

# **SADIS COST RECOVERY ADMINISTRATIVE GROUP (SCRAG)**

## **FOURTEENTH MEETING**

(Paris, 25 October 2013)

### **Agenda Item 7: Other business**

#### **STATUS OF PAYMENTS FOR THE CURRENT (2013) YEAR**

(Presented by the United Kingdom)

##### **REFERENCES**

SCRAG Agreement

### **1. Introduction**

1.1 This Working Paper brings to the attention of the group a number of practical aspects relating to the collection of payment from States of their SADIS invoices.

1.2 The topics under consideration in this Working Paper relate to:

- the late payment of invoices and dealing with non-payment of invoices at an early stage
- the occasional need to send invoices to States by courier (at a cost)
- how to deal with small underpayments of invoices by States (usually due to inadvertently charging banking fees to the SADIS Provider).

### **2 DISCUSSION**

#### **2.1 Late payment of invoices**

2.1.1 The group will be aware that the SADIS Agreement (Article XI) specifies the methodology to be used to determine the costs due from a State for access to SADIS services.

- 2.1.2 A consequence of this arrangement is that the main focus of the SCRAG meeting is upon the status of the payments due from the *previous* year, and not the *current* year. As such, it can be the case that is only at the following year's meeting that decisions to terminate access to SADIS for those who have not paid (sometimes for several years) are made.
- 2.1.3 In addition, some States do not pay their invoices until either very late, or even in the following year. Some States cite budgetary reasons for paying late in the year. Whilst some of these late payers have historically paid by the end of the year, the SADIS Provider is obliged to send reminders, and in some cases the confidence of receiving payment by the end of the year is very low.
- 2.1.4 Such practices increase the administrative burden on the SADIS Provider in following up late/missing payments, and is unfair on those States that pay promptly.
- 2.1.5 In an attempt to address this issue, covering letters were sent with the 2013 invoices requesting that payment be made in accordance with the SADIS Agreement, i.e. within one month of the date of the invoice. This was successful insofar that the SADIS Provider received more payments in a shorter time than usual, and the SADIS Provider intends to repeat the exercise when sending out invoices.
- 2.1.6 However, there remain a small number of States who, despite dispatching invoices several times, and multiple contacts by email, still have not yet paid their invoices.
- 2.1.7 In a very small number of cases, it has been impossible to make any contact with the State to seek payment.
- 2.1.8 The SADIS Provider believes it is important that States be encouraged to pay their invoices promptly. Whilst the SADIS Agreement strictly requires payment within 1 month of the date of the Invoice (Article XII, paragraph 3), action to terminate the service to a State can only be taken at the end of that calendar year (Article XIII). The SADIS Provider believes that it should become a standing item on the SCRAG agenda to formally review the status of payments for the *current* year and determine which States should have their service terminated if payment has not been received by a specified date. This will prevent non-payment extending into the following year before it can be formally addressed.
- 2.1.9 As such the SADIS Provider proposes to present a table detailing those States who have not paid their invoices for the current year (the year in which SCRAG sits). The first such table is provided as an Appendix to this Working Paper, and reflects the status of payments for the current year (2013 invoices) as at 3<sup>rd</sup> October 2013.
- 2.1.10 It is further suggested that SCRAG defines an amount, for example 100 GBP, as an amount that remains outstanding before the termination of service for outstanding debts to prevent a disproportionate impact on the cost recovery scheme. States, through currency exchange rate fluctuations and other charges, can unintentionally incur small outstanding amounts that are relatively insignificant compared to the contribution that they make to the SADIS cost recovery scheme and the amount is normally recovered the

following year. Clearly such a policy should be monitored to prevent unintentional consequences but the SADIS Provider believes that the occurrence rate of this issue remains low.

## 2.2 **Invoices by courier**

2.2.1 In order to obtain payment after original invoices have been sent, it is sometimes necessary for the SADIS Provider to send duplicate invoices by courier (due to the unreliability of the local standard postal service and the State not being willing to accept PDF versions of invoices as acceptable documentation) and this obviously incurs a cost (typically between GBP15 and GBP30 per letter). The SADIS Provider cannot be expected to meet these costs out of its own funds, and it would appear to be unfair to add these costs to the SADIS Costs for (ultimate) payment by the greater SADIS community.

2.2.2 To date, the SADIS Provider has dealt with such cases by adding the courier costs directly to the following year's SADIS Invoice for the State concerned. However, The SCRAG may wish to consider if such costs should be regarded as a cost sharing administrative charge, or a specific charge to the State concerned.

## 2.3 **Underpayment of invoices**

2.3.1 Some States inadvertently underpay their Invoices. Often such underpayments are related to bank transaction charges (which neither the SADIS Provider nor the SADIS Community should be expected to absorb). In many cases, the State acknowledges that the bank charges should not be met by the SADIS Provider but, because the amounts are so small, request that the amount be added to the following year's invoice. The SADIS Provider is willing to accede to this request.

## 3 **Conclusion**

3.1 The foregoing discussion highlights several aspects relating to the collection of payments from States. In each case, the SADIS Provider proposes actions that it considers will alleviate the issues in an acceptable way.

3.2 With regard to dealing with late/non-payments as quickly and as equitably as possible, it is proposed that review of the status of payments for the year in which SCRAG sits be added as an agenda item. As such, the group is invited to formulate the following draft conclusion;

**Draft Conclusion 14/xx – That a standing agenda item be added to SCRAG meetings under which the status of payments for the year that SCRAG sits be reviewed.**

That,

The Secretary add a standing agenda item to SCRAG meetings under which the status of payments received from States for the year that SCRAG sits be reviewed.

*Note: - During such review, the group will be invited to authorize the SADIS Provider to withdraw services for those States who continue to have outstanding payments by a date to be specified by the group.*

3.3 With regard to the status of payments for the current year (2013 invoices), following review the group may wish to agree that those States who continue to have outstanding payments as at 1200 UTC on 28<sup>th</sup> January 2014, i.e. just over 3 months following the SCRAG meeting, should have their access to SADIS services withdrawn without further notice. As such, the group is invited to formulate the following draft conclusion;

**Draft Conclusion 14/xx - Scheduled Termination of Access to SADIS for those States that have payments outstanding.**

That,

The SADIS Provider be invited to withdraw access to SADIS 2G and/or Secure SADIS FTP for those States who, as at 1200 UTC on 28<sup>th</sup> January 2014, have outstanding payments over GBP100.00 due for any invoice dated 2013 or earlier.

*Note 1: - The SADIS Provider will continue to make all efforts to contact and remind the States of their outstanding payments, but where contact details are no longer valid, a response from the State is not necessary prior to withdrawal of access.*

3.4 The preceding discussion also identified issues with regard to small underpayments, usually due to inappropriately (and often inadvertently) assigning bank transaction charges to the SADIS Provider. As such, the group is invited to formulate the following draft conclusion;

**Draft Conclusion 14/xx – Recovery of small value underpayments from States relating to SADIS Invoices.**

That,

The SADIS Provider be invited to add small outstanding amounts of a State's SADIS cost-share (such as arising from the application of bank charges) to the following year's SADIS invoice applicable to that State.

*Note: - Small outstanding amounts are defined as those not exceeding GBP100.00 underpayment of SADIS invoices.*

3.5 Finally, it has been identified that in order to obtain payment it is sometimes necessary to send invoices by courier, which invokes additional costs. The SADIS Provider State recommends that these costs are added to the following year's SADIS Invoice for the State concerned and a draft conclusion to this effect is proposed for the group's consideration;

**Draft Conclusion 14/xx – Recovery of courier expenses to those States for which the normal postal service is unreliable.**

That,

The SADIS Provider be invited to add the cost of couriating SADIS invoices to the following year's invoice for any State where the normal postal service cannot be relied upon.

*Note: - The SADIS Provider, in consultation with the State concerned, will endeavor to submit invoices by normal postal services. However, if the State consistently fails to receive the letters and will not accept emailed PDF copies of the invoice, then courier services will be added to the following year's SADIS invoice for that State.*

**4. ACTION BY THE GROUP**

4.1 The group is invited to;

- a) note the information in this paper, and
- b) decide on the draft Conclusions proposed for the group's consideration.

## APPENDIX A

The table below identifies the status of payments for the current (2013 Invoices), and prior years. This for review of the SCRAG in order to determine when the service to a State should be withdrawn should payments remain outstanding.

It is correct as at 1200 UTC on 3<sup>rd</sup> October 2013.

STATES	Total Amount Billed 2013	Unpaid amount as at 1 October 2013	Outstanding from previous years
Albania	430.55		
Algeria	379.36	10.45	Underpayment (bank charges) Currently seeking payment for 2013, and also 3 206.13 from 2012.
Armenia	-1.79	-1.79	Credit assessment in 2013
Australia	28 542.75		
Austria	5 354.22		
Azerbaijan	588.72	2.00	Bank charges
Bahrain	2 529.95		
Belgium	1 122.52	2.00	Bank charges
Bosnia and Herzegovina	247.80		Despite multiple attempts, Bosnia and Herzegovina have not returned any contact attempts although 2013 invoice was recently paid. Currently seeking payment for 2012, 2011 and 2010 (total due 550.85 including 2013)
Botswana	92.17		
Bulgaria	158.67		
Cameroon	0.00		
Cape Verde	85.79		Seeking payment of 7.87 due to underpayment in 2012.
China: - Beijing	120 967.56	120 967.56	Advise payment will be made in October – budgetary cycle.
- Hong Kong	42 814.27	42 814.27	Advised payment is being processed.
- Macau	485.39		
Congo	132.20	132.20	Several invoices sent, multiple emails. Also seeking payment for 2012 and 2011 (total due 512.48 including 2013)

Côte d'Ivoire	-241.57	-241.57	Credit assessment in 2013 but several invoices sent and multiple emails regarding unpaid 2012 invoice (329.02)
Croatia	201.46		
Cyprus	-198.42	-198.42	Credit assessment in 2013
Czech Republic	690.42		
Democratic People's Republic of Korea	0.00		
Denmark	4 077.76		
Egypt	3 892.50		Seeking payment for 25.00 underpayment from 2011. However, there is an overpayment of 4 695.87 for 2007.
Estonia	90.28		
Finland	6 166.35		
France	37 830.95	4.00	Bank charges
Gabon	-979.50	-979.50	Credit assessment in 2013
Georgia	242.43		
Germany	47 715.89		
Ghana	-28.14	-28.14	Credit assessment in 2013
Greece	430.24	7.00	Bank charges
Hungary	5 642.71		
Iceland	1 327.65		
India	27 412.02		
Indonesia	19 822.40		
Iran (Islamic Republic of)	3 276.04	3 276.04	Iran have withdrawn from the SADIS service. Outstanding amounts also for 2011 and 2012 (total due 16385.20 including 2013)
Ireland	18 241.46		
Italy	3 227.22		
Jordan	3 053.29		
Kazakhstan	2 687.71		
Kenya	887.74		Trivial amounts due from 2009, 2011 and 2012 – total 1.95
Kuwait	2 216.52	11.00	Bank charges
Latvia	1 066.82		
Libya	1 853.40		
Lithuania	-354.68	-354.68	Credit assessment in 2013
Maldives	1.97		2.00 bank charges from 2012

Malta	18.18		
Morocco	4 506.76	4 506.76	Advised payment being processed.
Namibia	1 222.33		
Netherlands	11 483.56		
Nigeria	634.28		
Oman	1 026.38		
Pakistan	4 705.40	4 705.40	We are advised that this is being processed.
Poland	816.95		
Portugal	5 812.13		Currently in contact seeking payment for 2012 underpayment of 234.61
Qatar	29 999.61		
Republic of Moldova	137.59		
Romania	586.98		
Russian Federation	42 427.56		
Saudi Arabia	13 368.60	13 368.60	Multiple contact over several months reminding payment due. Also seeking payment for unpaid 2011 invoice (20 272.72)
Senegal	298.18	298.18	Also seeking payment of 2012 invoice (420.38)
Serbia	202.32		
Seychelles	438.89		
Slovakia	5.10		
South Africa	7 406.43		
Sri Lanka	2 968.46	2 968.46	Currently in contact, no date for payment given.
Swaziland	2.58	2.58	Owe multiple trivial amounts each year back to 2008 (total due 16.11 including 2013).
Sweden	3 097.51		
Switzerland	11 706.96		
Syrian Arab Republic	1 701.46	1 701.46	Service terminated. Also owe from 2011 and 2012 (total due 4035.87 including 2013)
Thailand	19 783.11		
The former Yugoslav Republic of Macedonia	74.00		
Tunisia	-200.07	-200.07	Credit assessment in 2013
Turkey	27 854.46		
Ukraine	3 314.51		

United Arab Emirates	73 412.15	73 412.15	Contacted several times. Claim re-organisation prevents payment at the moment, expect to pay 'by end of year'.
United Kingdom	47 263.33		
Uzbekistan	2 000.76		
Viet Nam	7 813.25		Seeking payment of outstanding 2012 invoice (8 235.59)
Zimbabwe	-318.19	-318.19	Credit assessment in 2013 but seeking payment of outstanding invoice from 2011 (740.61)
TOTAL	719 754.56	268 190.11 excluding credits	

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