

## FINANCE / ACCOUNTING

### F 4.8 Rates Hardship Policy

<i>Responsible Department</i>	Corporate Services
<i>Resolution Number</i>	C.4720
<i>Resolution Date</i>	19/04/2023
<i>Next Scheduled Review</i>	2025
<i>Related Shire Documents</i>	Shire of Northam Policies
<i>Related Legislation</i>	Local Government Act 1995 section 2.7

### OBJECTIVE

To give effect to our commitment to support rates debtors experiencing financial hardship.

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.

### SCOPE

This policy applies to:

1. Outstanding rates debtors who are unable to pay outstanding rates and service charges due to financial hardship.

### POLICY

1. Payment difficulties, hardship and vulnerability<sup>1</sup>

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. 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.

<sup>1</sup> 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. 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
- Unanticipated circumstances such as caring for and supporting extended family
- Emergency event from natural disasters
- Domestic or family violence
- A serious accident

Ratepayers 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. We will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying 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 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;
- The ratepayer will be responsible for informing the Shire of Northam 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 death 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. Assessment

The Shire will carefully consider all relevant information and supporting documentation provided and will exercise due care in assessing financial hardship taking into account the rates debtor's individual circumstances.

Factors the Shire may consider in assessing an application for financial hardship support include:

- The size of debt.
- The length of time the debt has remained outstanding.
- Whether the debt has accumulated over time.
- Any prior payment arrangements entered into with the Shire.
- Any prior applications for financial hardship support or payment agreements.
- The nature of the property, including whether it is leased to a third party.
- Any mortgage or other debt secured by the property; or
- The personal and financial circumstances of the applicant.

The Chief Executive Officer may enter into payment agreements with rates debtors for the Shire where the payment agreement will result in payment of the outstanding debt within three (3) years. Payment agreements outside of these terms will be presented to Council.

## 8. Debt recovery

We will suspend our 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 before defaulting on the 3<sup>rd</sup> due payment, then we will continue to suspend debt recovery processes.

Where a ratepayer has not reasonably adhered to the agreed payment plan, then for any Rates and Service Charge debts that remain outstanding after the third due payment, we will offer the ratepayer one further opportunity of adhering to a payment plan that will clear the total debt by as per the agreed payment arrangement.

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

## 9. Communication and Confidentiality

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

We will advise ratepayers of this policy and its application, when communicating in any format (i.e. verbal or written) with a ratepayer that has an outstanding rates or service charge debt.

We 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.