

Financial Hardship

Policy Objective

To give effect to our commitment to support the whole community to meet the unprecedented challenges arising from changes in financial circumstances that will impact their capacity to pay for basic living expenses, the Shire of Broome recognises that these challenges will result in financial hardship for our ratepayers.

This Policy is intended to ensure that we offer fair, equitable, consistent, and dignified support to ratepayers suffering hardship while treating all members of the community with respect and understanding during their hardship period.

Policy Scope

This policy applies to rates debtors and sundry debtors who are unable to pay outstanding rates, service charges or sundry debts due to financial hardship.

Policy Statement

Payment Difficulties, Hardship and Vulnerability¹

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

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

¹ Adapted from the Ombudsman Western Australia publication, Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance: <http://www.ombudsman.wa.gov.au/>

A person in a situation of vulnerability may have a low income or, as a result of their circumstances, be experiencing a financial shock, leading to difficulties in paying rates by the due date. This can take the form of 'Payment Difficulties' or 'Financial Hardship'.

Payment Difficulties is defined as:

A state of immediate financial disadvantage results in a rate debtor or sundry debtor being unable to pay an outstanding amount due to a change in personal circumstances.

Financial hardship is defined as:

A state of more than immediate financial disadvantage results in a debtor being unable to pay an outstanding amount without affecting their ability to meet basic living needs for themselves or their dependents.

Financial Hardship Criteria

While evidence of hardship will be required (as per the Shire's current requirements set out in Business Operating Procedure Financial Hardship), we recognise that not all circumstances are alike. We will take a flexible approach to a range of individual circumstances including, but not limited to, the following situations:

- Sickness or recovery from sickness;
- Low income or loss of income;
- Unanticipated circumstances such as caring for and supporting an extended family;
- Emergency event or natural disaster;
- Other difficult circumstances

All owners or co-owners of the property or business as indicated on the Certificate of Title (for property ownership) and in the ASIC registry (for business ownership), must be included when applying for financial hardship. This ensures that all relevant parties responsible for rates, service charges, and sundry debts are considered in the application process.

To ensure a comprehensive and fair review of each financial hardship application received, a letter of support from a suitably qualified financial councillor/advisor must be included. The letter should provide detailed information on:

- The expected duration of financial hardship ;
- The amount and frequency the applicant can afford to pay during the hardship period; and
- The reason for hardship.

Including this letter allows for a more accurate understanding of each individual situation and enable officers to identify tailored support for applicants. Additionally, it ensures that applicants receive professional guidance from a financial counsellor/advisor, improving the overall support provided during their period of hardship.

Payment Arrangements

Payment arrangements facilitated under section 6.49 of the *Local Government Act 1995* are of an agreed frequency and amount.

These arrangements will consider the following and be made in accordance with delegation 1.2.24 – Agreement as to Payment of Rates and Service Charges:

- That a ratepayer or sundry debtor has made genuine effort to meet rate and service charge obligations in the past;
- That the terms of the agreement require that all outstanding rates will be recovered by the Shire by 30 June of the financial year in which the agreement is entered into;

- The ratepayer or sundry debtor will be responsible for informing the Shire of Broome of any change in circumstance that jeopardises the agreed payment schedule; and
- If the ratepayer or sundry debtor defaults on the payment arrangement twice in any 12-month period, no further payment arrangements will be approved, and the debt is required to be paid in full.

In the case of severe financial hardship, we reserve the right to consider waiving additional charges or interest (excluding the late payment interest applicable to the Emergency Services Levy).

Additionally, a payment arrangement term of up to two years may be proposed, which will include future rates and charges levies for each relevant financial year covered by the payment arrangement.

Interest Charges

Depending on the applicants Financial Hardship criteria will determine if interest and payment arrangement fee is applicable. Applications will be assessed 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 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.

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 under the agreed payment plan, and the debtor advises us and makes an alternative plan, then we will continue to suspend debt recovery processes.

Rates and service charge debts that remain outstanding as at the end of the financial year relevant will be subject to the rates debt recovery procedures prescribed in the *Local Government Act 1995* and as per the Shire's Debt Collection Policy.

Review

We will establish a mechanism for the 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

We will maintain confidential communications at all times and we 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 may be experiencing additional stress 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.

Document Control Box					
Document Responsibilities:					
Owner:	Director Corporate Services		Owner Business Unit:	Corporate Services	
Reviewer:	Manager Financial Services		Decision Maker:	Council	
Compliance Requirements:					
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Industry:					
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1.	9 April 2020	SCM Original Adoption as part of COVID-19 Support Package			
2.	22 January 2021	Desktop review and minor grammar edits			
3.	18 November 2021	Desktop review			
4.	28 July 2022	Council Review - Minute No. C/0722/093			
5.	27 April 2023	Council Policy Review - Minute No. C/0423/011			
6.	31 October 2024	Council Policy Review – Minute No. C/1024/013			