



# FINANCIAL HARDSHIP FOR DEBTORS POLICY

**POLICY NUMBER: CORP-F-011**

## PURPOSE

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This Financial Hardship Policy for Debtors outlines how the City will assist residential ratepayers and sundry debtors experiencing financial hardship. The purpose of this policy is to:

1. enable a residential ratepayer liable for rates and service charges, who is experiencing financial hardship, to make application for assistance relating to any unpaid rates or service charges levied on their residential property under the *Local Government Act 1995*;
2. enable a person liable for outstanding sundry debtor charges, who are experiencing financial hardship, to make application for assistance relating to any unpaid charges billed through the City's sundry debtors system;
3. ensure all debtors are treated fairly and consistently with respect and compassion when the City is considering their circumstances in recognising financial hardship;
4. provide a roadmap for day to day operations and give guidance for decision making to ensure compliance;
5. directly align the policy framework to policy DS-SWM-003 Financial Hardship Policy for Water Services [bookmark://\\_bookmark0/](#) which is a mandatory requirement under the City's Water License; and
6. directly align the policy with policy CORP-F-009 Debt Collection Policy and procedural document, Debt Management Guidelines.

## SCOPE

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This Financial Hardship Policy for Debtors applies to residential ratepayers and sundry debtors who are experiencing financial hardship. It is:

1. Applied by staff in debt recovery who are responsible for the recovery of overdue rates and sundry debtors accounts;
2. Used as a reference by all employees and contractors of the City who interact with ratepayers and other debtors with outstanding charges, and who suspected or have confirmed, that the debtor is experiencing financial hardship; and
3. A guide used for external stakeholders when assisting customers in financial hardship e.g. financial counsellors.



This policy does not apply to non-residential ratepayers or debtors having payment difficulties. In recognition that these debtors may also need support, our trained staff can offer advice and a range of flexible payment options to assist them.

## **DEFINITIONS**

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**CEO** means the Chief Executive Officer of the City.

**City** means the City of Kalgoorlie-Boulder.

**Debtor** means a person who has a legal obligation to make payment to the City (which may be a Rates Debtor or Sundry Debtor).

**Rates Debtor** means a rates debtor is defined as a ratepayer of the City.

**Sundry Debtor** means a sundry debtor is a person, corporation, business or other entity owing money to the City.

**Financial Hardship** has the meaning given in paragraph 1(a) under the heading “Policy Details”.

**Financial Hardship Agreement** means an agreement made with a debtor (rates or sundry debtor) who is willing and has the intention to pay, but is unable to meet their repayments or existing financial obligations due to serious and/or exceptional hardship.

**Temporary or Ongoing Hardship** means a debtor experiencing financial hardship is someone who is identified by themselves, by the City, or an accredited financial counsellor, or by a welfare agency as having the intention, but not the financial capacity, to make required payments in accordance with the City’s payment terms.

**Serious and/or Exceptional Hardship** means in the absence of a statutory definition, serious and/or exceptional hardship could mean a level of hardship that impacts innocent parties from circumstances that vary in each situation including, but not limited to, ability to provide adequate food, accommodation, clothing, medical treatment, education or other necessities for themselves, their family or other people for whom they are responsible. (Source: Australian Taxation Office).

**Recognised Financial Counselling Service** means the are agencies that provide free and independent financial counselling and advocacy services to people in financial difficulty. They’re generally community-based non-government organisations funded by government or community sector organisations such as welfare organisations (ASIC definition).

**Financial Counsellors’ Association of WA (FCAWA)** means a recognised service that can refer applicants to a financial counsellor in their area or alternatively they can refer the applicant to their Financial Counselling Helpline. The Helpline provides a free confidential service for all Western Australians with financial problems and queries.

## **POLICY STATEMENT**

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The City recognises that debtors may, at times, suffer from financial stress and experience difficulty in paying their debts owed to the City. The City is committed to working with all debtors to find an appropriate payment solution that is effective and sustainable.

The City will ensure all debtors are treated fairly and consistently with respect and compassion when considering their circumstances in recognising financial hardship.

## **POLICY DETAILS**

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### **1. Financial Hardship**

#### **a. What Is Financial Hardship?**

A Debtor will be considered to be in Financial Hardship if paying their debtors account will affect their ability to meet their basic living needs – in short, if the Debtor has the intention but not the financial capacity to pay. The City is committed to providing additional support to assist a Debtor in meeting their legal commitments to pay their debt.

#### **b. Recognising Financial Hardship**

The City recognises there are two types of Financial hardship: temporary and ongoing. Depending on the type of hardship being experienced, Debtors will have different needs and will require different solutions.

##### **i. Temporary Financial Hardship**

A Debtor is identified as experiencing a temporary Financial Hardship if they have a short-term change in circumstance, caused by one or more of the following factors:

- loss of Debtor or Debtor's family member's primary income;
- separation or divorce from spouse;
- domestic or family violence;
- loss of a spouse or loved-one;
- physical or mental health problems;
- a chronically ill child;
- budget management difficulties because of a low income; or
- other unforeseen factors affecting debtor's capacity to pay, such as a reduction in income or an increase in non-discretionary spending.

Temporary Financial Hardship Debtors generally require flexibility and temporary assistance, such as alternative payment arrangement with an extension of time to pay and the temporary waiving of interest fees (refer to Section 5).

##### **ii. Ongoing Financial Hardship**



A Debtor is identified as experiencing an ongoing hardship from being on low or fixed incomes, and may be experiencing similar changes in circumstances described in section below.

The debtor may require ongoing assistance such as alternative payment arrangements with an extension of time to pay; the waiving of interest and any associated administrative fees and may also include a write-off of accrued interest and/or legal fees (refer to Section 5).

The City will consider all circumstances including, but not limited to, the following examples:

- a serious accident;
- sudden bereavement within a family;
- severe/life threatening illness or medical disability;
- an impact on a dependent or family member who has serious disability or health problem and who relies on the affected person for their financial support;
- marriage/partnership breakdown;
- prolonged imprisonment;
- business downturn;
- temporary physical or mental incapacity;
- emergency event from natural disasters such as flood, bushfire, cyclone or earthquake;
- domestic violence; or
- any other matter considered acceptable by the CEO.

Note - Temporary loss of a job will not normally qualify as ongoing hardship unless a convincing case can be put forward.

c. Identifying Debtors in Financial Hardship

A Debtor is encouraged to contact the City as soon as possible if they think they are in Financial Hardship, or alternatively the Debtor's recognised financial counsellor may contact the City direct on their behalf.

A Debtor must provide convincing and tangible evidence of genuine Financial Hardship to satisfy the City. The Debtor need not be in arrears to apply for a Financial Hardship Agreement.

The extent of hardship will be determined by either the City's assessment process or by an external body, such as an accredited financial counsellor. The City will exercise due diligence in assessing and identifying genuine Financial Hardship based on circumstances that vary in each Debtor's situation.



d. Rates Debtor

A Rates Debtor under Financial Hardship must be the owner or part owner of the property and be liable for the payment of rates on the property.

The Rates Debtor can only apply for a Financial Hardship Agreement in relation to rates and charges levied on their principal place of residence. Owning multiple properties may have a negative impact on the Rates Debtor's application.

Sundry Debtor

A Sundry Debtor applying for a Financial Hardship Agreement must be a registered Sundry Debtor (i.e. a person, corporation, business or other entity) owing money to the City.

**2. APPLYING FOR A FINANCIAL HARDSHIP AGREEMENT**

a. Application

To progress a Debtor's application for a Financial Hardship Agreement, the Debtor is required to submit a Financial Hardship Application (FHA) addressed to the CEO, with the required supporting documentation:

- 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 ratepayer outlining reasons for applying for hardship;
- copy of recent bank statements of all bank accounts;
- any related Centrelink documentation (if applicable);
- a written statement and/or advice provided by a recognised financial counsellor on capacity to pay if the City provides concessions and leniencies the City would otherwise consider; and
- a repayment proposal.

b. Review Process

A debtor's application will be reviewed within ten (10) business days and if it meets the policy's criteria will proceed to the assessment stage. An application may be referred back to the debtor or the debtor's financial counsellor for further information or discussion if the application does not contain the correct information.

c. Assessment Process

The extent of hardship will be determined by either the City's assessment process or by an external body, such as an accredited financial counsellor.

An application will be assessed by applying the principles of fairness, integrity and confidentiality whilst complying with statutory requirements. The delegated



officer, Debt Recovery Officer, will exercise due diligence in assessing and identifying genuine hardship based on circumstances that vary in each debtor's situation.

Other factors to be taken into consideration will be: the type of application (i.e. temporary or ongoing hardship) and the debtor's capacity to pay.

d. Rates Debtor

- size of debt and span of time over which the debt has accumulated (e.g. current year, two years or more than three years, etc.);
- nature of the property;
- freehold ownership;
- bank or mortgaged;
- location;
- sole residence;
- advertised for lease and/or sale;
- profile and history of the debtor such as; pensioner status, any previous communications, demonstration of historical genuine efforts to pay; and history of default and/or non- responsiveness.

e. Sundry Debtor

- size of debt and span of time over which the debt has accumulated (e.g. current year, two years or more than three years, etc.);
- nature of the debt;
- commercial venture;
- profile and history of the debtor such as: pensioner status, any previous communications, demonstration of historical genuine efforts to pay; and history of default and/or non- responsiveness.

The debtor and financial counsellor (if applicable) will be engaged in discussions to determine a payment option in line with the debtor's capacity to pay before a decision is made.

f. Application Approval

The delegated officer (i.e. Debt Recovery Officer) will refer the debtor's application with their recommendation to the Chief Executive Officer (CEO) for final approval and signoff. The CEO has delegated authority under the Chief Executive Officer Delegation Register to write-off rate debts under \$5,000.00 and sundry debtor's debts under \$5,000.00. Any amount above this must be referred to Council<sup>7</sup> for a determination.



g. Payment Plan

If the City determines the debtor is in financial hardship, the eligible debtor will be offered a payment plan based on their application status, that being temporary or ongoing financial hardship.

The payment plan will comprise of the following:

- an extension in time to pay;
- a payment plan; and
- a suspension of interest charges and administration fees whilst a payment plan is in place. Temporary Financial Hardship

Whilst committing to a payment plan, the City will suspend penalty interest and administration fees.

h. Ongoing Financial Hardship

Whilst committing to a payment plan, the City will suspend penalty interest and administration fees and will refer the debtor to the CEO or Council, as required, for consideration for a write- off of any associated penalty interest and/or legal charges relating to their application.

The format of the report to Council, if required, is to include;

- the debtor's unique number (i.e. assessment number or sundry debtor number he debtor's unique number identifier (i.e. assessment or sundry debtor number),
- a description of the debt, the debt amount, the period of debt, and
- the reason/s for the recommendation to write off.

i. Payment Plans Terms and Conditions

The City will involve the debtor and a financial counsellor (if applicable) in setting a payment plan. In setting the terms of a financial hardship payment plan, the following will apply;

Agreement

A copy of agreement detailing its terms and conditions must be provided to debtor.

Extension to Repayment Period

Debtors will be directly involved in setting up a payment plan. When setting the conditions of the plan, debtors will be offered more time to pay, based on their capacity to pay (which may involve an end date beyond the current financial year).

Suspension of Fees and Interest charges





Debtors will not be charged any administration fees or interest whilst adhering to their payment plan. The approval to suspend interest charges and administration fees will require signoff from the Chief Executive Officer.

#### Review Payment Plans

- The City will review a payment plan if a debtor submits their request in writing.
- The City will review and revise extensions to payment plans if the debtor's circumstances change.
- If the review indicates that the debtor is unable to meet their obligations under the current terms of their arrangement, the plan will be revised, extending the duration of the payment arrangement and/or reducing the periodic payment amount.

#### Non Compliance to Payment Plan

If a debtor does not comply with their payment plan and fails to contact the City to re- negotiate the terms, the City will make all reasonable attempts to contact the debtor to advise them of our next course of action.

#### Cancellation of Payment Plan

If the debtor misses three consecutive payments and fails to contact the City, the City reserves the right to cancel the payment arrangement for noncompliance. On cancellation, penalty interest will recommence from the date the arrangement was undertaken.

The City is not obligated to offer a payment plan if the debtor has had three payment plans cancelled because of non-payment or declined payments.

#### j. Write-off Accrued Interest and/or legal fees

The City may write off accrued interest for rates and/or charges payable relating to a debtor if in the City's opinion:

- the debtor is unable to pay the accrued interest for reasons beyond the debtors control, or
- the payment of the accrued interest would cause the debtor further hardship (the debtor must apply in writing stating the explanation as to why interest should be waived).

Any consideration for write-off must be referred to the CEO or Executive Manager Finance.





k. Write-off general debt

The City may write off general sundry debt in cases where an administrative error has occurred resulting in an incorrect charge to a customer. This decision is made when the CEO deems it neither worthwhile nor prudent to pursue the debt, considering factors such as its value or the circumstances surrounding the administrative error.

l. Crown Lease

If a debtor is an occupier of a property under a crown lease, the City will notify the land owner (i.e. State of WA) advising them of the City's intention to provide the debtor with an extension of time to pay or a payment plan before formally accepting the debtor's payment proposal.

### 3. DEBT COLLECTION

The City will suspend our debt recovery processes whilst negotiating a suitable payment arrangement with a debtor.

l. Payment Plans

The City *will not* commence any legal proceedings to recover a debtor's debt whilst the debtor's financial application is being reviewed and assessed.

The City *will not* commence any legal proceedings to recover a debtor's debt where the debtor is complying with their payment plan.

m. Legal Proceedings

If legal proceedings have been commenced and the debtor lodges a financial hardship application, these proceedings will be temporary suspended whilst the debtor's application is reviewed and assessed.

If the debtor is successful with their application, no further legal action will be taken whilst the debtor is complying with their payment plan.

The City reserves the right to recommence the legal proceedings if the debtor's payment plan is cancelled for noncompliance. The City will make all reasonable attempts to contact the debtor to advise them of our next course of action.

n. Non Compliance to Payment Plan

If a debtor does not comply with their extension in time to pay, payment plan or other payment arrangement, the City may commence or recommence debt recovery proceedings as per Council's Policies, Rates Recovery<sup>11</sup> and Debt Collection Policy.

Legal actions proceedings will be initiated or re-initiated, where a debtor's account will be referred to:

- Internally; Debt Recovery Officer for its recovery or
- Externally; outsourced to an external Debt Collection Agency.



o. Legal Costs

All legal costs and expenses incurred in recovering outstanding rates and charges will be charged against the property in accordance with section 6.56(1) of the *Local Government Act 1995*.

When collecting a debt the City will comply with Part 2 of the Australian Competition and Consumer Commission (ACCC) and Australian Securities and Investments Commission (ASIC) Debt collection guidelines for collectors and creditors.

p. Legal Action taken in error

If legal proceedings were inadvertently taken by the City due to an internal administrative error, the City will take every measure to rectify a debtor's account. This may include:

- reversing any associated costs or fees,
- seeking a Strike-out Order from the Magistrates Court, and
- lodging the related strike-out order with Credit Providers to clear the negative entry on a debtor's credit history file.

## **ADDITIONAL INFORMATION**

**Schedule of Fees and Charges** – a copy of the current annual document is located on the City's website- [www.ckb.wa.gov.au](http://www.ckb.wa.gov.au).

### Useful Information

**Rates Notices:** Mailing of Rates Notice - ratepayers can choose to have their annual rates notice sent to them electronically (erates) or by mail. To register for erates a ratepayer must subscribe via our website:

[www.ckb.wa.gov.au/My-Property/Rates/Subscribe-to-e-Rates](http://www.ckb.wa.gov.au/My-Property/Rates/Subscribe-to-e-Rates).

Redirection of Rates Notice: If a ratepayer is absent or ill they can request to have their rates notices redirected to another person free of charge.

**Payment Methods:** For more information on payment methods debtors can phone (08) 90219600 or [mailbag@ckb.wa.gov.au](mailto:mailbag@ckb.wa.gov.au) or in person at the City's Administration Office 577 Hannan Street, Kalgoorlie or our Customer Service Centre Shop 8-10, 272 Hannan Street, Kalgoorlie.

**Centrepay:** is available to ratepayers who receive Centrelink payments.

**Concessions:** The Office of State Revenue (OSR) provides concessions to eligible pensioners and seniors on their local government rates charges, sewerage charges and emergency services levy. The concessions available are either a rebate on, or the deferment of, these charges (eligibility criteria must be met).

Registration can be in person with the City of Kalgoorlie-Boulder or online with Water Corporation [www.watercorporation.com.au/my-account/i-want-to/concessions](http://www.watercorporation.com.au/my-account/i-want-to/concessions).

If an eligible ratepayer meets OSR requirements, they may enter into a payment arrangement with the City to pay off their rates and service charges arrears and be eligible



for the current year's rebate. Contact Rates Team on (08) 90219654 to discuss.

## **5. FINANCIAL COUNSELLING**

The City will advise a debtor of any financial counselling services or other organisation that may be available to them. Financial counsellors offer free, independent information to help a debtor take control of their financial situation.

The Financial Counsellors' Association of WA (FCAWA) 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. FCAWA's contact details are as follows:

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)

Financial Counselling Helpline: 1800 007 007

## **6. FEES AND CHARGES**

Rates Debtor - The City will charge ratepayers for rates and services as detailed on their rates notice. If the ratepayer does not pay their rate notice by its due date the ratepayer will be charged penalty interest at a rate of 10% per annum (or the prescribed interest rate as determined by Council in the City's annual schedule fees and charges).

For additional information relating to the prescribed interest rate and payment terms, this can be found on the rear of a rates notice.

Sundry Debtor - The City will charge sundry debtors service fees as detailed in the City's Schedule Fees and Charges. If the sundry debtor does not pay their invoice by its due date the debtor will be charged penalty interest at a rate of 10% per annual (or the prescribed interest rate as determined by Council in the City's annual schedule fees and charges). For additional information relating to the prescribed interest rate and payment terms, this can be found on a debtors invoice statement.

## **7. TRAINING OF STAFF**

Frontline City employees assisting debtors who are having difficulty paying their outstanding charges are trained and are assessed for competency in relation to:

- The range of payment options and methods available;
- Our Financial Hardship Policies, procedures and work instructions including delegated authorities that relate to debt recovery and credit management practices;
- Government funded concession entitlements;
- Government and community programs/services available including referrals to financial counsellors; and



- Key cultural and social issues for significant customer groups and communication skills for engaging with debtors in financial hardship.

To ensure this process is maintained to the desired standard, staff performance is assessed through monitoring of calls for Customer Service staff and qualitative audits.

Debt Recovery staff who case manage individuals experiencing financial hardship have comprehensive training on a range of social and community issues to improve their understanding of the issues that affect people in financial hardship.

In addition the City will engage with stakeholders in the development and review of training programs; and provide training to new staff and schedule refresher courses where appropriate.

## **8. THE DEBTOR'S COMMITMENT TO THE CITY**

The City will do its best to assist debtors experiencing financial hardship. If the debtor is experiencing financial hardship, the debtor should contact the City as soon as possible to discuss their situation. Following an assessment process, the City may offer a debtor payment plan, over an extended period of time, if the debtor agrees and maintains the arrangement. In return, the City requests that the debtor:

- agrees to maintaining a suitable payment arrangement;
- keep the City informed of any changes in their circumstances;
- contact us to request an alternative arrangement if they are having difficulty maintaining the agreed payment plan; and
- contact a financial counsellor or relevant consumer representative if requested. It is important for a debtor in financial hardship to meet with a person from a relevant consumer representative organisation to discuss their financial situation and consider the options available.

## **9. COMPLAINTS HANDLING**

The City is committed to solving issues as quickly as possible. If a debtor has a complaint, please contact our Customer Service on 08 90219600 or [mailbag@ckb.wa.gov.au](mailto:mailbag@ckb.wa.gov.au).

If the debtor is not satisfied with the way the City has handled their complaint, the debtor may refer their complaint to the Ombudsman. The Ombudsman will investigate their complaint and may mediate the dispute between the debtor and the City.

### **The Ombudsman's contact details are:**

PO Box Z5386

St Georges Terrace, Perth WA 6831 Phone: 08 9220 7555

Free call: 1800 117 000

TIS: Translating and Interpreting Service 131 450 TTY: National Relay Service 133 677



Email: [mail@ombudsman.wa.gov.au](mailto:mail@ombudsman.wa.gov.au)

Website: [www.ombudsman.wa.gov.au/energyandwater](http://www.ombudsman.wa.gov.au/energyandwater)

## COMPLIANCE REQUIREMENTS

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## RELEVANT DOCUMENTS

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Council Policy CORP-F-002

Rates Recovery Council Policy CORP-F009

Chief Executive Officer Delegated Authority Register

Council Policy DS-SWM-003 Financial Hardship Policy for Water Services Water Services Operating License

Financial Hardship Policy Guidelines for Water Services (Economic Regulation Authority) Ombudsman Western Australia

Energy and Water Ombudsman Western Australia

DOCUMENT CONTROL		
Responsible department		
Date adopted by Council		
Date of last review		
Date of next review		