

## Introduction

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The Financial Hardship Policy is designed to assist Shire of Capel ratepayers and debtors who have difficulty in meeting their payment obligations.

## Purpose

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To ensure that when the need arises, eligible people can apply for assistance to pay debts owed to the Shire of Capel (the Shire).

The Shire will:

- Enable a rates or sundry debtor who is experiencing financial hardship to make an application for assistance relating to outstanding rates, service charges or sundry debts.
- Treat all rates debtors and sundry debtors experiencing financial hardship in a dignified, fair, and consistent manner.
- Work with debtors to find an appropriate payment solution that is effective and sustainable, tailored to their personal financial circumstance.

## Policy statement

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Ratepayers and debtors have a responsibility to pay monies owing to the Shire for outstanding rates, service charges and sundry debts. The income derived from rates and charges is a primary source of revenue for Local Governments and supports the cost of providing essential community infrastructure and services for all community members.

While acknowledging the expectation that debtors will strive to meet these obligations on time, the Shire is also conscious that individual circumstances can change, bringing unexpected financial pressures and hardship.

Financial hardship under the terms of this policy, is defined as a situation that arises when a person's ability to meet their basic living needs would be adversely affected through payment of rates, service charges or sundry debts.

To assist at times when genuine financial hardship is identified, the Shire and debtors may agree to a suitable payment plan.

### Identifying Financial Hardship - Criteria

When applying to the Shire for consideration under the Financial Hardship policy, debtors are encouraged to provide any supporting information available.

In assessing claims of financial hardship, the Shire will ensure that everyone is treated with respect, fairness, integrity, and confidentiality.

Situations leading to hardship may include, but are not limited to:

- Recent unemployment or under-employment.

- Sickness or recovery from sickness.
- Loss of primary source of income.
- Unanticipated circumstances such as caring for and supporting extended family.

## Payment Arrangements

Payment arrangements made in accordance with this policy and Section 6.49 of the Act will be for an agreed frequency and amount.

These arrangements will consider the following:

- Whether the ratepayer or debtor has made genuine effort to meet rate and service charge obligations in the past.
- If the payment arrangement offered is set to a realistic and achievable timeframe.

It is the debtor's responsibility to advise the Shire immediately if for any reason, there is a possibility that the agreed payment schedule cannot be met.

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

## Interest Charges applicable to Financial Hardship

Interest charges will apply to payment arrangements for the duration of the payment period.

## Debt Recovery

The debt recovery processes will be suspended during negotiations for payment arrangement with a ratepayer or debtor.

If a ratepayer or debtor is unable to make payments in accordance with the agreed payment plan, and an alternative plan is agreed before defaulting on the 3<sup>rd</sup> due payment, the Shire will continue with a suspension of the debt recovery processes.

Where a ratepayer or debtor has not reasonably adhered to an agreed payment plan, and charges remain outstanding on 1 July of any financial year, the Shire may offer the ratepayer one further opportunity of adhering to a payment plan to clear the total debt by the end of that financial year.

Rates, debtors, and service charges that remain outstanding at the end of the said financial year, may be subject to the rates recovery procedures prescribed in the Local Government Act 1995 Section 6.45(3), and Local Government (Financial Management) Regulations 67 and 68.

## Financial Counselling

The Financial Counsellors' Association of WA can refer a debtor to a financial counsellor in their area. Alternatively, the debtor can call the Financial Counselling Helpline 1800 007 007. The Helpline provides a free confidential service for all Western Australians with financial problems and queries. Financial Counsellors' Association of WA Phone: 08 9325 1617 Email: [afm@financialcounsellors.org](mailto:afm@financialcounsellors.org) Website: [www.financialcounsellors.org](http://www.financialcounsellors.org) Helpline: 1800 007 007

## Application

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All Shire of Capel Councillors, employees, ratepayers, and debtors

# Procedure

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Department: Corporate	<b>Next review:</b> October 2023
Reviewer: Director Community and Corporate	<b>Legislation:</b> Local Government Act 1995 s6.45 Local Government (Financial Management) Regulations 67, 68, 69
Adopted: Minute OC230/2021 OCM27.10.2021	<b>Delegation:</b> D110, D127
Amended:	<b>Other:</b>
Policy ref #:	<b>Risk:</b>

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