

Policy number	Policy 308
Policy title	Financial Hardship
Strategic outcomes supported	CL6 – Finances are managed appropriately, sustainably and transparently for the benefit of the community. S3 – An empowered community with a sense of pride, safety and belonging EC01 - A desirable place for commerce and tourism that supports equity, diverse local employment and entrepreneurship.

Policy objective:

To support the community in meeting unprecedented challenges arising from a state of emergency, public health emergency or economic downturn and provide assistance to debtors that may experience financial hardship during this time.

Policy scope:

This policy applies to debt owed to the Town.

This policy is not intended to provide relief to persons who are not able to evidence financial hardship, and the statutory provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* will apply.

Policy definitions:

debtor means any person who owes money to the Town, including persons owing rates and service charges.

payment difficulties, or short term financial hardship means where a change in a debtors circumstances result in an inability to pay a debt.

financial hardship occurs where:

- a. a natural person is someone who is identified by themselves, by the Town, or an accredited financial counsellor, or by a welfare agency as having the intention, but not the financial capacity, to make required payments in accordance with the Town’s payment terms.
- b. a body corporate is experiencing financial hardship if it has:
 - i. a significant decline in revenue such that it is no longer profitable; and
 - ii. no reserves to draw upon such that payment to the Town would require an increase in the businesses debt.

severe financial hardship occurs where the debtor meets the definition of financial hardship and in the case of:

- a. a natural person, their income is below the Henderson poverty line;

- b. a body corporate, they are unable to pay a debt without becoming insolvent.

Policy statement:

1. This Policy is intended to ensure that the Town offers fair, equitable, consistent and dignified support to ratepayers, residents and businesses suffering hardship, while treating all members of the community with respect and understanding during this difficult time.
2. This relief provided to ratepayers will not include the write off of rates or service charges debt. It is an expectation that rates and service charges levied against will be paid within a reasonable time in order to ensure the Town can continue to provide services that benefit the whole community.

Payment difficulties, hardship and vulnerability

3. During an economic downturn, public health emergency or other disaster, the occurrence of payment difficulties, financial hardship and vulnerability in the community increases. This policy is intended to apply to all debtors experiencing financial hardship regardless of their status, be they a property owner, tenant, business owner etc.
4. Many persons experience financial hardship during an economic downturn, public health emergency or other disaster. It is anticipated the probability that additional financial difficulties will arise when a rates notice or other invoice is received from the Town.
5. During an economic downturn, public health emergency or other disaster, the Town will write to debtors at the time their account falls into arrears, to advise them of the terms of this policy and encourage eligible debtors to apply for financial hardship consideration. Where possible and appropriate, The Town will also provide contact information for a recognised financial counsellor and/or other relevant support services.
6. Where a person experiences financial hardship outside of an economic downturn, public health emergency or other disaster, the mechanisms of the Town to assist a person experiencing financial hardships still apply.

Financial hardship criteria

7. While evidence of hardship will be required, the Town recognises that not all circumstances are alike. The Town 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;
 - d. Unanticipated circumstances such as caring for and supporting extended family;
 - e. A requirement to close a business due to government direction or natural disaster;
 - f. A loss of tenants at a property with a long term inability to obtain new tenants, or tenants that are unable to make payment of rent;
8. Debtors are encouraged to provide any information about their particular 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 Town will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with statutory responsibilities.
9. An application for financial hardship consideration, in relation to rates and service charges, should be related to the circumstances of each individual rates assessment.

Payment arrangements

10. Payment arrangements for rates and service charges facilitated in accordance with Section 6.49 of the Act are of an agreed frequency and amount. These arrangements will consider the following:
 - a. That a ratepayer has made 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;
 - c. The ratepayer will be responsible for informing the Town of any change in circumstance that jeopardises the agreed payment schedule.
11. In the case of severe financial hardship, the Town reserves the right to consider waiving additional charges or interest (excluding the Emergency Services Levy, including any fees or interest associated, as this is levied on behalf of the State Government).
12. Payment arrangements for other debts can be facilitated as appropriate in accordance with Policy 303 Debt collection.

Deferment of rates

13. 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:
 - 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.

Debt recovery

14. Despite Policy 303 Debt collection, the Town will suspend 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 3rd due payment, then we will continue to suspend debt recovery processes.
15. Where a debtor has not reasonably adhered to the agreed payment plan, then for any debts that remain outstanding at the end of the financial year in which the rates notice/invoice was issued, the Town will offer the debtor one further opportunity of adhering to a payment plan that will clear the total debt by the end of the following financial year.
16. Debts that remain outstanding at the end of the following financial year, will then be subject to the rates debt recovery procedures prescribed in the *Local Government Act 1995* and Policy 303 Debt Collection.

Review

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

Communication and confidentiality

18. The Town will maintain confidential communications at all times and the Town will undertake to communicate with a nominated support person or other third party at a debtors request.
19. The Town will advise debtors of this policy and its application, when communicating in any format (i.e. verbal or written) with a debtors that has an outstanding rates or service charge debt.
20. The Town recognises that applicants for hardship consideration are experiencing additional stressors, and may have complex needs. The Town will provide additional time to respond to communication and will communicate in alternative formats where appropriate. The Town will ensure all communication with applicants is clear and respectful.

Related documents

[Local Government Act 1995](#)

[Local Government \(Financial Management\) Regulations 1996](#)

[Rates and Charges \(Rebates and Deferments\) Act 1992](#)

[Policy 303 Debt collection](#)

[Poverty Lines: Australia](#)