



Financial Hardship Policy

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1. OBJECTIVES & PRINCIPLES

The Shire of Denmark recognises that at times there could be cases of genuine financial hardship, where debtors (sundry and rates) will experience difficulty in paying fees, rates and service charges as they fall due.

The purpose of this policy is to allow flexibility for payment of overdue Fees, Rates and Service Charges for debtors experiencing financial hardship.

This policy applies to all debtors (sundry and rates) experiencing genuine financial hardship in relation to:

- a) Outstanding fees, rates and service charges as at the date of adoption of this policy; and
- b) Future fees, rates and service charges levied.

Consideration will be given to acceptable arrangements to clear any debt within an acceptable timeframe. Consideration may also be given to reduce the impact of penalty interest on a debtor's ability to pay their outstanding debt.

It is a reasonable community expectation, that those with the capacity to pay fees and rates do so. For this reason, the policy is not intended to provide rate relief to debtors (sundry and rates) 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.

There are three (3) main principles related to this policy:

- a) Fair, equitable and consistent support is provided to sundry and rate debtors experiencing genuine financial hardship;
- b) Applicants are treated with respect, dignity and confidentiality; and
- c) The process is clear, equitable, consistent and transparent.

2. PAYMENT DIFFICULTIES & FINANCIAL HARDSHIP

The Ombudsman Western Australia's "*Local Government collection of overdue rates for people in situations of vulnerability: Good Practice Guide*", states, A person in a situation of vulnerability may have low income or, as a result of their circumstances, be experiencing a financial shock, leading to difficulties in paying fees or rates by the due date. This can take the form of 'payment difficulties' or 'financial hardship'.

Payment difficulties can be defined as:

a state of **immediate** financial disadvantage that results in a [debtor] being unable to pay an outstanding amount ... by reason of a *change in personal circumstances*.

Financial hardship can be defined as:

a state of **more than immediate** financial disadvantage which results in a [debtor] ... being unable to pay an outstanding amount ... without affecting the ability to meet the *basic living needs* [of the debtor] or a dependant.

3. FINANCIAL HARDSHIP CRITERIA

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

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

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 plan.

The Shire will consider all circumstances whilst complying to our statutory responsibilities.

4. PAYMENT ARRANGEMENTS

Payment arrangements facilitated in accordance with Section 6.49 of the Local Government Act 1995 are of an agreed frequency and amount. These arrangements will consider the following:

- a) That a debtor has made genuine effort to meet fee, rate and service charge obligations in the past; and
- b) The payment arrangement will establish a known end date that is realistic and achievable; and
- c) The debtor will be responsible for informing the Shire of Denmark of any change in circumstance that may alter the agreed payment schedule.

The Shire will suspend our debt recovery processes:

- a) Whilst negotiating a suitable payment arrangement with a debtor; and/or
- b) Whilst the debtor is adhering to an approved payment arrangement (which must be in writing and signed by the debtor); and/or
- c) For the time period of any agree deferral.

5. INTEREST CHARGES

For those ratepayers that are in hardship and meet the Financial Hardship Policy criteria, then no penalty interest or instalment interest rate apply. Penalty interest owing on outstanding rate Emergency Services Levy (ESL) charges are determined by Fire and Emergency Services (FESA) and may still apply.

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:

- a) Remains as a debt on the property until paid; or
- b) 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; or
- c) 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 an outstanding debtor, provided the debtor is making regular payments towards the debt and is maintaining reasonable communication with the Shire.

Where a debtor is unable to make payments in accordance with the agreed payment plan but an alternative plan is negotiated before defaulting on the 3rd due payment, then we will continue to suspend debt recovery processes.

Where a debtor has not reasonably adhered to the agreed payment plan, any fees, rates and/or service charges that remain outstanding will be subject to the debt recovery procedures prescribed in the Local Government Act 1995 and the Shire of Denmark's Debt Collection Policy P040227. Interest will also begin to accrue from the date of non-payment.

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.

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