

# Financial Hardship Policy

**Responsible Division** Corporate & Strategy

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**Responsible Business Unit/s** Financial Services

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**Responsible Officer** Manager Financial Services

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**Affected Business Unit/s** Financial Services

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**Document Ref** 3698741

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## Purpose

This policy states the Council's position on allowing flexibility for payments on overdue debtor, and rates and service charges where extreme financial hardship is recognised, and outlines the scope and criteria for assessing applications of financial hardship.

## Policy Statement

Council recognises that there are cases of genuine financial hardship where additional charges would cause the debtor or ratepayer further financial hardship. This policy establishes guidelines to ensure all applicants are treated with respect, equality and confidentiality.

## Financial Hardship Examples

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

- Loss of a ratepayer's/debtor's (or their family member's) primary income;
- Sudden bereavement within a family;
- Severe/life threatening illness or medical condition;
- Physical or mental health problems;
- Domestic or family violence;
- A chronically ill child.

## Conditions

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

Documentation for assessment can 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;

- Copy of recent bank statements of all bank accounts;
- Any related Centrelink documentation (if applicable);
- Approved documentation to early access of superannuation
- A prepayment proposal;
- Ratepayer or debtor is not a corporate or trustee;
- Ratepayer or debtor is not bankrupt or subject to a bankruptcy petition.

Ratepayer is the owner and occupier of the property, which is not held as an investment but is used as their primary place of residence or business.

It is incumbent upon the applicant to ensure that sufficient information is provided to evidence that financial hardship exists and Council can only approve applications once satisfied that appropriate evidence has been provided.

### **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 third due payment, we will continue suspension of debt recovery processes.

The debt will need to be fully repaid by the end of the subsequent financial year of the debt repayment arrangement commencing, e.g. debt arrangement in place 2024/25 must be fully repaid by 30 June 2026.

### **Payment Arrangements**

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

- That a ratepayer or debtor 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 or debtor will be responsible for informing the City of Bayswater of any change in circumstance that affects the agreed payment schedule.
- The need to have the debt fully repaid by the end of the subsequent financial year.

### **Interest Charges and Fees**

A ratepayer or debtor who meets the Financial Hardship Criteria and enters into a payment arrangement is eligible for a waiver of interest charges and other rates related fees (e.g. instalment fees, arrangement fees, etc).

## **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 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 rates debt is subsequently paid (deferral forfeits the right to any concession entitlement); and
- does not incur penalty interest charges.

## **Communication and Confidentiality**

We will maintain confidential communications at all times and 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.

## **Review**

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

## **Definitions**

*Nil*

## **Related Legislation**

*Local Government Act 1995 (WA)*

## **Related Documentation**

*Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guide – Ombudsman Western Australia*

**Relevant Delegations** FM-D05 Granting Concessions and Write-Offs

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**Risk Evaluation** Low

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**Council Adoption** 23 June 2020

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**Review/Modified** 9 December 2025

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**Next Review** December 2029

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