



COVID-19 FINANCIAL HARDSHIP POLICY

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1. OBJECTIVE

To give effect to Council's commitment to support the community to meet the unprecedented challenges arising from the COVID-19 pandemic. Council recognises that these challenges will result in financial hardship for individuals and organisations.

This policy is intended to ensure that the City offers fair, equitable, consistent and dignified support to individuals, small businesses and community organisations suffering hardship, whilst balancing the needs and expectations of the community. In addition, the policy promotes a simple application, assessment and review process.

This policy applies to:

- 2020/21 rates notice inclusive of rates, Emergency Services Levy (ESL) and waste service charges (rates debtors);
- 2020/21 Fees and charges as per the City's adopted schedule of fees and charges (general debtors).

It is a reasonable community expectation, as we deal with the effects of the pandemic that those with the capacity to pay their debts will continue to do so. For this reason the Policy is not intended to provide debt relief to individuals or organisations that are not in a financial hardship situation. Therefore, the City's payment terms, statutory provisions of the *Local Government Act 1995*, various local government regulations, other laws and City Policies still apply.

2. PRINCIPLES

2.1 Payment difficulty, hardship and vulnerability

Payment difficulty, or short term financial hardship, occurs where a change in circumstances result in an inability to pay debt. Financial hardship occurs where a person/organisation is unable to pay debts without affecting their ability to meet their basic living/operating needs. Council recognises the likelihood that COVID-19 will increase the occurrence of payment difficulty, financial hardship and vulnerability in our community. This policy is intended to apply to individuals, small businesses and community organisations experiencing financial hardship arising from the COVID-19 pandemic.

2.2 Anticipated Financial Hardship due to COVID-19

Council recognises that many individuals and organisations are already experiencing financial hardship due to COVID-19. The City understands the likelihood that additional financial difficulties may arise when rate notices are issued.

The City will write to debtors whose account falls into arrears, to advise them of the terms of this policy and encourage eligible person(s) or organisations 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.

2.3 Financial Hardship Criteria

While evidence of hardship will be required, Council recognises that not all circumstances are alike. The City will take a flexible approach to a range of circumstances including, but not limited to, the following situations resultant from COVID-19:

- Recent unemployment or under-employment;

- Reduced income or loss of income;
- Sickness or recovery from sickness;
- Unanticipated circumstances such as caring for and supporting family members.

Ratepayers/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 City will consider all circumstances, applying the principles of fairness, equity and confidentiality whilst complying with statutory responsibilities.

2.4 Payment Arrangements

Payment arrangements are of an agreed frequency and amount. These arrangements will consider the following:

1. That a person or organisation has made genuine effort to meet debt obligations in the past;
2. The payment arrangement will establish a known end date that is realistic and achievable;
3. The person or organisation will be responsible for informing the City of any change in circumstance that jeopardises the agreed payment schedule.

2.5 Financial Hardship Assistance

An individual or organisation that is assessed as suffering Financial Hardship under this policy will not attract interest or instalment administration charges on rates or fees and charges incurred in 2020/21.

In the case of severe financial hardship, the City may also consider writing off previously levied interest in accordance with Council's Financial Hardship (Rate Relief) Policy (CF05).

2.6 Debt Recovery

The City will suspend debt recovery processes whilst negotiating a suitable payment arrangement with the individual or organisation. Where an individual or organisation is unable to make payments in accordance with the agreed payment plan and they advise the City and make an alternative plan before defaulting on the 3rd due payment, then the City will continue to suspend debt recovery processes.

Where an agreed payment plan has not reasonably adhered to, then for any debts that remain outstanding on 1 July 2021, the City will offer a further opportunity of adhering to a payment plan that will clear the total debt by the end of the 2021/2022 financial year.

Debts that remain outstanding at the end of the 2021/22 financial year, will then be subject to the debt recovery procedures prescribed in the *Local Government Act 1995*.

2.7 Review

The City will advise all applicants of the decision made and inform all unsuccessful applicants that the decision may be reviewed by applying in writing. The City will observe the Good Practice Guide issued by the Ombudsman Western Australia (local government collection of overdue rates for people in situations of vulnerability).

2.8 Communication and Confidentiality

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

The City recognises that applicants for financial 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.

3. CONSEQUENCES

This policy represents the formal policy and expected standards of the Council. Appropriate approvals need to be obtained prior to any deviation from the policy. Elected Members and Employees are reminded of their obligations under the Council's Code of Conduct to give full effect to the lawful policies, decisions and practices of the Council.

4. ROLES AND RESPONSIBILITIES

Application for Financial Hardship Assistance must be made on the COVID-19 Financial Hardship Application form which can be obtained from the City website.

Upon receipt, City Officers will assess the application and will provide notification of the outcome of the application generally within 14 days.

5. REFERENCES TO RELATED DOCUMENTS

- *Local Government Act 1995*
- *City of Karratha Policy CF05 Financial Hardship (Rate Relief)*
- *Local Government (COVID-19 Response) Order 2020*

Policy Number:	CF-19
Previous Policy Number:	N/A
Resolution Numbers:	154625-Jun 2020
Last Review:	June 2020
Next Review:	This policy shall cease on 30 June 2021
Responsible Officer:	Manager Financial Services/CFO

This policy takes effect from the date of adoption by Council and shall remain valid until it is amended or deleted.