

Authority                      Local Government (Financial Management) Regulations 1996  
   (as amended),  
   Local Government Act 1995,  
   Local Government (COVID 19 Response) Order 2020

## **Financial Policy 7 – COVID-19 Financial Hardship Policy**

### **Objective**

To give effect to the Shire of Christmas Island's commitment to support the whole community to meet the unprecedented challenges arising from the COVID19 pandemic, the Shire of Christmas Island recognises that these challenges will result in financial hardship for some of 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 at this difficult time

### **Legislative Compliance**

The Local Government Amendment (COVID-19 Response) Act 2020 was passed by Parliament on 16 April 2020 and came into effect on 21 April.

This Act provided a power to enable the Minister to modify or suspend provisions of the Local Government Act and regulations while a State of Emergency declaration is in force and where the Minister considers that such an order is necessary to deal with the consequences of the COVID-19 pandemic.

Circular 3-2020 from the Hon David Templeman MLA, WA Minister for Local Government, Heritage, Culture and the Arts dated 8<sup>th</sup> May 2020 provided the direction to local governments to create a *Financial Hardship Policy* with subsequent forms to support the all of Government approach to support the community in this time. WALGA subsequently created a template Financial Hardship Policy for local governments to modify for their individual municipalities.

As Christmas Island is in a declared State of Emergency under the CI Emergency Ordinance 2012, the Shire will follow the direction in Circular 3-2020 from the WA Minister for Local Government.

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### **Policy Scope**

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, 2021/22 and 2022,23 financial years.

It is a reasonable community expectation, as we deal with the effects of the pandemic that those with the capacity to pay rates will continue to do so. For this reason the 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.

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## **Policy Statement**

### **1 Payment difficulties, hardship and vulnerability<sup>1</sup>**

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 Shire of Christmas Island recognises the likelihood that COVID19 will 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.

### **2 Anticipated Financial Hardship due to COVID19**

We recognise that some ratepayers are already experiencing financial hardship due to COVID-19. We respect and anticipate the probability that additional financial difficulties will arise when their rates are received.

We will write to ratepayers at the time their account falls into arrears, to advise them of the terms of this policy and encourage eligible ratepayers to apply for hardship consideration.

### **3 Financial Hardship Criteria**

While evidence of hardship will be required, 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:

- 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. We will consider all circumstances, applying the principles of fairness, integrity and confidentiality whilst complying with our 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;

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<sup>1</sup> 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/>

- The ratepayer will be responsible for informing the Shire of Christmas Island of any change in circumstance that jeopardises the agreed payment schedule.

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).

## 5 Interest Charges

A ratepayer that meets the Financial Hardship Criteria and enters into a Payment Plan to be discussed with the Shire for their outstanding debts and rates and service charges. Under this Payment Plan, the applicant will receive a waiver of interest charges for the 2020/2021 financial year from the date of submission of the Financial Hardship Application Form 20/21. Future periods of interest waiver past the 20/21 year will be made 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 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.

## 7 Debt recovery

Debts associated with a Financial Hardship Application will be dealt with under this Policy instead of the Shire of Christmas Island FI Debt Recovery until as such a time the options for recovery and collaboration with the debtor are exhausted under this Policy.

We 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 us and makes an alternative plan before defaulting on the 3<sup>rd</sup> due payment, then we 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 2023, we will offer the ratepayer one further opportunity of adhering to a payment plan that will clear the total debt by the end of the 2023/24 financial year.

Rates and service charge debts that remain outstanding at the end of the 2021/22 financial year, will then be subject to the rates debt recovery procedures prescribed in the *Local Government Act 1995 and the Shire of Christmas Island FI5 Debt Recovery policy*.

## 8 Review

We 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

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 are experiencing additional stressors, 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.

A Financial Hardship Application document will be created to give a structured document for ratepayers to notify Council of their circumstances for consideration of options described in this policy.

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Key Performance Indicators	The number of times a Financial Hardship Application form is requested by a rate payer
Keywords	COVID 19, Financial Hardship, Rates, Interest
Related Policies	Nil
Related Procedures/ Documents	FI5 – Debt Recovery

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Version	Approved, Amended, Rescinded	Date	Officer	Resolution number	Key changes/ notes	Next Review date	File Ref No.
1	Approved	26/5/2020	Chris Su	50/20			2.11.37
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