



**GOULBURN-MURRAY WATER**

**DEBT MANAGEMENT GUIDELINES**

**DECEMBER 2011**

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## **Preface**

The Goulburn-Murray Water (G-MW) Debt Management Policy has been developed to meet the requirements and standards of the Essential Services Commission (ESC) as well as the G-MW Customer Service Charter (based on ESC guidelines), and is administered in accordance with the *Water Act 1989*.

The ESC does not require rural water corporations to have a hardship policy however due to the difficulty many customers had during the 2001/2002 drought, G-MW implemented a policy of this nature in 2003.

In 2011 the Hardship Policy and Debt Management Policies have been combined to allow access to more flexible and convenient payment options for all G-MW customers regardless of their financial position.

## **Purpose**

The purpose of this document is to update the Rate Payments and Debt Management Policy (last updated in 1999) to ensure consistency with the current processes and compliance with the ESC requirements. The hardship policy and Long Outstanding Debt Policy will also be updated and incorporated into the Debt Management Policy.

## **Documentation**

This document will incorporate and supersede the following documents:

Rate Payment and Debt Management Policy (1999) #2130415  
Management Procedure: Debtors with Long Outstanding Balances (2003) #1447721  
G-MW Hardship Guidelines (2003) #1022385

## ***Rights of Customers under Debt Management or a Customer Initiated Agreement (CIA)***

Each customer engaged in Debt Management or a CIA has the right to:

- Be treated respectfully and sensitively on a case by case basis and have their circumstances kept confidential;
- Be advised about alternative payment arrangements and Government pensioner concessions;
- Agree on a payment arrangement he or she can afford to pay on a plan that meets the Authority's Debt Management Guidelines;
- Renegotiate the amount of their payment arrangement if there is a change in their circumstance within the Debt Management Guidelines;
- Be advised about the availability of accredited financial counselling services;
- Be shielded from legal action and additional debt recovery costs, whilst they continue to make payments according to the payment arrangements, or an agreed altered payment arrangement ;
- Not have supply withheld as long as they have agreed to a suitable payment arrangement and make payment according to the arrangement;
- Speak with a designated G-MW officer who is familiar with their situation in order to re-negotiate their payment arrangement if a payment has been missed or is likely to be missed.
- Receive a copy of these guidelines on request;
- Be advised about their right to lodge a complaint with the Energy and Water Ombudsman Victoria (EWOV) if their debt payment issue is not resolved with G-MW.

## ***GMW Protocol***

Prior to entering into any CIA or Debt Management the following protocols shall be adhered to.

G-MW will:

- Engage in discussion with the customer to determine the best option of payment, recognising that some customers have a short term financial hardship issue which may be resolved in the near to medium term future where others may require a different type of approach for long term financial issues;
- Ensure all Accounts Receivable and Billing staff are trained in treating customers with sensitivity and without judgment;
- Suspend debt recovery processes once a suitable payment arrangement is agreed with the customer;
- Readily inform the customer about the availability of the Government pension concessions where applicable;
- Have these guidelines and other payment assistance information available to customers on request;
- Provide contact details of an accredited financial counselor on request;
- Not engage in legal action, restriction of water supply, and additional debt recovery costs against customers who meet the necessary criteria and continue to make payments according to an agreed arrangement ;
- In the case of a complaint regarding these guidelines the customer will be advised about their right to lodge a complaint with the Energy and Water Ombudsman Victoria (EWOV)

## ***Customer Initiated Arrangement***

At any stage customers who foresee that they may have difficulty in meeting the payment due dates may enter into a payment arrangement with a personalised schedule suited to their needs which satisfies the total amount due prior to the due date, and for any overdue amounts within the parameters of:

- a. payment in full by 30 June of all overdue fixed component charges (water Shares, D&S allowance, surface and sub-surface drainage service fees and area based charge, drainage diversion agreements, permits and licenses);
- b. payment in full by 16 December of all overdue consumptive charges (water usage, surface and sub-surface volumetric charges and Nyah Pumped District pay-for-use to entitlement);

## ***Debt Management Process***

Once debt becomes past due the following debt management process will be triggered:

- At the expiry of the interest-free period Friendly Reminder Notices shall be issued to customers with outstanding balances.
- For any customer who then does not make payment a Reminder Notice shall be issued allowing 14 days for G-MW to either receive payment or for the customer to contact G-MW staff to make suitable payment arrangements;
- Customers who do not respond within the 14 day period will have their water supply withheld as provided for in the Water Act 1989, Section 141 (1)(g);
- Customers who enter into a payment arrangement may negotiate a personalised schedule suited to their needs within the parameters of:
  - a. payment in full by 30 June of all overdue fixed component charges (water shares, D&S allowance, surface and sub-surface drainage service fees and area based charge, drainage diversion agreements, permits and licenses);
  - b. payment in full by 16 December of all overdue consumptive charges (water usage , surface and sub-surface volumetric charges and Nyah Pumped District pay-for-use to entitlement);

- Failure to adhere to the schedule of arrangement results in immediate withholding of supply;
- Where customers fail to respond to withholding of supply, a second overdue notice is issued allowing 14 days for G-MW to receive payment
- Where customers fail to respond the account is referred to a debt collection agency which has been engaged for collection purposes and whose officers work closely with Goulburn-Murray Water staff to achieve the desired result;
- Occasionally debt is unable to be collected in the short term and property is offered for sale by the customer. In these cases supply remains withheld unless professional advisers request supply to be made available to assist with the property sale;
- The Authority will, to extent allowable by law, sell, or cause to be transferred to itself, a property in relation to which any fees and charges that have been due to it, remain unpaid for at least three years.

## **Abandoned Lands**

G-MW defines “Abandoned lands” as vacant land which has been abandoned by the registered proprietor (who cannot be located or is deceased) and for which Council and G-MW rates and charges have not been paid for a period of three (3) years.

Withholding of supply often expedites the payment however for some debtors, withholding of supply has no impact on payment. Furthermore, it is acknowledged that some accounts may not be significant enough to commence legal action until they are at least 36 months overdue. At this point G-MW will implement the following process:

Identify the location of property and determine whether such property is occupied or vacant.

*If the property is unoccupied and valuable or if the property is occupied, the following action will be taken*

- A course of Legal action will be taken to ensure a Magistrate Court Judgment and
- The Matter forwarded to the Authority’s Solicitor for sale of land as provided in Section 278 of the Water Act 1989.

*If the property is unoccupied and of minimal value the following action will be taken:*

- Write to relevant Council seeking approval that land is formally considered abandoned
- On Council approval the land is abandoned,
  - a. Remove water entitlement (if any) and included in District Water Bank
  - b. Remove drainage classification (if any)

- c. Write off charges as abandoned lands and report to Board
- d. Negotiate with neighbouring land holders for purchase/adverse possession of property and amalgamate with existing service.

## ***Interest Charges***

The Business and Finance Group will calculate and advise interest rates annually. The Governor in Council periodically issues orders that fix the maximum rate of interest on unpaid monies that the Authority may apply. The lower of the 2 rates shall be applied as provided for in the Water Act 1989, Section 281.

## ***Accounting for Part Payments Received***

Part payment of rates and charges will be credited in the following sequence:

- a. legal costs
- b. interest on rates and charges
- c. arrears of rates and charges
- d. current rates and charges

## ***Application of this Policy***

This policy shall be applied to both Rates and Charges as well as Sundry Debtors

This guide is based on the premise that any payment arrangement reached between GMW and a customer will be mutually agreed. Co-operation and communication between the customer and G-MW underpin successful outcomes.

### **Approved by:**

**Ruth McGrath**  
**MANAGER WATER ADMINISTRATION**  
**08/12/2011**

**DEBT MANAGEMENT PROCESS**

**ACTIONED BY G-MW**

**N.B**  
Stop supply will remain on properties where the debt relates to prior financial years until the account is up to date.

**N.B**  
If at any stage of the process the customer enters into a payment arrangement, the debt management process will pause. If the arrangement defaults proceedings will recommence.

ACCOUNT RAISED

Raised

FRIENDLY REMINDER NOTICE  
(Interest charges to commence)

Issue 5-10 days post due date

Issued

1<sup>ST</sup> OVERDUE NOTICE (STOP SUPPLY)

Issue 14 days post reminder notice

Issued

2<sup>ND</sup> OVERDUE NOTICE (LEGAL ACTION PENDING)

Issue 14 days post 1<sup>st</sup> overdue notice

Issued

SEND NOTICE TO COLLECTION AGENCY

Issue 14 days post 2<sup>nd</sup> overdue notice

Sent

SOLICITORS LETTER OF DEMAND

Issue 14 days post Collection Agency notice (FEES APPLY)

Sent

**ACTIONED BY COLLECTION AGENCY**

COLLECTION AGENCY ATTEMPT TO CONTACT CUSTOMER

Issue 7 days post Letter of Demand

Contacted

COMPLAINT ISSUED

FEES APPLY

Issued

JUDGEMENT FEE RAISED

FEES APPLY

Raised

SUMMONS LETTER ISSUED

Summons for oral examination (S.O.E) – FEES APPLY

Issued

S.O.E REPORT MADE AVAILABLE

Within 30 days

Issued

FINAL DECISION TO BE MADE BY G-MW

- Decision made if to accept payment arrangement if customer makes offer at S.O.E hearing  
- Discuss with management if we proceed with bankruptcy or sell of property  
} FEES MAY APPLY