

POLICY		Responsible Department	Corporate Services
		Original Date of Adoption	29.04.2003
		Current Date of Adoption	29.05.2019
		Audit Committee Review Date	20.08.2021
		Date of next Review	27.05.2024

BAD DEBT POLICY	
Latest Review Changes	<p>Under section 4 - Debt Write Off Actions:</p> <ul style="list-style-type: none"> ...The Chief Executive will provide Council with a report of debt written off on a 6-monthly basis Was changed to: <i>The Group Manager Corporate Services will provide Council with a report of debt written off on a 12-month basis.</i> <p>This change is consistent with the current annual reporting to Council of bad debts written off. This frequency is regarded as appropriate in terms of ensuring both governance standards and operational viability.</p> <p>Section 5 - Considerations in Writing Off Debts:</p> <ul style="list-style-type: none"> ...The Chief Executive's authority will be limited to any individual debt in excess of \$3,000 exclusive of GST. Any individual debt above this limit will need to be authorised by Council. Was changed to: <i>...The Chief Executive's authority will be limited to any individual debt in excess of \$4,000 exclusive of GST. Any individual debt above this limit will need to be authorised by Council.</i> ...The debtor's financial position and whereabouts (ie. whether the debtor's current address is known) Was changed to: <i>...The likelihood of recovery of the debt (which can often be based on advice from the debt collector)</i> <p>This change reflects the reality that the debtor's financial position would not normally be known when decisions to write-off are considered. The normal exceptions to this would be scenarios where official notification of the debtor's bankruptcy have been received.</p>
Previous Council Reviews	30.05.09, 31.01.11, 23.01.12, 30.05.13, 31.08.15, 05.09.16, 29.05.19,
Previous Audit Committee Reviews	08.07.10, 17.11.11, 30.05.13, 28.08.15, 09.06.17, 09.06.17, 17.05.19,

Applicable Legislation

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Related Policies

Electricity, Water & Rates Payments Policy
Rate Debt Recovery Policy

Related Procedures

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Reference Documents

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1. INTRODUCTION

Under Section 143 of the *Local Government Act 1999* the Council may write off any bad debts owed to the Council where there is no reasonable prospect of the debt being recovered. This policy outlines the relevant steps that must be taken to comply with the Act.

2. OBJECTIVES

The purpose of this policy is to ensure that Council:

- maximises the payment in full of debts owed to the Council;
- preserves and manages public funds in a competent and prudent manner; and
- actions in the writing-off of bad debts are in accordance with its legislative and common law responsibilities.

3. LEGISLATIVE REQUIREMENTS

The Council is committed to ensuring a fair, transparent and accountable process, in the management of public funds. Under Section 143 (1) of the *Local Government Act 1999* Council may write off any debts owed to Council:

- a) if the council has no reasonable prospect of recovering the debts; or*
- b) if the costs of recovery are likely to equal or exceed the amount to be recovered.*

The Chief Executive is the only delegated Officer who can write off bad debts. Prior to writing off debts the Chief Executive must ensure:

- a) that reasonable attempts have been made to recover the debt; or*
- b) that the costs of recovery are likely to equal or exceed the amount to be recovered*

4. DEBT WRITE OFF ACTIONS

The types of actions that the Council will undertake to meet the objectives set out at clause 2 above include the following:

- Monitoring of levels of debts that are regularly incurred by ratepayers and water and electricity customers to ensure that at any one time the level does not increase from that incurred in the past.
- Investigate the legal and administrative costs associated with bringing legal actions and balance these anticipated costs against the quantum of the outstanding debt.
- Ensure that legislative requirements for the delivery of notices for accounts, reminders and service withdrawal options are complied with.
- Develop and apply a procedure for the investigation of alleged hardship that is flexible but at arm's length of Council (Children, Youth and Family Services or Financial)
- Prepare a written report of the above actions for the relevant officer to make a decision
- The Group Manager Corporate Services to maintain a 'Register of Debts Written Off'
- The Group Manager Corporate Services will provide Council with a report of debts written off on a 12-monthly basis.

5. CONSIDERATIONS IN WRITING OFF DEBTS

When considering whether to write off a particular debt, the Chief Executive will take the following factors into account:

- the size of the debt;
- the age of the debt;
- the likelihood of recovery of the debt (which can be based on advice from the debt collector);
- Debt collection processes which have been undertaken;
- the likely cost of any further recovery action;
- whether writing off the debt is otherwise in the Council's interest; and
- any other relevant consideration.

Although the Chief Executive has the authority to write off cumulative debts up to the value constrained by the approved budget, the Chief Executive's authority will be limited to any individual debt in excess of \$4,000 exclusive of GST. The writing off of any individual debt above this limit will need to be expressly authorised by Council.

6. REVIEW AND EVALUATION

The effectiveness of this Policy will be reviewed and evaluated no less than every three years.

The Audit Committee will receive an annual report advising which debts have been written off for the past 12 months.