



## Policy

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## 22 COMMERCIAL CREDIT POLICY

File Reference No:

Strategic Outcome: Good government

Date of Adoption: 19/02/2014

Date for Review: 21/02/2018

Responsible Officer: Director Corporate Services

### 1. POLICY STATEMENT

Berrigan Shire Council provides a range of services on a commercial basis to the public. These services include:

- Waste Management
- Water cartage and delivery
- Road and footpath construction
- Building certification

There may be occasions where it is appropriate to offer credit to users of these facilities. It is important that the Council has in place a framework to assess requests for credit and manage the risk to the Council that providing credit entails

### 2. PURPOSE

This policy sets the terms and conditions on which the Council will offer credit for customers/clients of its commercial operations. The policy aims to promote transparency and consistency, reduce the risk of fraud by minimizing cash transactions and eliminate as far as possible the costs to Council of offering credit.

### 3. SCOPE

This policy applies to all customers of Council services requesting credit unless otherwise exempt.

### 4. OBJECTIVE

This policy is developed to assist the Council with Delivery Plan Objective 2.2.2.3:



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*Coordinate Council investments, financial management, financial operations and processing*

### 5. POLICY IMPLEMENTATION

#### 5.1 General policy

The Council has no obligation to offer credit to its customers or clients. The provision of credit is a privilege and not a right.

As a general rule, the Council will not offer credit to customers/clients of its services and facilities. Payment should be made either in advance or at the point of sale.

However, there are some limited circumstances where the Council will provide credit facilities.

#### 5.2 When credit may be offered

The Council can offer credit in circumstances where:

- Requiring cash up front is impractical for the Council or the customer
- Business operations for the Council are streamlined
- Excessive cash-handling at remote sites or by employees working alone can be avoided

#### 5.3. Applications for credit

Applications for commercial credit must be made in writing. The application must provide any information required by the Finance Manager.

An application for credit must be submitted and approved before the Council will provide any service on credit.

#### 5.4. Approval for credit

The person responsible for approving applications for credit is the Finance Manager. In his or her absence, the Director Corporate Services may grant approval. The General Manager may, at any time, approve an application for credit.

Applications will be assessed on the following basis

- The use of credit terms.
- Previous payment history with the Council (including payment of rates)
- Business relationship with the Council.
- General credit history

#### 5.5. Credit terms



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The Council's standard credit terms are "nett 30 days". Any change or variation from these terms granted by the Finance Manager will be specifically noted in writing.

When approving an application for credit, the Finance Manager will nominate a credit limit – not to be exceeded without the Finance Manager's specific written permission.

### 5.6. Collections

Collection of outstanding debt will be undertaken as per the Council's Collection Policy.

### 5.7. Withdrawal of credit

Credit can be withdrawn at the absolute discretion of the Finance Manager.

Access to use of the Council's credit will be placed on hold immediately on a payment becoming overdue and will not be restored until such time as the Finance Manager is satisfied that the outstanding amount has either been paid or a suitable repayment plan has been agreed.

### 5.8 Exemptions

The following charges and/or services are exempt from this policy. Credit and/or access to these services may still be restricted based on other Council policies and procedures

- Ordinary rates
- Utility charges (Water access, Sewer, Domestic Waste Management, Garbage Collection, Stormwater)
- Water consumption charges
- Contributions for infrastructure per s217 of the *Roads Act* 1993 ("Half-cost" schemes)
- Burial charges
- Expenses for uniforms, private use of vehicles, travel incidentals etc. charged to staff
- Developer charges
- Services provided to volunteer committees of the Council
- Services provided to Home and Community Care clients

## 6. RELATED POLICIES OR STRATEGIES

### 6.1 Legislation

- *Local Government Act* 1993



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### 6.2 Council policies

- Berrigan Shire Council Code of Conduct
- Delivery Program
- Fraud Control Policy