

CREDIT CONTROL AND DEBT COLLECTION POLICY
Table of content

Par		Page
1	Definitions	2
2	Introduction	3
3	Application	3
4	Principles	4
5	Institutional arrangements	
5.1	Powers, duties and functions of the Council	5
5.2	Duties and functions of councillors	6
5.3	Duties of the Speaker	7
5.4	Duties, powers and functions of the Executive Mayor	8
5.5	Duties, functions and powers of the Municipal Manager	9
5.6	Duties, functions and powers of the Chief Financial Officer	10
5.7	Conduct of staff members involved in credit control and debt collection	11
6	Application for services	12
7	Consumer agreements	13
8	Deposits and guarantees	14
9	Accounts and billing	16
10	Jobbings	19
11	Insolvent debtors and debtors under administration	19
12	Metering of electricity and water consumption	20
13	Conditions of employment	22
14	Payment facilities and methods	22
15	Contesting of consumer accounts	23
16	Authorised mechanisms of debt collection	23
17	Commencing the debt collection process	24
18	Refusal to render certain services when account is in arrears	25
19	Restricting and discontinuing service provision	26
20	Debt collection procedures where prepayment metering systems are utilised...	27
21	Arrangements for payment of overdue amounts	29
22	Additional conditions in respect of domestic consumers	30
23	Additional conditions in respect of non-domestic consumers	30
24	Indigent assistance scheme	33
25	Child-headed households	34
26	Theft, fraud and tampering with meters	36
27	Unlawful connection/reconnection of services	37
28	Final accounts	38
29	Absconded debtors	39
30	Issuing of rates clearance certificates	39
31	Sales in execution	39
32	Collection of debtors by external service providers	39
33	Water leaks	42
34	Dishonoured (R/D) cheques and returned debit orders	42
35	Allocation of payment received	42
36	Reporting	43
37	Performance management	44
38	Irrecoverable debt	45

CREDIT CONTROL AND DEBT COLLECTION POLICY

PART 1: DEFINITIONS, INTRODUCTION, APPLICATION AND PRINCIPLES

1. DEFINITIONS

In this policy, unless the context indicates otherwise –

“**arrears**” in respect of an amount, means an amount that remains unpaid after the due date;

“**child-headed household**” means a household consisting only of persons younger than 18 years, irrespective of the number of persons constituting it, which ordinarily resides within the Municipality without an adult person living with such household, irrespective whether such adult person is a relative of the other members of the household concerned;

“**consumer**” includes a rate-payer;

“**consumer account**” includes a rates account;

“**debtor**” in relation to the Municipality means any person owing money to the Municipality regardless of the reason for the debt arising;

“**default**” includes making only a partial payment of the amount indicated on a consumer account issued by the Municipality;

“**due date**” in relation to an account, means the date stipulated on the relevant account ;

“**habitual defaulter**” means a consumer who defaults on more than one occasion during any six month period on any payment owing to the Municipality;

“**overdue**” in respect of an amount, means an amount that remains unpaid after the due date;

“**property**” means immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person; and

“**Systems Act**” means the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000).

2. INTRODUCTION

It is imperative that the Municipality collects monies owed to it for the rendering of services to local communities and for property rates. Should the Municipality not collect such debts it will not be able to continue providing services at the same or an improved level and it will not be able to significantly expand service delivery. The policy and procedures contained in this document shall form the basis of the Municipality's efforts to collect debt owed to it.

3. APPLICATION

This policy applies to –

- (a) decision-making with regard to whether the Municipality shall provide services on credit or on a prepaid basis to any consumer;
- (b) all debts owing to the Municipality, including but not limited to, debts arising from –
 - (i) the provision of goods and services to consumers;
 - (ii) the levying of property rates;
 - (iii) the renting of municipal property;
 - (iv) the employment relationship between the Municipality and its employees and former employees, e.g. debts owing to the Municipality due to the use of the Municipality's telephones and other office equipment for private purposes, debts arising from employees or former employees being liable for authorising, making or incurring irregular, fruitless and wasteful or unauthorised expenditure, overpayment of wages and loss of property of the Municipality; and
 - (v) overpayment of any salaries and allowances to councillors and former councillors and for a councillor or former councillor being liable for authorising, making or incurring irregular, fruitless and wasteful or unauthorised expenditure; and
- (c) all overdue amounts.

4. PRINCIPLES

The policy contained in this document is informed by the following principles –

- 4.1 Services shall be rendered to premises on the basis of an application lodged on the official application form of the Municipality by the occupier or the owner of the premises concerned.
- 4.2 Completed application forms will be used, amongst other things, to –
 - (a) categorise consumers according to credit risk in order to determine –
 - (i) the amount of the deposit the applicant will be required to pay; and
 - (ii) whether a consumer shall receive services on a credit or prepayment basis; and
 - (b) to determine relevant levels of services to be provided.
- 4.3 A current and prospective consumer has, subject to those instances where the Municipality may require her/him to switch from a credit metering system to prepaid metering as set out in this policy, a choice as to whether any or all credit consumption meters at the premises where the services are rendered or required should be replaced by prepaid meters.
- 4.4 A copy of the application form, conditions of service provision, an extract of the credit control and debt collection policy and relevant by-laws must –
 - (a) be available on the Municipality's website; and
 - (b) given to every person on request at such fees as may be prescribed by Council.
- 4.5 Billing must be accurate, timely and understandable.
- 4.6 Debtors are entitled to reasonable access to pay points and to a variety of reliable payment methods.

- 4.7 Debtors are entitled to an efficient, effective and reasonable response to appeals, and may suffer no disadvantage during the processing of a reasonable appeal.
- 4.8 Enforcement of payment must be prompt, consistent and effective.
- 4.9 Unauthorised consumption, connection and reconnection, tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- 4.10 Incentives and disincentives may be used in collection procedures.
- 4.11 The collection process must be cost-effective.
- 4.12 The Municipal Manager must regularly report to the Council and the Executive Mayor regarding the results achieved with the application of the Municipality's debt collection policy and procedures.
- 4.13 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

PART 2: INSTITUTIONAL ARRANGEMENTS

5. INSTITUTIONAL ARRANGEMENTS

5.1 Powers, duties and functions of the Council

The following functions, powers and duties are reserved for the Council –

- (a) Approving budgets;
- (b) Determining service charges, fees and penalties;
- (c) Making funds available to give access to basic services for the poor;

- (d) Providing for bad debt in line with the payment record of the community, as reflected in the financial statements of the Municipality. The bad debt provision should at least reflect the increase in debtors during the previous financial year. The amount provided for as bad debt can only be reduced by the amount provided for working capital;
- (e) Determining whether an overdue amount is irrecoverable;
- (f) Setting targets for debt collection, in line with acceptable accounting ratios. Such targets shall be set in respect of the debtors' turnover rate the Council wishes to attain as well as the reduction of arrears debtors on balance sheet date;
- (g) Annually reviewing this policy together with the consideration and adoption of the budget;
- (h) Approving a reporting framework for credit control and debt collection;
- (i) Considering and adopting by-laws to give effect to this policy;
- (j) Monitoring the performance of the Municipal Manager regarding credit control and debt collection;
- (k) Revising the budget should the Council's targets for credit control and debt collection not be met;
- (l) Taking disciplinary and/or legal action against councillors, officials and agents of the Municipality who do not execute this policy and by-laws adopted to give effect to this policy or who act improperly in terms of this policy and such bylaws;
- (m) Delegating authority to monitor and execute the credit control and debt collection policy to the Executive Mayor and the Municipal Manager; and
- (n) Providing funds for the training of staff involved in debt collection.

5.2 Duties and functions of councillors

5.2.1 Councillors must –

- (a) convey the Council's policies to debtors;
- (b) encourage debtors to meet their obligations towards the Municipality;

- (c) regularly meet with their constituencies to provide feedback to them on Council matters; and
- (d) adhere to the Council's policy.

5.2.2 A councillor who issues a false certificate relating to the status of an applicant for registration as indigent or a registered indigent debtor shall be deemed to have contravened the Code of Conduct for Councillors.

5.2.3 Ward councillors must ensure that –

- (a) copies of this policy and bylaws are made available to the members of the ward committees they chair;
- (b) the contents of this policy and procedures are explained to such ward committee members;
- (c) such ward committee design, adopt and implement a strategy for popularising this policy and procedures within her/his ward;
- (d) ward committee members actively encourage people to meet their obligations to the Municipality; and
- (e) ward committee members who are liable for service charges and/or rates meet their obligations to the Municipality.

5.2.4 The Chief Financial Officer shall not later than 15 working days after the end of each quarter (or at such shorter intervals as may be requested by a councillor concerned) supply to each ward councillor details with regard to any overdue amounts owing by a member of a ward committee. The councillor concerned shall engage with all such ward committee members as may owe the Municipality overdue amounts with a view to encourage them to pay such amounts and/or to make arrangements with the Municipality to pay such overdue amounts off. The councillor concerned shall within 15 working days of receiving the document from the Chief Financial Officer, in writing report to the Speaker with regard to the action she/he has taken.

5.3 Duties of the Speaker

5.3.1 The Chief Financial Officer shall within seven working days after the due date submit a written report to the Speaker and the Municipal Manager detailing particulars of any and all overdue amounts owing by councillors.

5.3.2 The Municipal Manager shall engage with the relevant councillors with a view to secure payment of any overdue amounts and inform the Speaker of the results she/he achieved within seven working days of receipt of the report of the Chief Financial Officer.

5.3.3 The Speaker shall, as soon as practicably possible after receipt of the Municipal Manager's report comply with item 13 of the Code of Conduct for Councillors contained in Schedule 1 to the Systems Act.

5.4 Duties, powers and functions of the Executive Mayor

The Executive Mayor shall –

- (a) oversee and monitor the implementation and enforcement of this policy and the by-laws adopted to give effect to this policy and the performance of the Municipal Manager in implementing the policy and any by-laws;
- (b) evaluate implementation of this policy and such by-laws, in order to improve efficiency of the Municipality's credit control and debt collection mechanisms, processes and procedures;
- (c) at such intervals as determined in terms of this policy report to the Council with regard to her/his duties in terms of paragraphs (a) and (b);
- (d) on receipt of a monthly budget statement or the mid-year performance report issue appropriate instructions to the Municipal Manager to ensure that revenue collection proceed in accordance with the budget; and
- (e) ensure that when an annual budget is tabled it is accompanied by a document setting forth measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the Municipality's integrated development plan and any proposed amendments to this policy

5.5 Duties, functions and powers of the Municipal Manager

5.5.1 The Municipal Manager shall –

- (a) implement sound customer care management systems;
- (b) implement the Council's credit control and debt collection policy and bylaws;
- (c) install and maintain an appropriate accounting system;
- (d) bill debtors;
- (e) demand payment from debtors on due dates;
- (f) raise penalties for defaulting debtors;
- (g) appropriate (allocate) payments received;
- (h) collect overdue amounts;
- (i) provide for different payment methods;
- (j) determine credit control and debt collection mechanisms and measures;
- (k) determine all relevant work procedures regarding, amongst other things, public relations, making arrangements for paying off debt owing to the Municipality, disconnection of services due to defaulting on payment for services rendered, summonses, attachments of assets, sales in execution, writing off of irrecoverable debts, sundry debtors and legal processes;
- (l) subject to the Municipality's supply chain management policy, appoint debt collectors to collect overdue amounts;
- (m) set performance targets for staff with regard to debt collection;
- (n) appoint staff to execute this policy and the by-laws;
- (o) determine control procedures;
- (p) provide sufficient capacity in the Municipality's administration for credit control and debt collection;

- (q) monitor contracts with service providers in connection with credit control and debt collection; and
- (r) report to the Council regarding debt collection.

5.5.2 The Municipal Manager may –

- (a) delegate any function or duty vested in, or conferred upon, her/him in terms of the policy to the Chief Financial Officer subject to such conditions, directions and limitations as she/he may determine, provided that such delegation –
 - (i) must be in writing;
 - (ii) may include the power to sub-delegate such function or duty;
 - (iii) does not divest the Municipal Manager of the responsibility concerning the performance of the function or duty; and
 - (iv) must be reviewed when a new Municipal Manager is appointed and when a new Chief Financial Officer is designated.
- (b) after consultation with the Chief Financial Officer declare any overdue amount irrecoverable and write it off, within the provision for bad debt made by the Council.

5.5.3 The Municipal Manager shall, after consultation with the managers who are directly accountable to her/him, implement a marketing strategy aimed at encouraging debtors who receive services measured by credit meter to switch to prepaid metering of services.

5.6 Duties, functions and powers of the Chief Financial Officer

The Chief Financial Officer –

- (a) shall perform such functions, exercise such powers and discharge such duties in respect of credit control and debt collection as –

- (i) the Council, Executive Mayor or the Municipal Manager may delegate or assign to her/him from time to time;
 - (ii) has been assigned or delegated to her/him in this policy and the bylaws giving effect to this policy;
- (b) shall advise the Municipal Manager with regard to the recoverability of overdue amounts and its writing off; and
- (c) may determine a scoring or other evaluative mechanism or model to be used in managing, underwriting and pricing credit risk, provided that such mechanism or model is not founded or structured upon a statistical or other analysis in which the basis of risk categorisation, differentiation or assessment is a ground of unfair discrimination prohibited in section 9(3) of the Constitution.

5.7 Conduct of staff members involved in credit control and debt collection

No staff member who –

- (a) performs a credit risk assessment of any prospective consumer;
- (b) considers an application by a debtor for the postponement of the due date for the payment of an account;
- (c) considers an application of a debtor to be registered as indigent; or
- (d) considers an application by a debtor to pay off arrears debt

shall disclose any personal and private information regarding such prospective consumer or debtor she/he may obtain in the course of the discharge of her/his duties or the exercise of her/his powers to any person other than her/his supervisor, the Chief Financial Officer or the Municipal Manager except –

- (i) in terms of item 13 of the Code of Conduct of Municipal Staff Members contained in Schedule 2 of the Systems Act; or
- (ii) when ordered to do so by a court or other competent tribunal.

PART 3: CREDIT CONTROL MEASURES

6. APPLICATION FOR SERVICES

- 6.1 A prospective consumer who requires a municipal service must –
- (a) in writing apply for the relevant service on the prescribed application form at least five working days prior to the service being required; and
 - (b) enter into a written consumer agreement with the Municipality.
 - (c) When the applicant is not the owner of the property to which the services are to be provided, a lease agreement indicating that the applicant is the lawful occupant of the property should be attached to the service agreement, the owner undertakes responsibility for any amounts owing to the council which remain unpaid by the occupier.
- 6.2 An applicant shall have a choice to have any credit water or electricity consumption meter at the premises where she/he requires the service to be rendered, to be replaced with a prepayment water and/or electricity consumption meter at his/her cost.
- 6.3 A separate application must be lodged and a separate consumer agreement entered into in respect of each premises occupied by a consumer, provided that where two or more adjacent premises are utilised as if they have been consolidated, the Chief Financial Officer may permit one application to be lodged and one consumer agreement to be entered into in respect of all such premises.
- 6.4 If the applicant is a natural person, she/he shall disclose –
- (a) the name, postal and physical address and telephone number of a relative who does not ordinarily form part of her/his household on the application form;
 - (b) if applicable, details of her/his employment and employer; and
 - (c) details of at least two other creditors.

- 6.5 An applicant shall authorise the Municipality to make such enquiries with regard to her/his creditworthiness as may be reasonable. Should the Chief Financial Officer, after having enquired into the applicant's creditworthiness be of the opinion that the applicant poses an unacceptable credit risk she/he may require the applicant to apply for the installation of prepaid meters at the premises where the services are required. If the applicant who poses an unacceptable credit risk is not the owner of the premises concerned, the applicant shall be required to obtain and furnish the Chief Financial Officer with the owner's written consent that any credit metering equipment on the premises be replaced with prepaid meters.
- 6.6 Anyone who consumes services without having applied for the provision of such services and/or failed to conclude a consumer agreement may be subject to punitive action in addition to any other steps the Municipality may take.
- 6.7 An application for municipal services on behalf of a person other than a natural person shall be accompanied by a written resolution of the governing body of such person authorising the applicant to apply for the services in question and to conclude a consumer agreement.
- 6.8 An applicant for services shall, in respect of services and rates payable, be encouraged to provide the Municipality with –
- (a) a debit order if she/he has a banking account; or
 - (b) a stop-order against her/his salary if she/he is employed.

7. CONSUMER AGREEMENTS

- 7.1 This policy and any relevant bylaws shall be deemed to be part of a consumer agreement between the Municipality and a consumer.
- 7.2 A consumer agreement shall include –
- (a) an undertaking by the debtor that she/he accepts liability for the costs of collection of any debts owing to the Municipality, including any administration fees, penalties for late payment, legal costs, interest on overdue amounts, disconnection fees and reconnection fees; and

(b) an undertaking by the Municipality that it will deliver accounts to the consumer.

7.3 Non-receipt of an account shall not be a defence for non-payment of a debt in any proceedings regarding the collection of such debt.

8. DEPOSITS AND GUARANTEES

8.1 A consolidated consumer deposit is payable when –

(a) a new consumer applies for services to be provided to her/him; or

(b) an existing consumer moves to a new supply address; and

(c) water and/or electricity consumed at the premises concerned is measured by credit meter and the applicant does not choose to have these replaced with prepaid meters.

8.2 A registered indigent debtor, the State and the occupier of premises where consumption of all metered services are measured by prepaid meter shall not be required to pay a consumer deposit, provided that –

(a) a deposit paid by a debtor who is subsequently registered as indigent shall not be refunded for that reason;

(b) a deposit paid in respect of premises where all credit meters have been replaced with prepaid meters shall not be refunded for that reason; and

(c) an indigent debtor who is deregistered as such shall pay the required deposit within 30 days after having been notified in writing that her/his registration as an indigent debtor has been cancelled.

8.3 The Chief Financial Officer may authorise a debtor who conducts a business, industrial or commercial undertaking to furnish a guarantee in lieu of a deposit if the amount of the deposit payable in respect of the premises where such business, factory or commercial is conducted exceeds such amount as she/he may determine from time to time. Such guarantee shall be in the form the Chief Financial Officer may determine.

- 8.4 The amount of a consumer deposit shall be equivalent to an amount equal to the highest two months consumption of all services the consumption of which is measured by credit meter plus sewage services and solid waste removal services at the premises where the services are required or an amount determined by council, whichever is the greater, provided that –
- (a) a non-citizen who does not own the premises in respect of which the application for services is made, shall be required to pay a deposit equal to the highest three months consumption of services; and
 - (b) if enquiries regarding the creditworthiness of an applicant for services reveals that the applicant may pose an unacceptable credit risk and she/he does not wish to have any credit meters at the premises replaced by prepaid meters, the deposit required shall be equal to the highest three months consumption of services.
- 8.5 The Chief Financial Officer shall as often as is necessary, but at least once during a financial year, assess the deposits and guarantees held by the Municipality and adjust such deposits and guarantees to the amount referred to in paragraph 8.4(a) or (b), as the case may be, provided that she/he may at any time increase the consumer deposit in the case of a habitual defaulter to highest three months' consumption of services at the premises where the services are rendered. Any amount (exceeding R 50) due to supplement a deposit pursuant to such adjustment shall be –
- (a) raised on the debtors' system;
 - (b) indicated on the next account after the adjustment has been made; and
 - (d) due together with the other debts indicated on the account concerned.
- 8.5.1 After the initial deposit is paid, businesses deposits will be adjusted after three (3) months to the highest two (2) months consumption.
- 8.6 The consumer deposit paid by a debtor shall be refunded upon closing of the consumer account when all outstanding monies due to the Council have been paid in full. Any balance of a deposit a refund of which has not been claimed within one year after the closing of the consumer account to which that deposit relates shall be forfeited to the Municipality, provided that such forfeited sum shall be paid to the person who paid the deposit upon her/his satisfying the Chief Financial Officer as to her/his identity or another person who has satisfied the Chief Financial Officer that she/he is entitled to have the payment made to her/him.

- 8.7 No interest shall be paid in respect of a consumer deposit held by the Municipality.
- 8.8 Whenever a deposit or an amount due to supplement an existing deposit is paid by cheque which is subsequently dishonoured by the bank on which it is drawn or by debit order held by the Municipality which is rejected, -
- (a) services supplied to the premises concerned shall be discontinued immediately;
 - (b) written notice explaining the reason for the disconnection/discontinuation shall be left at the premises; and
 - (c) the debtor concerned shall be required to pay the amount of the deposit, plus any costs incurred by the Municipality in respect of the transaction and disconnection and reconnection fees, in cash or by bank guaranteed cheque within seven days.
- 8.9 In this paragraph “services” means electricity and water which is measured by means of a credit meter, waste water services and solid waste services. Where electricity consumption at the premises is measured by a prepaid meter, “services” shall mean water which is measured by means of a credit meter, waste water services and solid waste services.

9. ACCOUNTS AND BILLING

- 9.1 The municipality will provide consumers timeously with monthly accounts in order to allow a fourteen (14) calendar day payment period before the due date. The account serves as a notification that services will be terminated unless payment is received on or before due date
- 9.2 Consumer and rates accounts shall be prepared and rendered in meter reading cycles.
- 9.3 The first consumer and rates account after a consumer agreement was concluded shall be rendered after the first meter reading cycle following the date of signing the agreement.
- 9.4 A debtor will receive one consolidated consumer account for all municipal services rendered to premises by the Municipality provided that water or electricity consumption at the premises concerned are measured by credit meter. A rates account shall be

rendered to the owner of the premises concerned. Any other account shall be rendered to the debtor concerned.

9.5 Consumer and rates accounts will be rendered each month in cycles of approximately 30 days. Any other accounts shall be rendered in terms of the relevant policy or contract, as the case may be.

9.6 The Municipality shall cause consumer and rates accounts to be delivered to all account holders provided that the Municipality shall not be obliged to–

- (a) distribute any account to registered indigent debtors if the subsidy granted by the Council fully covers the consumption of services and rates;
- (b) distribute accounts for services to debtors where water and electricity consumption is measured by means of prepaid meters.
- (c) distribute an account with zero balances

9.7 Non-receipt of an account does not prevent –

- (a) interest to be charged on any overdue amount; or
- (b) debt collection procedures to be instituted against the debtor concerned.

The onus rests on the debtor to obtain a free copy of any account she/he has not received, on or before the due date.

9.8 Accounts rendered by the Municipality must be paid, and payment received by the Municipality, on or before the due date. Interest shall accrue on any overdue amounts irrespective of the reason for non-payment unless the Chief Financial Officer has granted, on application of the consumer concerned, a postponement in respect of the due date. In the case of any electronic payments or payments via agents, the money must be received in the Municipality's bank account not later than the close of business on or before the due date.

9.9 A debtor may apply for a postponement of the due date. The Chief Financial Officer may postpone the due date on application by a debtor. No postponement may be granted if –

- (a) the consumer agreement between the Municipality and the debtor has been concluded within three months prior to the application having been received;
- (b) during the six months immediately preceding the application for postponement –
 - (i) the debtor has defaulted on the payment of her/his account; or
 - (ii) the debtor has offered payment by means of cheque that has been dishonoured by the bank on which it was drawn; or
 - (iii) a debit order granted by the debtor to the Municipality was returned unpaid;
- (c) the debtor is registered as indigent;
- (d) the debtor has failed at any time to comply with an agreement between her/him and the Municipality regarding the payment to the Municipality of overdue amounts; or
- (e) another application for postponement of the due date by the same debtor has been granted during the past six months immediately preceding the application.

9.10 The Chief Financial Officer shall ensure that adequate record is kept of all applications for postponement of the due date as well as the conditions and return date of any such applications that are granted.

9.11 The owner of premises may, if she/he is not the occupier thereof, request the Municipality in writing to supply to her/him a duplicate of every consumer account rendered in respect of a premises she/he owns. The Municipality shall provide a copy of every consumer account on receipt of the applicable fee for duplicate accounts to the owner of premises who has applied in writing to receive such copy.

10. JOBBINGS (Work for third parties at request)

- 10.1 Whenever a request for the provision of a service or the execution of work in respect of which the Municipality did not determine a tariff (except an emergency service) is received the relevant departmental head shall forthwith prepare and submit a quotation for providing the service or executing the work to the requester.
- 10.2 No material may be acquired or provided and no work executed for a third party unless –
- (a) the requester has accepted the quotation in terms of paragraph 10.1 in writing; and
 - (b) the Chief Financial Officer notified the departmental head concerned that the amount of the estimated costs of the material or work has been paid or provided for in another manner.
- 10.3 If payment has been made in advance and it becomes clear to the Chief Financial Officer or the departmental head concerned that the cost of the work or material will exceed the amount of such payment, the departmental head must cease performing the work or providing the material until permission to continue had been received from the Chief Financial Officer.

11. INSOLVENT DEBTORS AND DEBTORS UNDER ADMINISTRATION

- 11.1 The Chief Financial Officer shall take all reasonable steps to ensure that the Municipality:
- (a) is informed timely of the insolvency of and administration orders issued against any debtors of the Municipality; and
 - (b) register as a creditor in terms of section 43 of the Insolvency Act 1936 (Act No 24 of 1936); or
 - (c) file a claim in terms of section 74G or 74H of the Magistrates' Courts Act 1944 (Act No 32 of 1944), as the case may be, in respect of any debtor against whom an administration order was granted.

- 11.2 The Chief Financial Officer may, upon learning that a sequestration order or an administration order has been issued in respect of a debtor, restrict the water supply to 10kl and the electricity circuit breaker to 20 amperes after giving 14 days written notice of her/his intention to the debtor or the (provisional) trustee or the administrator of the debtor's estate.
- 11.3 The services rendered to the premises in terms of paragraph 11.2 shall remain restricted unless the debtor's trustee or administrator, as the case may be, concludes a consumer agreement on behalf of the debtor with the Municipality or authorises the debtor in writing to conclude such an agreement. The Municipality shall, when a new consumer agreement is concluded in terms of this paragraph replace, at the debtor's cost, any credit meter at the premises concerned with a prepayment meter.
- 11.4 A consumer agreement concluded by a trustee or administrator on behalf of a debtor shall be cancelled and a new consumer agreement entered into with the debtor concerned when the Municipality receives written notification that the debtor was rehabilitated (in the case of an insolvent debtor) or the administration order has been executed and satisfied.

12. METERING OF ELECTRICITY AND WATER CONSUMPTION

- 12.1 The Municipality may introduce various metering systems to measure the consumption of water and electricity supplied to premises.
- 12.2 The Municipality may at any time require a habitual defaulter to convert from one metering system to another. Such conversion shall be carried out at the cost of the consumer concerned.
- 12.3 Prepaid metering systems are the preferred metering installation for all new domestic and, in appropriate cases, business accounts. Consumers shall be encouraged to voluntarily convert to prepay metering. Whenever a debtor requests the conversion to prepay metering such conversion shall be carried out at the debtor's cost.
- 12.4 Credit consumption meters will be read monthly. Should circumstances prevent reading, the Municipality is entitled to estimate a reading that is within reason comparable to past consumption.

- 12.5 A debtor is responsible for ensuring access to metering equipment at a time that is agreeable between her/him and the Municipality's meter readers. If the Municipality cannot access metering equipment on a regular basis the debtor will be liable for any cost the Municipality may incur to ensure access to such equipment, including the cost of relocating the meter concerned.
- 12.6 A debtor who cannot make a reliable arrangement with the Municipality's meter reading personnel may, by written agreement with the Municipality, take such readings of meters as may be required and provide same telephonically to the Municipality. Such an agreement shall stipulate that the Municipality –
- (a) shall obtain any final reading should the debtor move to another supply address;
 - (b) shall have the right to obtain an audit reading once during every six months during the normal reading cycles of the Municipality;
 - (c) is entitled to cancel the agreement by written notice to the debtor if she/he fails to ensure that an audit reading is obtained or to render readings on two consecutive occasions.
- 12.7 Routine or special maintenance of metering equipment will be communicated to the debtor concerned. Whenever it becomes necessary to replace a credit meter, the relevant department shall in writing inform the Chief Financial Officer when such meter has been replaced. The notice informing the Chief Financial Officer of the replacement of a meter shall indicate the final reading of the meter that was removed and the commencement reading of the meter that was installed, if another credit meter was installed.
- 12.8 The Municipal Manager shall, after consultation with the Chief Financial Officer, set targets relating to the accuracy of meter readings to be achieved by the meter readers. The Chief Financial Officer shall make such arrangements for the monitoring of meter reading services as may be necessary.

13. CONDITIONS OF EMPLOYMENT

An employee of the Municipality who is appointed on the permanent establishment in a permanent capacity or for a fixed period shall, if the consumer deposit is made in her/his name, grant irrevocable authority to the Municipal Manager to deduct from her/his monthly pay the full amount owing in respect of services provided by the Municipality and property rates (if she/he is liable for property rates) in respect of premises concerned and to pay that amount over to the Municipality, provided that -

- (a) the due date for paying consumer and rates accounts in respect of employees of the Municipality shall be the date on which their salaries are paid; and
- (b) any employee of the Municipality who has not complied with this requirement within 30 days after this policy becomes effective, shall be guilty of a disciplinary offence.

PART 4: DEBT COLLECTION PROCEDURES

14. PAYMENT FACILITIES AND METHODS

14.1 The Municipal Manager shall ensure that an adequate number and range of municipal payment and enquiry facilities are provided and maintained subject to acceptable levels of activity when compared to operational costs. The Municipal Manager shall actively monitor the effectiveness of payment facilities, methods and convenience for debtors.

14.2 Subject to the Municipal Manager's determination as to the range of settlement options available, a debtor may settle a debt owing to the Municipality by -

- (a) cash payment or payment by cheque at a pay point of the Municipality;
- (b) posting by pre-paid ordinary post to the Municipality of a cheque or postal orders;
- (c) stop-order in favour of the Municipality against her/his bank account or salary;
- (d) debit order;
- (e) credit or debit card; or
- (f) direct electronic transfer or deposit into the Municipality's bank account.

14.3 Any agent used for transmitting payments to the Municipality is at the risk and cost of the debtor concerned. In addition the debtor must take into account the transfer time of the particular agent.

15. CONTESTING OF ACCOUNTS

15.1 A debtor may contest an account, provided that an account that has not been contested within 3 months of the date of its issue shall be deemed to be correct.

15.2 A debtor contesting an account of the Municipality may do so –

- (a) in writing addressed to the Municipal Manager;
- (b) telephonically; or
- (c) in person at any customer care office provided by the Municipality.

15.3 A debtor who has lodged an enquiry in connection with an account or who is contesting an account is not relieved of the responsibility to maintain regular payment of the account concerned. An interim payment equal to the average account of that debtor over the last three months must be paid by the due date pending finalisation of the enquiry. Failure to make a payment will result in debt collection action been instituted against the debtor.

15.4 Depending on the nature of the enquiry and the resources available, an enquiry regarding an account must receive a response within 5 working days.

16. AUTHORISED MECHANISMS OF DEBT COLLECTION

The Municipal Manager may institute the following mechanisms -

- (a) Disconnection / restriction of water and/or electricity for overdue amounts;
- (b) Barring of prepayment services to debtors who are in arrears with other services, including assessment rates account related to the property irrespective in whose name the account is;

- (c) Allocating a portion of any payment for prepayment services to overdue amounts;
- (d) Insisting on pre-paid supply meters being installed at the cost of the debtor;
- (e) Emolument attachment orders on debtors' salaries;
- (f) Legal process, including the attachment and sale of property;
- (g) Withholding payments of grants-in-aid;
- (h) Withholding payment on contracts; and
- (i) Any other method authorised by the Council from time to time.

17. COMMENCING THE DEBT COLLECTION PROCESS

17.1 As soon as is reasonably possible after the due date on which consumer and rates accounts for any month should have been paid, the Chief Financial Officer shall cause a customer age analysis to be prepared indicating accounts and amounts owing to the Municipality for 30, 60, 90, 120 and more than 120 days, separating accounts -

- (a) where electricity consumption is measured by means of a prepaid meter from accounts where electricity consumption is measured by credit meter; and
- (b) where the Municipality is not the electricity supplier.

17.2 The Chief Financial Officer shall cause notice to be given to the debtor concerned –

- (a) in the case of debts relating to the supply and consumption of electricity to and on premises, in terms of section 11 of the Electricity Act 1987 (Act No 1 of 1987);
- (b) in the case of debts relating to the supply of sewage to and the supply and consumption water services to and on premises, in terms of section 4 of the Water Services Act 1997 (Act No 108 of 1997)

- (c) in the case of debts arising from property rates, by giving seven (7) days written notice to the owner;
- (d) in the case of a debt arising from a contractual relationship between the Municipality and the debtor, in terms of the relevant contract; and
- (e) in any other case, by seven (7) days written notice.

17.3 A notice in terms of par 17.2 must -

- (a) state that the account is in arrears;
- (b) demand payment of the full amount within the periods mentioned in par 17.2;
- (c) invite the debtor to visit the Municipality and to make arrangements for the payment of the amount; and
- (d) state that services to the premises to which the account relates shall be discontinued or restricted should the debtor fail to take action.

18. REFUSAL TO RENDER CERTAIN SERVICES WHEN ACCOUNT IS IN ARREARS

18.1 The Municipality may refuse to render any service which a user is required to pay for only if she/he utilises the service if any amounts that debtor owes the Municipality are overdue. Such services include, but are not limited to –

- (a) consideration and approval of a building plan;
- (b) conducting any inspection of construction work;
- (c) removal of garden refuse or building rubble from the property concerned; and
- (d) issuing a certificate condemning food as unfit for human consumption.

18.2 The Municipality shall not award any contract for the supply of any goods, the execution of any work or the provision of any service to or on behalf of the Municipality to any supplier –

- (a) who is in arrears with any debt owing to the Municipality; or

- (b) who has not made arrangements for the settlement of overdue amounts owing to the Municipality; or
- (c) who has made arrangements for the settlement of overdue amounts owing to the Municipality but who has defaulted on the terms and conditions of such agreement; or
- (d) who has offered a cheque in payment of any instalment in terms of an agreement to pay an overdue amount and such cheque was dishonoured by the bank on which it was drawn; or
- (e) who has signed a debit order against her/his bank account for payment of an instalment in terms of an agreement to pay overdue amounts and such debit order was returned unpaid.

19. RESTRICTING AND DISCONTINUING SERVICE PROVISION

19.1 Whenever a debtor fails to take appropriate action following a notice in terms of paragraph 17 the Chief Financial Officer shall take the necessary steps to –

- (a) block the purchase of electricity coupons and/or water tokens from any vendor, if the debtor concerned obtains electricity or water by means of a pre-paid meter; or
- (b) disconnect the electricity supply to the property concerned if electricity consumption is measured by means of a credit meter; or
- (c) restrict or discontinue water supply to the property if –
 - (i) the debtor does not purchase electricity from the Municipality; or
 - (ii) the amount outstanding is not paid within seven (7) calendar days after the electricity supply to the property was disconnected; or
 - (iii) the purchasing of electricity coupons have already been blocked.

19.2 The Chief Financial Officer shall cause a written notice of the action taken in terms of paragraph 19.1 to be left at the premises concerned. Such notice shall -

- (a) state that the relevant service shall be reconnected or reinstated as soon as the debtor has –

- (i) paid the amount owing to the Municipality; or
 - (ii) has made suitable arrangements for paying any such amount;
- (b) inform the debtor –
 - (i) that the relevant service may only be reconnected or reinstated by the authorised officials of the Municipality;
 - (ii) that any tampering with or reconnection of the service concerned shall expose her/him to legal action;
 - (iii) that she/he shall be liable for the disconnection and reconnection fee relating to the disconnection or restriction of the service concerned; and
- (c) invite the debtor to visit a customer care office of the Municipality to make arrangements for the payment of the overdue amount.

19.3 Notwithstanding the provisions of paragraph 19.2 (a) the Chief Financial Officer shall cause a written notice of the action taken in terms of paragraph 19.1 (c) to be left at the premises concerned. Such notice shall state that the water supply shall be reconnected or reinstated as soon as the debtor has paid the amount owing in full.

20. DEBT COLLECTION PROCEDURES WHERE PREPAYMENT METERING SYSTEMS ARE UTILISED

20.1 The Municipality's prepaid electricity metering system has a debt management facility. The debt management facility consists of various blocking stages, which can be utilised to collect overdue amounts.

20.2 The Chief Financial Officer may cause a notification to be programmed into the system in respect of any debtor. The notification will inform the debtor that coupons may be purchased only once after the notification has been displayed where after a complete block will automatically be put on the account. To unblock the system –

- (a) the overdue amount must be paid in full; or

- (b) arrangements must be made to pay off the overdue amount. The complete block will only be removed after the arrangements have been captured on the system.

20.3 As soon as the notification in terms of par 20.2 has been displayed once, the debtor is blocked from buying electricity due to overdue debt and can be unblocked when –

- (a) the overdue debt is paid in full; or
- (b) arrangements have been made to pay off the overdue debt. The complete block will only be removed after the arrangements have been captured on the system

20.4 An arrangement in terms of paragraphs 20.2(b) or 20.3(b) shall provide that -

- (a) the debtor pays a minimum monthly instalment towards the settlement of any overdue amounts owing to the Municipality on the date of signing of the agreement, interest thereon and costs;
- (b) the debtor shall, in addition to any amounts in terms of paragraph (a), pay the current monthly account in respect of the property concerned;
- (c) the debtor may purchase only a limited amount of electricity, so as to prevent her/him from purchasing more than one week or one month's electricity, as the case may be, to avoid arrear payments;
- (d) should the debtor pay less than the minimum instalment or fail to pay any instalment on or before the due date the system will not allow the purchase of electricity;
- (e) should the debtor pay more than the agreed instalment, the additional amount will be credited against the overdue debt, without the monthly installment being reduced;
- (f) the debtor admits liability for the amount of the overdue debt, interest on the amount owing and costs as set out in the agreement;
- (g) the debtor offers to pay the amount of the overdue debt, interest and costs for which she/he admits liability, in instalments or otherwise;

- (h) the debtor undertakes on payment of any instalment in terms of her/his offer to pay the collection fees for which the Municipality is liable in respect of the recovery of such instalment; and
- (i) the debtor agrees that in the event of her/his failure to carry out the terms of the agreement the Municipality shall, without notice to her/him, be entitled to apply for judgment for the amount of the overdue debt for which she/he admits liability, with costs, and for an order of the court for payment of the judgement debt and costs in instalments or otherwise in accordance with her/his offer.

21. ARRANGEMENTS FOR PAYMENT OF OVERDUE AMOUNTS

21.1 A debtor who cannot meet her/his obligations to the Municipality may enter into a written agreement with the Municipality regarding the payment of overdue amounts, provided that no organ of state shall be allowed to make such an arrangement.

21.2 An agreement in terms of paragraph 21.1 shall apply only in respect of amounts overdue on the date on which the agreement is signed.

21.3 A debtor shall –

- (a) admit liability for the amount of the overdue debt, interest thereon and costs as set out in the agreement;
- (b) offer to pay the overdue debt, interest and costs for which she/he admits liability, in instalments or otherwise;
- (c) undertake on payment of any instalment in terms of her/his offer to pay the collection fees for which the Municipality is liable in respect of the recovery of such instalment; and
- (d) agree that in the event of her/his failure to carry out the terms of her/his offer the Municipality shall, without notice to her/him, be entitled to apply for judgement for the balance of the overdue debt for which she/he admits liability, with costs, and for an order of the court for payment of the judgment debt and costs in instalments or otherwise in accordance with her/his offer.

22. ADDITIONAL CONDITIONS IN RESPECT OF DOMESTIC DEBTORS

An agreement in terms of paragraph 21 shall, in the case of a domestic consumer, further stipulate that the debtor shall -

- (a) pay the amount owing, interest thereon and costs as stipulated in equal monthly instalments over a maximum period of 24 months, provided that –
 - (i) the debtor pays 30% of the total debt or the last three months billing, whichever is the highest upon signing of the agreement.
 - (ii) a debtor whose gross monthly household earnings are less than R 5,000, may pay such amount over a period of 36 months; and
 - (iii) a debt which has arisen during a current financial year shall be repaid within that financial year;
- (b) regularly pay the current monthly account in respect of the premises concerned on or before the due date; and
- (c) agrees to and shall bear the cost of converting any credit consumption meter to a pre-pay electricity meter.

23. ADDITIONAL CONDITIONS IN RESPECT OF NON-DOMESTIC DEBTORS

An agreement in terms of paragraph 21 shall, in the case of a business, commercial and industrial consumer, further stipulate that the debtor shall-

- (a) pay 50% of the overdue amount, interest and costs upon signing of the agreement;
- (b) pay the balance of the overdue amount, interest and costs in equal instalments over a period not exceeding 12 months; and
- (c) undertake to regularly pay the current monthly account in respect of the premises concerned on or before the due date.

PART 5: INDIGENT DEBTORS AND CHILD-HEADED HOUSEHOLDS

24. INDIGENT ASSISTANCE SCHEME

- 24.1 A debtor who meets the criteria contained in this paragraph may apply, in the prescribed manner, to be registered as indigent.
- 24.2 A debtor may be registered as indigent if she/he meets the following conditions –
- (a) The applicant must be a natural adult person.
 - (b) The gross total monthly household income of all persons ordinarily residing at the premises concerned from all sources may not exceed an amount as may be determined by the council from time to time.
 - (d) The applicant may not own, either on her/his own or together with other persons, more than one fixed property.
 - (e) The applicant must ordinarily reside at the premises concerned
- 24.3 An approved registered applicant remain enlisted until he/she applies in writing to be deregistered or be requested to apply to be deregistered from the indigent register.
- 24.4 An application in terms of this paragraph shall be made on the prescribed application form and shall be accompanied by –
- (a) a sworn affidavit stating the gross total monthly household income of all persons ordinarily residing at the address concerned;
 - (b) the applicant's latest payslip, if she/he is employed and the latest payslips of any other persons ordinarily residing on the property concerned who are employed;
 - (c) a certified copy of the applicant's identity document; and certified copies of all persons above eighteen years who ordinarily reside at the address concerned.
 - (d) a certificate issued by the applicant's ward councillor that the applicant is entitled to be registered as indigent.

(e) Verification form signed or issued by the Department of Labour

24.5 A completed application, together with the certificate issued by the ward councillor concerned and other documents required, must be handed in at any office of the Municipality.

24.6 Upon receipt and approval of an application form enlisted consumers will qualify for the following services levels –

24.6.1 Electricity

- (a) electricity circuit breaker will be reduced to 20 amperes immediately.
- (b) free basic electricity of 50 kwh (units) per month.
- (c) electricity in excess of 50 units must be purchased at the applicable electricity tariff.
- (d) Upon the discovery and confirmation of any tampering to the electricity supply equipment or electricity theft, the registration as indigent will be cancelled.

24.6.2 Water

- (a) consumption is charged at the normal household tariff, which already include free six (6) Kilolitres per month.
- (b) a restriction of 10 kl per month shall be applicable to registered indigents. Where the restriction of 10 kl per month is exceeded repeatedly for a period of two months in a calendar year a restricted metered service will be installed to limit the water consumption to 10kl.
- (c) a registered indigent may apply for a temporary suspension of the water restriction in writing under special circumstances such as funerals and other ceremonies. The applicable reconnection fees will be payable.

24.6.3 Assessment Rates

- (a) the first 15 000 of the property value of residential households is exempted from tax.
- (b) registered indigents will get a 100% rebate on assessment rates.

24.6.4 Refuse Removal

- (a) the discounted rate for indigents is subjected to the indigents' electricity current limited supply to be restricted to 20 ampere.
- (b) the refuse removal rate in respect of indigents will be fully discounted.

24.6.5 Sewerage

- (a) the discounted rate for indigents is subjected to the indigents' electricity current limited supply to be restricted to 20 ampere.
- (b) the sewerage rate in respect of indigents will be fully discounted.

24.6.6 Limitations

The above free issues and discounts are based on the expected equitable Share to be paid to Council by National Treasury annually. The annual adjustment to these benefits is subject to the increase in the Equitable Share

24.7 An applicant whose application –

- (a) is successful, will be informed in writing of that fact; and
- (b) is unsuccessful, will be informed of that fact, together with the reasons for the decision.

24.8 A debtor who is registered as indigent shall receive discounts in respect of municipal services and property rates (if applicable) as determined by the Council from time to time.

24.9 Any charges accruing to a debtor account of an indigent debtor in excess of the amount of the discounts granted by the Municipality shall be payable by the debtor concerned on or before the due date.

24.10 Re-evaluation

- (a) the decision whether an indigent household remains satisfied with the restriction to the supply of free basic services lies with the member of the household responsible for the payment of services.
- (b) regular physical inspections will be carried out at the premises of each of the registered indigents to ensure that the supply installations including the supply limitation are intact.

- (c) should an applicant in his application present any fraudulent statement he/she will be denied approval or, if already been approved, will immediately be deregistered. He/she will be held responsible for any monies written off and will repay all benefits received at the discounted rates.

- 24.11 The Chief Financial Officer may refuse to register a consumer as indigent if that consumer at any time during the 12 months immediately preceding her/his application was removed from the indigent register in terms of paragraph 24.10.
- 24.12 In the event of the death of an indigent debtor a relative or an adult member of the household of the deceased must provide a certified copy of the death certificate in respect of the debtor issued in terms of section 22 of the Births and Deaths Registration Act 1992 (Act No 51 of 1992) to the Municipality. The Chief Financial Officer shall, as soon as practicable after receipt of a death certificate, cancel the registration of the deceased as an indigent debtor. The deceased's heir may, if she/he is an adult person, apply to be registered as an indigent household in the manner prescribed in this policy.
- 24.13 When a debtor is registered as indigent the debt of the consumer existing on the day of registration shall be parked and such a person's name be given through to the credit bureau. The Chief Financial Officer shall as often as is necessary report to the Municipal Manager regarding any debts parked in terms of this paragraph, and may recommend that such debts be written off.
- 24.14 That if a person who was or who is enlisted as indigent sell his property, the arrears written-off be paid before a clearance certificate can be issued.
- 24.15 Interest shall not be charged on arrear charges owing by indigent debtors.

25. CHILD-HEADED HOUSEHOLDS

- 25.1 Whenever the ward councilor has reason to believe that premises are occupied by a child-headed household (regardless whether municipal services are supplied to such premises), she/he shall make such enquiries, which may include inspecting the premises concerned, as she/he may deem necessary to establish the facts.

- 25.2 If the belief of the councilor is confirmed, she/he shall forthwith in writing report the matter to the relevant authority responsible for child welfare and thereafter to the Chief Financial Officer.
- 25.3 The Chief Financial Officer shall, when she/he receives a report that a child-headed household occupies premises within the Municipality, immediately –
- (a) delete the particulars, if any, of any indigent debtor in respect of the premises concerned from the indigent register;
 - (b) calculate any amounts owing in respect of the premises concerned at the date of receiving the report; and
 - (c) immediately in writing request the relevant department to restrict the supply of any services to the premises to the service levels applicable to indigents.
- 25.4 The departmental head concerned shall inform the Chief Financial Officer in writing of date on which services to premises have been restricted. The departmental heads shall thereafter take all reasonable steps to ensure that services remain restricted at the premises concerned until such time as a consumer agreement in respect of the premises is concluded with the Municipality.
- 25.5 If it is established on a balance of probabilities that the adult person(s) who previously occupied premises together with children –
- (a)
 - (i) is dead and that her/his heir(s) is a child, the Municipal Manager may write the debt owing in respect of services supplied to the premises and rates off as irrecoverable;
 - (ii) on receipt of a report from the authority responsible for child welfare, declare the child-headed household indigent.
 - (b) has abandoned the premises, the Chief Financial Officer shall take all reasonable steps to find that person(s) and recover the debt from her/him

PART 6: INTERFERENCE WITH METERING EQUIPMENT

26. THEFT, FRAUD AND TAMPERING WITH METERS

- 26.1 The Chief Financial Officer shall cause such routine and special inspections of metering equipment to be conducted as may be necessary to detect tampering with meters, provided that inspections shall be conducted regularly of meters where the provision of a services has been discontinued or restricted.
- 26.2 Whenever a person conducting an inspection detects or reasonably suspects that a meter has been tampered with, she/he shall complete the prescribed equipment tampering form and forward the completed form at the earliest opportunity to –
- (a) the electricity distribution section, if it involves electricity equipment; or
 - (b) the water distribution section, if it involves water equipment.
- 26.3 Upon receipt of a completed equipment tampering form, the relevant section head shall cause an electrician or a plumber, as the case may be, to inspect the relevant equipment.
- 26.4 If the –
- (a) electrician confirms upon inspection that the equipment has been tampered with, she/he shall forthwith –
 - (i) disconnect the supply; and
 - (i) furnish a written report to the Chief Financial Officer; and
 - (b) plumber confirms upon inspection that the equipment has been tampered with, she/he shall forthwith –
 - (i) install a restriction washer in the supply pipe;
 - (ii) lock the meter;

- (iii) remove any bypass pipes; and
- (ii) furnish a written report to the Chief Financial Officer.

26.5 The relevant service shall be reinstated upon payment by the consumer concerned of –

- (a) the prescribed reconnection fee;
- (b) the prescribed tampering fee; and
- (c) a charge as determined by the Chief Financial Officer in respect of the consumption of the service concerned.

26.6 Unless the contrary is proven to the satisfaction of the Chief Financial Officer, the occupier and the owner of the premises concerned shall be jointly and separately liable for the payment of any tampering fee.

27. UNLAWFUL CONNECTION/RECONNECTION OF SERVICES

27.1 Whenever the Chief Financial Officer becomes aware that the person who resides at premises had not applied for, but is consuming services, she/he shall cause the services to be disconnected. A written notice explaining why the services were disconnected shall be left at the premises. Such notice shall invite the consumer concerned to visit any customer care office of the Municipality to complete and submit to relevant application for services, to pay the prescribed deposit and to enter into a consumer agreement with the Municipality.

27.2 Whenever it is discovered that a service which was discontinued or restricted had been reinstated without the necessary authority, the Chief Financial Officer shall cause the service concerned to be disconnected. A written notice explaining why the service was disconnected shall be left at the premises. Such notice shall invite the consumer concerned to visit any customer care office of the Municipality to make arrangements for the payment of outstanding debts owing to the Municipality.

PART 7: FINAL ACCOUNTS AND RATES CLEARANCE CERTIFICATES

28. FINAL ACCOUNTS

- 28.1 A consumer who no longer requires municipal services to be rendered at the premises stipulated in her/his application for the provision of services, shall apply for the disconnection of services on the prescribed application form.
- 28.2 The Chief Financial Officer shall –
- (a) if water and/or electricity consumed at the premises are measured by credit meter, cause a final reading in respect of water and/or electricity supplied to the premises concerned to be taken on the date indicated on the consumer's application to discontinue services; and
 - (b) cause services to the premises to be discontinued from that date.
- 28.3 Services to premises must be disconnected/ discontinued in such a way as to prevent persons moving into the premises from consuming services without the required application for connection of services having been furnished.
- 28.4 A consumer account will be prepared until the date of the final reading and furnished to the consumer.
- 28.5 The consumer deposit held by the Municipality shall be appropriated against the final account. If, after the appropriation of the deposit against the account a –
- (a) credit balance remains on the account, the credit balance will be refunded to the consumer; provided there are no other debts owed.
 - (b) No interest shall be paid in respect of the credit balances on the consumer accounts
 - (c) debit balance remains on the account, the consumer shall pay such amount.
- 28.6 The debit balance that remains unpaid must be handed over for collection within 30 days.

29. ABSCONDED DEBTORS

29.1 Whenever the Chief Financial Officer becomes aware that the person that had applied for services is not ordinarily residing at the premises she/he shall cause –

- (a) a final reading of services to be taken;
- (b) a final account to be prepared; and
- (c) the consumer deposit to be appropriated against such final account.

29.2 A credit balance on the account must be refunded to the consumer provided that there are no other debts owed. Any arrear balance on the account must be handed over for collection to recover the arrear amounts.

30. ISSUING OF RATES CLEARANCE CERTIFICATES

Whenever an application for a rates clearance certificate is submitted and debt that is older than two years (and which has not prescribed) has accrued in connection with the property concerned, the Chief Financial Officer shall forthwith –

- (a) obtain judgement in respect of such debt; and
- (b) ensure that a copy of the judgement is supplied to the conveyancer.

31. SALES IN EXECUTION

Whenever notice of sale in execution is given, the Chief Financial Officer shall inform the Sheriff in writing of the amount due to the Municipality in respect of the property concerned.

PART 8: EXTERNAL DEBT COLLECTION

32. COLLECTION OF DEBTORS BY EXTERNAL SERVICE PROVIDERS

32.1 Whenever it appears to the Chief Financial Officer that the internal debt collection endeavours of the Municipality does not have the desired result in respect of any consumer, she/he may hand over that account for collection by the debt collector appointed by the Municipality.

32.2 A handover list shall contain –

- (a) the correct name(s) of the current owner(s) of the property;
- (b) the physical and postal address of the current owner(s) of the property;
- (c) correct details of amount to be collected; and
- (d) in appropriate cases, a copy of any agreement between the consumer and the Municipality regarding the payment of arrears debt.

32.3 The Chief Financial Officer shall furnish ward councillors with extracts from the hand-over list in respect of their wards.

32.4 The debt collector shall immediately peruse the handover list and advise the Municipality of any obvious problem matters within seven days of receipt thereof. The Municipality shall respond to the debt collector's enquiry with specific written instructions in respect of those matters within seven days, failing which the debt collector shall be entitled to close the file.

32.5 The debt collector shall commence the process of collection by way of letter of demand sent by ordinary mail to the debtor. If there is no response to the letter of demand the summonses must be delivered to the clerk of the court within seven days of expiry of the demand period, in appropriate cases. If there is no response to the summons, application must be made for default judgment immediately when the time allowed for entering an appearance to defend has expired.

32.6 The debt collector shall immediately inform the Municipality of any matter that will be defended and supply the Municipality with a blank affidavit in support of an application for summary judgment, which will be returned to the debt collector, duly signed and commissioned, should the Municipality be of the view that the debtor has no defence to the matter.

32.7 The debt collector must inform the Municipality in writing of all applications for default judgment. Once default judgement has been granted the debt collector must check the municipal system once again for payments and if no or insufficient payments have been recorded and if there is no record of any impediment preventing her/him from proceeding, the debt collector shall first proceed by way of writ against movable

property should the capital be less than R3, 000. In the event that the capital is R3,000 or more the debt collector may proceed by way of writ against immovable property or, in her/his sole discretion, against movable property.

32.8 The debt collector shall endeavour wherever possible to persuade the debtor to sign consent to judgment and consent to an emoluments attachment order which will satisfy the judgment debt within 12 months.

32.9 If a debtor is not traceable, the debt collector shall inform the Municipality accordingly. The Municipality shall issue appropriate instructions within 7 days on how the debt collector must proceed with the matter, failing which she/he may assume that the file may be closed.

32.10 The debt collector shall inform the Municipality immediately if she/he forms the opinion that the debt has become irrecoverable and the reasons therefore.

32.11 The debt collector shall attempt to recover the amount handed over in each matter within a period of 12 months from the date of hand over.

32.12 The debt collector shall be entitled to charge –

(a) if she or he is an attorney, in terms of the Law Society's recommended guidelines for collection fees or such lower amount as may have been agreed with the Municipality; and

(b) if she/he is not an attorney, the fees prescribed in terms of the Debt Collectors' Act or such lower amount as may have been agreed with the Municipality.

32.13 The Municipality undertakes to pay all fees and disbursements as and when incurred by the debt collector and these shall be invoiced to the Municipality weekly.

32.14 The debt collector shall submit her/his account in the form of a VAT invoice to the Municipality. The account shall detail the payments received, collection commission, fees and any disbursements that may be incurred for each account since the previous statement of account and must be accompanied by a cheque for the amounts due to the

Municipality. The debt collector may not set off fees against monies collected.

32.15 The Municipality shall effect payment of the debt collector's account within a week of the date of invoice.

PART 9: MISCELLANEOUS MATTERS

33. WATER LEAKS

Water leaks on a site water reticulation system are the responsibility of the occupier of the property.

34. DISHONOURED (R/D) CHEQUES AND RETURNED DEBIT ORDERS

34.1 Whenever a cheque offered in payment of a debtor account is dishonoured by a bank or a debit order held by the Municipality is returned unpaid by the relevant bank, it shall be regarded as a fraudulent act by a debtor.

34.2 On receipt of a bank dishonoured cheque or a returned debit order –

- (a) the payment must be reversed on the debtors account;
- (b) services to the debtor's premises must be disconnected and shall only be reconnected when the debtor's account has been settled in full;
- (c) the debtor shall be informed that –
 - (i) the Municipality will not accept cheques as payment in future; and
 - (ii) no arrangement to pay arrears debt in instalments shall be entertained.

35. ALLOCATION OF PAYMENT RECEIVED

35.1 Settlement of an account clears all charges, including, where applicable, interest on arrears, tamper fees, collection cost and disconnection and reconnection fees.

35.2 Part payment of an account shall be allocated as follows –

- (a) Interest on arrears
- (b) Miscellaneous charges
- (c) Rental charges
- (d) Refuse removal
- (e) Sewage charges
- (f) Property rates
- (g) Water consumption and basic charges
- (h) Electricity consumption and basic charges

35.3 The Municipality shall not entertain selected payment of certain charges.

36. REPORTING

36.1 The Chief Financial Officer shall within 10 working days after the end of each month submit a written report to the Municipal Manager in suitable format regarding debt collection. This report shall contain particulars on –

- (a) revenue raised per source during the past month;
- (b) revenue collected per source during the year to date;
- (c) an explanation of any material variances between –
 - (i) the amounts raised and the amounts actually collected; and
 - (ii) the amounts raised and the projected revenue to be raised in terms of the approved cash flow projection;
- (d) any remedial or corrective steps taken or to be taken to ensure that projected revenue remain within the Municipality's approved budget;
- (e) a projection of the Municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections;
- (f) growth in, or reduction of, arrears debt;
- (g) the number of consumer accounts not paid by the due date;
- (h) the number of consumers notified of the fact that their consumer accounts were in

arrears;

- (i) the number of premises to which services have been discontinued or restricted;
- (j) the number of accounts in respect of which the purchasing of electricity coupons have been stopped;
- (k) the number of premises to which services were previously discontinued or restricted or in respect of which the purchasing of electricity coupons have previously been stopped that has not been reconnected or reinstated; and
- (l) the number of consumers who has made arrangements for the payment of arrears amounts owing to the Municipality.

36.2 The amounts reflected in the statement must in each case be compared with the corresponding amounts budgeted for in the Municipality's approved budget.

36.3 Whenever, in the opinion of the Chief Financial Officer, a material under collection of revenue is likely during a current financial year, she/he shall forthwith, in writing report the matter to the Municipal Manager. A report in terms of this paragraph must state the steps to be taken to prevent or rectify any impending shortfalls.

36.4 The Municipal Manager shall submit any report in terms of this paragraph, together with her or his comment and recommendations to the Executive Mayor.

36.5 The Executive Mayor shall, at intervals of 3 months, report to the Council in terms of section 99(c) of the Municipal Systems Act.

37. PERFORMANCE MANAGEMENT

37.1 The Municipality aims to achieve and to maintain a debtors' turnover rate of between 45 to 56 days.

37.2 In order to achieve the debtors' turnover rate referred to in paragraph 37.1 the Municipality strives to annually improve the debtors' turnover rate by 10%.

38. IRRECOVERABLE DEBT

38.1 A debt owing to the Municipality shall be deemed to be irrecoverable if -

- (a) after execution against property has been issued and there is not found sufficient movable property to satisfy the judgment or order and the court refuses execution against the immovable property of the debtor or the debtor does not own any immovable property;
- (b) any tracing agent engaged by the Municipality or a debt collector appointed by the Municipality advises that the debtor is untraceable; and
- (c) where the debt arose from unauthorised, irregular or fruitless and wasteful expenditure certified by the Council, after investigation by a committee of the Council.

38.2 The balance, if any, that remains after –

- (a) property of a debtor has been sold in execution of judgement or order;
- (b) immovable property of a debtor has been sold as abandoned;
- (c) claims against the sequestrated estate of a debtor has been settled

such balance shall be deemed to be irrecoverable

38.3 The following authorisations are given for the writing off of irrecoverable debt:

(a) Council

- (i) Any debt arising from unauthorised, irregular or fruitless and wasteful expense; and
- (ii) Any debt exceeding R 2,000;

(b) Municipal Manager

Any debt between R 501 and R 2,000 excluding any debt arising from unauthorised, irregular or fruitless and wasteful expenditure

(c) Chief Financial Officer

Any debt of R 500 and less excluding any debt arising from unauthorised, irregular or fruitless and wasteful expenditure

- 38.4 Any debts written off by the Chief Financial Officer and the Municipal Manager during any month shall be reported to the Executive Mayor as part of the monthly budget statement required by section 71 of the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003).