

FINANCIAL HARDSHIP POLICY

PURPOSE

The purpose of this Policy is to provide guidance to:

1. Staff on how to effectively and fairly manage a customer who is experiencing financial hardship and the debt recovery process and;
2. To residents of Quairading who may be experiencing financial hardship on how the Shire of Quairading can reasonably assist.

OBJECTIVE

The objective of this Policy is to:

1. To support the community. The Shire of Quairading recognises that the still-relevant effects of COVID-19 and/or other external factors may result in financial hardship for some ratepayers.
2. To ensure that the Shire offer fair, equitable, consistent, and dignified support to persons suffering financial hardship, while treating all members of the community with respect and understanding during difficult times.
3. To outline clear and appropriate debt recovery procedures which will be undertaken by the Shire of Quairading and to ensure effective control over all invoiced debts owed to the Shire whilst being sympathetic to those ratepayers and debtors suffering genuine financial hardship.

POLICY

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 relief to ratepayers who are not able to provide evidence of financial hardship and the statutory provision of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* will apply.

1. 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 a debt, 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.

2. Financial Hardship Criteria

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:

- a. Recent unemployment or under-employment.
- b. Sickness or recovery from sickness.
- c. Low income or loss of income, and
- d. Unanticipated circumstances, (for example, such as caring for and supporting extended family).

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 payments where possible or entering into a payment plan.

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

3. Debt Management and Recovery Principles

The management and recovery of outstanding debts is an important aspect to the Shire's financial management function. The Shire has responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management.

The Shire will:

- a. Recover all outstanding debts, rates, and service charges, utilising the relevant legislation and legal processes, in accordance with the Local Government Act 1995 and any other applicable legislation.
- b. Have regard to an individual's hardship relating to outstanding debts, rates and service charges, when administering this Policy.
- c. Consider all written requests from person's experiencing difficulties with making payments for debt or rates and service charges. Such persons will be required to make a written application to the Shire to enter into a Special Payment Arrangement (SPA), to warrant the Shire's consideration of leniency.
- d. The debt collection of sundry debtors' process to be followed is:
 - i. Issue invoice (or rates notice).
 - ii. Issue Statement at EOM
 - iii. Issue reminder letter if the payment is not received 14 days after the Statement Issue due date.
 - iv. Issue a Notice of Demand if payment is not received within 14 days after the reminder letter.
 - v. Refer the debt to the Council's debt collection agency; and
 - vi. Unrecoverable debts referred to Council to be written off.

Debts that may be considered reasonable to be written off will be at the discretion of Council.

The above will be administered in a reasonable time.

4. Payment Arrangements

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

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

The Shire reserves the right to consider waiving additional charges or interest (excluding the late payment interest applicable to the Emergency Services Levy).

The Shire will suspend its debt recovery processes whilst negotiating a suitable SPA with a debtor. Where a debtor is unable to make payments in accordance with the agreed payment plan, the debtor advises the Shire and makes an alternative plan before defaulting on the 3rd due payment, then the Shire will continue to suspend debt recovery processes. A special payment arrangement may be negotiated and entered into between the parties.

Special Payment Arrangement

A 'Special Payment Arrangement' is a non-legal (but binding) arrangement between the debtor/ratepayer and the Shire, whereby the debt/outstanding money is progressively paid in agreed instalments over a period of time, by amounts that are mutually agreed between the two parties. Where reasonable, the arrangement should be made so the debt is paid off before the end of the financial year of when the application is made.

- a. Applicants are required to complete an application form for a SPA [Appendix A], giving relevant information regarding their financial position and provide any additional documentation, verifying the financial position of the applicant to substantiate the information supplied.
- b. The application will be sent to the Executive Manager of Corporate Services for assessment which will result in approval, denial, or further negotiation to reach an agreement where both parties are satisfied.
- c. In the event of an applicant being dissatisfied with the decision of the Executive Manager of Corporate Services, they will have access rights for a review to the Chief Executive Officer, and/or Council.

Where a ratepayer has not reasonably adhered to the SPA by 01 July of the current financial year of which the SPA was entered into, the Shire will offer the ratepayer one further opportunity of adhering to the SPA. This offer will be to clear the total of the rates and service charge debts that remain outstanding by a reasonable time at the discretion of the Executive Manager of Corporate Services.

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

Interest Charges

A ratepayer who meets the financial hardship criteria specified in this policy and enters into a SPA may request a suspension or waiver of interest charges. Applications will be assessed on a case-by-case basis.

5. Deferment of Rates

Deferment of rates may apply for ratepayers who have 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;
- 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;
- 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
- d. Does not incur penalty interest charges.

6. Review Rights

Any person who is aggrieved by a decision will have the right of a review. The Review will be assessed by the Chief Executive Officer, within a reasonable period of time.

7. Communication and Confidentiality

The Shire will maintain confidential communications at all times and will undertake to communicate with a nominated support person or other third party, if requested.

The Shire 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 debt, rate, or service charge debt.

The Shire recognises that applicants for hardship consideration are experiencing additional stressors and may 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.

8. Delegation

The Chief Executive Officer is authorised to administer this Policy in accordance with the Council Delegated Authority Register.

GUIDELINES


Local Government Act 1995

Local Government (Financial Management) Regulations 1996

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Record of Policy Review						
Version	Author	Council Adoption	Resolution	Reason for Review	Review Date	CEO Signature
01	Nicole Gibbs Tricia Brown	29 June 2023	268 - 22/23	New Policy required in line with Delegation Register	June 2025	

APPENDIX [1]**Shire of Quairading Payment Arrangement Application**

Name of Owner/s: _____

Assessment Number: A _____

Property Address: _____

Payment Arrangement Terms and Conditions

- Interest will continue to accrue at the rate of 7%pa on overdue amounts until debt is paid in full.
- You can make additional voluntary payments or pay off the debt at any time.
- If you are unable to make a payment please contact Council's Rates Officer on 08 9645 2400 to discuss your circumstances.
- If you do not adhere to the payment arrangement as stated in the agreement Council will proceed with debt recovery action.
- Any expenses incurred from debt recovery action or legal proceedings will be added to your assessment for payment.
- Once legal proceedings are commenced, this may have an adverse effect on your credit rating and implications for seeking future finance.
- As per Council's Schedule of Fees and Charges, a \$25.00 administration fee applies for all accepted payment arrangements.

Balance Outstanding as at (DD/MM/YYYY) is \$ <Value>

Minimum repayment required is \$<Value> per fortnight.

(These amounts do not include the administration fee and any accrued interest charges)

I agree to make payments Fortnightly on the specified dates starting _____ and agreed amount of \$ _____ per week/fortnight in accordance with the terms and conditions.

I am aware of the consequences that will be bought against me if the agreement is not adhered to. Payment amounts must clear rates debts including interest prior to 30th June of the current rating year._____
Signature of Owner/s_____
Date_____
Signature of Authorising Officer_____
Date**PAYMENTS**

Westpac Bank

Shire of Quairading Municipal Account

BSB: 036-172

Account Number: 000 001

Reference – Assessment Number & Surname eg A3569 Blogs

Given rate amounts change each year this agreement will expire on 30 June 2023, a new payment arrangement agreement must be entered into with the Shire of Quairading for future rating periods.