

Council Policy



Financial Hardship

POLICY OBJECTIVES

To provide a mechanism by which ratepayers and community members may apply to the Shire of Narembeen for dispensations relating to financial hardship.

POLICY SCOPE

This policy applies to:

1. Outstanding rates and service charges as at the date of adoption of this policy; and
2. Rates and service charges levied for future financial years as determined by Council.

It is a reasonable community expectation, that those with the capacity to pay rates will continue to do so in line with the statutory provisions of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.

For this reason, the Policy is not intended to provide rate relief to ratepayers but provide avenues through which debtors can clear debts in a considerate manner.

POLICY STATEMENT

1 Payment difficulties, hardship and vulnerability¹

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. The Shire of Narembeen recognises the likelihood that the effect of COVID-19 will increase the occurrence of payment difficulties, financial hardship and vulnerability in our community. This policy is intended to apply to all ratepayers experiencing financial hardship regardless of their status, be they a property owner, tenant, business owner etc.

2 Anticipated Financial Hardship due to COVID19

We recognise that many ratepayers may already be experiencing financial hardship due to COVID-19. We respect and anticipate the probability that additional financial difficulties will arise when their rates are received.

If a ratepayer is experiencing considerable financial hardship due to COVID-19, the ratepayer will be advised of the terms of this policy and eligible ratepayers will be encouraged to apply for hardship consideration. Where possible and appropriate, we will also provide contact information for a recognised financial counsellor and/or other relevant support services.

¹ Adapted from the Ombudsman Western Australia publication, **Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance:**
<http://www.ombudsman.wa.gov.au/>

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3 COVID-19 Excluded Person Criteria

In order to be considered an excluded person under the Local Government (COVID-19 Response) Ministerial Order 2020, evidence of financial hardship being caused by COVID-19 will be required. The Shire recognises that not all circumstances are alike, and we will take a flexible approach to a range of individual circumstances caused by COVID-19 that have led to a loss of income greater than 20% of the previous years income, including, but not limited to, the following situations:

- Recent unemployment or under-employment
- Sickness or recovery from sickness
- Unanticipated circumstances such as caring for and supporting extended family

Ratepayers are encouraged to provide any 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 proposal. We will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying our statutory responsibilities.

4 Payment Arrangements

The Chief Executive Officer has established an Executive Policy to govern the way payment arrangements will be applied and mutually agreed upon, in line with the existing Council Policy – Debt Management. Through this framework all ratepayers experiencing financial difficulties and problems paying rates and other debts will be able to form a suitable arrangement with the Chief Executive Officer to meet their debts.

5 Interest Charges

A ratepayer that meets the COVID-19 Excluded Person Criteria will, under the Local Government (COVID-19 Response) Ministerial Order 2020, not attract interest or penalty charges on rates / service charge debt in the 2020/2021 financial year. This is subject to the period that the Local Government (COVID-19 Response) Ministerial Order 2020 remains effective (SL 2020/67 – Gazetted 8 May 2020). In the case of severe financial hardship related to COVID-19, the Shire of Narembeen Council may consider writing off interest applicable to the Emergency Services Levy and / or interest previously accrued on rates and service charge debts.

Ratepayers not affected by COVID-19 but experiencing severe financial hardship from other circumstances may apply to Council for the suspension of interest on overdue rates or service charges, these requests will be reviewed on a case by case basis.

6 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:

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- 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 the concession will not apply when the rates debt is subsequently paid (deferral forfeits the right to any concession entitlement); and
- does not incur penalty interest charges.

7 Debt recovery

If a ratepayer is determined to meet the COVID-19 excluded person criteria, then the Shire of Narembeen will suspend debt recovery processes relating to the Council Policy – Debt Management and its subsidiary Executive Policies on rates and debtor management. Where a debtor is unable to make payments in accordance with the agreed payment plan and the debtor advises us and makes an alternative plan before defaulting on the 3rd due payment, then we will continue to suspend debt recovery processes. Where a ratepayer has not reasonably adhered to the agreed payment plan, then for any Rates and Service Charge debts that remain outstanding on 1 July 2021, we will offer the ratepayer one further opportunity of adhering to a payment plan that will clear the total debt by the end of the 2021/2022 financial year.

Rates and service charge debts that remain outstanding at the end of the 2021/22 financial year, will then be subject to the rates debt recovery procedures prescribed in the *Local Government Act 1995*.

For all debt recovery outside of the COVID-19 excluded person criteria, the Council Policy – Debt Management and subsidiary Executive Policies will apply. The Chief Executive Officer will work with all debtors facing financial hardship to ensure appropriate payment plans are entered into that meet the needs of the individual and the Shire.

8 Review

We will establish a mechanism for review of decisions made under this policy, and advise the applicant of their right to seek review and the procedure to be followed.

9 Communication and Confidentiality

We will maintain confidential communications at all times and we undertake to communicate with a nominated support person or other third party at your request.

We will advise ratepayers of this policy and its application, when communicating in any format (i.e. verbal or written) with a ratepayer that has an outstanding rates or service charge debt where we think the debts may be linked to the implications of COVID-19.

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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DEFINITIONS

Financial Hardship - refers to a situation in which a person cannot keep up with debt payments and bills to point where it is affecting their ability to meet their basic living needs and the living needs of their dependants.

COVID-19 - also called coronavirus disease is the name of the disease caused by a newly discovered coronavirus which causes acute respiratory illnesses.

RELATED LEGISLATION

Local Government Act 1996 - Part 6, Division 6, Subdivision 4-6

Local Government Financial Management Regulations

OTHER RELATED POLICIES/KEY DOCUMENTS

Council Policy - Debt Management

Executive Policy - Rates Debt Management

Executive Policy - Debtor Management

DELEGATED AUTHORITY

NA

REVIEW DATE

July 2021

HISTORY

Adopted:	17 June 2020	MIN:	7061/20
Reviewed:		MIN:	
Reviewed:		MIN:	