



## DEBTOR POLICY

### Purpose and Scope

The purpose of this policy is to assist in managing debts owed to the organisation by directing management on what are acceptable debt practices. The objectives of the Debtors Policy are to:

1. Increase the level of compliance in the payment of debt by limiting the total value of debt, the numbers of debtors and the ageing of debts outstanding.
2. Ensure all debts are managed effectively and that the costs to pursue debts are sensible, cost efficient and timely.
3. To understand that the key principle of debt management is the early detection, reporting and pursuit of debts within the specified ranges.
4. The policy is to be applied consistently to all debtors whilst maintaining ethical, fair and sensible credit administration.
5. The Manager must exercise discretion and apply the policy with common sense to ensure all debtors in similar circumstances are treated equally. The Management Staff will be responsible for identifying situations where the strict application of the policy would lead to an inappropriate result or would be unjust and/or unreasonable.
6. Action which may contradict the intention of the BPS vision and / or its mission and possibly impact on its standing with members, should be brought to the board for consideration before such action is taken.

### Responsibilities

The Commercial Manager will be the person primarily responsible for the collection of debts and identifying which debtors:

1. shall be contacted prior to further action;
2. shall be charged interest on the amount outstanding
3. shall have legal action initiated against them

The Commercial Manager shall consult with the Manager before initiating any legal action.

### Policy Details

Debtors and resulting actions are to be classified using the following:

Month	Procedure to be followed
Month 1	Seed cane delivered and invoiced and per Seed cane Sales Procedure
Month 2 (1-30 days)	Interest free period
Month 3 (31-60 days)	Interest free period
Month 4 (61-90 days)	Reminder telephone call to Customer to ascertain whether they have received the invoice/s and that interest free period is ending. If invoice has not been received then it is re-sent and customer will be given an extra 30 days interest free.
Month 5 (90+ days)	10%pa interest charge may be applied and statement with copy of invoice sent to debtor. Interest charge to be waived if paid by end of month in which it was sent.
Month 6 (120+ days)	Manager to contact customer requesting payment and that legal action will be pursued unless payment is made, or a payment plan is arranged. Interest may be waived at manager's discretion and no further seed cane can be sold until debt is settled in full. If the manager waives interest after accepting a payment plan but the customer defaults on the payment plan then interest is applied immediately.
Month 7 (150+ days)	Legal action is commenced on all debts exceeding \$500. Materiality (Legal Cost vs Outstanding Debt) is to be applied.

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### Discounts

- No discounts for early payment of seed cane debts are permitted.
- Discounts can be given to customers when deemed appropriate by the Manager. The manager will advise the Commercial Manager to apply the discount. The manager will report the discount/s in a report to the board outlining why the discount was provided. The report will be submitted at the next board meeting following the application of the discount.

### Debt Write-off

- Debts can be written off when deemed appropriate by the Manager. The manager will advise the Commercial Manager to write-off any outstanding amounts for the customer. The manager will report the debt write-off, outlining the circumstances surrounding the decision to the Board. The report will be submitted at the next board meeting following the application of the write-off.

Approved by the board of Burdekin Productivity services Ltd. on the 14<sup>th</sup> June, 2016.

Signed: ..... C.J. Hesp (Board Chairman)

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