



**BRIEFING PAPERS
FOR ELECTED MEMBERS'
BRIEFING SESSION**

Draft Only

to be held at
the Council Chambers, Civic Centre, Dundobar Road, Wanneroo
on 02 April, 2019 commencing at 6.00PM



Briefing Papers for Tuesday 2 April, 2019

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L A T E I T E M S A G E N D A

Item 4 Motions on Notice

4.2 Cr Brett Treby – Motion on Notice - Financial Hardship Rate Relief

File Ref: 2507 – 19/108132
Author: Cr Brett Treby
Action Officer: Chief Executive Officer
Disclosure of Interest: Nil
Attachments: Nil

Issue

To consider the development of a Policy to allow the suspension of accrual of late payment interest (**interest**) on overdue rates and charges for residents in financial distress.

Background

The Council adopts the budget each year and includes in the resolution the payment options and the timeframes for payment along with the interest rate that will be charged for late payment of rates and service charges. Currently overdue rates and service charges incur a penalty interest charge of 8.45% pa, accrued on a daily basis.

Detail

Whilst Council considers the impact of rates each year when determining the City's Annual Budget, at times there are individuals and families who, for a variety of reasons, legitimately experience financial hardship and may require some financial support in order to meet their obligations.

The Ombudsman recently provided the 'Local government collection of overdue rates for people in situations of vulnerability: Good Practice Guidance'. One of the recommendations is that if they have not already done so, for local governments to develop and publish a financial hardship policy that is responsive to the needs of people in situations of vulnerability.

At the moment there is no discretion available to the administration to modify arrangements to assist people in situations of vulnerability beyond the special repayment arrangements that can be entered into. However, these special repayment arrangements can only be made as per the Delegated Authority Council resolution. The Delegated Authority 1.1.26 provides authority to make an agreement with a person for the payment of rates or service charges, subject to the arrangement agreed to being on the basis that the total debt outstanding will be extinguished 12 months from the date of the arrangement.

In order for the City to provide this support, I am seeking Council's endorsement to request the Chief Executive Officer (**CEO**) to prepare a Policy to be considered by Council prior to the 2019/20 Budget adoption, which will consider authorising the CEO to stop the interest being incurred in the financial year, subject to certain conditions.

Consultation

No formal consultation has been undertaken in the preparation of this report.

Comment

It is suggested that this policy has a financial hardship clause that states:

2.2 Financial Hardship

- a. *The City recognises its responsibility in responding to the needs of residents experiencing severe financial hardship by ensuring that they are treated with respect, dignity, fairness, equity and confidentiality.*
- b. *The level of relief applicants may receive will be based on the evidence of genuine hardship because of trauma/tragedy, level of income, reliance on social security, illness/disability, business failure or other factors considered relevant by the Chief Executive Officer.*
- c. *The City will determine the financial contribution amount an applicant may contribute to the reduction of the debt.*
- d. *If the Chief Executive Officer is satisfied that the contribution will exacerbate the level of hardship, then consideration may be given for a requested to be submitted to Council to write off all or part of the accrued late payment interest, to a maximum amount of \$400.00.*
- e. *In the case of severe financial hardship, as determined by the Chief Executive Officer, the City will not impose additional charges or interest.*
- f. *Authority is delegated to the Chief Executive Officer to determine alternative payment options based on individual circumstances.'*

The above guidelines are consistent with other local government policies in this regard.

Statutory Compliance

In accordance with the *Local Government Act 1995* (the **Act**):-

6.51. Accrual of interest on overdue rates or service charges

- (1) *A local government may at the time of imposing a rate or service charge resolve* to impose interest (at the rate set in its annual budget) on —*
 - (a) *a rate or service charge (or any instalment of a rate or service charge); and*
 - (b) *any costs of proceedings to recover any such charge,*
that remains unpaid after becoming due and payable.

** Absolute majority required.*
- (2) *The rate of interest that may be set by the local government under this section is not to exceed the rate for the time being prescribed as the maximum rate of interest that may be set for the purposes of this section.*
- (3) *Accrued interest is, for the purpose of its recovery, taken to be a rate or service charge, as the case requires, that is due and payable.*

6.12. Power to defer, grant discounts, waive or write off debts

- (1) *Subject to subsection (2) and any other written law, a local government may —*
- (a) *when adopting the annual budget, grant* a discount or other incentive for the early payment of any amount of money; or*
- (b) *waive or grant concessions in relation to any amount of money; or*
- (c) *write off any amount of money,*
- which is owed to the local government.*
- * Absolute majority required.*
- (2) *Subsection (1)(a) and (b) do not apply to an amount of money owing in respect of rates and service charges.*
- (3) *The grant of a concession under subsection (1)(b) may be subject to any conditions determined by the local government.*
- (4) *Regulations may prescribe circumstances in which a local government is not to exercise a power under subsection (1) or regulate the exercise of that power.*

[Section 6.12 amended: No. 64 of 1998 s. 39.]

Strategic Implications

The proposal aligns with the following objective within the Strategic Community Plan 2017 – 2027:

“4 *Civic Leadership*

4.2 *Good Governance*

4.2.1 *Provide transparent and accountable governance and leadership”*

Risk Management Considerations

Risk Title	Risk Rating
Financial Management	Moderate
Relationship Management	Moderate

The above risks relating to the issue contained within this report have been identified and considered within the City’s Strategic/Corporate risk register. Action plans have been developed to manage this risk.

Policy Implications

Nil

Financial Implications

To be considered with each case.

Voting Requirements

Simple Majority

Recommendation

That Council requests Administration to prepare a Policy to allow the Chief Executive Officer to suspend late payment interest accruing for residents experiencing financial hardship.

Administration Comment

Administration supports the Policy being proposed to be developed and have been researching similar Policies from neighbouring Local Governments. In addition to investigating the relevant positions of the Act that can be utilised to enable suspension of interest charges.

Attachments: Nil