

POLICY	ROXBY COUNCIL	Responsible Department	Corporate Services
		Original Date of Adoption	30.03.2022
		Current Date of Adoption	30.03.2022
		Audit Committee Review Date	20.05.2022
		Date of Next Review	30.03.2027

SUNDRY DEBTOR CREDIT POLICY	
Latest Review Changes	N/A
Previous Council Reviews	N/A
Previous Audit Committee Reviews	N/A

Applicable Legislation:

<i>Local Government Act 1999</i>

Related Policies (alphabetical list):

Bad Debt Policy Roxby Water Hardship Policy Roxby Power Hardship Policy Rate Debt Recovery Policy Municipal Rates Hardship Policy

Related Procedures:

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Reference Documents:

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1. INTRODUCTION

Council obtains income from various sources to provide an extensive range of services to the Community. This income includes user charges, statutory charges, grants, and subsidies. To assist in delivering these services effectively and efficiently, Council seeks to recover this income in a timely manner.

This Policy does not apply to the collection of outstanding Council Rates, Roxby Water Charges and Roxby Power Charges.

2. OBJECTIVES

The objective of this policy is to set out Council's principle in relation to the provision of credit facilities for external parties. The primary objectives of this policy aim to ensure that:

- The provision of credit will be based upon equitable and consistent treatment of all prospective commercial debtors.
- That parties who incur sundry debts do so in full expectation of meeting the repayment terms prescribed; and
- That all accounts receivable is managed in such a way as to not jeopardise the funding or effective cash flow of Council's operations.

3. INVOICES

3.1. Credit terms for Sundry debtors are 7, 14 and 30 days from the date of the invoice.

4. MONTHLY STATEMENT

4.1. A monthly Statement shall be issued at the beginning of each month. The Statement provides the debtor with a summary of the debt outstanding at the end of the prior month.

5. DEBT MANAGEMENT

- 5.1 If payment has not been received by the due date of the original invoice, a statement with an overdue stamp will be issued to the debtor advising of the amount still be paid.
- 5.2 If the debt is outstanding for more than 60 days, where possible, telephone contact is made with the debtor requesting payment. A Final Notice is also issued.
- 5.3 If payment has not been received within 90 days of the invoice date, a letter is sent to the debtor advising that debt collection will commence and if the invoice is not paid in full within 10 business days and all costs associated with this process will be added to the outstanding debt (if applicable, all use of Council facilities will be ceased and any equipment, keys and access cards should be returned immediately, or cost of replacement will be forwarded onto debtor)
- 5.4 If payment is not received within 10 business days of the date listed on the letter referred to in Section 5.3, the debtor's contact details are provided to Council's debt collection agency, who will issue a sundry outstanding letter requesting payment within 7 days. (If applicable, all use of Council facilities will be ceased and any equipment, keys and access cards that have not been returned will be charged to the debtor and included in the debt recovery amount)
- 5.5 If payment is not received within 7 days of the date listed on the sundry outstanding letter, a Legal demand letter is sent to the debtor requesting payment within 7- days. The letter will also state that Council may issue an Intention to Sue letter if payment is not made within this timeframe.
- 5.6 If payment is not received within 10 days of the date of the demand letter, Employees will liaise with the relevant debt collection agency as to how to proceed. This resulting action will be determined on a case by case basis taking into consideration section 6.1 of this Policy.

6. PAYMENT ARRANGEMENTS

- 6.1** All payments plans shall be determined on the merits of each individual case. Recovery action for overdue debts will be suspended whilst the terms/conditions of the payment plan are being met.
- 6.2** Payment Plans are offered in accordance with this clause if a customer is experiencing payment difficulties Council is informed in writing the customer is experiencing payment difficulties.
- 6.3** Customers experiencing payment difficulties are offered the payment option:
- 1) *12-week extension is given from the due date of the invoice*
- 6.4** Any default in the payment arrangement will result in the balance owing become immediately due and payable and may result in debt collection and facility use ceased.

7. WRITE OFFS

7.1 Section 143 of the *Local Government Act 1999* states:

- 1) A Council may write off any bad debts owed to the 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*
- 2) A Council must not write off a debt under section (1) unless the Chief Executive has certified
 - 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.*
- 3) If a council delegates the power to write off debts under this section, the council must set an amount above which the delegation will not apply.

Council Chief Executive is currently the sole person who can write off any debts owed by Council. However, the Chief Executive may delegate powers to other officers of Council pursuant to Section 44 of the Local Government Act 1999.

8. REVIEW AND EVALUATION

This Policy will be reviewed and evaluated no less than once every 5 years.

Any debt written off must be recorded on the Bad Debts Register. The Audit Committee and Council will be provided with an annual report advising which debts have been written off for the past 12 months.

9. AVAILABILITY OF POLICY

This policy will be available for inspection at the Council offices during ordinary business hours and via the Council's website www.roxbydowns.sa.gov.au.