

## 1.39 FINANCIAL HARDSHIP

---

### OBJECTIVE

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.

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.

### POLICY

#### Scope

This policy applies to:

1. Outstanding rates, debts, and service charges as at the date of adoption of the policy; and
2. Rates and service charges levied during any period where a declared State of Emergency is in force.

It is a reasonable community expectation that those with the capacity to pay rates will continue to do so. For this reason the Policy is not intended to provide rate relief to ratepayers who are not able to evidence financial hardship and the statutory provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* will apply.

#### Statement

##### 1. Payment difficulties, hardship and vulnerability

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 Gingin recognises the likelihood that a declared State of Emergency 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. Financial Hardship Criteria

While evidence of hardship will be required, the Shire recognises that not all circumstances are alike. A flexible approach will be undertaken to a range of individual circumstances including, but not limited to, the following situations:

- Recent unemployment or under-employment;
- Sickness or recovery from sickness;
- Low income or loss of income; or
- Unanticipated circumstances such as caring for and supporting extended family.

Ratepayers or debtors are encouraged to provide as much information as possible about their individual circumstances that may be relevant for assessment. This will 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 with our statutory responsibilities.

### **3. Payment Arrangements**

Payment arrangements facilitated in accordance with Section 6.49 of the Act are of an agreed frequency and amount. These arrangements will consider the following:

- That a ratepayer or debtor 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; and
- The ratepayer or debtor will be responsible for informing the Shire of Gingin of any change in circumstance that jeopardises the agreed payment schedule.

In the case where the Financial Hardship Criteria are met, the Shire reserves the right to consider waiving additional charges or interest (excluding the late payment interest applicable to the Emergency Services Levy).

#### Interest Charges

A ratepayer or debtor who meets the Financial Hardship Criteria and enters into a payment arrangement may request a suspension or waiver of interest charged. Applications will be assessed on a case by case basis.

#### Deferment of Rates

Deferment of rates may apply for ratepayers who have a Pensioner Card or State Concession Card, or a Seniors Card and Commonwealth Seniors Health Care Card registered on their property. 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 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.

### **4. Debt Recovery**

Debt recovery processes may be suspended whilst negotiating a suitable payment arrangement with a ratepayer or debtor. Where a ratepayer or debtor is unable to make payment in accordance with an agreed payment plan and the debtor advises the Shire and makes an alternative plan before defaulting on the 3<sup>rd</sup> due payment, then the Shire will continue to suspend debt recovery processes.

Where a ratepayer or debtor has not reasonably adhered to an agreed payment plan, then for any rates, debts and service charges that remain outstanding on 1 July of any financial year, the Shire may offer one further opportunity to adhere to a payment plan that will clear the total debt by the end of that financial year. Rates, debts and service charges that remain outstanding at the end of the said financial year may be subject to the rates debt procedures prescribed in the *Local Government Act 1995*.

## 5. Review

The Shire will advise ratepayers or debtors of all decisions made under this policy and advise them of their right to seek a review by full Council.

## 6. Communication and Confidentiality

The Shire will maintain confidential communication at all times and undertake to communicate with a nominated support person or other third party at the ratepayer's or debtor's request. The Shire recognises that, during a declared State Emergency, applicants are likely to be experiencing additional stresses and may have complex needs. Therefore, additional time will be provided for applicants to respond to communications and the Shire will communicate in alternate formats where appropriate. All communication with applicants is to be clear and respectful.

## 7. Conflict of Interest

Where the ratepayer or debtor has a close relationship with any staff member or Councillor, that staff member or Councillor must remove themselves from any decision-making process.

## GOVERNANCE REFERENCES

<b>Statutory Compliance</b>	<i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i>
<b>Industry Compliance</b>	N/A
<b>Organisational Compliance</b>	

## POLICY ADMINISTRATION

<b>Review Cycle</b>	2 years	<b>Next Review</b>	2023
<b>Department</b>	Financial Services		

<b>Version</b>	<b>Decision Reference</b>	<b>Synopsis</b>
1.	16/06/2020 – Item 11.2.3	Policy 1.39 COVID-19 Financial Hardship adopted
2.	16/11/2021 – Item 12.4	Amended Policy 1.39 – now Policy 1.39 Financial Hardship