

3.11 COVID-19 Financial Hardship

Policy Statement

The management and recovery of outstanding debts is an important aspect to the City's financial management function. The City has a responsibility to recover monies owing to it in a timely and efficient manner to finance its operations and ensure effective cash flow management. This ensures equity between ratepayers.

This policy outlines the process for the recovery of rates and service charges and the charging of interest and administration fees in relation to those debts, during the Covid-19 pandemic.

The City of Subiaco is committed to supporting the whole community to meet the unprecedented challenges arising from the COVID19 pandemic. The City recognises that these challenges may result in financial hardship for ratepayers.

This Policy is intended to ensure that the City offers fair, equitable, consistent and dignified support to ratepayers suffering hardship, while treating all members of the community with respect and understanding at this difficult time.

Policy Scope and Application

This policy applies to:

1. Outstanding rates and service charges as at the date of adoption of this policy; and
2. Rates and service charges levied for the 2020/21 financial year.

It is a reasonable community expectation, while dealing with the effects of the pandemic that those with the capacity to pay rates will continue to do so.

For this reason this policy is not intended to provide rate relief to ratepayers 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.

1 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 or service charge debt.

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.

The City of Subiaco recognises the possibility that COVID19 may increase the occurrence of payment difficulties, financial hardship and vulnerability in our community. 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/>

2 Anticipated Financial Hardship due to COVID19

The City recognises that many ratepayers are already experiencing financial hardship due to COVID-19. The City respects and anticipates the possibility that additional financial difficulties may arise when their annual rates notice is received.

The City will write to ratepayers should their account fall into arrears, to advise them of the terms of this policy and encourage eligible ratepayers to apply for hardship consideration. Where possible and appropriate, the City will also provide contact information for a recognised financial counsellor and/or other relevant support services.

3 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
- 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. The City will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with statutory responsibilities.

4 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 known end date that is realistic and achievable;
- The ratepayer will be responsible for informing the City of Subiaco of any change in circumstance that jeopardises the agreed payment schedule.

All requests for payment arrangements are to be in writing by completing the form titled "Application For Financial Hardship Relief" and submitting it to city@subiaco.wa.gov.au or sending it to the city's postal address (PO Box 270, Subiaco WA 6904).

5 Interest Charges and Administration Fees

Interest will accrue on overdue rates and charges using the interest rate adopted by Council, unless an exemption applies under section 6.51 of the Local Government Act 1995. Where payments are made under a payment arrangement an administration fee will be applied at the rate adopted by Council.

The Emergency Services Levy and associated interest charges are mandated by the State Government of Western Australia and therefore will continue to be charged as prescribed.

6 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, 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.

7 Debt recovery

The City will suspend its debt recovery processes whilst negotiating a suitable payment arrangement with a ratepayer. Where a ratepayer is unable to make payments in accordance with the agreed payment plan and the ratepayer advises the City and makes an alternative plan before defaulting on the 3rd due payment, then the City will 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 1 July 2021, the City will offer the ratepayer one final opportunity to adhere to a payment plan that will clear the total debt by 30 June 2022.

Rates and service charge debts that remain outstanding at 30 June 2022, will be subject to the rates debt recovery procedures prescribed in the *Local Government Act 1995*.

8 Review

The City 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.

9 Communication and Confidentiality

The City will maintain confidential communications at all times and undertakes to communicate with a nominated support person or other third party only at the request of the ratepayer.

The City 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.

The City recognises that applicants for hardship consideration are experiencing additional stress 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.

Definitions

Rate means charge imposed under sections 6.32 to 6.37 of the *Local Government Act 1995*.

Service Charge means charge imposed under section 6.38 of the *Local Government Act 1995*.

Interest and Administration Fees means charges imposed under section 6.45 of the *Local Government (Financial Management) Regulations 1996*,

Related Sources

List any relevant policies; Legislations; Local Laws and/or other documents.

- *Local Government Act 1995*;
- *Local Government (Financial Management) Regulations 1996*;
- *Rates and Charges (Rebates and Deferments) Act 1992*;
- Application for Financial Hardship Form

Policy Details		
Responsible Directorate	Corporate Services	
Responsible Branch	Finance & Governance Services	
Responsible Officer	Manager Finance & Governance Services	
Affected Branches	Finance & Governance Services	
Council Adoption	Meeting Date	21 April 2020
Reviewed/Modified	Meeting Date	
Reviewed/Modified	Meeting Date	