



DEBT RECOVERY POLICY

PURPOSE

The purpose of this policy is to:

- a) Provide a clear and concise policy framework in which to pursue all outstanding debts (rates and sundry debtors) owed to the Council;
- b) Ensure consistency, fairness, integrity and confidentiality for both the Council and the debtor; and
- c) Assist in the efficient management of Council assets through the timely collection of outstanding monies

OBJECTIVES

The objective of the Debt Recovery Policy is to provide a consistent approach and standard to be used in the collection of monies due to the District Council of Karoonda East Murray

DEFINITIONS

Arrangement	An agreement between Council and a Ratepayer or Debtor to repay an amount of money within a timeframe according to an agreed schedule
Owner	The registered proprietor of a rateable property
Prescribed percentage	Is to be calculated in accordance with Section 181(17) of the Local Government Act where 'P' is the prescribed percentage and 'CADR' is the cash advantage debenture rate for that financial year $P = \frac{\text{CADR} + 3\%}{12}$
Ratepayer/s	Person/persons who appear in the assessment record as the owner/s or occupier/s of rateable property
Rate and Sundry Debtor/s	Person/s owing money for goods and/or services rendered to them by Council
Recurring Charges	Charges that are charged on a set frequency ie lease fees

RATES

Rates Debtors shall include all those owing general rates, separate rates, CWMS service charges, waste service charge amounts and any other charge levied by Council annually and issued on a quarterly rate notice.

Arrangements

All arrangements shall be determined on the merits of each individual case. Recovery action for overdue rates will be suspended whilst the terms/conditions of the arrangement to pay are being met.

Each arrangement shall specify the amount of each regular payment and the frequency of which each payment must be made to Council. Payments under an arrangement should be of regular amounts and be payable at regular intervals.

Payment defaults of two consecutive payments (default being either late payment or non-payment of agreed amount) will result in the arrangement being terminated and fines and interest being charged.



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Recovery action may be taken for recovery of the amount due.

Fines and interest will still be applied to the assessment for the term of the arrangement.

Fines and Interest

If an instalment of rates is not paid on or before the date on which it falls due, the instalment:

- a) Will be regarded as being in arrears;
- b) Will incur a fine of 2 per cent of the amount of the instalment in accordance with Section 181 of the Local Government Act; and
- c) On the expiration of each full month from that date, will incur interest at the prescribed percentage of the amount in arrears (including the amount of any previous unpaid fines and interest).

Overdue Letter/Final Notice

A Rates Overdue letter shall be issued within 14 days after the due date of an instalment to those Ratepayers who have not made satisfactory arrangements. This notice will advise of the outstanding debt (including any fines and interest) and that payment is due by the end of that month.

Final Notice will be issued where two rate instalments and/or greater than \$150.00 remains outstanding, advising that failure to pay or make suitable arrangement will result in the debt being referred to Council's Debt Collection Agency for recovery.

Legal Action

Legal action will be initiated by referring the account to Council's Debt Collection Agency who will send a Letter of Demand to the ratepayer. Council is then to be guided by the Collection agency as to the most suitable form of recovery action.

Once the debt has been referred to the Debt Collection Agency all communication is to be directed to the Agency.

All legal costs and expenses incurred by Council from the recovery of outstanding rates and charges will be charged against the debtor's property assessment.

Sale of Land for Non-Payment of Rates and Charges

Once the legal action process in 4.4.1 has been exhausted and before any other legal action in terms of Section 184 of the Local Government Act has commenced, Council will:

- a) Obtain a copy of the Certificate of Title for the property
- b) Advise the Ratepayer in writing of the debt outstanding; and
- c) Contact the Registered Mortgagee to obtain the position of the mortgagee regarding the possibility of refinancing or paying the arrears outstanding. If registered mortgagee advises that this is not an option, then the Sale of Land for Non-Payment of Rates (and charges) process may begin.

Council may proceed to sell the land where any rate or charge is overdue and has remained in arrears for more than three (3) years from the date on which it became payable in accordance with Section 184 of the Act.

Prior to instigating any action, the ratepayer will be given the opportunity to make a suitable payment arrangement in a reasonable effort to discharge the arrears on the property.

A report will be provided to full Council prior to commencement of action for Sale of Land for Non-Payment



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in accordance with Section 184.

SUNDRY DEBTORS

Sundry Debtors include people owing Council miscellaneous monies including (but not limited to) lease fees, search requests, recurring charges and administrative charges.

Invoice and Statement

Invoices will be sent for any debt raised providing 30 days for payment. A monthly Statement shall be issued at the beginning of each month. The Statement gives the debtor a summary of the outstanding debt.

Arrangements to Pay

All arrangements shall be determined on the merits of each individual case. Recovery action for overdue debts will be suspended whilst the terms/conditions of the arrangement to pay are being met.

Payment defaults will result in a default arrangement letter being issued with a request to pay any missed payments.

Final Notice

A final notice shall be issued, where applicable, after the non-payment to those who have not made satisfactory payment arrangements following the issue of the monthly statement.

If Council receives no response from the debtor, Council may refer the debt, being over \$150.00 to Council's Debt Collection Agency for recovery.

Legal Action

Legal action will be initiated by referring the account to Council's Debt Collection Agency, who will send a Letter of Demand to the debtor. Council will then to be guided by the Collection agency as to the most suitable form of recovery action.

Once the debt has been referred to the Debt Collection Agency all communication is to be directed to the Agency.

All legal costs and expenses incurred by Council from the recovery of outstanding debts will be charged against to the debtor.

WRITE OFFS

Debts may be written off only when all reasonable attempts at recovery have been made. The Chief Executive Officer will regularly review outstanding debts and may write off bad debts in accordance with Section 143 of the Local Government Act and Council's delegated authority.

AVAILABILITY OF THE POLICY

This policy will be available for inspection at the Council office, 11 Railway Terrace Karoonda, during ordinary business hours and available to be downloaded, free of charge, from Council's website: www.dckem.sa.gov.au.

Copies will be provided to interested parties upon request. Email council@dckem.sa.gov.au grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.



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DOCUMENT CONTROL

COUNCIL POLICY	
Reference Number	CS401
Version	V1.0
Responsible Officer	COUNCIL
Related Policies Management Guidelines Frameworks	Local Government Act 1999 Local Government (Financial Management) Regulations 2011 Rating Policy
Date Adopted	9 July 2019 (Ref # 5071)
Review Date	Every 12 months

Author (to whom changes are to be recommended)			
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Position	Incumbent	Review Date	
General Manager Corporate & Community	Katrina Fromm	June 2019	
Approved by			
Position	Incumbent	Approval Date	
Council		TBA	
History			
Date	Author	Revision	Nature of Change
9 July 2019	Katrina Fromm	V1.0	Development of Policy
Publication			
This policy is available for inspection at Council's office at 11 Railway Terrace, Karoonda or via the Council website, www.dckem.sa.gov.au .			