



SUNDRY DEBT CREDIT AND RECOVERY POLICY

DOCUMENT NO:
A4694491

1.1 Objectives: This objective of this policy is the provision of credit and associated debt recovery practices.(The Policy does not cover Rate Recovery practices)

1.2 Regulatory Authority:

Local Government Act 2009

- s 262 Powers in Support of Responsibilities
- s 97 Cost Recovery Fees

Procedure: Sundry Debt Credit and Recovery

1.3 Policy Statement:

Where credit is extended to users of Council services provided on a fee for service basis the process of approving credit and recovering debt is to be clear, simple to administer, professional and cost effective.

1.4 Human Rights Commitment:

Ipswich City Council (Council) has considered the human rights protected under the *Human Rights Act 2019 (Qld)* (the Act) when approving and/or amending this policy. When applying this policy, Council will act and make decisions in a way that is compatible with human rights and give proper consideration to a human right relevant to the decision in accordance with the Act.

1.5 Scope:

The core matters addressed by this policy are:

- The provision of credit to sundry debtors and associated sundry debt recovery.
- To ensure applicants for credit are correctly identified and reviewed to appropriate prior to the provision of credit.
- To ensure that overdue debts are recovered in a timely, efficient, effective and customer focussed manner.

1.6 Roles and responsibilities:

Council has a responsibility to:-

- treat all customers in a fair and equitable way
- deal with debt in a fair and equitable way
- be accountable and transparent in their dealings with debtors
- be cognisant of difficult circumstances which some debtors may experience
- abide by any legislation relating to credit and debt collection

Council has a right to:-

- expect payment for goods and services which they provide
- use appropriate legal avenues to collect debt
- exercise discretion when providing credit to a customer greater than \$10,000 cumulatively
- expect debtors to be open and honest when they experience difficulty in payment

Debt Collecting Responsibilities:-

- Responsibility for managing the credit, related debt and any debt recovery actions lies with the Finance and Corporate Services Department in conjunction with the Department that provides the goods or services.
- Council must consider all requests for leniency on debt repayment having regard to genuine hardship or emergencies (e.g. natural disaster). A debtor is responsible for providing sufficient documentation to allow Council to make a fair and reasonable decision.

Credit Responsibilities:-

When Council provides services it is generally preferred that a customer prepays or pays on or before delivery for those services. The lower the value of the service, amounts less than \$200 as a guide, the more appropriate it is that the service is paid for on or before being provided.

If in the event that a customer requests credit and that Customer has previously displayed adverse debt-related behaviour that Customer must first reimburse Council for past debt write-offs (and any associated legal and administrative costs determined by Council) before any further credit is granted.

Credit assessment not required:

1. Council may offer credit up to a cumulative value of \$10,000 to any customer providing they have not previously displayed any adverse debt-related behaviour that has resulted in Council being unable to collect past debts, including other Council debts, example property related debts (i.e. rates levied).
2. Council, including Ipswich Waste Services, elects to provide credit to the following customer types without a formal credit assessment notwithstanding the credit provided is greater than \$10,000 cumulative:
 - Customers bound by contractual arrangement
 - Commonwealth Government Departments and Agencies
 - Queensland Government Departments and Agencies
 - Local Government Authorities Local Government Authorities
 - Government Owned Corporations

Credit assessment on case by case basis before credit is provided:

1. In all other circumstances than 1. And 2. above, a customer needs to request a credit arrangement and if after review Council agrees to put such an arrangement in place, the

credit is provided.

2. Credit Assessment is to be undertaken by the Recoveries Team in Finance and Corporate Services. It may require:

- The customer providing two recent references.
- The customer providing an overview of their financial position.
- Utilising the services of a credit reporting bureau to aid in the assessment.

Debt Recovery Process

Request to pay	Invoices are issued with a seven (7) day payment term or, for Ipswich Waste Services clients, fourteen (14) day payment term.
Monthly	Statements or Reminders are issued at the beginning of each calendar month with an overdue notification requesting payment within seven (7) days.
2 weeks after Statement	Debtors will be contacted by telephone to make arrangements to pay in full or negotiate payment arrangement.
4 weeks and after	Contact by phone each 2 weeks as long as the debt remains unpaid.
60 Days	The Overdue Debtors Report highlights any payments which are sixty(60) days overdue. Contact is made with the Department that provided the goods or services appraising them of the circumstances, advising of actions taken and seeking their assistance to get the debt paid.
90 Days	The Overdue Debtors Report highlights any payments which are ninety (90) days overdue. A letter is sent to the customer advising that legal action will be considered if the matter is not urgently resolved.
120 days	Legal action is considered by the delegated Council Officer after discussion with the Department that provided the services.

Debt Write-Off

Debts which are deemed unrecoverable, or where the cost of recovery is uneconomic, or where there are extraordinary circumstances, may be written-off under appropriate delegation.

Officer Responsibilities

Chief Financial Officer :

- (a) Approve Credit facilities.
- (b) Make decisions as to the commencement of legal proceedings (including instructing legal representatives) on Council's behalf; and
- (b) Make decisions as to responding, defending, settling, or withdrawing legal

proceedings (including instructing legal representatives) to which Council is a party.

(c) Power in legal proceedings to give instructions and sign documentation.

Customer Services Officer – Sundry Debts:

Operational day to day responsibility for the performance of the Sundry Debts, including the following actions:

- (a) Issue Sundry Debt invoices in a timely manner at the Request of Council Officers.
- (b) Issue Statements or Reminders each calendar month.
- (c) Undertake outbound contact when Sundry Debts remain unpaid.
- (d) Contact responsible Departments when debts remain unpaid 60 days.
- (e) Prepare outstanding aged debts report monthly.
- (f) Seek direction as to the appropriateness of legal action for debts aged 120 days plus.

Recoveries Manager:

- (a) Assess and recommend approval or not of requests for a credit facility.
- (b) Assist and advise on collection strategies as needed.

Strategic Client Office Manager:

- (a) Approve Credit Facilities
- (b) Engage with Department COOs as appropriate to get assistance to collect debts or to assess the appropriateness of write off, further collection activities or to agree to a recommendation of the commencement of legal action.

1.7 Definitions:

Credit - Credit is extended to customers when goods or services are provided and payment is made at a later date.

Credit Facility - A formalised agreement between the customer and Council whereby a customer has been authorised to receive goods or services to a predefined value. Once this value is reached, no further credit will normally be provided until the debt is paid in accordance with the agreement between the customer and the Council.

Debt - Money, goods or services owing to the Council.

Debtor - An entity or person who owes money to the Council

Overdue - amounts owing after Due Date

1.8 Policy Author: Strategic Client Office Manager

Date of Council Resolution: 27 February 2018

Committee Reference and Date: Policy and Administration Advisory Committee No. 2018(01) of 13 February 2018

No. of Resolution: 5

Date to be reviewed: 27 February 2020