all overdue rates and charges in accordance with Section 6.51 of the Act. Eligible pensioners, seniors or other eligible ratepayers entitled to a rebate under the *Rates and Charges (Rebates and Deferrals) Act 1992* are excluded from interest charges.
2. Interest will not be charged on overdue rates and service charges under an agreed payment arrangement that is reasonably adhered to.
3. Interest may be written off where Financial Hardship affects a significant section of the community such as an Emergency Situation. The decision to write off interest will be made by Council (excluding the late payment interest applicable to the Emergency Services Levy).

(8) Debt Recovery

1. The City will suspend debt recovery processes whilst negotiating a suitable payment arrangement or deferral with a ratepayer.
2. Where a ratepayer is unable to make payments in accordance with the agreed payment arrangement and the ratepayer advises the City, making an alternative arrangement before defaulting on the 2nd due payment, the City will continue to suspend debt recovery processes.
3. Where a ratepayer has not reasonably adhered to the agreed payment arrangement, for any rates and service charge amounts that remain outstanding on 1 July of the current financial year, the City will offer the ratepayer one further opportunity of adhering to a payment arrangement that will clear the total debt by the end of the next financial year

## (9) Communication and Confidentiality

1. Any information provided in accordance with this policy will be treated as strictly confidential and in accordance with the City's Privacy Statement.
2. The City recognises that applicants for Financial Hardship consideration are experiencing additional stressors and may have complex needs.
3. The City will provide additional time to respond to communication and will communicate in alternative formats where appropriate.
4. The City will ensure all communication with applicants is clear and respectful.

### Definitions:

**Deferment** means a postponement of the payment of rates and charges in whole or in part for a specified period (maximum 12 months) and subject to conditions as determined by the City. When the payment of rates or charges are deferred, payment is not required until the agreed date as approved by the City, the ratepayer becomes deceased, the property is sold or there is a change in ratepayer. Deferred rates or charges are a charge on the property.

**Financial Counselling Service** means a service which is a member of the Financial Counsellors Association of Western Australia (FCAWA).

**Financial Hardship** means a state of more than immediate financial disadvantage which results in a ratepayer being unable to pay an outstanding amount without affecting the ability to meet the basic living needs the ratepayer or a dependant.

Factors contributing to Financial Hardship may include:

- family tragedy
- financial misfortune
- serious illness
- impacts of natural disaster
- pandemics
- other serious or difficult circumstances.

**Emergency Situations** includes natural disasters and pandemics which have caused Financial Hardship to a significant proportion of the community.

**Evidence** means written documentation by an approved Financial Counselling Service or the ratepayer's accountant, auditor or bank manager or other such written documentation from a professional (e.g. Doctor) which supports the ratepayer's position with respect to hardship.

**Payment Difficulties** means a state of immediate financial disadvantage that results in a ratepayer being unable to pay an outstanding amount by reason of a change in personal circumstances.

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