

2.11 FINANCIAL HARDSHIP POLICY & PROCEDURES – RATE DEBTORS **Policy adopted by Council 16 September 2022**

OBJECTIVE

To give effect to Council's commitment to support the whole community to meet the unprecedented challenges arising from the COVID19 pandemic, the Council recognises these challenges will result in financial hardship for our ratepayers.

This Procedure is intended to ensure that Council offers fair, equitable, consistent and dignified support to ratepayers suffering hardship, while treating all members of the community with respect and understanding at this difficult time.

This Procedure applies to:

1. Outstanding Rates Notice charges as at the date of adoption of this Procedure; and
2. Rates Notice charges levied for the 2020/2021, 2021/2022 & 2022/2023 financial year.

It is a reasonable community expectation, as Council deals with the effects of the pandemic for those with the capacity to pay Rates Notice charges will continue to do so. For this reason the Procedure is not intended to provide 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.

MANAGEMENT PROCEDURE STATEMENT/S:

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 Rates Notice charges debt.

Financial hardship occurs where a person is unable to pay Rates Notice charges without affecting their ability to meet their basic living needs, or the basic living needs of their dependents. The Council recognises the likelihood COVID19 will increase the occurrence of payment difficulties, financial hardship and vulnerability in our community. This Procedure is intended to apply to all ratepayers experiencing financial hardship regardless of their status.

Anticipated Financial Hardship due to COVID19

Council recognises many ratepayers are already experiencing financial hardship due to COVID19. Council respects and anticipates the probability of additional financial difficulties will arise when their Rates Notice charges are received.

Council will write to ratepayers at the time their account falls into arrears, to advise them of the terms of this Procedure and encourage eligible ratepayers to apply for hardship consideration.

Financial Hardship Criteria

While evidence of hardship will be required, Council recognises not all circumstances are alike. Council 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.
- Unanticipated circumstances such as caring for and supporting extended family

Ratepayers are encouraged to provide any information about their individual circumstances relevant for assessment. This may include demonstrating a capacity to make some payment and where possible, entering into a payment proposal. Council will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying to its statutory responsibilities.

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:

- A ratepayer has made genuine effort to meet Rates Notice charges obligations in the past.
- The payment arrangement will establish a known end date which is realistic and achievable.
- The ratepayer will be responsible for informing the Shire of any change in circumstance which jeopardises the agreed payment schedule.

In the case of severe financial hardship, Council 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 meeting the Financial Hardship Criteria and entering into a payment arrangement may request a suspension or waiver of interest charges. Applications will be assessed on a case by case basis.

Deferment of Rates

Deferment of Rates Notice charges 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 Notice charges 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 debt is subsequently paid (deferral forfeits the right to any concession entitlement); and
- does not incur penalty interest charges.

Rate Notice Charges Debt Recovery

Council 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 Council and makes an alternative plan before defaulting on the 3rd due payment, then Council will continue to suspend debt recovery processes.

Where a ratepayer has not reasonably adhered to the agreed payment plan, then for any Rates Notice charges debts which remain outstanding on 1 July, Council will offer the ratepayer one further opportunity of adhering to a payment plan to clear the total debt by the end of the 2022/2023 financial year.

Rates Notice charges debts which remain outstanding at the end of the 2022/2023 financial year, will then be subject to the rates debt recovery procedures prescribed in the *Local Government Act 1995*.

Review

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

Communication and Confidentiality

Council will maintain confidential communications at all times and will undertake to communicate with a nominated support person or other third party at the rate payers request.

Council will advise ratepayers of this Procedure and its application, when communicating in any format (ie verbal or written) with a ratepayer with outstanding Rates Notice charges debt.

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