



CREDIT POLICY

A. POLICY SUMMARY

- A.1 This Policy provides the framework for Wairoa District Council's extension of credit to ratepayers and customers.

B. POLICY BACKGROUND

- B.1 WDC collects revenue from rates, donations, fees and charges and subsidies.
- B.2 Efficient collection of this revenue is required to minimise working capital requirements, risk exposure and costs.
- B.3 WDC recognises that customers who pay their accounts by the due date should not fund those who are slow to pay.
- B.4 WDC has significant rate arrears for Maori freehold land under "the owners".
- B.5 This policy is prepared in accordance with the principles of sound business practice and prudent financial management as required by the Local Government Act 2002.

C. DEFINITIONS

- C.1. The **Act** shall mean the Local Government Rating Act 2002.
- C.2. **Council** shall mean the elected members that form the governing body (Council) of the Wairoa District Council.
- C.3. **Wairoa District Council (WDC)** shall mean the organisation established to administer Council affairs, conduct operations and bring effect to Council policy and strategies.
- C.4. **Plan(s)** shall mean Council's Annual Plan, District Plan and Long Term Council Community Plan (LTCCP) or Strategic Plan.
- C.5. **Credit** shall mean an amount of unpaid money due to WDC to be paid by an agreed date.
- C.6. **Account** shall mean any invoice or amount owing to WDC.
- C.7. **Rates** shall mean rates collected under the Local government (Rating) Act 2002 and includes charges for extraordinary water usage and penalties.
- C.8. **Debtors** shall mean any customers who owe WDC money.
- C.9. **Cash** shall mean cheques, cash, credit card payment, direct debit, automatic payment or any other form of NZ \$ currency.
- C.10. **Due date** is the final date in which an account is due for payment.
- C.11. **Periodic payment** shall mean payment by debtors on regular intervals, over a period of time.
- C.12. **Rating year** shall mean from 1 July to 30 June.

D. POLICY STATEMENTS

- D.1. This policy covers all elected members of the Wairoa District Council, all personnel employed by WDC, any person or organisation contracted to or acting on behalf of the WDC, any person or organisation employed to work on WDC premises or facilities and all activities of the WDC.
- D.2. This policy does not confer any delegated authority upon any person.
- D.3. WDC will extend credit for all amounts due (excluding rates) until the 20th of the month following the month in which an invoice is charged unless otherwise stated.
- D.4. WDC will not extend credit for rates due, unless payment is made by direct debit on terms as approved by WDC.
- D.5. WDC will not charge annual rates for amounts less than or equal to \$20.
- D.6. WDC will recognise all rates as a debt due, including rates that have been classified as statute barred.

E. PROCEDURES

- E.1. WDC will manage the collection of all unpaid accounts, with recourse to an appointed credit management company, if appropriate.
- E.2. The CEO must approve sale of property for collection of rates arrears under the Act.
- E.3. WDC will pursue the recovery of rate arrears through all possible legal avenues.
- E.4. WDC will apply maximum penalty of 10% to each unpaid rates instalment and to the total rates arrears as at 1 July each year, unless rates paid by direct debit/credit.
- E.5. WDC will only refund rates where the rate record has a credit balance, and annual rates are fully paid.
- E.6. WDC will apply all cash received for an account to the oldest debt.
- E.7. Cash received by WDC for payment of rates will be applied to all rates owing by the debtor.
- E.8. Arrears less than \$100 will not be transferred to Council's appointed credit management company for collection.
- E.9. WDC will notify ratepayers of the amount due for each instalment at least one month prior to due date.
- E.10. Council will determine due dates for payments of rates annually and will invoice rates in 4 instalments.
- E.11. The process that the WDC appointed credit management company will follow when collecting rates arrears (in accordance with the Act) is as follows:
 - Initial notification to debtor – 14 days to pay.
 - Seek payment arrangement that will meet arrears and current rates by 30 June and pursue every legal avenue for collection.
- E.12. The process that the appointed credit management company will follow for Maori freehold land is specified in Part 4 of the Act.
- E.13. Wairoa District Council will initiate legal action to recover overdue accounts within thirty (30) working days of the account being overdue, unless there are exceptional circumstances with the approval of the CEO or Finance Manager.