

Policy No. PP025

Bad Debt Policy

1 INFORMATION ABOUT THIS POLICY

POLICY INFORMATION

Date Adopted by Board: 22 December 2017	Resolution No. 17/098
Policy Responsibility: Corporate Services Manager	
Review Timeframe: 2 Yearly	
Last Review December 2017	Next Scheduled Review December 2021

DOCUMENT HISTORY

DOCUMENT NO.	DATE AMENDED	SUMMARY OF CHANGES
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
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	DD/MM/YYYY	

FURTHER DOCUMENT INFORMATION AND RELATIONSHIPS

Related Legislation	Section 377(1) Local Government Act 1993 (NSW) Clause 131(1) and 131(2) of the Local Government (General) Regulation 2005 (NSW)
Related Policies	
Related Procedures, Protocols, Statements and Documents	PP016 Debt Recovery & Financial Hardship Policy

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3 PURPOSE

The purpose of Council's Bad Debt Policy is to describe the criteria and circumstances for the provision of, or writing off of unrecoverable debts owed to Council.

4 SCOPE

This policy applies to all debts raised by Council whether it be in the form of fees & charges or services that have been provided by Council.

5 DEFINITIONS

Bad Debt – The amount of a debt for which all reasonable steps to collect have been exhausted and the debt is not worth further pursuit.

Debt – An amount of money owed, including an alleged debt.

Debtor – A natural person (which includes a company or corporation) obligated or allegedly obligated to pay a debt.

Provision for Doubtful Debt – An amount in the Financial Statements to cater for the possibility that some debtors will not meet their obligation to pay Council charges.

6 POLICY

Council fees & charges are levied after the provision of the service, consistent with industry practice, which requires a debtor's invoice to be issued, which the debtor is then required to pay.

After the expiry of Council's trading terms, there are numerous debt recovery steps Council can take to recover any outstanding monies that are owed from debtors. This can include, but is not limited to, reminder notices, negotiation of payment arrangements and referral of debt to a specialist debt collector. Recovery of Council's debt will be in accordance with Council's Debt Recovery and Financial Hardship Policy.

There are certain situations, as a result of various circumstances where difficulty will be experienced with recovering a debt, and the debt collection process can reach a point it is inappropriate or financially unviable to pursue further action. In these situations it is more cost effective for Council to write off the debts.

Council delegates authority to the General Manager and their delegates to:

- a) vary the provision for doubtful debts to such an amount as is required, and
- b) write off bad debts against the provision for doubtful debts up to a value of \$1,000 in an individual case, and \$5,000 in aggregate per financial year.

Any amounts above the threshold will be submitted to Council at an Ordinary Meeting for consideration.