



Chief Executive Financial Instruction No. 8

Debt Management

Document Information

Audience

All Staff

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EXECUTIVE SUMMARY

The Director of Finance is responsible for ensuring that all moneys due to the Suburban Land Agency (the Agency) are received in a timely manner.

The Director of Finance is to pursue the recovery of all debts.

Debtors must be aged each month and debts collected are to be reported monthly against collection targets.

Write-offs and write-downs of debt may only be initiated after a rigorous pursuit of the debt or other loss.

The waiver of debts will apply only where recovery would lead to inequity or unreasonable hardship.



1. Overview of Debt Management

1.1 Overview

The Agency has implemented this policy to fulfil the CEO's responsibility to ensure the effective financial management of the Agency.

To ensure effective debt recovery all services undertaken by the Agency must be invoiced in a timely manner.

Officers with responsibility for the recovery of debts must pursue all debts for which the CEO is responsible, except for debts which are irrecoverable, uneconomical to pursue, or are waived.

Amounts owing to the Agency should be paid in full immediately when they become due and payable. There may be situations, however, where it is not possible for an amount to be paid in full immediately, e.g. where full immediate repayment would lead to unreasonable financial hardship on the debtor. In such circumstances authorised officers may consider approving repayments by instalment.

This instruction is issued in accordance with section 56 of the *Financial Management Act 1996 (FMA)*.

1.2 Compliance

Failure to comply with these instructions may result in the Agency not recovering all money owing to it.

Managers and staff are therefore accountable to the CEO for the fulfilment of their responsibilities under these instructions. Non-compliance will be taken as a serious matter and may result in disciplinary action or be reflected in management performance reviews.

1.3 Responsibilities

It is the responsibility of the Director of Finance to ensure that appropriate procedures are in place for pursuing, monitoring, controlling and collecting debtor accounts. The Director of Finance is also responsible for ensuring that the incidence of bad debts is minimised.

1.4 GST

Adjustments for GST are required for bad debts subsequently made good. Refer to section 6 below.

2. Instructions for Recovery of Debts

2.1 Responsibility

The Director of Finance is to pursue the recovery of all debts, except debts that are:

- written off as authorised by an Act;
- not legally recoverable; or
- uneconomical to pursue.

2.2 Directing other staff

For the purposes of this Instruction, the Director of Finance may direct any other Agency staff member to perform duties to facilitate debt recovery.

2.3 Collection

The Director of Finance should ensure that procedures are in place for pursuing, monitoring and collecting debts.

Debtors accounts are collected in line with the following targets:



- for debtors relating to contracts of sale, in accordance with contract terms; and
- for other debtors, within 30 days from the date of the issue of the invoice.

2.4 Reporting

The Finance Officer responsible for collecting debts should report progress against collection targets to the Director of Finance monthly. This report is to include an explanation of any variances (under and over) against collection targets, and details of corrective action.

2.5 Aging of debtors

Debtors must be aged monthly to provide a measure of the Agency's performance, with regard to the recovery and management of debtors.

2.6 Debts > 60 Days

Where a debt is more than 60 days overdue and an arrangement for repayment by instalment has not been approved, the matter should be referred to the Director of Finance.

The Director of Finance approves either:

- the referral of the account to ACT Government Solicitor for legal action; or
- the initiation of action to write-off the debt with CEO approval, in accordance with the delegation "Authority to Write-off, and Write-down", in the Agency's delegations register.

3. Instructions for Repayment of Debts by Instalments

3.1 Responsibility

The Director of Finance is responsible for approving the repayment of debts by instalments.

3.2 Repayment by Instalments

Where necessary, the Director of Finance is to negotiate with debtors to institute an arrangement to repay by instalments.

4. Instructions for Non-Recovery of Debts

4.1 Responsibility

Responsibility to approve non-recovery of debts is that of the CEO.

4.2 Approving non-recoveries

Write-offs and write-downs of debt must be approved by the CEO and may only be initiated after a rigorous pursuit of the debt or other loss.

Non-recovery of debts may be approved only in one of the following circumstances:

- non-recovery is authorised by an Act;
- the Director of Finance is satisfied that the debt is not legally recoverable; and
- the Director of Finance considers that it is not economical to pursue recovery of the debt.



5. Instructions for Waiver of Debts

5.1 Responsibilities

The Agency's Board may recommend the waiver of debts or delegate this responsibility to the CEO. The Treasurer under section 131 of the FMA may in writing waive the right to payment of an amount payable to the Territory.

The Director of Finance prepares the request for the waiver of a debt to the Board or the CEO. If the waiver is approved by the Board or CEO and the Treasurer, the Director of Finance updates the waiver details in the Debt Waiver Register.

5.2 Waiver of Debts

A waiver of moneys owing to the Agency has the effect of setting aside the legal entitlement to collect the debt. Waiver of a debt is to occur only under exceptional circumstances, for example, where recovery would lead to inequity or unreasonable hardship.

Waiver of a debt is not appropriate where debts are regarded as being irrecoverable at law or uneconomic to pursue, as these situations relate to the write-off of debts and not the waiver of debts.

6. Instructions for Adjustment of GST Associated With Bad or Waived Debts

6.1 Non-recoverable debts

When debts are deemed bad and not recoverable or are waived, the Director of Finance will inform the Australian Taxation Office (ATO) of any adjustment to the GST associated with the debt.

6.2 Debts made good

If a debt deemed bad for which a GST adjustment has been made is subsequently made good, then the Director of Finance will inform the ATO of any further adjustment to GST payable by the Agency.

6.3 Legislation

In making adjustments, the Director of Finance will ensure adherence to the legislation defined in A New Tax System (Goods and Services Tax) Act 1999.