



(F6) FINANCIAL HARDSHIP POLICY

POLICY OBJECTIVE

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

POLICY SCOPE

This policy applies to currently outstanding, as well as future Shire rates, fees, and charges.

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 or other fees/charges relief to debtors 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.

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 debt.

Financial hardship occurs where a person is unable to pay a debt without affecting their ability to meet their basic living needs, or the basic living needs of their dependents. The Shire of Derby/West Kimberley recognises the likelihood that on occasion, there will be payment difficulties, financial hardship and vulnerability in our community. This policy is intended to apply to all debtors experiencing financial hardship regardless of their status, be they a property owner, tenant, business owner, etc.

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/>

2. Anticipated Financial Hardship due to COVID19

The Shire recognises that many debtors are already experiencing financial hardship.

We will write to debtors at the time their account falls into arrears, to advise them of the terms of this policy and encourage eligible ratepayers 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.

3. Financial Hardship Criteria

While evidence of hardship will be required, we recognise that not all circumstances are alike. We will take a flexible approach 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; and
- Unanticipated circumstances such as caring for and supporting extended family.



Shire of Derby / West Kimberley

Debtors 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. The Shire will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying our statutory responsibilities.

4. 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 has made a 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 will ideally allow the ratepayer to finalise payment as soon as is reasonably practical within the current financial year;
- The ratepayer will be responsible for informing the Shire of Derby/West Kimberley of any change in circumstance that jeopardises the agreed payment schedule.
- In the case of severe financial hardship, we reserve the right to consider waiving additional charges or interest (excluding the late payment interest applicable to the Emergency Services Levy).

5. Interest Charges

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

6. Deferment of Rates

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.

7. Debt Recovery

The Shire will suspend its debt recovery processes whilst negotiating a suitable payment arrangement with a debtor. 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, then we will continue to suspend debt recovery processes.

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

8. Review

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.



9. Communication and Confidentiality

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

Debtor will be advised of this policy and its application, when communicating in any format (i.e. verbal or written) with a debtor that has an outstanding debt.

The Shire 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.

Policy Details			
Original Adoption date:	21 April 2020	Review Frequency (Annual/Bi-ennial):	Annual
Policy Implementing Officer or Team:	Finance Team	Policy Reviewer:	Director – Corporate & Community Services
Legislative Head of Power (Act, Regulation, or Local Law):	Local Government Act 1995 Local Government (Financial Management) Regulations 1996		
Related Documents (other Policies, Operational Procedures, Delegations, etc.):			
Version Control Council Meeting Review Details:			
Review #:	Council Meeting Date:	Item/Resolution#:	
1.	24 June 2021	Item 11.2	