



# FINANCIAL HARDSHIP COUNCIL POLICY

## POLICY STATEMENT

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The City of Bunbury acknowledges that due to exceptional circumstances, ratepayers may at times encounter difficulties in paying rates and charges as they fall due. The purpose of this policy is to allow flexibility for payment of outstanding rates and charges for ratepayers in genuine financial hardship.

This Policy is intended to ensure that the City offers a fair, equitable, consistent and dignified support to ratepayers suffering hardship, while treating all members of the community with respect and understanding during times of difficulty.

## POLICY SCOPE

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This policy applies to ratepayers who are experiencing genuine financial hardship where the ratepayer is willing but unable to pay their rates due to unforeseen and unexpected events. It applies to all outstanding rates and service charges as at the date of adoption of this 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 evidence financial hardship. In which case the ordinary statutory provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* will apply.

## POLICY DETAILS

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### 1. Payment difficulties, hardship and vulnerability

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.

### 2. Financial Hardship Criteria

While evidence of hardship will be required, the City recognises that not all circumstances are alike. The City 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; or
- Unanticipated circumstances 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 payment and where possible, entering into a payment proposal. We will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with our statutory responsibilities.

The City will provide assistance subject to the following conditions:

- In the opinion of the Chief Executive Officer the ratepayer is experiencing genuine financial hardship.
- The ratepayer's circumstances can be substantiated upon request.
- The ratepayer is not bankrupt or subject to a bankruptcy petition.
- The property is the principal place of residence or the principal place of business of the ratepayer.
- The applicant must be the owner or co-owner of the property, or legally liable, for the payment of rates and charges.

### **3. Application Process**

To apply for consideration of financial hardship, the ratepayer is required to submit a Financial Hardship Application Form for assessment. Third party documentation may be requested to assist in determining applications for financial hardship.

### **4. Assistance**

When ratepayers are determined to be in Financial Hardship the City will offer on a case by case basis to:

- Temporarily accept reduced payments and establish an alternative payment arrangement plan, or
- Temporarily pause payment of rates, administration fees and charges.
- Cease any penalty interest for up to 6 months.
- Suspend any debt recovery action subject to adherence with the agreed payment arrangement plan.

### **5. Payment Arrangements**

The Chief Executive Officer under delegated authority is authorised to make payment arrangements in accordance with Section 6.49 of the *Local Government Act 1995* which are of an agreed frequency and amount. These arrangements will consider the following:

- That a ratepayer has made a 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 City of any change in circumstance that jeopardises the agreed payment schedule.

### **6. 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 for up to 6 months, reviewed quarterly. Applications will be assessed on a case by case basis.

### **7. Debt recovery**

The City will suspend its debt recovery processes whilst negotiating a suitable payment arrangement with a ratepayer. Where the ratepayer is unable to make payments in accordance with the agreed payment plan and advises the City in advance of default, a revised plan will be considered.

Where a ratepayer has not reasonably adhered to an agreed payment plan, then for any Rates and Service Charge debts that remain outstanding, the City will offer the ratepayer one further opportunity of adhering to a payment plan that will clear the total debt by the end of the current financial year.

Rates and service charge debts that remain outstanding at the end of the financial year will be subject to the rates debt recovery procedures prescribed in the *Local Government Act 1995* and Council Policy Corporate Revenue Debt Collection.

## **8. Communication and Confidentiality**

The City will maintain confidential communications at all times and will undertake to communicate with a nominated support person or other third party at the applicant's request.

The City will advise ratepayers of this policy and its application when communicating in any format with a ratepayer that has an outstanding rates or service charge debt.

The City recognises that applicants for hardship consideration are experiencing additional stresses and may have complex needs. The City will provide additional time to respond to communication and will communicate in alternative formats where appropriate. The City will ensure all communication with applicants is clear and respectful.

## **COMPLIANCE REQUIREMENTS**

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### **LEGISLATION**

- *Local Government Act 1995*
- *Local Government (Financial Management) Regulations 1996*
- *Delegation 1.1.20 Agreement for the Payment of Rates and Service Charges*

### **INDUSTRY**

### **ORGANISATIONAL**

- *COUNCIL POLICY – Corporate Revenue Debt Collection*

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