

Financial Hardship

Introduction

This Policy states the Council's position on allowing flexibility for payments on overdue debtor, and rates and service charges where extreme financial hardship is recognised and outlines the scope and criteria for assessing applications of financial hardship.

Objective

To ensure the Shire supports ratepayers experiencing financial hardship, offering them fair, equitable, consistent and dignified support while treating all members of the community with empathy, fairness, respect and understanding.

To provide guidance to Shire Officers and Members in regard to rate relief to ratepayers who can evidence financial hardship.

Scope

This policy applies to all ratepayers experiencing financial hardship regardless of their status, whether they are property owners, tenants, business owners, etc., and are unable to meet their rate payment obligations.

Definitions

Term	Definition
Financial Hardship	A situation where a ratepayer is unable to meet their rate payment obligations due to circumstances beyond their control.
Vulnerable Ratepayer	A ratepayer experiencing financial hardship due to factors such as disability, unemployment, illness, bereavement, domestic violence, or low English proficiency.
<i>Refer to the Corporate Documents Glossary</i>	https://www.toodyay.wa.gov.au/documents/470/corporate-documents-glossary-(definitions)

Policy Statement

Council recognises that there are cases of genuine financial hardship where additional charges would cause the debtor or ratepayer further financial hardship.

The Shire is committed to supporting ratepayers experiencing financial hardship by providing flexible payment arrangements, waiving penalty interest, and offering access to financial counselling services.

This policy establishes guidelines to ensure all applicants are treated with respect, equality and confidentiality.

1. Financial Hardship examples

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:

- (a) Loss of a ratepayer's/debtor's (or their family member's) primary income; including small businesses income loss due to major work projects
- (b) Recent unemployment or under-employment;
- (c) Sickness or recovery from sickness;
- (d) Low income or loss of income;
- (e) Unanticipated circumstances such as caring for and supporting extended family.
- (f) Sudden bereavement within a family;
- (g) Severe/life threatening illness or medical condition;
- (h) Physical or mental health problems;
- (i) Domestic or family violence; or
- (j) A chronically ill child.

2. Financial Hardship Criteria

Ratepayers and 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 arrangement.

The Shire considers all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with our statutory responsibilities.

Documentation for assessment can include the following:

- (a) A letter from a recognised financial counsellor (i.e. must be a member of a financial counselling association, for example Financial Counsellors' Association of WA (FCAWA) or financial planner confirming financial hardship or a Statutory Declaration from a ratepayer or debtor outlining reasons for applying for hardship is recommended;
- (b) Copy of recent bank statements of all bank accounts;
- (c) Any related Centrelink documentation (if applicable);
- (d) A prepayment proposal;
- (e) Ratepayer or debtor is not bankrupt or subject to a bankruptcy petition.

3. Debt recovery

The Shire will suspend our 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 the Shire and makes an alternative plan before defaulting on the 3rd due payment, the Shire will continue to suspend debt recovery processes.

The debt will need to be fully repaid by the end of the subsequent financial year of the debt repayment arrangement commencing, e.g. debt arrangement in place 2024/25 must be fully repaid by 30 June 2026.

4. Payment Arrangements

Payment arrangements are facilitated in accordance with Section 6.49 of the Act.

Such arrangements are of an agreed frequency and amount, considering 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 Shire of Toodyay of any change in circumstance that affects the agreed payment schedule.
- The need to have the debt fully repaid by the end of the subsequent financial year.

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

5. Interest Charges

A ratepayer or debtor who meets the Financial Hardship Criteria and enters into a payment arrangement may request a suspension or waiver of interest charges. Applications will be assessed on a case-by-case basis.

6. Deferment of Rates

Deferment of rates may apply for ratepayers who have a Pensioner Card, State Concession Card or a combination of both a Seniors Card and Commonwealth Seniors Health Care Card registered on their property (as stated in the Rates and Charges (Rebates and Deferments) Act 1992). 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.

7. Communication and Confidentiality

The Shire will maintain confidential communications at all times and undertake to communicate with a nominated support person or other third party when requested.

The Shire must ensure that all Workers sign a confidentiality agreement and abide by the Code of Conduct.

The Shire 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 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 and will communicate in alternative formats where appropriate. The Shire will ensure all communication with applicants is clear and respectful.

8. Review

The applicant will be informed of the outcome within 5 business days. The Shire 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.

Reference Information

- [Financial Control Matters](#) from the Office of the Auditor General.
- [Code of Conduct](#)
- [Register of Delegations](#) – CS4 Approval of Payment Arrangement for Payment of Rates and Service Charges.
- Adapted from the Ombudsman Western Australia publication, [Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance](#)

Legislation

- [Local Government Act 1995](#)
- [Local Government \(Financial Management\) Regulations 1996](#)
- [Rates and Charges \(Rebates and Deferrals\) Act 1992](#)

Associated documents

- [Appendix One: Financial Hardship Application form](#);
- [Appendix Two: Financial Hardship Application Assessment Checklist](#);
- Payment arrangement;
- Employee Code of Conduct – When staff are employed, they sign a Confidentiality Agreement and Code of Conduct.

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