

Policy

Financial Hardship



Policy Type

Council

Policy Purpose

The City of Cockburn acknowledges that genuine financial hardship may arise from temporary, ongoing or significant circumstances that affect an individual's or organisation's capacity to meet rates, service charges, fees or other debts owed to the City when they fall due.

This Policy aims to balance the City's responsibility to recover revenue required to deliver essential community services with its commitment to support applicants experiencing genuine financial hardship, payment difficulty or vulnerability.

This Policy is intended to ensure that the City offers fair, equitable, consistent, respectful and dignified support, while maintaining appropriate governance, accountability and responsible financial management.

This Policy explains what the City may consider as constituting Financial Hardship and the types of assistance that may be made available to applicants who qualify.

Policy Statement

(1) Scope

1. This Policy applies to applications for financial hardship assistance in relation to:
 - i. rates and service charges imposed by the City;
 - ii. sundry debtor accounts owing to the City; and
 - iii. other debts owing to the City where the City determines that hardship assistance is appropriate having regard to the nature of the debt, statutory requirements, contractual obligations and the applicant's circumstances.
2. For rates and service charges, assistance will generally be prioritised for an applicant's principal place of residence. Applications relating to investment properties, commercial properties or non-residential properties may be considered only where exceptional circumstances are demonstrated.

3. The application of this Policy to sundry debtor accounts or other debts does not alter any statutory charge, contractual obligation, recovery right, legislative requirement or delegation that applies to that debt.
4. The provisions of the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and *Rates and Charges (Rebates and Deferments) Act 1992* apply where relevant.

(2) Objectives and Principles

1. The City recognises that members of the community may experience payment difficulty, financial hardship or vulnerability. The City will administer this Policy having regard to the following principles:
 - i. fairness, consistency and procedural fairness;
 - ii. respect, dignity and confidentiality;
 - iii. early engagement and early intervention;
 - iv. realistic, affordable and sustainable payment outcomes;
 - v. appropriate referral to financial counselling and support services;
 - vi. transparent and accountable decision-making; and
 - vii. responsible revenue collection and compliance with statutory obligations.
2. The key objectives of this Policy are to:
 - i. provide a supportive and accessible process that enables applicants to approach the City about outstanding debts;
 - ii. reduce the number of people experiencing vulnerability being involved in formal debt recovery processes where hardship assistance is appropriate;
 - iii. promote a consistent, fair and proactive approach to identifying and supporting applicants experiencing payment difficulty or financial hardship;
 - iv. encourage early engagement with the City and with appropriate financial counselling, support services or community assistance programs;
 - v. provide flexible and appropriate debt management options that support applicants to meet their obligations to the City in a sustainable way;
 - vi. minimise the financial burden associated with legal and debt recovery processes where appropriate; and

- vii. support transparent, consistent and accountable decision-making in the assessment and management of Financial Hardship applications.

(3) Financial Hardship Criteria

1. Financial Hardship may exist where an applicant is unable to pay an outstanding amount without adversely affecting their ability to meet their basic living needs, or the basic living needs of their dependants.
2. The City recognises that not all circumstances are alike and will take a flexible approach to assessing individual circumstances. Factors that may contribute to Financial Hardship include, but are not limited to:
 - i. Recent unemployment or under-employment;
 - ii. Low income, loss of income or reduction in income;
 - iii. Serious illness, injury, disability or medical condition affecting the applicant or an immediate family member;
 - iv. Family violence, family breakdown, separation or the death of a spouse, partner or dependant;
 - v. Caring responsibilities or unanticipated responsibility for supporting extended family;
 - vi. Natural disasters, emergencies, pandemics or other significant events;
 - vii. Financial misfortune or other serious circumstances affecting capacity to pay; and
 - viii. Other circumstances accepted by the City as relevant to the applicant's capacity to pay.
3. The following circumstances will generally not, on their own, constitute Financial Hardship:
 - i. Unwillingness to pay where capacity to pay exists;
 - ii. General payment difficulty where no genuine hardship is demonstrated;
 - iii. A dispute about the amount payable, which should be managed through the appropriate review, objection or dispute process;
 - iv. Failure to provide information reasonably required to assess the application; and
 - v. Investment or commercial property ownership, unless exceptional circumstances are demonstrated and approval is granted.
4. The City will consider all relevant circumstances, applying the principles of fairness, integrity, confidentiality and responsible financial management while complying with statutory responsibilities.

(4) Evidence and Assessment

1. Applicants seeking assistance under this Policy may be required to provide information or supporting documentation reasonably necessary for the City to assess the application.
2. Supporting information may include one or more of the following:
 - i. evidence of income, expenditure and essential living costs;
 - ii. Centrelink, pensioner, seniors or concession card details;
 - iii. medical certificates or other relevant health documentation;
 - iv. bank statements;
 - v. a statement of financial position;
 - vi. information from a financial counsellor or other suitably qualified professional;
 - vii. a statutory declaration where other supporting evidence is unavailable, delayed or not reasonably obtainable; or
 - viii. any other information reasonably required by the City.
3. The City may take a flexible and reasonable approach to evidence where the applicant is experiencing vulnerability, family violence, emergency circumstances, language or literacy barriers, disability, illness or other circumstances that make formal documentation difficult to obtain.
4. The City may request further information where an application is incomplete or where the information provided is insufficient to assess the application.
5. The City may decline an application where the applicant does not provide information reasonably required to assess the application.

(5) Assistance and Support Options

1. Depending on the applicant's circumstances, the nature of the debt and applicable legislative or contractual requirements, assistance under this Policy may include one or more of the following:
 - i. payment arrangements;
 - ii. extensions of time to pay;
 - iii. temporary deferment of all or part of an eligible debt;
 - iv. suspension or non-application of interest where permitted;
 - v. referral to a Financial Counselling Service or other support service;
 - vi. review or variation of an existing arrangement where circumstances change;

- vii. temporary suspension of debt recovery action while an application is being assessed; or
 - viii. any other assistance approved in accordance with the City's delegations and procedures.
2. Approval of hardship assistance does not remove the applicant's obligation to pay amounts owing to the City.

(6) Payment Arrangements

1. Payment arrangements for rates and service charges may be facilitated in accordance with Section 6.49 of *the Local Government Act 1995*. Payment arrangements for sundry debtor accounts or other debts may be facilitated where appropriate having regard to the nature of the debt and the City's administrative requirements.
2. An approved payment arrangement should include an agreed payment frequency, payment amount, repayment timeframe and review or completion date.
3. When considering a payment arrangement or extension of time to pay, the City may have regard to whether:
 - i. the applicant has supplied information reasonably required to assess Financial Hardship;
 - ii. the applicant has demonstrated a genuine intention to address the debt;
 - iii. the proposed arrangement is realistic, affordable and sustainable based on the applicant's circumstances;
 - iv. the arrangement considers both the outstanding debt and any ongoing rates, service charges or other continuing obligations as they fall due;
 - v. the applicant is able to maintain regular payments in accordance with the arrangement;
 - vi. a clearly defined review date or completion date is appropriate; and
 - vii. the applicant has agreed to advise the City of any material change in circumstances.
4. The City accepts payment arrangements for Centrelink customers via Centrepay where available and appropriate. Centrepay is a voluntary bill-paying service that enables eligible Centrelink customers to make regular deductions from Centrelink payments.
5. Other payment methods may be considered where available and approved by the City.

6. Payment made by ratepayers or sundry debtors in advance of any due date are outside the scope of this Policy.
- (7) 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.
- (8) Deferment under this Policy
1. An applicant may apply to defer all or part of an eligible debt for a specified period of up to 12 months where Financial Hardship is demonstrated and the City is satisfied that deferment is appropriate having regard to the nature of the debt, the applicant's circumstances and applicable legislative or contractual requirements.
 2. For rates and service charges, deferment will generally only be available where the property is the applicant's principal place of residence, unless exceptional circumstances are demonstrated and approval is granted in accordance with the City's delegations.
 3. For sundry debtor accounts or other debts, deferment or extension arrangements may be considered where appropriate to the nature of the debt and consistent with the City's statutory, contractual and financial management obligations.
 4. To be eligible to apply for deferment, the applicant must:
 - i. be experiencing genuine, undue and unavoidable Financial Hardship;
 - ii. provide information or evidence that substantiates the Financial Hardship application;
 - iii. demonstrate that the debt cannot be paid in full within the required timeframe;
 - iv. agree to pay any portion of the debt that is within the applicant's reasonable capacity during the deferment period, where applicable; and
 - v. commit to engaging with the City during the deferment period and advising the City of any material change in circumstances.
 5. The City will review the applicant's circumstances before the expiry of the deferment period and may:
 - i. extend the deferment period where continued Financial Hardship is demonstrated and approval is available under this Policy;

- ii. enter into an agreed payment arrangement for the outstanding balance; or
- iii. require the outstanding debt to be paid in accordance with the City's debt recovery procedures.

(9) Interest Charges

- 1. Interest will be charged on overdue rates and service charges in accordance with Section 6.51 of *the Local Government Act 1995* unless otherwise excluded, suspended, not applied or written off in accordance with applicable legislation, Council policy, adopted fees and charges or the City's delegations.
- 2. Eligible pensioners, seniors or other eligible ratepayers entitled to a rebate under the *Rates and Charges (Rebates and Deferments) Act 1992* are excluded from interest charges where applicable.
- 3. Interest on overdue rates, service charges or eligible debts may be suspended or not applied while an approved Financial Hardship arrangement is in place and is being reasonably adhered to, subject to applicable legislation, Council policy, adopted fees and charges and the City's delegations.
- 4. Where an applicant does not comply with an approved arrangement and does not contact the City to discuss a reasonable alternative, the City may reinstate interest charges and recommence debt recovery action.

(10) Debt Recovery and Default Management

- 1. The City is committed to working with applicants experiencing Financial Hardship to identify appropriate support measures before commencing or escalating formal debt recovery action where practicable.
- 2. Where an applicant has applied for assistance under this Policy, the City may place debt recovery action on hold while the application is assessed.
- 3. Where an applicant has been approved for assistance and is complying with an agreed payment arrangement or deferment, the City will suspend debt recovery action for the duration of the arrangement, subject to the terms of the arrangement and applicable legislation.
- 4. If an applicant misses a payment under an approved arrangement, the City will, where practicable, attempt to contact the applicant before recommencing formal recovery action. The City may vary the arrangement where the applicant demonstrates a change in circumstances and continued willingness to address the debt.
- 5. The City may recommence debt recovery action where the applicant:

- i. fails to comply with the terms of an approved payment arrangement or deferment without reasonable cause;
 - ii. fails to maintain reasonable contact with the City regarding financial circumstances;
 - iii. provides false or misleading information in support of a hardship application;
 - iv. does not provide information reasonably required to assess or review the arrangement;
 - v. no longer meets the eligibility requirements of this Policy; or
 - vi. declines to enter into or maintain a reasonable arrangement despite having capacity to pay.
6. Formal debt recovery action may include reminder notices, final demand letters, referral to debt collection agencies, legal proceedings, recovery of rates and service charges in accordance with the *Local Government Act 1995*, recovery of sundry debts owing to the City, or any other lawful recovery action available to the City.
7. The City will seek to balance its responsibility to recover outstanding debts with its commitment to supporting applicants experiencing genuine Financial Hardship, vulnerability or payment difficulty.

(11) Communication and Confidentiality

1. Any information provided in accordance with this Policy will be treated as confidential and managed in accordance with the City's Privacy Statement, recordkeeping requirements and applicable legislation.
2. The City recognises that applicants for Financial Hardship consideration are experiencing additional stressors and may have complex needs.
3. The City will ensure communications with applicants are clear, respectful, timely and accessible.
4. Applicants seeking assistance under this Policy are encouraged to engage with the City as early as possible and provide accurate and complete information regarding their circumstances.

(12) Review of Decisions

1. An applicant who is dissatisfied with a decision made under this Policy may request an internal review.
2. The review will be undertaken by a person who was not involved in the original decision, where practicable, and in accordance with the City's delegations and governance framework.

3. The applicant will be advised of the review outcome in writing.
4. A dispute about the amount of a rate, service charge, fee, charge or sundry debt will be managed through the applicable objection, review, dispute or other legislative or administrative process and is not, of itself, a Financial Hardship application.

Definitions:

Applicant means a person, organisation, ratepayer, owner, occupier, sundry debtor or other debtor who applies for assistance under this Policy.

Deferment means a postponement of the payment of rates, charges or other eligible debts in whole or in part for a specified period, subject to conditions as determined by the City and applicable legislative, contractual and delegation requirements. For rates and service charges, deferred amounts may remain a charge on the property where provided for by legislation.

Financial Counselling Service means a service that provides free, independent and confidential financial counselling support, including a service that is a member of the Financial Counsellors Association of Western Australia (FCAWA).

Financial Hardship means a state of more than immediate financial disadvantage that results in an applicant being unable to pay an outstanding amount without adversely affecting their ability to meet their basic living needs, or the basic living needs of their dependants.

Factors contributing to Financial Hardship may include:

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

Evidence means information or documentation reasonably required to support an application for assistance under this Policy. Evidence may include documentation from a financial counsellor, accountant, employer, medical practitioner or other professional; financial records; concession details; a statement of financial position; or a statutory declaration where other evidence is unavailable or delayed.

Payment Difficulties means a state of immediate or short-term financial disadvantage that results in an applicant being unable to pay an outstanding amount by the due date because of a change in circumstances.

Sundry Debtor Account means an account or debt owing to the City that is not a rates or service charge debt.

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