

## FM 2 – Financial Hardship Policy

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### 1 Objectives

The objectives of the Financial Hardship Policy are to:

- 1.1 Support the community in meeting unprecedented challenges arising from a state of emergency, public health emergency or economic downturn and to provide assistance to debtors that may experience financial hardship during this time.
- 1.2 Give effect to Council's commitment to support the whole community to meet life and circumstance challenges.
- 1.3 Recognise that some situations (particularly those involving uncontrolled variables) will result in financial hardship for ratepayers.
- 1.4 Ensure that the Shire offers fair, equitable, consistent and dignified support to ratepayers suffering hardship.
- 1.5 Ensure a policy position on financial hardship includes the requirement for evidence of the circumstances of hardship.

### 2 Scope

This policy applies to:

- 2.1 Outstanding rates and service charges at the date of adoption of this policy.
- 2.2 Rates and service charges levied from this financial year forward.

The reasonable community expectation is that those with the capacity to pay rates will continue to do so. This policy is only intended to provide rate relief to ratepayers who can evidence financial hardship and can demonstrate how this hardship impacts their ability to pay rates. The statutory provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* continue to apply.

This relief provided to ratepayers will not include the write-off of rates or service charges debt. It is an expectation that rates and service charges levied against will be paid within a reasonable time to ensure the Shire can continue to provide services that benefit the whole community.

### 3 Definitions

#### 3.1 Councillors

means members of an elected body that make decisions on behalf of a local government through a formal meeting process. Generally, local government councillors, who include the Mayor or President and councillors, do not have any authority to act or make decisions as individuals.

#### 3.2 Debtor

means any person who owes money to the Shire, including persons owing rates and service charges.

#### 3.3 Employee

means a person that's hired to provide a service to a company either on a full-time, part- time or casual basis in exchange for payment. Also known as staff.

### 3.4 Financial Hardship

means:

- a. a natural person who is identified by themselves, by the Shire, or an accredited financial counsellor, or by a welfare agency as having the intention, but not the financial capacity, to make required payments in accordance with the Shire's payment terms.
- b. a body corporate is experiencing financial hardship if it has a significant decline in revenue such that it is no longer profitable and no reserves to draw upon such that payment to the Shire would require an increase in the business' debt.

### 3.5 Worker

means a councillor, an employee (part-time, full-time and casual), a contractor, a subcontractor, a self-employed person, an outworker, an apprentice or trainee, a work experience student, an employee of a labour hire company placed with a 'host employer' and volunteers.

## 4 Policy

### 4.1 Payment Difficulties, Hardship and Vulnerability

- a. During an economic downturn, public health emergency or other disaster, the occurrence of payment difficulties, financial hardship and vulnerability in the community increases. This policy is intended to apply to all debtors experiencing financial hardship regardless of their status, be they a property owner, tenant or business owner.
- b. Many persons experience financial hardship during an economic downturn, public health emergency or other disaster. It is anticipated the probability that additional financial difficulties will arise when a rates notice or another invoice is received from the Shire.
- c. During an economic downturn, public health emergency or other disaster, the Shire will write to debtors at the time their account falls into arrears, to advise them of the terms of this policy and encourage eligible debtors to apply for financial hardship consideration. Where possible and appropriate, the Shire will also provide contact information for a recognised financial counsellor and/or other relevant support services.
- d. Where a person experiences financial hardship outside of an economic downturn, public health emergency or other disaster, the mechanisms of the Shire to assist a person experiencing financial hardships still apply.

### 4.2 Financial Hardship Criteria

- a. While evidence of hardship will be required, the Shire recognises that not all circumstances are alike. The Shire will take a flexible approach to a range of individual circumstances including, but not limited to, the following situations:
  - Recent unemployment or under-employment;
  - Illness or recovery from illness;
  - Low income or loss of income;
  - Unanticipated circumstances such as caring for and supporting extended family;
  - A requirement to close a business due to government direction or natural disaster;
  - and

- A loss of tenants at a property with a long term inability to obtain new tenants, or tenants that are unable to make payment of rent.
- b. Debtors are encouraged to provide any information about their circumstances that may be relevant for assessment. This may include demonstrating a capacity to make some payment and where possible, entering a payment proposal. The Shire will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with statutory responsibilities.
- c. An application for financial hardship consideration, in relation to rates and service charges, should be related to the circumstances of each individual rates assessment.

#### 4.3 Payment Arrangements

- a. Payment arrangements for rates and service charges facilitated in accordance with Section 6.49 of the Act are of an agreed frequency and amount. These arrangements will consider whether:
  - The 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; and
  - The ratepayer will be responsible for informing the Shire of any change in circumstance that jeopardises the agreed payment schedule.
- b. In the case of financial hardship, the Shire reserves the right to consider waiving additional charges or interest (excluding the Emergency Services Levy, including any fees or interest associated, as this is levied on behalf of the State Government).
- c. Where a ratepayer is a residential ratepayer or small business ratepayer and is experiencing financial hardship because of a pandemic, no interest will be charged or instalment/payment plan fees applied to these ratepayers

#### 4.4 Deferment of Rates

- a. Deferment 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:
  - 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.

#### 4.5 Debt Recovery

- a. The Shire will suspend debt recovery processes whilst negotiating a suitable payment arrangement with a debtor experiencing financial hardship. Where a debtor experiencing financial hardship 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 third due payment, then we will continue to suspend debt recovery processes.
- b. Where a debtor has not reasonably adhered to the agreed payment plan, then for any debts that remain outstanding at the end of the financial year in which the rates notice/invoice was issued, the Shire will offer the debtor one further opportunity of

adhering to a payment plan that will clear the total debt by the end of the following financial year.

- c. Debts that remain outstanding at the end of the following financial year will then be subject to the debt recovery procedures prescribed in the *Local Government Act 1995* and FM 11 - Debt Collection Policy.
- d. The Shire 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.

#### 4.6 Communication and Confidentiality

- a. The Shire will always maintain confidential communications and the Shire will undertake to communicate with a nominated support person or other third party at a debtor's request.
- b. The Shire will advise debtors of this policy and its application, when communicating in any format (i.e. verbal or written) with a debtor that has an outstanding rates or service charge.
- c. The Shire recognises that applicants for hardship consideration are experiencing additional stressors and have complex needs. The Shire will provide additional time to respond to communication and will communicate in alternative formats where appropriate. The Shire will ensure all communication with applicants is clear and respectful.

## 5 Accountabilities & Responsibilities

### 5.1 The council is accountable for:

- Ensuring the organisation has in place a lawful, transparent, and accountable policy framework, supported by a suite of compliant and appropriate policies and procedures.
- Endorsing (or not) each organisational policy document in a timely and effective manner.
- Delegating implementation of each policy document to the CEO.

### 5.2 The CEO is accountable for ensuring the development, implementation, monitoring and review of this policy document, in accordance with governing legislation and the council directives.

### 5.3 The Executive Management Team and Managers is responsible for:

- Ensuring that all employees under their direction comply with this policy document.
- Enacting process to redress non-compliance with this policy document.

### 5.4 All employees are individually responsible for complying with this policy document.

## 6 Risk Management

If a Financial Hardship Policy is not in place the risks include (but are not limited to):

- 6.1 The community cannot meet unprecedented challenges arising from a state of emergency, public health emergency or economic downturn and debtors receive no assistance during this time.
- 6.2 The community receives no support when navigating life and circumstance challenges.

- 6.3 No recognition that some situations (particularly those involving uncontrolled variables) will result in financial hardship for ratepayers.
- 6.4 There is no fair, equitable, consistent nor dignified support to ratepayers suffering hardship.
- 6.5 People receive financial support without any requirement for evidence of the circumstances of hardship.

## 7 Reference Documents

Act	<i>Local Government Act 1995</i> <i>Rates and Charges (Rebates and Deferments) Act 1992</i>
Regulation	<i>Local Government (Financial Management) Regulations 1996</i>
Local Law	n/a
Policy	n/a
Procedure	n/a
Other Documents	n/a

## 8 Version Control

Version	Date	Author	Amendments
V1	30 April 2020	T Clynch (CEO)	Original Document
V2	30 June 2022	T Clynch (CEO)	One year review
V3	July 2024	N Gibbs (CEO)	Three year review
Scheduled Review Date	July 2027		