



CREDIT CONTROL AND DEBT COLLECTION POLICY

FINANCIAL YEAR: 2013/2014

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GENERAL PROVISIONS

1. Definitions

“**Accounting Officer**” means the Municipal Manager of the municipality.

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

“**Administration fees**” means fees (charges) which may be recovered by the council in terms of section 75A of the Act, and includes –

- a) the cost of reminding customer of arrears;
- b) the cost of the termination, restriction and reinstatement of municipal services;
- c) the cost of any notice rendered, sent or delivered in terms of this policy; if any
- d) the cost and administration fees contemplated in section 22;
- e) all legal cost, including attorney and client cost incurred in the recovery of arrears; and
- f) any commission and other expenses relating to the recovery of arrears payable by the council to any person or partnership;

“**Apparatus**” means any equipment, tool, device, meter, connection, system, or network, service protection device, articulation network or supply mains, or any part thereof, supplied or used in the supply distribution, or conveyances of services or measurement or consumption of services.

“**Authorized official**” means an employee, agent, subcontractor, or representative of the Council, duly authorized, by a service provider to perform, any function under this policy;

“**Arrears**” includes collection charges and interest in respect of the principal amount in arrears;

“Billing” means proper formal notification (invoicing) on a statement to each customer of amounts levied for assessment rates and services and the net accumulated balance of the account;

“Council” means-

- a) a municipal council as referred to in section 157 of the Constitution
- b) Lesedi Local Municipality exercising a delegated power or carrying out an instruction, where any power in this policy has been delegated ,or sub delegated, or an instruction given as contemplated in section 59 of the Act;

“Credit control” means all functions relating to the collection of monies owed to the municipality by the rate payers and users of municipal services.

“Credit controller” means an official or person appointed by the Council to manage, inter-alia, the Council financial administration and debt collection of the Council's debtors.

“Customer” means owner of the premises to which the council has agreed to supply or is actually supplying municipal services, or if there is no occupier , then the owner of the premises.

“Customer management” means focusing on the client's needs in a responsive and proactive way to encourage payment, thereby limiting the need for enforcement of sanctions.

“Household” means the total number of people who occupy a property for residential purposes whether permanently or on a temporary basis, but excludes persons employed by the household;

“Indigent” means a household who cannot afford to make a full monetary contribution towards municipal charges for basic services and rates & taxes as determined by the Council

“Debtor” means a person owing an amount of money to the municipality for a reason other than through the provision of municipal services or a person worth/ or a person with an active consumer account

“Defaulter” means those persons owing the Council in respect of taxes and/or service charges for a period of more than 45 (forty five) days from the date of the account.

“Interest” constitutes a levy equal to service levies and is calculated at a rate determined by the Council on all services levies in arrears.

“MFMA” means the Local Government: Municipal Finance Management Act, 2003, (No 56 of 2003);

“MPRA” means the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004).

“Municipal Councillor” means a member of a municipal council

“Municipal official” means an official or an employee of the municipality

“Municipal services” means those services, rates and taxes reflected on the municipal account for which payment is required by the Council, as more fully defined in the Act.

“Municipal account” shall include levies or charges in respect of the following services and /or taxes:

- a) electricity consumption based on a meter reading or estimated consumption, or availability fees;
- b) water consumption based on a meter or unmetered reading or estimated consumption or availability fees;
- c) refuse removal and disposal;

- d) sewerage services or sewer availability fees;
- e) rates;
- f) interest, and
- g) miscellaneous and sundry fees and collection charges;

“Occupier” means any person who occupies any premises or part thereof, without regard to the title under which he/she so occupies.

“Owner” means-

- a) the person in whom from time to time is vested the legal title to premises;
- b) in a case where the person in whom the legal title is vested is insolvent or dead , or is under any form of legal title is vested is insolvent or dead , or is under any form of legal disability whatsoever , the person in whom the administration of and under control of such premises is vested as curator , trustee, executor, administrator, judicial manager, liquidator or other legal representative”
- c) in any case where the Council is unable to determine the identity of such person , a person who is entitled to the benefit of such premises of the building thereon;
- d) In the case of premises for which a lease of 30 years or more has been entered into , the lessee thereof
- e) In relation to-
 - i) A piece of land delineated on sectional plan registered in terms of the sectional titles Act 1986 ,(Act 95 of 1986) , and without restricting the above the developer or the body corporate in respect of the common property , or
 - ii) A section as defined in such Act , the person in whose name such section is registered under a sectional title deeds and includes the lawfully appointed agent of such person
- f) Any legal person including but not limited to;
 - i) A company registered in terms of companies act 1973(Act 61 of 1973), trust mortis, cause, a close Corporation registered in terms of the Closed Corporations Act, 1984(Act 69 of 1984) , a Voluntarily association
 - ii) Any department of state

- iii) Any council or board established in terms of any legislation applicable to the Republic of South Africa.
- iv) Any embassy or other foreign entity

“Premises” includes any piece of land, with or without any building or structure thereon, the external surface boundaries of which are delineated on-

- a) A general plan or diagram registered in terms of Land Survey Act, No 9 of 1927) or in terms of the Deeds Registry Act, No 47 of 1937;or
- b) A sectional plan registered in terms of the Sectional Titles Act, No 95 of 1986), which is situated within the area of jurisdiction of the Council.

“Property” means-

- a) Immovable property registered in the name of a person, including , in case of a sectional title scheme , a sectional title unit registered in the name of a person
- b) A right registered against immovable property in favor of a person , excluding a mortgage bond registered against the property
- c) A land tenure right registered in favor of a person or granted to a person in terms of any law ;or
- d) Public service infrastructure;

“Rates” means a municipal rate on property levied in terms Local Government; Municipal Property Rates Act, 2004 (Act No.6 of 2004), or any prior law/ordinance.

“Sundry and housing accounts” means an account where a person owes an amount to the municipality for a reason other than through the provision of municipal services

“Tamper” means interference with, damage to, alteration of, connection to or removal of any apparatus and includes the consumption or use of any services not in accordance with this policy

NB: words derived from the words defined have corresponding meanings unless, the context indicates otherwise.

A reasonable interpretation of a provision which is consistent with the purpose of this policy must be preferred over an alternative meaning which is not.

2. Application of the Policy

2.1 The policy only apply in respect of amounts of money due and payable to the Council for –

- (a) rates;
- (b) Fees and surcharges on fees in respect of the following municipal services:
 - (i) The provision of water and the availability thereof;
 - (ii) refuse removal and disposal
 - (iii) sewerage and the availability thereof; and
 - (iv) electricity consumption and the availability thereof;
- (c) interest which has or will accrue in respect of any amount of money due and payable or which will become due and payable to the Council in regard to rates and municipal services; and
- (d) collection charges;

2.2 The Policy also applies to any municipal service provided through pre-paid meters, in so far as the provisions may be relevant.

3. Implementing authority

The Municipal Manager must in terms of s 100 of the Act –

- a) Implement and enforce the Municipality's credit control and debt collection by-laws enacted in terms of this Act;

1. INTRODUCTION

The Local Government Municipal Systems Act (*Act 32 of 2000*) stipulates that a municipality must collect all money that is due and payable to it, subject to the act (*Act 320 of 2000*) and any other applicable legislation and the Municipal Finance Management Act (*56 of 2003*).

The Municipality must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provision of the Local Government Municipal Systems Act (*Act 32 of 2000*)

The municipality, in adopting this policy on credit control and debt collection, recognizes its constitutional obligations to develop the local economy and to provide acceptable services to its residents. The municipality cannot fulfill these constitutional obligations unless it extracts payment for the services which it provides and the taxes which it legitimately levies in full from those residents who can afford to pay, and in accordance with its indigent relief measures for those who have registered as indigents in terms of approved indigent policy.

It is vital to the long term financial viability of any municipality that it collects the revenues (such as levies, tariffs, rates and taxes) due to it for services rendered. In terms of Section 96 of the Local Government Municipal Systems Act 2000, a municipality:

- must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and

- For these reasons, the implementation of the credit control and debt collection policy cannot be compromised.

2. AIM OF THE POLICY

This policy aims to address the key issues and challenges of credit control and debt collection. The strategic aim is to create an enabling environment in which the objectives of credit control and debt collection can be realised.

3. OBJECTIVES OF THE POLICY

- 3.1 The objective of a credit control and debt collection policy is to define a framework within which effective procedures could be developed to identify defaulters. A further objective is to ensure that their failure to meet their financial obligations towards the municipality would be treated in a consistent, fair and effective manner.
- 3.2 In terms of Section 97 of the Local Government Municipal Systems Act 2000, a credit control and debt collection policy must provide for
- 3.3 Credit control procedures and mechanisms
- 3.4 Debt collection procedures and mechanisms
- 3.5 Indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents
- 3.6 Realistic targets consistent with generally recognized accounting practices and collection ratios; and the estimates of income set in the budget less an acceptable provision for bad debts.
- 3.7 Extensions of time for payment of accounts
- 3.6 Termination of services or the restriction of the provision of services when payments are in arrears
- 3.7 Matters relating to unauthorised consumption of services, theft and damages
- 3.8 Any other matters that may be prescribed by regulation in terms of section 104 of the Local Government Municipal Systems Act, 2000.

3.9 A Credit control and debt collection policy differentiates between different categories of ratepayers, users of services, debtors, tax services, service standards and other matters as long as the differentiation does not amount to unfair discrimination.

3.10 This policy is applicable equally to all municipal officials and municipal councillors without any exemption by virtue of the respective positions they occupy.

3.11 The effective and efficient implementation of this policy will improve the recovery rate of the municipality's debtors. In turn, this will contribute to the realisation of the constitutional objective of providing basic services for human dignity. Increased revenue forms the basis for effective service delivery, infrastructure development, and economic growth.

4. PRINCIPLES OF CREDIT CONTROL AND DEBT COLLECTION

4.1 Inherent in the credit control and debt collection policy is the municipality's vision of driving the right behaviour. The aim is to get municipal officials to adhere to acceptable standards of performance. The policy is also built on the principles of good corporate governance which can be defined as the system by which the municipality is directed and controlled.

4.2 The policy is therefore based on the following principles:

- discipline
- transparency
- independence
- accountability
- responsibility
- consistency
- confidentiality
- fairness; and
- Social responsibility.

4.3 This policy will not make allowance for unacceptable behaviour of any party.

4.4 Considering the socio-economic conditions such as the level of unemployment and poverty amongst other conditions presently prevalent in South Africa, the enforcement of payment for services will only be effective if based on acceptable principles. Furthermore, the ability to pay has to be separated from indigent members of the community.

4.5 The following principles should be considered:

4.5.1 The municipality should at all times be aware of the national credit control and debt collection initiatives. There are also numerous support mechanisms that the municipality needs to be aware of.

4.5.2 The municipal manager should report challenges that officials are experiencing to enforce credit control and debt collection to the municipal council. Reporting frameworks to the municipality for credit control and debt collection should be decided upon by the municipality.

4.5.3 Credit control and debtors procedures must be understandable, uniform, fair and consistently applied. Members of the community must understand these procedures to lessen possible disputes when applied. A fair, uniform system would ensure that any two community members in exactly the same situation would be treated in exactly the same way. This will enhance the community's perception of the municipality and aid in the acceptance of the procedures.

4.5.4 Credit control must be effective, efficient and economical. To be effective the credit control policies and procedures must result in the improvement of the recovery rate of the municipality's debtors.

4.5.5 The measures taken must be sustainable in the long term. Policies and procedures that are adopted should not be "quick fix" solutions but should lay the foundations for a system that can continuously and effectively address credit control issues.

4.5.6 A proper indigent policy must be in place. Such a policy will enable the municipality to differentiate between community members that cannot pay and those that simply don't want to pay.

4.5.7 The implementation of this policy requires the full cooperation of all sections within the municipality. The cooperation of the finance, engineering, and corporate service divisions are particularly important for the implementation of this policy.

4.5.8 Inherent in the credit control and debt collection policy is the Municipality's vision of driving the right behaviour. The municipality will not utilise service providers (including directors and owners) who have not settled their municipal accounts.

5. CREDIT CONTROL PROCEDURES

5.1 CONSUMER SERVICES

- a) The account delivered will serve as a notice for payment on or before the due date as printed on the account.
- b) Final letter of demand will be issued within 3 working days from the due date and grant consumers 7 working days to pay.
- c) An Acknowledgement of Debt must be completed with all arrangements for paying off arrear accounts. Copies must be handed to the client and filed on the DATA file.
- d) Debit orders / stop orders may be completed for the monthly payment of the agreed amount or at least the current amount, as far as possible. If the arrangement is dishonored, the full balance will immediately become payable.
- e) Extension for the payment will only be applicable to current accounts and valid for 15 days if approved. An application for the extension should be made on or before the due date of the current account as stipulated in the municipal account. The applicant

should be the registered owner as well as the consumer for the property which he/she is applying for.

- f) Arrangements for the payment of arrears together with the current accounts should not exceed the maximum of 12 months. The Accounting Officer will have discretion on settlement of older debt. Furthermore, the first payment must be made within 30 days of date of the agreement.
- g) Only account holders with positive proof of identity or an authorized agent with a Power of Attorney will be allowed to complete an Acknowledgement of Debt.
- h) Where cheques are returned "Refer to Drawer" the full balance will immediately become payable in cash. Electricity / water supply to such clients will be disconnected until the full amount is paid in cash or per bank guaranteed cheque. Furthermore, the privilege to pay with a cheque will be revoked.
- i) No person will be allowed to enter into a second agreement if the first agreement was dishonored, except in special merit cases or at the discretion of the Municipal Manager..
- i) Merit cases must be entered into a register, where special circumstances prevail, and must be treated individually and could amongst others include the following categories:
 - Unemployed persons.
 - Deceased estates.
 - Liquidated companies or CC's.
 - Private persons under administration.

- Outstanding enquiries on accounts, for example, misallocated payments, water leaks, journals, incorrect levies, etc.
- Pensioners.
- Any other cases not mentioned which can be regarded as merit cases due to circumstances.

Extension for payment of arrears in respect of merit cases should not exceed 12 months with the first payment within 30 days of the date of the agreement.

A report of all merit cases shall be reported to Council on monthly basis.

- k) When disconnection of electricity and / or water takes place due to non-payment, the consumer's deposit will be adjusted to the current minimum in terms of the by-laws if necessary.
- l) New consumer deposits for customers must be re-assessed three months after the initial deposit date, if necessary. A register must be maintained for this purpose and be attached on the stand file and the customer will be informed in this regard. Upon termination of debtors agreement with the municipality, the deposit will first be offset against any balance (if any) owed to the municipality and the remainder thereof will be refunded to the customer.
- m) Where power and / or water is illegally restored criminal proceedings will be instituted.
- n) Where water and electricity accounts remain outstanding or unpaid for more than 3 months, the account will be handed over for

collection and summons to the Attorneys or in-house, but before attachment can take place, a report must first be submitted to the Council for consideration.

- o) Once an account has been handed over for collection, the case will not be withdrawn unless there was a mistake or oversight on the part of the Council. A notice must be sent to the owner.
- p) If a household was approved as an indigent, the credit control and debt collection policy will be applicable on the household if the excess portion is not paid in full.
- q) The municipality, with effect from 1 July 2013, will consolidate all accounts so that owners, as opposed to tenants, are reflected as account holders for purposes of efficient and effective financial sustainability of the municipality.

5.2 Account information (Data capturing)

Accounts must contain the following particulars:

- a) Meter Number
- b) the consumption or estimated consumption of water and electricity as determined for the measuring or consumption period
- c) the measuring or consumption period for water and electricity
- d) the amount due based on the measured or estimated consumption
- e) the amount due and payable for any other municipal services
- f) the amount in arrears if any
- g) the interest payable on any arrears, if any, collection charges in so far as they may be relevant
- h) the final date for payment; and
- i) approved tariffs for the financial year

- j) Contact details, specifically the mobile number and the South African green barcoded identification document number (should not reflect on monthly statement).

5.3. Accounts administration

The Council must, subject to the provision of this policy endeavor to ensure that–

- a) In terms of S 64(2)(e) MFMA, the Municipality maintains a management, accounting and information system which recognizes revenue when earned, accounts for debtors and accounts for the receipt of all revenue collected;
- b) Our system contains mandatory fields that should be confirmed every time that council interacts with the consumer e.g. cell numbers, ID numbers and so forth. This will help in making use of ICT to send reminders like sms's and e-mails about outstanding of consumers.
- c) Consolidation of any separate accounts of persons liable for payments to the municipality;
- d) To credit any payment by such a person against any accounts of that person;
- e) Accurate metering of consumption at fixed intervals with minimum delay between services connection and first and subsequent rendering of accounts.
- f) Accurate and up-to-date information in accounts;
- g) Accurate monthly accounts with the application of the appropriate and correct prescribed fees , rates and other related amounts due to and payable to the municipality;
- h) The timely dispatch of accounts;
- i) Adequate provision and the efficient operation of facilities for payment of accounts throughout the municipal area;
- j) The appointment of agents to accept payments on behalf of the Council; and
- k) Implement any of the debt collection and credit control measures provided for in this policy in respect of any arrears on any of the accounts of a customer.

5.4. Rendering of accounts

- 5.4.1 Although the Municipality undertakes to render a monthly account of the amounts due by debtors, failure thereof does not relieve a debtor of the obligation to pay the amounts due. The onus is on the customer to make every effort to obtain the account copy for payment.
- 5.4.2. The Municipality must issue a duplicate account to the owner on request, at a fee (standard operating procedures be in place before implemented).
- 5.4.3 Accounts to ratepayers of municipal services must contain at least the following particulars:
- a) The name of the municipality
 - b) The name of the rate payers/users of the service
 - c) The service levies or rates in question
 - d) The property and address in respect of which the payment is required
 - e) The date before which payment must be made
 - f) Interest on late payment
 - g) Consequence of non-payment
 - h) Amount brought forward
 - i) Consumption for the current month reflecting units consumed and cost per service and
 - j) Total amount payable

5.5 Queries or complaints in respect of accounts (customer management)

- 5.5.1 A customer may lodge a query or complaint in respect of the accuracy of any amount due and payable in terms of an account rendered to him or her in terms of this policy.
- 5.5.2 A query or complaint must be lodged with the council before the due date for payment specified in the accounts concerned. No queries or complaints will be accepted on the due date for payment; merit will apply.
- 5.5.3 If a query or complaint contemplated in subsection 5.2.1 is lodged-

- a) before the due date for payment specified in the accounts concerned, an amount at least equal to the average amount that was due and payable in respect of rates or the municipal services concerned, as specified in the accounts for the preceding three months which are not in dispute, must be paid by the customer concerned before or on such due date; or
- b) after the due date for payment specified in the account concerned , such query or complain must if the full amount in dispute has not been paid , be accompanied by at least the amount specified in paragraph (a) ;and
- c) before or after the due date for payment specified in the accounts concerned, the customer concerned must pay the full amount of any account, insofar as it relates to rates or the municipal service concerned, rendered in respect of a subsequent period, before or on the due date for payment specified in such account, except insofar as that account may incorporate the amount in dispute.

5.5.4 An Authorized Official must register the query or complaint.

5.5.5 The Council must- Investigate or cause the query or complaint to be investigated within 14 days, or as soon as possible after the query or complain was received;

5.5.6 Consumer will be notified of all adjustments on his/her municipal account.

5.5.7 Should the Council find no irregularities after the investigation, the amount due will be payable immediately.

5.6 UNMETERED SERVICES

That the following procedure will be followed in respect of assessment rates, refuse, sewerage and sundry charges and unmetered properties:

- i) The same procedure in respect of arrangements for paying off arrears or extension of payment as for water and electricity will apply.

- ii) If no response has been received within 3 months those that are accounts still outstanding will be handed over to the Council's Attorneys for collection, and the defaulter summonsed.
- iii) Where an account remains unpaid on a property that is unmetered, the above procedures will apply.

5.6.1 Amount due for assessment rates

- a) All assessment rates due by property owners are payable at a date as determined by Council
- b) Joint owners of property shall be jointly and severally liable for payment of assessment rates
- c) Assessment rates may be levied as an annual single amount or in equal monthly installments
- d) Payment of assessment rates may not be deferred beyond the fixed date by reason of an objection to the valuations roll
- e) A ratepayer is liable for payment of a rate whether or not a written account from Council has been received. Rate payers must make the necessary inquiries from the Municipality if they have not received an account.

5.6.2 Payment of rates on property in sectional title schemes

- a) Rates levied by the municipality on a sectional title unit is payable by the owner of the unit
- b) A Municipality may not recover the rates on a sectional title unit, or any part of such rates from the body corporate controlling the sectional title scheme, except when the body corporate is the owner of any specific sectional title unit.

- c) A body corporate controlling a sectional title scheme may not be appointed to collect rates from the owners of the sectional title units in the scheme.

5.6.3 Recovery of rates from agents

- a) The Municipality may, despite the Estate Agent Affairs Act, 1976 (Act No. 112 of 1976) recover the amount due for rates on a property in whole or in part from the agent of the owner if it is more convenient for the municipality.
- b) The municipality may recover the amount due for rates from the agent of the owner only after a written notice has been issued to the agent
- c) The amount the Municipality may recover from the agent is limited to the amount of rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

5.6.4 Recovery of rates in arrears from tenants and occupiers

- a) If the amount due for rates levied in respect of a property is unpaid by the owner of the property after the date of the determined in terms of section 26(2) of the MPRA, the Municipality may recover the amount in whole or in part from the tenant or occupier of the property, despite any contracted obligation to the contrary on the tenant or occupier.
- b) The Municipality may recover from the tenant or occupier of a property in terms of subsection (1) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or the occupant to the property.
- c) Any amount a municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner.
- d) The tenant or occupant of a property must, on request by a municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for the rent or other money payable on the property during a period determined by the municipality.

5.6.5 Liability of company directors for assessment rates

- a) Where a company, close corporation or body corporate in terms of the Sectional titles Act 1986 is responsible for the payment of any arrear amounts to the Council, the liability of such entity shall be extended to the directors or members thereof jointly and severally, as the case may be on condition that they sign surety.

5.6.6 Disposal of Council property and payment of assessment rates

- a) The purchaser of Council property is liable for the payment of assessment rates on the property in respect of the financial year in which the purchaser becomes the new owner.
- b) In the event that the Council repossesses the property, any outstanding and due amounts in respect of assessment rates shall be recovered from the sale process.

5.7 DISCONNECTION PROCEDURE

ELECTRICITY.

5.7.1 That the order procedure of disconnection of electricity to defaulters be as follows:

- (i) Switch off the circuit breaker and seal it [if the method fails - (ii) applies]; (defaulters).
- (ii) The removal of the circuit breaker. [If the method fails - (iii) applies];(defaulters).
- (iii) The removal of a meter. [If method (i) and (ii) fails – method (iii) applies and if the customer fails to pay or replace them

or re-connect in some other way] (Illegal connection and or any other)

(iv) Removal of the underground supply cable. [If the resident fails to pay or replace them or re-connect in some other way - (iv) applies]. (Illegal connection and or any other). A notice will be issued in this regard.

v) Issuing of summons or a criminal charge.

(vi) The Council will apportion monies received in respect of any debt contemplated in this policy at its sole discretion and the first apportionment will be prioritized to rates and taxes and basic charges, and

a) 60/40 approach will be used as the credit control mechanism to recoup arrears in other services owed to the municipality. 60% represents the outstanding debt and 40% represents the purchases of pre-paid electricity, provided the current account is paid in full on a monthly basis.

b) If any amount due and payable to the Council in terms of this policy has not been paid in full, any lesser amount tendered to and accepted by any official of the Council, does not constitute payment in full and final settlement in writing, under a power delegate or sub-delegated to such official in terms of section 59 of the Act or by a service provider (debt collector) of "Council".

- 5.7.2 Any action to be taken in implementing the Council resolution with regard to the delivery of summons and the cutting of cables must be communicated to the South African Police Services (SAPS), if necessary.
- 5.7.3 When cables are cut, a follow-up must be made in order to ensure that residents do not reconnect themselves before paying their accounts.
- 5.7.4 The Ward Committees must be used with Community Development Worker (CDW'S) and Ward Committees to specifically assist where applicable in the educational and information aspects of the Masakhane Campaign in Lesedi.
- 5.7.5 10% of the arrear account for residential and 20% for businesses and other, plus current account including the reconnection fee must be paid by consumers before arrangements are made for the payment of arrears and before they are reconnected.
- 5.7.6 Administrative costs (penalty fees) /cable and meter fees must be paid in full before reconnection can take place.
- 5.7.7 If the owner wants to change from conventional meter to a pre-paid meter, all arrears must be paid in full before the meter could be changed; cost for new reconnection.
- 5.7.8 If services were disconnected (normal) due to non-payment, the municipality will reconnect the services within 48 hours after the payment is made.
- 5.7.9 If services were disconnected (cable/meter) due to tampering of the

meters, the municipality will reconnect the services within three (3) maximum working days after the payment(including penalty and cable fees) is made.

5.7.10 If services were disconnected due to non-payment, only cash, bank guaranteed cheque and EFT will be accepted to re-instated the services. **NO CHEQUE PAYMENTS WILL BE ACCEPTED.**

5.8 CASH ALLOCATION

5.8.1 For consolidated accounts the Municipality may in accordance with section 102 of the Act credit any payment by a customer against any account of that customer.

5.8.2 Any amounts paid may be appropriated to the oldest debt first where there are separate accounts.

5.8.3 Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future charges and fees for municipal services, and no interest will be payable on that amount.

5.8.4 The Municipality's allocation of payment is not negotiable and the customer may not choose which services to pay.

5.9 BUSINESSES WHO TENDER TO THE MUNICIPALITY

5.9.1. The Municipality will at its sole discretion check whether all the Municipal accounts are up to date.

5.10 INCENTIVE SCHEME

Incentive scheme to encourage payments of arrears

5.10.1 An incentive scheme will be applied in a form of interest reversal and extension of payment period to encourage ratepayers and consumers who are in arrears in

respect of the payment of their accounts to clear their outstanding debt within a reasonable period of time.

5.10.2 This practice will only be valid for a limited period of time, where after the Council will revert to normal sanctions to those customers who remain in default.

The following will be applicable:

- a) The threshold for the application of the interest reversal is for an amount of R3000.00 and above.
- b) The 24 months interest raised on arrears will be granted and written back on full settlement of outstanding debt.
- c) Interest reversal will be applied once per debtor per 24 months.
- d) Interest reversal will not be applied on clearance applications
- e) Extension of payment period to 24 months upon down payment of 30% of the outstanding debt.

5.10 NEW CONSUMERS.

The municipality will only open service account for registered owners / land lords and the registered owners / landlords will be responsible for their tenants except for Government properties, Municipal properties and old age homes.

5.11.1 Rates and taxes accounts must be paid in full by the owner.

5.11.2 ID copies of the owner must be attached.

5.11.3 A deposit determined by the municipality must be paid in full before services can be provided to the owner.

5.11.4 If signed on behalf of another legal person, authorization thereto must be attached to this agreement.

5.11.5 In case of a new building, supply will not be connected if the electrical wiring has not been approved by the electrical department.

5.11.6 In case of a new connection a quotation of the electrical department must be attached.

5.11.7 In the case of Companies and other legal entities a covering power of Attorney must be attached to the agreement and surety by directors and members.

5.12. Dishonored payments

5.12.1 Where any payments made to the municipality by cheque or debit order is later dishonored by the bank, the municipality will levy costs and administration fees against an account of the defaulting debtor in terms of the municipality's tariffs provisions.

5.12.2 The authorised official may, in his discretion, require a defaulter to pay by cash with immediate effect and failure to recover such monies will result in services being terminated.

5.12.3 The Municipality reserves the right to take legal action on default payments for recovery of arrears.

5.12.4 the onus lies with the consumer to ensure that the debit order is sufficient to settle the account.

5.13. Interest charges

Interest will be charged on any overdue amounts in accordance with the approved tariff policy.

5.14. Interest payable on cash deposits

No interest will be paid on cash deposits held by the municipality.

5.15. Legal fees

All legal costs, including attorney and own client costs incurred in the recovery of amounts in arrears shall be levied against account of the debtor.

6. TAMPERING OF METERS AND ILLEGAL CONNECTIONS

- 6.1 The Occupier or, if there is no Occupier, the owner of any premises, supplied with Electricity/ water on which tampering is committed shall be deemed to be guilty of that tampering and will be liable to pay a penalty charge determined in terms of the Tariff Policy and additional actual service costs for Electricity / water for tampering
- 6.2 The Electricity/ water will only be reconnected with the penalty fee and additional service costs have been paid in full.

7. ELECTRICITY AND WATER ADMINISTRATION FEE

- 7.1 The administration fees for electricity and water reconnection will be payable as detailed in the tariff policy.

8. WATER & ELECTRICITY DEPOSIT'S

- 8.1 The deposits will be payable as detailed in the tariff policy
- 8.2 On any default of payment or usage the Council will review the deposit payable as if it was a new account.

9. INDIGENT MANAGEMENT

- 9.1 Credit control measures will be exercised on excess portion of the consumption.
- 9.2 Indigents will only be recognized as indigents once the application has been approved by council.
- 9.3 Upon clearance application, the debt that was reversed as per the Indigent Policy will be re-instated.

10. MISCELLANEOUS

10.1 Reporting of defaulters

The Council may in its discretion through an authorized official report persons owing the Council monies to bodies that collate and retain such information, the information that would be included in such a report shall be the available personal information of the defaulter, or in the event of a legal person, the available statutory details, including information pertaining to the responsible officer of such legal person.

10.2. Compliance with Indigent Household Policy, Tariffs and Rates Policy

The Council's Indigent Household Policy, Tariffs and Rates Policy must comply with the stipulations of this Policy.

10.3 Preservation of rights consequent on non-compliance

A failure by the Council to render an account in terms of section 8(1) or to comply with any other provision of this Policy does not in any way affect the liability of any person to pay any amount due and payable to the Council as contemplated in this Policy, nor the Council's right to recover such amount.

10.4 Offences and Penalties

Any person who –

- (a) Fails to give the access required by an authorized official in terms of this Policy
- (b) Obstructs or hinders an authorized official in the exercise of his or her powers or performance of functions or duties under this Policy

- (c) Uses or interferes with Council equipment or consumption of services supplied
- (d) Tamper or breaks any seal on a meter or on any equipment belonging to the Council, or for any reason as determined by the Accounting Officer causes a meter not to properly register the service used
- (e) Fails or refuses to give an authorized official such information as he or she may reasonably require for the purpose of exercising his or her powers or functions under this Policy or gives such an officer false or misleading information knowing it to be false or misleading
- (f) Contravenes or fails to comply with a provision of this Policy: –

Shall be guilty of an offence and be liable upon conviction to a fine determined in terms of tariff policy and additional actual service costs for contravention.

- (g) A consumer's decision to dispute an account shall not entitle him to defer payment beyond the due date stipulated in the account.
- (h) In the event of the council not being able to again access to a meter for 2 consecutive meter readings the council may forthwith discontinue the supply of electricity in respect of the premises to which that meter relates or the council may remove the meter from the yard and the registered owner will be charged accordingly.

10.5 Prima facie evidence of documentation

10.5.1 for the purposes of the recovery of any amount due and payable to the Council in terms of this policy –

- (a) a copy of any relevant account; and
- (b) an extract from the Council's records relating to the quantity of consumption or provision of any municipal service and the period of provision of such service,

Certified by an authorized official as being correct, constitute prima facie evidence of the information contained in such documents.

10.6 Conflicting laws

If there is any conflict between a provision in this policy and a provision of any other policy of the Council, the provisions of this policy shall prevail.

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| 11. REVIEW OF POLICY AND PROMULGATION OF BY - LAWS |
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Council shall ensure that by-laws are promulgated to give effect to its credit control and debt collection policy.

Council shall further ensure that this policy is annually reviewed as part of the process of preparing the annual budget, and that any resultant amendments to the policy are consequentially effected in its by-laws.

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