

2.4 FINANCIAL HARDSHIP

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| Responsible Directorate | Corporate Services | |
| Responsible Service Area | Finance | |
| Adopted | May 2023 | C10.05.23 |
| | April 2026 | C3.4.2026 |
| Procedure Ref | Debt Recovery Procedure | |

1. PURPOSE

This policy is intended to ensure that Shire of Mundaring (the Shire) offers fair, equitable, consistent and dignified support to ratepayers suffering financial hardship.

2. SCOPE

This policy applies to outstanding rates and service charges as at the date of adoption of this policy.

3. DEFINITIONS

Act the *Local Government Act 1995*.

debt recovery relates to courses of action undertaken by the Shire to recover balances of rates and charges outstanding from a ratepayer. It may include the issue, via the Magistrates Court, of a General Procedure Claim (GPC) and a Property Seizure and Sale Order (PSSO). A PSSO will be utilised in the first instance to seize personal property, and if this is not successful, the sale of Land under PSSO to satisfy the outstanding debt.

financial hardship includes payment difficulties, or short- term financial hardship, where a change in a person's circumstances results in an inability to pay a rates or service charge debt.

Payment difficulties, or short-term financial hardship, occur where a change in a person's circumstances results in an inability to pay a rates or service charge debt.

4. POLICY

4.1. Payment difficulties and hardship

The Shire recognises that ratepayers may experience payment difficulties and financial hardship from time to time for a number of reasons and anticipate the probability that additional financial difficulties and associated stress will arise when their rates are received.

This policy is intended to apply to all ratepayers experiencing financial hardship.

The Shire will advise ratepayers, at the time their account falls into arrears, of the terms of this policy and encourage eligible ratepayers to apply for hardship consideration. Where possible and appropriate, contact information for recognised financial counsellors and/or other relevant support services will be provided.

4.2. Financial Hardship Criteria

While evidence of hardship will be required, the Shire recognises that not all circumstances are alike. A flexible approach will be taken to assess 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 immediate and 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 arrangement. All circumstances will be considered, applying the principles of fairness, integrity and confidentiality whilst complying our statutory responsibilities.

4.3. 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 repayment timeframe that is realistic and achievable; and
- The ratepayer will be responsible for informing the Shire of any change in circumstance that jeopardises the agreed payment schedule.

Payment arrangements may include a period of up to 6 months where payments are deferred to allow for expected change of circumstances.

All payment arrangements under this policy are to be approved by the Director Corporate Services or Manager Finance.

4.4. Interest Charges

A ratepayer who meets the Financial Hardship Criteria (item 4.2) and enters into a payment arrangement will still be required to pay penalty

interest on the outstanding balance as per the interest percentage determined by Council when adopting the annual budget.

The penalty interest rate is set as part of the annual budget process when the budget is adopted and in accordance with section 6.51 of the Act.

4.5. 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.

In accordance with the *Rates and Charges (Rebates and Deferments) Act 1992* 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, however 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.

4.6. Debt recovery

The Shire will suspend its debt recovery processes whilst negotiating (in good faith) a suitable payment arrangement with a debtor. Where a debtor is unable to make payments in accordance with the agreed payment plan, the debtor must advise the Shire as such prior to defaulting on the third payment of the payment plan in order for the Shire to 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 on commencement of a new financial year, the ratepayer can request one further opportunity of adhering to a payment plan that will clear the total debt by the end of that current financial year. If the payment plan is not adhered to on this occasion, the Shire will commence debt recovery action.

4.7. Review

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

4.8. Communication and Confidentiality

All communication will remain confidential. A nominated support person or other third party may be communicated with on receipt of the ratepayers written authority.

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

It is recognised that applicants for hardship consideration are experiencing additional stresses and may have complex needs. Additional time may be provided to respond to communication and alternative formats of

communication may be used where appropriate. All communication with applicants will be clear and respectful.

5. RELATED LEGISLATION

Part 6 - Division 6 of the Local Government Act 1995

Rates and Charges (Rebates and Deferments) Act 1992