



POLICY NO	CP/FIN-3219	
POLICY	COVID-19 Financial Hardship – Rates and Sundry Debtors	
RESPONSIBLE DIRECTORATE	Corporate Services	
RESPONSIBLE OFFICER	Director Corporate Services	
COUNCIL ADOPTION	Date: 28 April 2020	Resolution No: 118208
REVIEWED/MODIFIED	Date: 20 May 2020	EMT 20.05.2020
	Date: 17 June 2020	EMT 17.06.2020
	Date: 30 March 2021	Resolution No: 118409
	Date: 26 April 2022	Resolution No: 118632
REVIEW DUE	March 2023	
LEGISLATION	<ol style="list-style-type: none"> 1. <i>Local Government Act 1995</i> 2. <i>Local Government (Financial Management) Regulations 1996</i> 	
RELATED POLICIES	<ol style="list-style-type: none"> 1. CP/FIN-3212 Rates and Charges Debt Collection 2. CP/FIN-3214 Sundry Debt Collection 3. CP/FIN-3211 Fees and Charges Pricing 	
RELATED ORGANISATIONAL DIRECTIVES	<ol style="list-style-type: none"> 1. Code of Conduct for Council Members, Committee Members and Employees 2. Audit (Finance and Risk) Committee Terms of Reference 	

PURPOSE:

To give effect to Council's commitment in supporting the whole community to meet the unprecedented challenges arising from the COVID-19 pandemic, the Shire recognises that these challenges will result in financial hardship for some ratepayers and sundry debtors.

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

DEFINITIONS:

Applicable Contract means any formal agreement made between a property owner and property occupier, in which the property occupier becomes legally responsible for the payment of any rate or service charge that is imposed by the local government on the land.

Council means the Council of the Shire of Wyndham East Kimberley.

Default means that the customer has failed to meet their obligations in accordance with any special payment arrangement that they have entered into with the Shire of Wyndham East Kimberley.

Financial year means the period commencing on 1 July and ending on the next following 30 June.

Ratepayer means any person, business, club or community organisation who under section

6.44 of the *Local Government Act 1995*, or other Applicable Contract, is liable to pay a rate or service charge that is imposed by the local government on the land.

Sundry Debtor means any person, business, club or community organisation that has incurred a debt for goods or services supplied by the Shire.

The Shire means the Shire of Wyndham East Kimberley.

Waive means to provide a special concession to a person or organisation that extinguishes a debt that would have been owed to the Shire. A waiver may be provided prior to, or subsequent to the date that the debt is incurred.

POLICY STATEMENTS:

This policy applies to:

1. Outstanding rates and service charges as at the date of adoption of this policy; and
2. Outstanding sundry debts, fees and charges as at the date of adoption of this policy; and
3. Rates and service charges levied for the 2020/21 financial year; and
4. Rates and service charges levied for the 2021/22 financial year; and
5. Rates and service charges levied for the 2022/23 financial year; and
6. Sundry debts, fees and charges incurred from the date of adoption of this policy until 30 June 2020; and
7. Sundry debts, fees and charges incurred for the 2020/21 financial year; and
8. Sundry debts, fees and charges incurred for the 2021/22 financial year; and
9. Sundry debts, fees and charges incurred for the 2022/23 financial year.

It is a reasonable community expectation as the Shire and the community deal with the effects of the pandemic that those with the capacity to pay rates, sundry debts and fees and charges, will continue to do so. For this reason, this Policy is not intended to provide relief to ratepayers or sundry debtors who are not able to evidence financial hardship due to the effects of the COVID-19 pandemic.

The statutory provisions of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996* will apply in conjunction with Council Policies CP/FIN-3212 Rates and Charges Debt Collection and CP/FIN-3214 Sundry Debt Collection.

POLICY

1.1 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:

1. A rates or service charge ("rates"); or
2. A sundry debt, fee or charge ("sundry debt").

Financial hardship occurs where a person is unable to pay rates and/or sundry debts without affecting their ability to meet their basic living needs, or the basic living needs of their dependents. The Shire recognises the likelihood that COVID-19 will increase the occurrence of payment difficulties, financial hardship and vulnerability in the community. This policy is intended to apply to ratepayers and sundry debtors experiencing hardship regardless of their status, be they a property owner, tenant, business owner etc.

¹ This section is adopted from the Ombudsman Western Australia publication, *Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance*.

1.2 Anticipated Financial Hardship due to COVID19

The Shire recognises that many ratepayers and sundry debtors are already experiencing financial hardship due to COVID-19 and in some cases, these hardships will extend beyond the 2021/22 financial year.

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

1.3 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 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 and sundry debtors 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 Shire will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with all statutory responsibilities.

The Shire may request additional information from applicants if it considers it necessary to do so.

1.4 Payment Arrangements

Payment arrangements facilitated in accordance with Section 6.49 of the *Local Government Act 1995* are of an agreed frequency and amount. These arrangements will consider the following:

- That a ratepayer or sundry debtor has made a genuine effort to meet payment obligations in the past;
- The payment arrangement will establish a known end date that is realistic and achievable;
- The ratepayer or sundry debtor will be responsible for informing the Shire of any change in circumstance that jeopardises the agreed payment schedule.

In the case of severe financial hardship, Council reserve the right to consider waiving any other additional charges.

1.5 Interest and other Charges

A ratepayer or sundry debtor that meets the Financial Hardship criteria:

1. Will not be charged penalty interest on any overdue rates or sundry debt;
2. Will not be charged interest should they chose to pay their rates by instalments;
3. Will not be charged an administration fee should they choose to pay their rates by instalments.
4. Will not be charged any fees should they choose to pay their rates or sundry debt under an agreed Payment Arrangement.

5. Will not be charged penalty interest on any overdue Emergency Service Levies (effective as at the date of adoption of this policy until 30 June 2021).

1.6 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 or if the property is sold or if the pensioner ceases to reside in the property.
- May be paid at any time, but the ratepayer will not receive any concession when the rates are paid (any concession entitlement for the financial year will be forfeited)
- Does not incur penalty interest charges.

1.7 Debt recovery

The Shire will suspend debt recovery processes whilst negotiating a suitable payment arrangement with a ratepayer or sundry debtor. Where a ratepayer or sundry debtor is unable to make payments in accordance with the agreed payment plan and advises the Shire and makes an alternative plan before defaulting on the 3rd due payment, the Shire will continue to suspend debt recovery processes.

Where a ratepayer or sundry debtor has not reasonably adhered to the agreed payment plan, then for any rates or sundry debts that remain outstanding on 1 July 2022, The Shire will offer the ratepayer or sundry debtor one further opportunity of adhering to a payment plan that will clear the total debt by the end of the 2022/2023 financial year.

Rates and sundry debts that remain outstanding at the end of the 2022/23 financial year may then be subject to debt recovery procedures in accordance with Council Policies CP/FIN-3212 Rates and Charges Debt Collection and CP/FIN-3214 Sundry Debt Collection. However, the Shire recognises that financial hardship may extend beyond the 2022/23 financial year and may on application consider extending the provisions of this policy on a case-by-case basis.

1.8 Review

Shire Officers will advise unsuccessful applicants of their right to seek review and the procedure to be followed.

With reference to a review of decisions made under this Policy, Shire Officers will report to the Audit (Finance and Risk) Committee on a quarterly basis. The report will detail the applicant, the nature of the debt, the amount of the debt, whether the application was successful or not, the payment terms and the status of the arrangement.

1.9 Communication and Confidentiality

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

The Shire will advise ratepayers and sundry debtors of this policy and its application when communicating in any format (i.e. verbal or written) with a ratepayer or sundry debtor that has an outstanding rates or sundry debt.

The Shire recognises that applicants for hardship consideration are experiencing additional stressors, and may have complex needs. The Shire will provide additional time to respond to communication, will communicate in alternative formats where appropriate, and will ensure all communication with applicants is clear and respectful.

EXPLANATORY NOTES:

The collection of rates and sundry debts is an important component of the Shire's management of adequate cash flows as well as the overall management of the Shire's financial performance and position.

This policy aims to provide manageable and efficient control over rates and sundry debts by closely monitoring outstanding accounts in order to reduce the likely occurrence of unrecoverable debts.

RISK:

Risk: Failure to adequately resource and manage funding requirements which meet the needs of the Shire's service delivery requirements and strategic objectives.

Control: Implementation of LTFP and Annual Budget.

Policies reviewed and updated in accordance with schedule and operational requirements.

Risk: Failure to develop appropriate, meaningful policies which enable the administration to perform in an effective and efficient way.

Control: New policies adopted as required.

Policies reviewed and updated in accordance with schedule and operational requirements.