

Title	Financial Hardship
Policy Number (Governance Purpose)	



Policy Type

Administrative

Policy Purpose

The purpose of this policy is to enable a ratepayer experiencing hardship to make an application to the City to defer the payment of rates and charges or make payments towards their outstanding rates and charges that is affordable given their individual circumstances. This policy also provides ratepayers with a clear, transparent understanding of the options and assistance available if currently experiencing, or at the risk of experiencing hardship.

This policy complements Council's existing Debtors Management Policy (DMP). The DMP does not extend to include the management of hardship applications, as these require more specialised attention.

This policy defines hardship and is supported by procedures, relating to the possible granting of a deferral of payment of levied rates and charges.

As a general principle, hardship assistance should only be granted to individuals experiencing hardship, with regard to the rates on their primary residence. Applications for hardship assistance for residential investment, commercial or industrial properties will generally not be supported, unless under wide spread emergency situations.

Definitions

Hardship

Factors contributing to serious hardship generally include:

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

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.

Deferring Payment of Rates

It is 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

Title	Financial Hardship
Policy Number (Governance Purpose)	



the payment of rates 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 are a charge on the property.

Policy Statement

(1) Objectives

This Policy is intended to ensure that we offer fair, equitable, consistent and dignified support to ratepayers suffering hardship, while treating all members of the community with respect and understanding at difficult times.

The key objectives of this policy are to:

1. provide a mechanism that enables ratepayers to feel comfortable in approaching the City about outstanding debts;
2. reduce the number of vulnerable people being summonsed for unpaid rates and charges by the City;
3. provide a policy that encourages a consistent and proactive approach in identifying and assisting ratepayers who may be experiencing difficulty paying their rates due to personal or financial hardship, before the debt is referred to the undertaking of legal proceedings;
4. encourage people experiencing financial hardship, to access financial counselling support services earlier;
5. enable more appropriate ways for the City to seek payment of rates arrears other than through the legal means;
6. reduce court proceedings and associated court and legal costs being added to a ratepayers rate account;

(2) Deferring the Payment of Rates and Charges

Ratepayers may have rates and charges or part thereof, deferred (although rates and charges will continue to be levied), subject to compliance with the following conditions:

The ratepayer must be experiencing undue and unavoidable hardship; and

1. the property is the ratepayer's principal place of residence;
2. the ratepayer is either a pensioner or senior who is eligible to claim a rate rebate however unable to defer their rates under the *Rates and Charges (Rebates and Deferments) Act 1992*, or is unemployed for a minimum period of three months; or
3. the ratepayer is able to evidence severe financial hardship as certified by an assessment carried out by a City nominated/approved Financial Counselling Service or the ratepayer's accountant, auditor or bank manager;

Title	Financial Hardship
Policy Number (Governance Purpose)	



4. the ratepayer is able to provide other substantive evidence of the hardship they are enduring such as a letter from a doctor;
5. an application is submitted to the City by the ratepayer or the ratepayer's representative providing evidence of such circumstances referred to in a) to d) above, with a written commitment from the ratepayer to an agreed timeframe in which the deferred rates will be paid.

Applications for rate and charges deferral for ratepayers will be approved by the Rates and Revenue Manager.

In the case of a deferral, if approved, the balance of rates owing will be deferred for a maximum period of 12 months. On or before the expiry of the approved deferral period, a review will be carried out with the ratepayer to determine the ratepayer's circumstances. Ratepayers will be required to re-submit an application after the expiry of the agreed deferral timeframe to qualify to enter into a payment arrangement that is affordable given their individual circumstances.

In all applications for rates and charges deferrals, the applicant will still be encouraged to continue to pay the portion of rates and charges that is affordable given their individual circumstances. This will be mutually agreed on a case-by-case basis.

Deferral arrangements still attract penalty interest on outstanding balances (eligible Pensioners/Seniors excluded).

Legal action may commence without further notice if the deferral agreement is not complied with.

(3) Deferring the Payment of Rates and Charges - Emergency Situations

In the case of an emergency situation such as a pandemic or natural disaster which causes hardship to a significant section of the community, the deferral of rates and charges is accessible to all ratepayers experiencing financial hardship regardless of their status, be they a property owner, tenant, business owner etc.

Ratepayers are encouraged to provide written 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. All circumstances will be considered applying the principles of fairness, integrity and confidentiality whilst complying with statutory responsibilities.

Ratepayers affected by emergency situations are not required to provide written evidence by an approved Financial Counselling Service or the ratepayer's accountant, auditor or bank manager.

Payment deferrals for ratepayers in this category will initially be provided with the ability to defer the payment of rates for a maximum of 3 months. The City reserves the right to extend the timeframe for deferral depending on the situation.

Title	Financial Hardship
Policy Number (Governance Purpose)	



Deferral arrangements will still attract penalty interest on outstanding balances unless a decision to waive interest is made by Council.

(4) Rates and Charges Payment Arrangements

Any ratepayer who does not qualify for either a rates and charges deferral may still apply to pay outstanding rates and charges by way of a payment arrangement.

Payment arrangements will still attract penalty interest on outstanding balances but allow ratepayers additional time to make payments without any legal action being undertaken by the City to recover rates and charges should the payment arrangement be adhered to.

Ratepayers who have been approved to pay outstanding rates and charges via a payment arrangement are required to settle their rate account in full by 30 June. Extension beyond this date may be considered, however, documented evidence of financial hardship is required.

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 Cockburn of any change in circumstance that jeopardises the agreed payment schedule.

Legal action may commence without further notice if the payment arrangement is not complied with.

All requests for payment arrangements must be submitted to the City in writing.

Where property ownership changes all overdue rates and charges must be fully paid at settlement date. Payment arrangements and deferral agreements are not transferable.

(5) Centrepay

The City also enables payment arrangements for Centrelink clients via Centrepay, a service provided by Centrelink (Department of Human Services) to facilitate automatic deduction of bills and charges from their Centrelink payments. Anyone on Centrelink can apply to have a designated amount of their Centrelink payment directed to the City. This facility is free to the Centrelink customer (there is a small charge to the City for each transaction).

Title	Financial Hardship
Policy Number (Governance Purpose)	



(6) Penalty Interest

Interest will be charged on all overdue rates and charges in accordance with Section 6.51 of *Local Government Act 1995*. Eligible Pensioners/Seniors entitled to a rebate under the *Rates and Charges (Rebates and Deferments) Act 1992* are excluded from penalty interest charges.

Interest may be waived where hardship affects a significant section of the community such as a pandemic. The decision to waive interest will be made by Council (excluding the late payment interest applicable to the Emergency Services Levy).

(7) Debt recovery

The City will suspend debt recovery processes whilst negotiating a suitable deferral or payment arrangement with a ratepayer.

Where a ratepayer is unable to make payments in accordance with the agreed payment plan and the ratepayer advises the City and makes an alternative plan before defaulting on the 2nd due payment, the City will continue to suspend debt recovery processes.

(8) Communication and Confidentiality

Any information provided in accordance with this policy will be treated as strictly confidential and in accordance with the City's Privacy Statement.

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

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