

BP8048 - Credit Management Policy

Policy Sponsor	Executive Manager Customer and Community
Policy Author	Credit and Collections Manager
References	Customer Water and Wastewater Code – QWC (As at 1 January 2011) South-East Queensland Water (Distribution and Retail Restructuring) Act 2009 Unitywater Financial Delegations Register Payment Arrangement Guidelines as set on Unitywater web page

1. Policy Statement

Unitywater is committed to the fair and equitable management of the collection process for customers who fail to pay. As such, Unitywater effectively provides customers with credit including a fair and reasonable period in which to pay these amounts owing via a choice of payment methods.

It is Unitywater's desire that all customers experiencing genuine financial hardship continue to have access to essential water services. Hence, financial hardship and payment arrangement options are a part of this policy and have been prepared to outline our commitment in this area.

2. Purpose and Objectives

The primary purposes of this Policy include:

- Clarifying credit collection policy for Unitywater's customers, employees and contractors;
- Continuing service provision whilst minimising risks associated with fulfilling payment requirements;
- Encouraging customer awareness and use of appropriate payment options and plans to reduce likelihood of non-payment; and
- Providing for those customers suffering genuine financial hardship.

3. Policy Scope/Coverage

Unitywater is charged with the responsibility of collecting payment for these services and is able to apply a range of measures designed to encourage timely payment which form part of this Policy.

Unitywater recognises that there may be special circumstances in which a customer's ability to meet their payment obligations may be impaired for a period of time.

This Policy is applicable to all Unitywater customers. It is also applicable to all Unitywater employees and contractors involved in credit collections and any other relevant actions in this process.

4. Roles and Responsibility

Accountability for implementing this Policy is the responsibility of Executive Manager Customer and Community. All Unitywater employees and contractors are responsible for developing an understanding of how their work functions are affected by this Policy.

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Approval and management of relevant processes is the responsibility of the Revenue Assurance Manager, Credit and Collections Manager, Credit Collection team and all employees as required to action any part thereof this policy.

Relevant positions for approval within this Policy are:

Management Level	Management Position
Level 2	Executive Manager Customer and Community Executive Manager SIS, CFO
Level 3	Revenue Assurance Manager
Level 4	Credit and Collections Manager

5. Definitions

Term	Meaning
Account	Unitywater Water and Sewerage and Sundry accounts
Bankrupt	A 'Residential' customer who becomes insolvent or goes Bankrupt
Bureau Listing	Listing of an unpaid account with a credit reference agency as per the Credit Provider Code of Conduct
Collection Agent	Agency that acts on behalf of Unitywater to action unpaid overdue amounts
Commercial	Refer to 'non-residential customer'
Financial hardship customer	A customer who has a reasonable inability to pay a bill due to illness, unemployment or any other reasonable cause as stated in this document
Hardship Instalment Plan	A plan for a hardship customer to pay Unitywater by periodic instalments for all arrears and charges relating to continued use of water and sewerage services.
Infrastructure charges	Charges to be levied to fund the relevant proportion of the establishment cost for the trunk infrastructure for the network which is to provide the service to the property
Australian Financial Security Authority	Governing body that controls the process of Bankruptcy and Liquidation
Interest	Charge raised on an unpaid invoice. Unitywater may charge interest on the overdue charge. The rate of the interest cannot be more than the rate of interest local governments may charge for late payment of rates. The interest must be calculated: (a) on daily rests, and as compound interest; or (b) in another way Unitywater decides if an equal or lower amount will be obtained.
Invoice	Raised to apply a charge to a customer's account
Key Account	Major Accounts that deal direct with a Key Account Manager
Key Account Manager	A Unitywater employee or contractor who is responsible for the

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	management of sales and relationships with major account customers
Liquidation	A 'Commercial' customer who becomes insolvent or goes into Liquidation
Non- residential customer	(a) The customer is a customer of Unitywater for the water services and wastewater services; and (b) The customer is not a residential customer of the distributor-retailer for the water services and wastewater services; and (c) No-one else is a customer of the distributor-retailer for water services and wastewater services provided to the premises.
Occupier	Person residing at the premises where Services are provided, who is not also the owner of the premises (see 'Owner')
Other authorised person	A responsible person over the age of 18 years, with a relationship to the customer. This person may contact Unitywater regarding inability to pay the account in the event that the customer is not able to contact Unitywater due to illness, death or other appropriate reason.
Owner	The organisation or person(s) registered as the owner of land, building or structure connected to Unitywater's infrastructure and where water supply or sewerage services are provided. The owner is liable to pay for services provided at the premises whether or not they occupy the premises or directly benefit from the services provided (also refer to 'Occupier').
Payment Arrangement Plan	A plan for a customer to pay Unitywater by periodic instalments or extended due date all arrears and charges relating to continued use of water and sewerage or sundry services.
Residential customer	(a) the customer is a customer of Unitywater for the water services and wastewater services; and (b) the services are provided to premises at which someone lives (the resident); and (c) no-one other than the resident is a customer of the distributor-retailer for water services and wastewater services provided to the premises.
Restriction device	Device that can be installed in a water meter to restrict the flow of water to the property.
Small Non-residential customer	Non-residential customer consuming less than 10 megalitres of water per annum
Smoothpay	Personalised payment plan that provides Unitywater customers with an averaged annual amount of their water and sewerage bill and the choice to pay it in fortnightly or monthly instalments
Sundry Account	Account for a charge other than for water supply and sewerage services (including but not limited to trade waste, standpipe and water carrier customers)
Waived	Adjustment to waiver an amount charged to an account
Write off	Where an amount credited to an account is considered to be unrecoverable (i.e. bad debt, not economical to pursue, unable to

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	locate customer or negotiated settlement)

6. Intent

This section summarises Unitywater’s commitments with respect to the provision and administration of credit. It details customer obligations (that are communicated to customers also via Unitywater’s web site), how customers can minimise the risk of falling behind and supports a full understanding of the impact of falling behind and options available to customers who are experiencing short term payment difficulties or longer term financial hardship.

It further outlines options available to follow up accounts that are not paid by the original due date on the customer account statement.

Customers are encouraged to contact Unitywater as early as possible once aware of circumstances that may lead to an inability to pay an account in full prior to the due.

6.1 Credit Cycles

Unitywater will provide customers an account statement outlining details of the property address, charges and total amount due, highlighting any amount still overdue from previous billed account.

Each account includes a clearly highlighted due date which provides customers with a maximum of 30 days’ credit in which to pay the account in full.

If payment in full is not received by the due date, the calculation and application of compound interest charges based on the overdue balance as per Unity water’s legal entitlement (refer definitions) will commence.

Customers with an overdue balance after the due date will then join a Unitywater credit cycle for follow up action of the amount overdue.

Unitywater credit cycles are a list of accounts that are overdue, grouped together to receive various credit actions applicable to each specific group of accounts. Unitywater can vary credit cycles as required to best meet the needs of its business and customers.

6.1.1 Cycles

There are various credit cycles that are set to follow up overdue accounts. Unitywater will utilise these cycles to ensure all overdue accounts are actioned accordingly.

General credit cycles utilised are:

- Commercial customers unpaid;
- Residential customers unpaid;
- Pensioner customers unpaid
- Broken Payment Arrangements;
- Bankrupt/Liquidated accounts;
- Key Account customers;
- Legal (referred to collection agent); and
- Sundry Accounts.

All customers with an overdue balance after the original due date will be issued an overdue notice reminding customers that interest charges where applicable are being applied and will continue to

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be so until payment in full is received by Unitywater. Customers can choose to receive their overdue notice via email or SMS.

6.1.2 Restriction of Supply

- Where debt for a water and sewerage account remains unpaid after a notice of restriction and contact attempts to the customer have been undertaken the water supply may be restricted to the minimum level necessary for health and sanitation purposes. The Restriction Notice will give the customer a minimum of 14 calendar days to arrange payment of debt before a restriction device is installed.

Once a restriction device is installed, Unitywater require any outstanding debt paid in full or suitable payment arrangement plan set before the restriction device is removed. The cost of installing and removing the device will also be charged to the customer's account.

Once debt is paid or suitable arrangement for payment set Unitywater will remove the restriction device within 5 days of the payment or arrangement, with best effort to remove the device sooner where able.

Where tampering occurs to the meter or restriction device Unitywater will begin legal action as appropriate.

6.1.3 Collection Agent

Where a customer has outstanding overdue charges for an extended period of time then the debt collection can be referred to an appropriately licensed mercantile (debt collection) agent to assist recovery of any outstanding debt.

- The collection agent has various collection activities they can pursue which can include:
- **Bureau Listing**

After a debt has been outstanding for over 60 days past due date and is still overdue it can be listed as a credit default with a consumer credit bureau. Credit default listings will stay on the customers file for a period of 5 years.

- **Registration of Charge**

Where a customer has outstanding overdue charges, Unitywater may choose to register a charge over the premises in question for the total overdue amount less any interest charges. This action restricts the ability of the owner of the premises to transfer ownership of the premises without the current owner or new owner settling the outstanding amount with Unitywater. The registered charge will have priority over any other encumbrances over the premises, excluding those in favour of the State or a public entity.

This action is carried out on behalf of Unitywater by the collection agent.

- **Legal Action**

Where all other attempts to obtain payment of outstanding overdue payments have failed Unitywater can request the collection agent to proceed with further action. This could include issuing of summons through to attending court to obtain judgment for payment and further legal action as required.

6.2 Payment Arrangements

Assisting customers in paying a Unitywater account has the following intent:

- Ensuring all customers are treated with dignity and respect and have their

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personal/financial circumstances kept confidential;

- Not discriminating against customers experiencing temporary difficulties;
- Exempting customers under an arrangement plan from further recovery action;
- Advising customers that if they choose not to be involved in an arrangement plan then normal debt recovery practices will commence;
- Administration of the arrangement plan criteria in a consistent and equitable manner;
- Assisting customers develop a payment arrangement plan to enable them to establish a manageable arrangement for payment of their water and sewerage or sundry account;
- Providing information on all, water conservation measures, and (dispute resolution processes) and payment options available as required; and
- Referring customers to other support mechanisms available through community organisations and support programs such as government agencies.
- Customers may appoint an authorised person to act on their behalf to deal with aspects of their overdue account.

6.2.1 Arrangement Plan Options

Payment arrangement plans available to suit various customer requirements are:

- **Ongoing Balance on due date or instalment by Direct Debit**
 - The full amount owing for each statement issued is deducted by direct debit from the customer's bank account;
 - An ongoing direct debit instalment plan can also be set in fortnightly or monthly payments
- **Smoothpay**
 - A schedule of payments for regular amounts, calculated as being the average figure required to cover future billing for a defined period (usually 12 months). These will be re-evaluated as part of our equalisation process at the end of the set period and a new payment amount agreed. Interest is not applied to outstanding arrears when a smoothpay arrangement is current. Arrears to a set maximum level as determined by Unitywater can be included in a smoothpay arrangement.
- **Overdue Debt (short term arrangement plan)**
 - A schedule of payments for regular amounts to provide for the recovery of overdue debt only. The amount to be recovered and number and amount of payments are negotiated with the customer. These do not cover any outstanding current debt that is not yet overdue, or any future billing which must be paid separate to the arrangement.
- **Overdue Debt plus Current Balance (short term arrangement plan)**
 - Same as the previous option but any debt that is not yet overdue is included in the calculation of the regular amounts payable.
- **One off Payment (short term arrangement plan)**
 - A payment scheduled in the future allowing the customer to pay at a later date within a set timeframe.

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6.2.2 Applying for an Arrangement Plan

Arrangement Plans can only be set as per Unitywater business guidelines.

There are three ways a customer can apply for a payment arrangement plan:

- The customer or authorised person must advise Unitywater either via phone, email or in writing they wish to set up a direct debit payment arrangement or alternative payment option due to temporary payment difficulties, advising the reason for their payment difficulties and request an extended time to pay;
- If a customer is contacted by a Unitywater representative due to an outstanding balance and they advise they are experiencing temporary payment difficulties an arrangement plan that best fits the customer circumstance can then be arranged;
- On-line through My Account. Smoothpay, Direct Debit or one off payment extensions are available where relevant guidelines are met
- There will be no discount, credit or rebate for complying with the Arrangement Plan.

6.2.3 Non Adherence to Arrangement Plan

- Where an arrangement plan is not completed, or an instalment is missed on two occasions within a 6 month period the customer will be removed from the arrangement plan program, with all arrears then due for payment and returned to the normal credit cycle for follow up.

6.2.4 Payment of Arrangement Plans

Unitywater Arrangement plans can be paid using the following means:

- Direct debit; or
- Any other payment option made available on Unitywater accounts.

6.3 Hardship

6.3.1 Customer Care

In assisting customers experiencing genuine financial hardship, Unitywater has the following intent:

- Ensuring all customers are treated with dignity and respect and have their circumstances kept confidential;
- Not discriminating against customers experiencing financial hardship;
- Assisting a customer to develop a Hardship Instalment Plan to enable them to establish a manageable arrangement for payment of their account;
- Exempting customers under a Hardship Instalment Plan from further recovery action;
- Providing information on water conservation measures, dispute resolution processes available and payment options available;
- Referring customers to other support mechanisms available within Unitywater and through community organisation and support programs such as government agencies;
- Advising hardship customers that if they choose not to be involved in a Hardship Instalment Plan (should they meet the application criteria) then any hardship payment arrangement shall 'cease to apply' for this instance of arrears and the customer will be advised that other payment arrangements should be made or normal debt recovery practices will commence; and

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- Being transparent, consistent and equitable in the administration of the hardship criteria.

6.3.2 Assessment criteria under which Unitywater will apply a Hardship Instalment Plan

The following circumstances will be considered as part of the assessment criteria:

- Loss of employment;
- Separation, family breakdown or domestic violence;
- Death in the family;
- Illness including physical incapacity, hospitalisation or mental illness;
- Natural disaster;
- Low or fixed income insufficient to pay reasonable and normal living expenses;
- A payment history that indicates difficulty paying their account in the past;
- Referral from a financial counselling agency or community organisation; and
- Other sudden change of circumstance that adversely affects their financial capacity to pay at the discretion of the Credit and Collections Manager.

6.3.2 Hardship Instalment Plans

Where a customer meets the above criteria, Unitywater will work with the customer to develop a suitable periodic instalment plan, including duration up to a maximum of 12 months and also an appropriate instalment amount. Each customer's circumstances will be considered on a case by case basis to determine the assistance required.

During this time, the customer will not be charged interest on the arrears unless the customer fails to pay an instalment plan as agreed.

6.3.3 Applying for a Hardship Instalment Plan

- The customer or relevant person must advise Unitywater that they are experiencing payment difficulties and advise the reason for their payment difficulties. Where the customer's reason for financial hardship meets the requirements of this policy, the customer can be placed on a hardship payment plan.

6.3.4 Payment of Hardship Instalment Plan

Unitywater instalment plans can be paid using normal payment options made available on Unitywater accounts.

There will be no discount, credit or rebate for complying with the instalment plan.

6.3.5 Non-payment of Hardship Instalment Plan

Where an instalment plan is not completed, or falls into arrears for two consecutive periods the customer will be removed from the instalment plan program. The customer will be charged interest on the arrears amount effective as soon as the instalment plan is broken.

6.4 Infrastructure Charges

There are occasions when infrastructure charges due when converting to conforming land use under the *Sustainable Planning Act 2009* on existing premises or when new businesses connect to Unitywater's water and sewerage network create impost on the continued operation of such businesses.

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Unitywater is committed to ensuring that all customers experiencing genuine financial hardship as a result of infrastructure charges requirements retain continued access to essential water supply and sewerage services.

However, Unitywater will only offer Payment Arrangement Plans to such customers where such an action does not provide undue advantage to such customers or disadvantage any other customers or reduce the rate of return to Unitywater's shareholders.

Consequently, Unitywater's expectations for such payments are:

- Payment in full is to be made prior to works being completed and services performed;
- Application for consideration of a payment arrangement plan must be forwarded to the Credit and Collections Manager, Revenue Assurance;
- Final approval of the payment plan will be made by Executive Manager, Customer and Community in conjunction with the Executive Manager, SIS & CFO;
- Payment plans can be offered for a period of up to 5 years; and
- Interest will be charged on the full outstanding amount past the original due date.

Unitywater will work with the customer to develop a suitable periodic instalment plan where necessary, including appropriate duration up to a maximum of 5 years and also an appropriate instalment amount.

6.5 Bankruptcy and Liquidation

Unitywater will meet legal requirements applicable to customers who are subject to bankruptcy or liquidation.

6.5.1 Hold on Account

- The customer is then no longer liable for any usage or charge up to the date of bankruptcy or liquidation, however this charge does remain as a debt on the property and is recoverable upon change of property ownership;
- All credit follow up action should then stop on any invoices up to and including the date of the Bankruptcy or Liquidation;
- A reading of the meter should then be obtained so the correct amount due up to the date of the Bankruptcy or Liquidation can be calculated; and
- This will be noted in the appropriate areas of the Unitywater customer system.

6.5.2 Proof of Debt

A 'Proof of Debt' (upon request of AFSA) is then required to be lodged with AFSA for the full amount owed to Unitywater up to and including the date of Liquidation.

6.5.3 Write off – debt total

Once an account has gone into bankruptcy or liquidation the appropriate invoices that make up the total of the debt outstanding up to the date of bankruptcy or liquidation will then be written off.

6.5.4 Dividend or Property Settlement Payment Received

If a dividend payment or payment on property settlement is eventually received, a write back of the debt will occur to the appropriate ledger for the amount received.

6.6 Interest

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Interest will be charged as a deterrent to customers from not paying or making suitable payment arrangement by the original due date on their account. Compounding interest is charged on all outstanding applicable charges.

6.6.1 When Interest is applied

Interest is applied automatically if payment is not received by the original due date on the account. This will be compound interest calculated and applied on a daily basis.

6.6.2 When Interest is not applied

Interest will not be applied under the following circumstances:

- Account is set on a Financial Hardship payment plan;
- When account is under dispute;
- Charges were not billed correctly and an amended account is issued;
- On applicable sundry accounts, as defined in legislation;
- Where there is a current Smoothpay arrangement in place.

6.6.3 Write off & waiver of interest

Interest can be written off or waived under the following circumstances:

- Customer has been set up on a financial hardship payment plan;
- A Unitywater error resulted in an incorrect charge; and
- To assist with settlement of a dispute.

Any waiver of Interest must be approved at the appropriate level as per the financial delegation register for the applicable amount before the interest waiver can occur.

6.7 Write Off – Overdue Account Balance

Where a debt for a residential or commercial customer is deemed unrecoverable on an account it can be written off.

Any write off must be approved at the appropriate level as per the financial delegation register for the applicable amount before the write off can occur.

6.7.1 Write off criteria

Circumstances where a write off of an invoice can be applied are:

- An account has gone into bankruptcy or liquidation;
- A debt is deemed unrecoverable; and
- Interest is to be waived at the same time as property debt is written off as per business rules.

6.7.2 Unrecoverable debt

Debt is deemed unrecoverable when:

- The debt was not collected at settlement of the sale of the property and the responsible customer cannot be located;
- The debtor has gone bankrupt or into liquidation;

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- The debt has become statute-barred and the debtor is relying on this as a defence for non-payment; and
- On an objective view of all the facts there is little or no likelihood that the debt will be recovered.

6.7.3 Recovering written off debt

Payment can be received for any debt that has been written off and applied back to the ledger.