

Policy No. PP025

# Bad Debt Policy

## 1 INFORMATION ABOUT THIS POLICY

### POLICY INFORMATION

<b>Date Adopted by Board: 22 December 2017</b>	<b>Resolution No. 17/098, 21/051</b>
<b>Policy Responsibility: Corporate Services Manager</b>	
<b>Review Timeframe: 4 Yearly</b>	
<b>Last Review 24 June 2021</b>	<b>Next Scheduled Review June 2025</b>

### DOCUMENT HISTORY

DOCUMENT NO.	DATE AMENDED	SUMMARY OF CHANGES
	24/06/2021	Update review timeframe, references to legislation, policies and definitions
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	
	DD/MM/YYYY	

### FURTHER DOCUMENT INFORMATION AND RELATIONSHIPS

<b>Related Legislation</b>	<b>Local Government Act 1993 (NSW)</b> <b>Local Government (General) Regulation 2005 (NSW)</b>
<b>Related Policies</b>	
<b>Related Procedures, Protocols, Statements and Documents</b>	<b>PP016 Debt Recovery &amp; Financial Hardship Policy</b> <b>AASB 9 Financial Instruments</b>

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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 cannot be collected.

**Debt** – An amount of money owed or funds borrowed.

**Debtor** – A person or enterprise that owes money to another party.

**Provision for Doubtful Debt** – The estimated amount of bad debt that will arise from debtors that have been issued but not yet collected.

### 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, restriction / disconnection and referral of debt to a specialist debt collector. Recovery of Council's debt will be in accordance with Council's Debt Recovery & 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 \$3,000 for a single debtor, and \$5,000 in aggregate per financial year per debtor.

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