

Council Policy – Financial Hardship

Responsible Directorate	Corporate Services
Responsible Business Unit/s	Finance
Responsible Officer	Manager Finance
Affected Business Unit/s	Finance

Objective

The objective of this policy is to allow flexibility for payments of overdue sundry debts and rates and service charges payable to the Shire of Ashburton (the Shire):

- where extreme financial hardship is demonstrated due to personal circumstances; or
- during a declared Western Australian State of Emergency associated with a Public Health State of Emergency that directly effects the Ashburton district,

and to outline the scope and criteria for assessing applications for financial hardship.

Scope

This policy applies to due sundry debts and rates and service charges, as at the date of adoption of this policy, excluding any statutory levy obligations, infringement notices (inclusive of charges or fees applied as part of the Fines Enforcement Registry process).

Policy Statement

Council recognises there are cases of genuine personal financial hardship and situations that may arise where additional charges would cause a debtor or ratepayer further financial hardship.

This policy establishes guidelines to ensure all applications for financial hardship relief are treated with respect, equality and confidentiality.

Payment difficulties, or short-term financial hardship, occur where a change in a person's circumstances result in an inability to pay sundry debts and/or rates and service charges.

Financial hardship occurs where a person is unable to pay rates and service charges and sundry debts without affecting their ability to meet their basic living needs, or the basic living needs of their dependants.

Financial hardship examples

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

- Loss of a ratepayer's/debtor's primary income;
- Loss of ratepayer's/debtor's small business income;
- Sudden bereavement within a family;
- Severe/life threatening illness or medical condition;
- Physical or mental health problems;
- Domestic or family violence; and
- A chronically ill dependant.

Conditions

Ratepayers and sundry debtors are encouraged to provide all necessary information about their individual circumstances that may be relevant for assessment purposes, when applying for financial hardship support.

This may include demonstrating a capacity to make some payment and, where possible, entering into a special payment arrangement plan (payment plan).

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

Documentation to assist with an assessment of an application may include the following:

- A letter from a recognised financial counsellor (i.e. must be a member of a financial counselling association, for example Financial Counsellors' Association of WA (FCAWA), or financial planner) confirming financial hardship, or a Statutory Declaration from a ratepayer or debtor outlining reasons for applying for hardship is recommended;
- Copy of recent bank statements of all bank accounts;
- Statement of financial position including all income details, assets and liabilities;
- Any related Centrelink documentation (if applicable); and
- A repayment proposal.

Debt Recovery

The Shire will suspend its normal debt recovery process whilst engaging with and negotiating a suitable payment plan, with a ratepayer or sundry debtor.

Where a ratepayer or sundry debtor is unable to make payments in accordance with the agreed payment plan and the ratepayer or sundry debtor advises us and makes an alternative agreed payment plan in writing before defaulting on the third due payment, the Shire will continue to suspend the normal debt recovery processes. Only one such alternative agreed payment plan is permitted with any one debtor or joint debtor.

The debt due and documented in the payment plan will need to be fully repaid by the end of the subsequent financial year of the debt repayment arrangement commencing. As an example, any a payment plan approved for 2024/25 would need to be fully repaid by 30 June 2025.

Rates and service charge debt or a sundry debt remaining outstanding at the end of the additional period, will then be subject to the recovery requirements of Council Policy – Debt Recovery.

Special payment arrangements

Payment plans will be facilitated in accordance with section 6.49 of the *Local Government Act 1995*, applying an agreed frequency and amount for repayments. These arrangements will consider the following:

- That a ratepayer or sundry debtor has made genuine effort to meet rates and service charge or sundry debt obligations in the past;
- The payment arrangement will establish a known end date that is realistic and achievable;
- The ratepayer or sundry debtor will be responsible for informing the Shire of any change in circumstance that affects the agreed payment schedule; and
- The need to have the debt fully repaid by the end of the subsequent financial year.

Interest charges

A ratepayer or a sundry debtor who meets the financial hardship criteria and enters into a payment plan may request in writing the suspension or waiver of interest charges. In the case of severe financial hardship, the Shire reserves the right to consider waiving additional interest charges payable. Applications will be assessed internally on a case-by-case basis.

Deferment of rates

Deferment of rates may apply for ratepayers who have a Pensioner Card, State Concession Card or Seniors Card and/or Commonwealth Seniors Health Care Card registered on the property at which they normally reside and that is used as their primary place of residence.

The deferred rates balance:

- remains as a debt on the property until paid,
- becomes payable in full upon:
 - the passing of the pensioner,
 - the property is sold, or
 - the pensioner ceasing 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.

Review

The Shire will establish a mechanism for the review of decisions made under this policy. Applicants are to be informed of their right to seek review and the process to be followed.

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 the request of the applicant and upon receipt of written authorisation.

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

Definitions

Small business means a family run and registered business that operates within the boundaries of the Shire which has a current ABN, with a registered address of the business being within the Shire.

Relevant policies/documents

Council Policy – Debt Recovery

Procedure – Financial Hardship

Financial Hardship Application

Frequently Asked Questions

WA Ombudsman – Local government collection of overdue rates for people in situations of vulnerability- Good Practice Guide

Relevant legislation/local laws

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

Office use only				
Relevant delegations	01.01.21 Agreement as to Payment of Rates and Service Charges			
	01.01.23 Recovery of Rates or Service Charges			
Council adoption	Date	18 March 2025	Resolution #	028/2025
Reviewed/modified	Date		Resolution #	
	Date		Resolution #	
	Date		Resolution #	
	Date		Resolution #	
Next review due	2027			