

Ulundi Local Municipality

“The City of Heritage”



Credit Control and Debt Collection Policy And Procedures 2018/2019

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GLOSSARY OF TERMS

"ULM":	Ulundi Local Municipality
"AO":	Accounting Officer (i.e. Municipal Manager)
"CFO":	Chief Financial Officer
"GRAP":	Generally Recognised Accounting Practice
"HOD":	Head of Department
"IAS":	International Accounting Practice
"MFMA":	Municipal Finance Management Act (No. 56 of 2003)
"MM":	Municipal Manager (i.e. Accounting Officer)
"MSA":	Municipal Systems Act (No. 32 of 2000)

1 PREAMBLE

- 1.1 Whereas Section 96 of the Local Government: Municipal Systems Act (MSA), Act 32 of 2000, requires a municipality to adopt, maintain and implement a Credit Control and Debt Collection Policy,
- 1.2 And whereas Section 97 of the MSA prescribes what such policy must provide for,
- 1.3 Now therefore, the Municipal Council of the Ulundi Local Municipality adopts this policy.

2 OBJECT

- 2.1 The object of this policy is to:
- (a) Focus on all outstanding debt as raised on the debtor's account.
 - (b) Provide for a common credit control and debt collection policy.
 - (c) Promote a culture of good payment habits amongst debtors and instil a sense of responsibility towards the payment of accounts and reducing municipal debt.
 - (d) subject to the principles provided for in this policy, use innovative, cost-effective, efficient and appropriate methods to collect as much of the debt in the shortest possible time without any interference in the process; and.
 - (e) Effectively and efficiently deal with defaulters in accordance with the terms and conditions of this policy.

3 DEFINITIONS

TERM	DETAIL
Act	The Local Government Act: Municipal Systems Act, 2000 (Act 32 of 2000) as amended.
3rd Parties Debt Collection Agencies	Means any person or juristic person that collects debt on behalf of the Municipal.
"Administration of Estates Act"	means the Administration of Estates Act, 66 of 1965
"advanced collection"	Means any estimated amount that will be collected as a security for any debt, inclusive of any estimated tenant debt, that may accumulate against the property during the validity period of a certificate issued in terms of section 118 of the Systems Act.
"child-headed household"	Means a household where all the occupants of a residential property are younger than 18 years old. A child-headed household is a household consisting only of children
"Municipality"	means the Ulundi Local Municipality
"Dispute"	means a dispute as referred to in section 102 (2) of the Municipal Systems Act as read with paragraph 7 of this policy
"MFMA"	means the Local Government: Municipal Finance Management Act, 56 of 2003

TERM	DETAIL
"household income of a housing debtor"	means the total gross income of both the debtor and the debtor's spouse or partner and (20) twenty percent of the gross income of any other person living in or on the premises
"income"	Means the gross household income from all sources such as salaries, wages, dividends, pensions, grants, support, rentals, board and lodging, interest received donations and any other form of financial support, received by every person residing on the property.
"indigent relief"	Means the applicable indigent relief as determined by Council from time to time.
"Insolvency Act"	means the Insolvency Act, No. 24 of 1936
"prepayment meter"	means any meter that can be programmed to allow the flow of a pre-purchased amount of energy in an electrical circuit or a pre-purchased amount of water supplied through a water meter
"prepayment electricity meter"	means a meter that can be programmed to allow the flow of a pre-purchased amount of energy in an electrical circuit
"property"	<p>means—</p> <p>(a) immovable property registered in the name of a person, and includes a unit as defined in section 1 of the Sectional Titles Act, 1986 (Act No. 95 of 1986); or</p> <p>(b) a right registered against immovable property in the name of a person</p>
"Property Rates Act"	means the Local Government: Municipal Property Rates Act, 6 of 2004
"Rate" or "rates"	means a municipal rate as defined in section 1 of the Property Rates Act and includes any additional rates on property as envisaged in section 19 (1) (d) and section 22 of the Property Rates Act
"sundry"	means any sundry debt raised on a municipal account
"Supply Chain Management Policy" Defaulter	<p>means the Ulundi Local Municipality: Supply Chain Management Policy</p> <p>A person who owes money to the Municipality after due date has expired.</p>

4 PRINCIPLES AND GUIDELINES

4.1 This policy takes into account the following principles and guidelines:

- (a) human dignity must be upheld at all times;
- (b) this policy must be implemented in accordance with equity, fairness and consistency;
- (c) every reasonable effort should be made to ensure that details related to the debt and the account of the debtor are correct at all times;
- (d) the Municipal Manager may treat any debt, and arrangements to repay arrears holistically, but different repayment periods or methods may be determined for different types of service, debtors or areas within the general rule that the repayment period should take into consideration the financial capacity of the debtor;
- (e) the implementation of this policy is based on sound business practices and applicable legislation;
- (f) New applications for services will be subject to prescribed credit information and outstanding amounts may be transferred to the new account. All information furnished on the application form may be verified by the Municipal with any or all data information institutions, credit information bureaux and any financial institutions as may be deemed necessary by the Municipal in determining the applicant's credit worthiness. The Municipal reserves its rights to share bad payment behaviour in a responsible manner with the aforesaid institutions, should it become necessary to do so, as determined from time to time;
- (g) where alternatives are available the Municipal may provide reduced levels of service to manage the debt growth;
- (h) debtors may be referred to 3rd party debt collection agencies and may be placed on the National Credit Rating List;
- (i) If an account is not paid by the due date, at least 30 (thirty) days will be allowed to elapse before interest is charged. Interest will be equivalent to a full month from this date for each month, or part thereof, that the account is overdue; or unless specifically provided for in other agreements;
- (j) for purposes of an arrangement a debtor may be required to co-operate with any reasonable measures that might be required to reduce their level of use of consumable services to affordable levels
- (k) the terms and conditions as contained in any prescribed form or document utilised in implementing this policy, forms part of this policy and are incorporated therein as specifically stated;
- (l) The suspension of any debt management action, when interrupted for whatever reason, shall, where practical, continue from the previous action taken.
- (m) Service of documents and processes may be in accordance with Section 115 of Municipal Systems Act.
- (n) All legal costs, including attorney-and-own-client costs incurred in the recovery of arrears, shall be levied against the debtors account.
- (o) where a company, closed corporation, trust in terms of the Trust Property Control Act No. 57 of 1988, home owners association or a body corporate in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), is indebted to this Municipality, the liability for such arrears may be extended to the Directors, Members or Trustees thereof jointly and severally; and

- (p) the directors, members or trustees thereof shall be considered to have provided this Municipal with a guarantee that such debt shall be recoverable from themselves in their personal capacity with each being jointly and severally liable for such debt, the one paying the other to be absolved;
- (q) where any subsidiary company of a holding company is indebted to this Municipal, the liability for such arrears may be extended to the holding company; and
- (r) where any holding company is indebted to this Municipal, the liability for such arrears may be extended to any subsidiary company;
- (s) notwithstanding anything contained in this policy the Municipal Manager may recover any debt incurred at a property from the owner of that property; and
- (t) Any reference to any rand value or measured quantity as reflected in this policy may be determined or amended by Council from time to time.

5. ENFORCEMENT MECHANISMS – DEBT COLLECTION

5.1. Municipality's powers to restrict or disconnect supply of services

- 5.1.1. Customers who are in arrears with their municipal accounts and who have not made arrangements with the council will have their supply of electricity, and other municipal services, suspended, disconnected or restricted.
- 5.1.2. Council reserves the right to deny or restrict the provision of electricity to customers who are in arrears with their rates or any other municipal charges.
- 5.1.3. The cost of the restriction or disconnection, as for the reconnection, will be determined by tariffs agreed by Council and will be payable by the customer.
- 5.1.4. The Municipality shall not conduct any business activity with or provide any services to any persons who are in arrears with municipal accounts except as provided for in legislation or policy and as determined by the Municipal from time to time, nor will any refunds of credits be made to any debtor or any debtor's nominee who is indebted to the municipality.
- 5.1.5. The municipality may, in addition to any other provision in this policy, restrict or disconnect the supply of electricity, or discontinue any other service to any premises if-
 - a. the account is not settled or there is no response from the debtor to make arrangements to repay the debt:
 - 1. if the consumer owns more than one property within the jurisdiction of Ulundi Local Municipality the services in any of his/her properties may be disconnected if one of them falls into arrears.
 - 2. if a consumer owns properties, for example A and B and property "A" has credit balance while "B" has a debit balance, the Municipal Manager has a right to offset the debt of property "B" with the credit of property "A" without the owner's consent.
 - 3. Should it transpire that a consumer is a tenant in the property that is indebted to the municipality such debt must be recovered from the property owner. This applies across the board.
 - 4. In the event of vacant land purchased, registered and transferred to the name of the purchaser should within a period of two (2) years erect or construct or develop, failing which the council has the right in terms of the

sale agreement signed by both parties to dispose off the vacant land to Ulundi Municipality without further notice to the other party.

5. Should the owner of a vacant property desire to surrender the property to the municipality for any reason(s) he/she can do so in writing and address such request to the Municipal Manager. Further, billing of property rates and other services to the same property shall be discontinued and the accumulated debt shall be written off on transfer of the property back into the municipality's name.
 6. The allocation of prepaid electricity purchased by domestic electricity consumers who owe property rates will be as follows:
 - (i) 70 % is for electricity
 - (ii) 30 % is for arrear debt.
- b. The municipality will bill registered owners of properties for refuse removal, electricity consumption and any other services provided by the municipality. There will be a phasing in period of 12 months for this change in policy with respect to electricity consumption, refuse removal and any other services provided by municipality.

5.2. Interest and charges

5.2.1. Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.

¹ Section 97 (g) of the Local Government: Municipality Systems Act, 2000 provides that a credit control and debt collection policy must provide for termination of services or the restriction of the provision of services when payments are in arrears.

² Section 97 (e) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for interest on arrears, where appropriate.

5.2.2 The following provisions apply to rates and services:

- (a) interest of 5% per annum shall be charged on all overdue rates and other service accounts;
- (b) if the account is not paid by the due date as displayed on the account the Municipal Manager may issue any notice in terms of this policy showing the total amount owed to the Municipal;
- (c) if the account is not settled or there is no response from the debtor to make arrangements to repay the debt:
 - the supply of any service to the property may be restricted, disconnected, or discontinued in terms of section 9 and 10 of the Credit Control and Debt Collection By-law and items 8 (7) and 11 of this policy; and
 - irrespective of the exercise of the powers by the Municipal Manager in terms of Section 9 and 10 of the Credit Control and Debt Collection By-law and sections 8 (7) and 11 of this policy summons may be issued and the legal process followed.

5.3. Notification

- 5.3.1. Council will endeavour, within the constraints of affordability, to notify arrear debtors on the state of their arrears and to encourage them to pay. They will be informed on their rights (if any) to conclude arrangements or to apply for indigent subsidies should they comply with the conditions, and other related matters.
- 5.3.2. Such notification is not a right to debtors with arrears but a courtesy from the Council to improve payment levels and relations. Disconnection / restriction of services and other collection proceedings will continue in the absence of such notices and contact with debtors for whatever reason.

5.4. Legal Process / Use of attorneys / Use of credit bureaus

- 5.4.1. When steps to collect arrears have been taken and failed, Council will commence the legal process with that debtor, which process could involve the execution of judgements including sales of properties.
- 5.4.2. Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.
- 5.4.3. Council will establish procedures and codes of conduct with these outside parties.
- 5.4.4. Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.
- 5.4.5. All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.
- 5.4.6. All costs of legal processes, including interest, penalties, service discontinuation costs and legal costs associated with credit control and debt management are for the account of the debtor and should reflect at least the cost of the particular action.
- 5.4.7. Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus. This release will be in writing and this situation will be included in Council's agreement with its customers.
- 5.4.8. Council may consider the cost effectiveness of this process, and will receive reports on relevant matters, including cost effectiveness.
- 5.4.9. Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors; and will be closely monitored by Council.
- 5.4.10. Customers will be informed of the powers and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.
- 5.4.11. Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.

5.5. Misrepresentation

- 5.5.1. Debtors found to have misrepresented themselves in order to benefit from any of the Municipal's relief or any benefit will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief or any benefits that have been received, will be reversed by the Municipal Manager; and
- (a) any person who has received any benefit or relief in terms of this policy and who has misrepresented themselves in order to qualify for such benefit or relief will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all benefits or relief received, will be reversed by the Municipal Manager; and
- (b) The Municipal Manager shall report any misrepresentation in terms of this policy to the South African Police Services.

5.6. Theft and fraud

- 5.6.1. Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters or any other supply equipment or committing any unauthorized service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time ¹.

¹ Section 97 (h) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for matters relating to unauthorized consumption of services theft and damages.

- 5.6.2. Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- 5.6.3. The total bill owing, including penalties, assessment of unauthorized consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 5.6.4. Council will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.
- 5.6.5. Council may distinguish in its penalties between cases of vandalism and cases of theft.
- 5.6.6. Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 5.6.7. Council reserves the right to lay charges and to take any other legal action against both vandals and thieves.
- 5.6.8. Any person failing to provide information or providing false information to the municipality may face immediate disconnection.

6.1. Query or verify

- (a) In this sub-item to query or verify an account refers to the instance when a debtor queries any specific amount or any content contained in any account as rendered by the Municipal to that person as per the process contained herein;
- (b) any query can be raised orally in person at any walk in centre, via the Municipal's Customer Care Centre or by way of correspondence;
- (c) when a debtor queries an account such debtor must furnish full personal particulars including any acceptable means of identification, all account numbers held with the Municipal, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the Municipal;
- (d) a debtor may be represented by a duly appointed nominee or agent; and such nominee or agent shall, upon request, produce sufficient proof of such appointment;
- (e) notwithstanding any query on any account the account must still be paid, in terms of the provisions contained in this policy, pending the outcome of the query;
- (f) any person who is querying the whereabouts of any account not received shall receive prompt and efficient assistance;
- (g) all queries shall be dealt with as promptly and efficiently as possible by the Municipal;
- (h) should a debtor not be satisfied with the outcome of the query, a debtor may lodge an appeal in terms of Section 62, as read with Section 95 (f), of the Municipal Systems Act;
- (i) the onus will be on the debtor to ensure that a written acknowledgement of receipt is received for any correspondence lodged with the Municipal; and
- (j) The onus will be on the debtor to ensure that a suitable response to any query is received.

6.2. Dispute

- (a) In this sub-item a "dispute" refers to the instance when **a debtor disputes any specific amount claimed by the Municipal from that person.**
- (b) any person who has a dispute with this Municipal has a right, in terms of Section 34 of the Constitution, to have any dispute that can be resolved by application of law decided in a fair public hearing before a court or, where appropriate, another independent or impartial tribunal or forum;
- (c) where the dispute process has been implemented in terms of, Section 102 (1) of the Municipal Systems Act will be applicable;
- (d) the Municipal Manager has a right to declare a dispute on any specific amount claimed by the Municipal from any person as may be considered necessary; and
- (e) Disputes lodged with the Municipal prior to the implementation of this policy, in terms of any previous policy, shall continue to be dealt with in terms of that policy.

6.3.General

- (a) The Municipal Manager may require that any official attend any meeting in order to assist with the investigation relating to the facts surrounding any query, verification of any account or any dispute; and
- (b) The Municipal Manager has the right to call for any document, computer data or record which in his or her sole discretion is deemed necessary to assist in attempting to deal with any issue referred to in this policy.

7. METERING EQUIPMENT AND METERING OF SERVICES

7.1. Metering equipment and measuring consumption

- 7.1.1 All meters will be read monthly, if at all possible. If the meter is not read monthly the Council will estimate the consumption in terms of council's operational procedures;
- 7.1.2 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 7.1.3 Customers will be informed of meter replacement.
- 7.1.4 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an estimated consumption. The account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption.
- 7.1.5 The municipality shall be entitled to monitor its service network for signs of tampering or irregularities.
- 7.1.6 No person may in any manner or for any reason whatsoever tamper or interfere with any meter or metering equipment or service connection or service protective device or any other equipment of the municipality.
- 7.1.7 Where prima facie evidence exists that a consumer or any person has contravened (7.1.8), the municipality shall be entitled to disconnect the supply immediately and without prior notice to the account holder, and the account holder is liable for all fees and charges levied by the municipality for such disconnection.
- 7.1.8 Where an account holder or any person has contravened (7.1.8) and such contravention has resulted in the meter recording less than the true consumption, the municipality shall be entitled to recover from the account holder the full cost of the estimated consumption.

7.2 Power of entry and inspection

- 7.2.1. A duly authorized representative of the municipality may for any reason related to the implementation or enforcement of this policy and/or the Council's Credit Control and Debt Collection By-law, at all reasonable times or in emergency at any time, enter

premises, request information and carry out such inspection as he deems necessary, and may for purposes of installing or repairing any meter or service connection for reticulation, disconnect, stop or restrict the provision of any service.

- 7.2.2 The owner of a property will be responsible for the cost of relocating a meter if satisfactory access is not possible.
- 7.2.3 Building plans should only be approved if placement of electricity meter is allocated on the sidewalk where it is accessible to the Municipality. In cases where building plans are submitted for improvements to dwellings where meter(s) are still inside the premises, it will be a requirement for approval that meters be relocated to the sidewalk on account of the owner/applicant.
- 7.2.4. If the municipality considers it necessary for any work to be carried out to enable an officer to perform a function referred to in 7(1) above properly and effectively, it may -
 - (a) by written notice require an account holder to do, at own expense, specified work within a specified period;
 - (b) If the situation is a matter of urgency, without prior notice do such work or cause it to be done at the expense of the account holder.

7.3 Resale of electricity

- 7.3.1. No account holder who is supplied with metered services in terms of this policy may sell or supply electricity, supplied to the account holder's premises under an agreement with the municipality, to any other person or persons for such use upon any premises other than those in respect of which such agreement is made, or permit or suffer such resale or supply to be made, unless provision has been made therefore in a special agreement with the municipality or unless prior authority has otherwise been obtained from the municipality to do so.
- 7.3.2. If the municipality grants permission as referred to in 7.3.1, it may stipulate the maximum price at which the electricity may be sold and impose such other conditions as it may deem fit.
- 7.3.3. Permission referred to in subsection 7.3.1 may be withdrawn at any time.
- 7.3.4. Where electricity is resold for use on the same premises, such resale must be in accordance with the tariff and subject to such conditions as the municipality may decide.

8 ACCOUNTS AND BILLINGS

- 8.1.1 Customers on the billing system will receive an understandable and accurate bill from the municipality, which bill will consolidate all service costs for that property.
- 8.1.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 8.1.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality.
- 8.1.4 It is the customer's responsibility to ensure that postal address and other contact details are correct.

- 8.1.5 It is the customer's responsibility to ensure timeous payment in the event of accounts not received.
- 8.1.6 Settlement or due dates will be as indicated on the statement
- 8.1.7 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- 8.1.8 Where any payment made to the municipality or its authorised representative by negotiable instrument is later dishonoured by a bank the municipality or its authorised agent:
- (a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the customer.
 - (b) Shall regard such an event as a default on payment.
- 8.1.9 This Municipal, in terms of Section 102 (a) of the Municipal Systems Act, considers all separate accounts of a person liable for payment to this Municipal, to be consolidated, and includes all pre-paid services for which no account is rendered.
- 8.1.10 Payment of any undisputed debt, will be allocated to the debtors account as follows-
- (a) allocation to down payments; then
 - (b) allocation to penalty fees (e.g. RD charges); then
 - (c) payments received via third party receipting will always be allocated as per sub-item (e) below; then
 - (d) if there is a partial payment the allocation shall be as follows-
 - (i) Payments are allocated from oldest debt to youngest debt until all debt is paid.
 - (e) A debtor may make a payment at a municipal cashier, which has the facility to allocate the payment. The payment will then be allocated as specified.
 - (f) Subject to section 102 of the Systems Act the Municipal Manager has the right to offset any credit, or any amount due to a debtor, against any debit pertaining to that same debtor; or
 - (i) To transfer any debt to another account of that same debtor.
 - (g) The Municipal Manager may apply any of the credit control and debt collection measures, contained in this Policy, with the relevant changes that the context may require, for any debt.

8.2 ACCOUNTS OF COUNCILLORS AND MUNICIPAL STAFF IN ARREARS

- 8.2.1 Staff arrears will be dealt with in terms of item 10 of Schedule 2 to the Municipal Systems Act and in terms of any procedures, method or actions referred to in this policy. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipal Manager shall deduct any outstanding amount from such staff members' salary after the 3 (three) month period referred to in item 10 of Schedule 2 to the Systems Act, has elapsed; or
- (a) The Municipal Manager shall deduct any outstanding amount from such staff members' salary.
- 8.2.2 In accordance with Schedule 1, item 12A of the Systems Act, a Councillor of the Municipal may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the Municipal. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipal Manager shall deduct any outstanding amount from such Councillor's remuneration after this 3 (three) month period has elapsed; or

- (a) The Municipal Manager shall deduct any amounts outstanding from such Councillor's remuneration after a period of not more than 3 (three) months from the due date thereof.

9 IRRECOVERABLE DEBT

9.1 *Criteria for irrecoverable debt*

1. Debt will only be considered as irrecoverable if it complies with one or more of the following criteria:
 - (a) all reasonable notifications and cost-effective legal avenues have been exhausted to recover a specific outstanding amount; or
 - (b) any amount equal to or less than R500.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
 - (c) To limit the costs associated with external debt recovery processes, only debts exceeding a R50, 000 threshold shall be referred to or handed over to an independent collection agency. Any amount less than this value shall be pursued using internal processes.
 - (d) the cost to recover the debt does not warrant further action; or
 - (e) the amount outstanding relating to insolvency;
 - i. is the residue after payment of a dividend in the rand from an insolvent estate; or
 - ii. there is a danger of a contribution;
 - iii. no dividend will accrue to creditors; or
 - iv. There are insufficient funds to cover any preference afforded by Section 118 (3) of the Municipal Systems Act.
 - (f) the amount outstanding relating to a deceased estate;
 - i. has no liquid assets to cover the outstanding amount following the final distribution of the estate; or
 - ii. Where the estate has not been reported to the Master and there are no assets of value to attach.
 - (g) it has been proven that the debt has prescribed;
 - (h) the debtor is untraceable or cannot be identified so as to proceed with further action;
 - i. The debtor has emigrated leaving no assets of value to cost-effectively recover Councils claim.
 - (i) it is not possible to prove the debt outstanding; or
 - i. a court has ruled that the claim is not recoverable;
 - ii. the claim is subject to any order of court;
 - iii. the claim is subject to an out of court settlement agreement; or
 - (j) the outstanding amount is;
 - i. due to an irreconcilable administrative error by the Municipal;
 - ii. As a result of an administration error.

9.2 Authorisation

1. In respect of other debt, schedules indicating the debtor account number, the debtor's name, the physical address in respect of which the debt was raised, address, Erf number, if applicable, amount per account category as well as a reason to write-off the amount must be compiled and presented to the Accounting Officer for recommendation to the Council to write off these debts.
2. Notwithstanding the above, the Municipal Council will be under no obligation to write-off any particular debt and will always retain sole discretion to do so.
3. Where a debt has been written off in terms of paragraph 10, and where applicable, the Municipal Manager shall have a right to offset any credit against any such debt written off, for the same debtor.

10 RATES AND SERVICES

10.1 Rates

- a. In instances where the rates debt is in respect of municipal property sold by suspensive sale agreement, the collection thereof will be dealt with in terms of the relevant deed of sale, and if applicable, this policy, or any subsequent applicable written agreement between the Municipal and the debtor;
- b. At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in-execution is avoided or taken only as a last resort. The Municipal, however, has total commitment to a sale-in-execution should the debtor fail to make use of the alternatives provided for by the Municipal from time to time. This is also applicable to all debt, and includes all debt which is a charge against a property, as referred to in this Chapter;
- c. As part of the recovery process the Municipal Manager may bid, to a maximum of Rx (Rx could equal R10.00 or the total of the debt plus costs and include any reasonable amount for clearance purposes.), at a sale-in-execution and, if successful, sign all relevant documentation to acquire and take transfer of the property; and
- d. the Municipal Manager shall have the right to negotiate and to cancel the deed of sale, before transfer to the Municipal, if such cancellation results in either the bond holder or the debtor, or both the said parties, paying in full for all debt in connection with that property as well as all costs related thereto.

10.2 Services

1. The following provisions apply to the payment for services:
 - (a) accounts must be paid by the due date as shown on the account;
 - (b) the debtor must be warned on the monthly account of a possible disconnection if payment is not received by the due date;
 - (c) Monthly statement sent to customers also double serves as notice of disconnection for all overdue accounts. Although the Municipality will endeavour to advise customers, this is not a privilege the consumer enjoys.
 - (d) If payment is not received or suitable payment arrangements are not made by the due date as shown on the notice, the supply or supplies may be restricted, disconnected or discontinued for **any service** in respect of any arrear debt.
 - (e) The onus shall always be on the debtor to request reconnection and to prove that the full amount for which the service was restricted, disconnected or discontinued as shown on the disconnection notice has been paid or that an arrangement was entered into.
 - (f) Should the amount outstanding for the supply of services remain unpaid, full recovery procedures, including appropriate legal actions may be undertaken in order to collect these monies.

10.3 Dishonoured payments: Rates and General Services

- a. Where a cheque, debit order, credit card or EFT payment are dishonoured and where the customer who received value from such payment, is an existing debtor of the Municipal, the reversal and penalty fee may be debited to an account of such payer and a letter of notification must be sent to the debtor. Such fee shall be considered to be a tariff charge and shall be recovered from the debtor.
- b. The Municipal reserves the right to refuse to accept or to cancel such further payment methods from such person, to place the matter on the relevant adverse credit rating lists, or take any steps as contained in this policy, which may include criminal charges, if applicable, against the offender; and
- c. Where a payment was tendered and any debt management action, in terms of this policy, was suspended, and such payment was not honoured, such debt management action shall continue without further notice to such debtor.

10.4 Dishonoured payments Sundry Services

- a. Where a cheque, debit order, credit card or EFT payment are dishonoured and where the payment is not from an existing debtor of the Municipal, then a sundry

debtor account will be opened and a debit and a penalty fee will be raised and a letter of notification must be sent to the debtor.

- b. Once the account is submitted and the debtor fails to honour the debt by due date, a final demand will be generated and dispatched to the last known address of that debtor. If there is still no response, then the matter may be handed over for placement on the relevant adverse credit rating lists, or any steps as contained in this policy which may include criminal charges, if applicable, against the offender may be taken; and
- c. Where a payment was tendered, and any debt management action, in terms of this policy, was suspended, and such payment was not honoured, such debt management action shall continue without further notice to such debtor.
- d. The Municipal may attach the rental or any other payments due to debtors who are in arrears with their municipal accounts:
 - i. if any debt levied in respect of a property is unpaid by the owner of the property the Municipal Manager may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier.
 - ii. the Municipal Manager may recover an amount only after a written notice has been served on the tenant or occupier; and
 - iii. the amount the Municipal Manager may recover from the tenant or occupier of a property in terms of sub-item (a) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property; and
 - iv. any amount the Municipal Manager 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; and
 - v. The tenant or occupier of a property must, on request by the Municipal Manager, furnish the Municipal Manager with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipal Manager.
 - vi. the Municipal Manager may recover the amount due for debt on a property in whole or in part from the agent of the registered owner, if this is more convenient for the Municipal Manager; and
 - vii. the Municipal Manager may recover the amount due for debt from the agent of the registered owner only after a written notice has been served on the agent; and
 - viii. the amount the Municipal Manager may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the registered owner, less any commission due to the agent; and
 - ix. The agent must, on request by the Municipal Manager, furnish the Municipal Manager with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the Municipal Manager

11 ACKNOWLEDGEMENT OF DEBT - OTHER ARRANGEMENTS

11.1.1 *Terms and conditions applicable for residential debtors.*

- (a) Current accounts must be paid in full on or before due date.
- (b) The debtor may be required to prove levels of income and must agree to a monthly payment towards arrears based on such debtors ability to pay or based on such debtors total liquidity if the Municipal so requires.
- (c) All negotiations with the debtor should strive to result in an agreement that is in the interests of both parties and is sustainable.
- (d) Penalties and Interest will be charged on property rates arrears.
- (e) Penalties and Interest on –
 - i. Rates and services is calculated at 5% pa; whilst the debtor adheres to the conditions of the arrangement.
- (f) Debtors who default on three occasions in respect of above arrangements made may be denied the privilege of making further arrangements and the full amount becomes payable. Interest will be calculated from the original due date of the debt, taking any payments into consideration.
- (g) All arrangements may be subject to periodic review in accordance with the terms and conditions contained in this policy; and
 - i. All arrangements, in terms of the conditions contained in this policy, will be made for maximum period of up to 36 (thirty six) months, where after, such arrangement shall cease and the debtor shall be required to enter into a new arrangement for the remainder of the debt; and
 - ii. Failure to meet the pre-arrangement within period agreed upon, all other credit control and debt collection measures as contained in this policy may be enforced.
- (h) All services may be restricted, disconnected or discontinued and legal action may be taken against debtors who defaults on any arrangement and such debt may be referred to third party debt collectors, for recovery.

The following arrangements can be entered into:

NUMBERS	AMOUNT	PERIOD	PERCENTAGE (%)
1.	R2 501.00 – R5 000.00	Six (6) months	50%
2.	R5 001.00 – R10 000.00	Twelve (12) months	40%
3.	R10 001.00 – R20 000.00	Eighteen (18) months	30%
4.	R20 001.00 – R40 000.00	Twenty four (24)months	20%
5.	R40 001.00 – 50 000.00	Thirty six (36)months	10%
6.	R50 001.00 – AND ABOVE	To be handed over	

11.2 Arrangements with Business and Government Departments

- (a) No arrangements exist for this consumer category.

11.3 Steps to be taken by the Municipal Manager

- (a) Authorise an arrangement be entered into with the occupier or tenant subject to.
- (b) Should the registered owner fail to respond to the notice, the Municipal Manager may proceed to install such devices and shall activate the said arrangement.
- (c) The Municipal Manager may refuse to reconnect or restore any service to a tenant unless written permission is obtained from the registered owner:
 - i. authorising the tenant to enter into an arrangement in terms of this policy; and
 - ii. Authorising the reconnection or restoration of any service.
- (d) The Municipal Manager may restrict, disconnect or discontinue any service to a property;
 - i. if the registered owner withdraws, in writing, any permission granted where the tenant has defaulted on the arrangement made; and
 - ii. No new application for any service to the property will be authorised until all the arrears have been settled in full.
- (e) Authorise an arrangement be entered into with the occupier or tenant subject to.
- (f) Should the registered owner fail to respond to the notice, the Municipal Manager may proceed to install such devices and shall activate the said arrangement.
- (g) The Municipal Manager may refuse to reconnect or restore any service to a tenant unless written permission is obtained from the registered owner:
 - iii. authorising the tenant to enter into an arrangement in terms of this policy; and
 - iv. Authorising the reconnection or restoration of any service.
- (h) The Municipal Manager may restrict, disconnect or discontinue any service to a property;
 - iii. if the registered owner withdraws, in writing, any permission granted where the tenant has defaulted on the arrangement made; and
 - iv. No new application for any service to the property will be authorised until all the arrears have been settled in full.

11.4 Special conditions regarding arrangements

- (a) All debtors entering into arrangements shall provide their banking details, and those who have the facility to sign a **debit order** with their financial institutions shall do so.
- (b) The Municipal Manager would normally only enter into arrangements with the registered owners and account holders, but may do so, on receipt of an affidavit, by the occupier or a tenant of a residential property, which certifies that;

- i. the registered owner of the property at which such tenant or occupier so resides in is;
 - a. untraceable; or
 - b. not contactable: or
 - c. such registered owner's whereabouts are unknown; or
 - d. where there is no co-operation by the registered owner with the occupier, and –
- ii. that they have a right to so occupy such property and stating the time period that they have so occupied the property;
- iii. the last known address of the registered owner;
- iv. the rental due for such right to so occupy;
- v. that such occupier or tenant undertakes to advise the registered owner at the first reasonable opportunity of the current situation and that the tenant or occupier further agrees to obtain the consent of the registered owner to condone the process as set out in this sub item failing which the arrangement may be null and void; and
- vi. where applicable provide comprehensive details of the non-co-operation of the registered owner;
- vii. Enter into an arrangement with such a tenant or occupier in terms of this policy, to pay off arrears on an account which is a charge against the property.

12 DEBT MANAGEMENT ACTIONS – INDIGENT DEBTORS

1. No restriction, disconnection or discontinuation of any service or legal action will be instituted against any debtor, who has registered for and been accepted as an indigent for a period of twelve months, or while they still qualify as indigent, and meet all the criteria, during this twelve month period.
2. An application for registration as indigent is only valid for a period of twelve months from the date of approval.
3. It is a requirement of this policy that should the personal circumstances of a debtor improve to such an extent that such debtor no longer qualifies as an indigent, then such person must notify the Municipal Manager immediately of this change in order for such persons name to be removed from the indigent register.
4. If it is found that a debtor no longer qualifies as an indigent, and such debtor has not informed the Municipal Manager, then this debtor will be de-registered as an indigent, and all suspended steps, as referred to in sub item (1) above, will be lifted, from the time the debtor's circumstances were found to have improved, and interest will be payable on any outstanding amounts.
5. All consumers qualifying as indigent and having remaining arrear debt after any relief has been granted, will repay that debt as follows:

Over 36 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.

13 HOUSING

13.1 *General principles*

- (a) Interest may be charged on all overdue accounts at an interest rate that shall be determined by Council from time to time.
- (b) A debt rescheduling arrangement requires the payment of the current monthly charges plus a mutually agreed amount towards the arrears each month with a minimum 90% payment in the review period.
- (c) Any staff member or Councillor who is in arrear with housing account payments will be subject to a monthly salary deduction of at least 15% of their gross salary with a double deduction at the end of each November until the arrear is cleared.
- (d) If a debt arrangement is not honoured, the debt collection process or legal action will resume from where it was suspended and not restart at the beginning of the debt management process.
- (e) Home visits may be undertaken by officials or representatives on behalf of the Municipal following the issue of the letter of demand to the debtor. Where the registered owner/tenant/occupier and his/her spouse are not home at the time of the visit, a letter for registered owner/tenant/occupier to call at the housing office will be left at the dwelling. (After one recorded unsuccessful attempt by housing officials or representatives, house visits will be deemed to have been completed) The visiting official or representative will make every effort to encourage the defaulting debtor to pay their current account and enter into an arrangement for arrears. Where a purchaser is not in occupation of the property it is not incumbent on the Municipal to perform home visits.
- (f) The Municipal Manager may recover from the debtor the following costs in instances where such costs are incurred by or on behalf of the Municipal,
 - i. cost and administration fees where payments, made to the Municipal by negotiable instruments, are dishonoured by banks when presented for payment;
 - ii. legal and administration and all other costs/charges, including attorney and client costs, and tracing fees incurred in the recovery of debts; and
 - iii. Any collection and related commission.
- (g) The Housing Manager may use discretion where the tenant is found to be indigent in terms of the provisions of the Housing Indigent Grant.
- (h) If the debtor defaults on an arrangement which was made on the day of eviction, a re-issued warrant of eviction will be obtained and the subsequent eviction process can only be stopped if 12 x the total monthly housing charge plus legal costs are paid.

- (i) Should the debtor default on this second arrangement, no further arrangements will be entered into and the eviction will be enforced unless the debtor pays the amount owing in full.
- (j) There will be no reinstatement after eviction.
- (k) In order to ensure the affordable implementation and recovery of all housing charges as aligned to the Municipal's housing debt management programme, the subsidy phase out programme status will remain at its current level.
- (l) The Municipal may utilise the services of any organisation in order to facilitate the recovery of housing debt.

14 COLLECTION PROCESS: RENTAL SCHEMES

1. Rental is payable monthly by the due date.
2. If payment is not received, a first contact letter requesting payment and offering the debtor an opportunity to make an arrangement within 14 (fourteen) days, from the date of the letter, is sent to the defaulting debtor.
3. If no response to the first contact letter, a letter of demand is sent, allowing the defaulter 14 (fourteen) days, from the date of the letter, a further opportunity to make an arrangement.
4. If the debtor fails to respond to this letter of demand, within 14 (fourteen) days, the debtor may, within the next 14 (fourteen) days, receive a house visit.
5. Failure to respond after the house visit will result in legal proceedings.
6. The legal collection process will start with a letter demanding payment within a stipulated period.
7. If the debtor fails to respond within the allowed time, summons will be issued.
8. No response to the summons will result in the Municipal making an application to court for default judgement and, ultimately, the commencement of eviction proceedings.

15 COLLECTION PROCESS: HOME-OWNERSHIP SCHEMES

1. Instalments and other housing charges are payable by the due date.
2. If payment is not received, a first contact letter requesting payment and offering the debtor an opportunity to make an arrangement within 14 (fourteen) days from the date of the letter, is sent to the defaulting debtor.
3. If there is no response to the first contact letter, a letter of demand is sent, allowing the defaulter 14 (fourteen) days, from the date of the letter, a further opportunity to make an arrangement.

4. If the debtor fails to respond to this letter of demand within 14 (fourteen) days, the debtor may, within the next 14 (fourteen) days, receive a house visit.
5. Failure to respond after the house visit will be followed by legal proceedings.
6. The legal collection process will start with a letter demanding payment within a stipulated period.
7. If the debtor fails to respond within the allowed time, summons will be issued. No response to the summons will result in the Municipal making an application to court for, default judgment and ultimately, the commencement of eviction proceedings.
8. If the amount due on the day of eviction is not paid, repossession of the property will take place and immovable property may be sold or converted to a rental unit.

16 PROPERTY MANAGEMENT / ARRANGEMENTS

16.1 *General principles*

- (a) Interest may be charged on all property rates overdue accounts at an interest rate that shall be determined by Council from time to time.
- (b) Interest charges on arrears will be calculated at 5 percent.
- (c) A debt rescheduling arrangement requires the payment of the current monthly charges plus a mutually agreed amount towards the arrears each month.
- (d) Any staff member or Councillor who is in arrear with housing account payments will be subject to a monthly salary deduction of **at least 15%** of their gross salary with a **double deduction** at the end of each November until the arrear is satisfied.
- (e) If a debt arrangement is not honoured, the debt collection process or legal action will resume from where it was suspended and not restart at the beginning of the debt management process.
- (f) The Municipal Manager may recover from the debtor the following costs in instances where such costs are incurred by or on behalf of the Municipal;
 - i. cost and administration fees where payments, made to the Municipal by negotiable instruments, are dishonoured by banks when presented for payment;
 - ii. legal and administration costs, including attorney and client costs, and tracing fees incurred in the recovery of debts; and
 - iii. Any collection commission/charges.
- (g) In cases where a debtor has both a residential and commercial lease with Property Management, the debt management process for the commercial lease will be adopted for all Property Management accounts of the debtor.

- (h) The Municipal may utilise the services of any organisation in order to facilitate the recovery of Property Management debt.

17 CREDITS, REFUNDS AND TRANSFERS

17.1 Credit

- (a) The Municipal Manager shall have the right to claim any credits due to this Municipal or any of its predecessors-in-law.
- (b) No interest shall be paid in respect of any credit on any account unless permitted in terms of any other legislation or policy.

17.2 Requests for refunds or transfers

- (a) All requests for refunds or transfers must be in writing.
- (b) A "Request for Refund Form" must be completed, or dictated to an official who will record it in writing and have it read, and if necessary, corrected, and
 - i. all the applicable supporting documentation must be supplied; and
 - ii. The form must be signed by the person requesting the refund.
- (c) The form must then immediately be lodged with the relevant authorised official.
- (d) Consideration for a refund or transfer will only be given where credits appear on the account.
- (e) Refunds will only be made to an account holder.
- (f) Notwithstanding sub-items (a), (b), (c), (d) and (e) above, any payment made on an account by a third party will only be considered for a refund or transferred, by the Municipal Manager, to such third party, after the latter submits proof of the payment and such refund or transfer will be subject to any law and policy of the Municipality.

17.3 By the claimant

- (a) The claimant will be required to produce the original proof of the payment which includes but does not limit same to any of the following:
 - i. original receipt;
 - ii. proof of payment method;
 - iii. original cheque as processed by the bank, if applicable;
 - iv. affidavit in support of the refund or transfer; and
 - v. Proof of the account intended to be paid, if applicable.

17.4 By the Municipal Manager

- (a) Before making any refund or transfer the Municipal Manager may:
 - i. try to establish the whereabouts of the account holder and thereafter;
 - ii. write to such account holder, at the last known or established address, giving such accountholder 30 (thirty) days to show cause why such refund or transfer should not be proceeded with; and
 - iii. In case where the accountholder cannot be traced and all available avenues have been exhausted by the Municipality, no refund shall take place.
 - iv. no refund or transfer shall take place until any objection to the refund or transfer by the accountholder, as referred to in sub-item (ii), has been resolved to the satisfaction of the Municipal; and
 - v. The Municipal Manager shall notify both the claimant and the account holder, of any final decision to either:
 - (AA) Proceed with the refund or transfer; or
 - (BB) to reject the request for the refund or transfer.

17.5 By the Accountholder

- (a) Any accountholder objecting to such refund or transfer must comply with the following:
 - i. Submit such objection in writing showing cause as to why the refund or transfer should not take place; and
 - ii. May be required to submit such objection in the form of an affidavit.
- (b) Except for refunds in terms of Section 55, of the Property Rates Act, where there are two or more account holders all of the account holders must complete and sign the —Request for Refund or Transfer Form.

18 OTHER COLLECTION PROCEDURES

18.1 Failure to pay debt by due date

- (a) Should any debtor fail to pay any debt, referred to in Section 118 (3) of the Municipal Systems Act, by due date the Municipal Manager may, serve a notice in terms of Section 115 of the Municipal Systems Act, –
 - i. on the debtor, and
 - ii. on the property,

Calling upon such debtor to pay such debt within 14 (fourteen) days of such notice.

18.2 Content of notice

- (a) The notice referred to in sub-item 21.1 (a) shall contain at least the following information:
 - 1. The name of the registered owner;
 - 2. the full physical address of the property;
 - 3. the amount outstanding;

4. that the debtor has a right to settle the debt before the expiration of the notice;
5. advising that application shall be made to the sheriff of the court for a sale date after the expiry of the notice; and
6. Any other information which the Municipal Manager deems necessary.

18.3 Address for delivery of notifications

- (a) Any debtor may notify the Municipal Manager of an address within the Republic to which any notice referred to in subparagraph 21.1 (a) may be sent; and
 - i. any address given may be amended by a debtor by notifying the Municipal Manager in writing of the change thereof; and
 - (i) Such amended address shall take effect when a written acknowledgement of such address is dispatched by the Municipal Manager to the debtor.
 - ii. The onus shall be on the debtor to ensure that such debtor receives a written acknowledgement of such amended address.
 - iii. The amended address shall be deemed for all purposes to be the address where all notices in terms of this Chapter may be served to the exclusion of any address previously notified.
 - iv. shall state either the property account number or numbers of each applicable account; and
 1. the full description of the property;
 2. the physical address of the property; and
 3. The full name of the registered owner.

18.4 Procedures to be followed for debt

- (a) Should any debt remain unpaid after the final date for the payment thereof, such debt may be recovered in the manner set forth in this Chapter.
- (b) The Municipal Manager shall cause a further notice to be served, in terms of Section 115 of the Systems Act, advising that an application shall be made to Court, after the lapsing of 14 (fourteen) days from dispatch of this notice, for an Order for the sale of the debtor's property for the outstanding debt plus any additional debt incurred in the application of this Chapter.
- (c) If after giving notification in terms of Section 115 thereof, and such debt remains outstanding, a court of competent jurisdiction, upon the application by this Municipality, showing
 1. The amount of debt not paid; and
 2. The notices provided for in terms of Section 115 has been given.
- (d) Shall be requested to summarily order any such property against which the debt is owing to be sold by way of public auction.
- (e) The order shall give the power for the proceeds of the public auction to be paid into court and direct that payment be made to the Municipal, from these proceeds; of

1. all debt outstanding; and
2. all costs incurred by this Municipal in respect of the application made in terms of this Chapter;

In preference to any bondholder in terms of Section 118 (3) of the Municipal Systems Act.

- (f) Upon the court order as set out in sub-items (c) and (d) hereof the Municipal shall have the right to have the property or any part thereof, as the case may be, sold in accordance with the court's order without the necessity of issuing a writ or other process of court for that purpose, provided that in all other respects any such sale shall be deemed to be a sale of immovable property in execution of the judgment of such court, save that it shall not be necessary to notify or consult the debtor, against which the amount is owing, with regards to the sale or the conditions of the sale.
- (g) Prior to applying for a date of sale of any property in terms of this Chapter, or the court order, the Municipal Manager shall:
 1. post a Notice on the official notice board of this Municipality for a period of at least 14 (fourteen) days;
 2. publish such notice in at least two (2) newspapers circulating in the area in which the property is situated; and
 3. Serve a notice to this effect on the debtor.
- (h) If before the sale of any such property in terms of any court order there is produced to the sheriff or any other person charged with the sale thereof a certificate from the Municipal Manager that all the amounts due have been fully paid, the said property shall be withdrawn from the sale.
- (i) Notwithstanding that all the said amounts may have been paid before the said sale this Municipal shall not be liable to any person whatsoever for any loss or damage suffered by such person by reason of the sale of any such property in respect of which no such certificates have been produced to the said sheriff or person in charge.
- (j) If any property is sold pursuant to a court order referred to in this Chapter notwithstanding the fact that all amounts due have in fact been paid; and
 1. if the Municipal Manager, within three months of the sale, is satisfied that the said amounts had been paid at the date of the sale,
 2. Municipal Manager shall, if transfer of the property to the purchaser has not yet been registered, declare the sale **null and void**;
 3. the declaration referred to in sub-item 11 (a) hereof shall be by way of written notice signed by the Municipal Manager and a copy thereof shall be served on the registered owner, in terms of Section 115 of the Municipal Systems Act, and on the Purchaser, at the address supplied in the conditions of purchase, and shall be transmitted forthwith to the Registrar of Deeds.
 4. upon signature of the said declaration the sale shall be null and void and in that event the purchase price shall be refunded to the purchaser;
 5. the registered owner shall be liable for all the expenses of the sale and all expenses incurred pursuant to the sale save any expenses incurred after

- production, if any, of the certificate referred to in sub-item (9) hereof, to the sheriff or any other person charged with the sale; and
6. If no such certificate has been signed by the Municipal Manager, the sale shall be of full force and effect.
- (k) Nothing contained in this Chapter prevents this Municipal from taking any other proceedings for the recovery of debt as set out in this policy, any relevant legislation, or any other competent procedure in any court of competent jurisdiction.

19 ANNUAL REVIEWS AND APPROVAL

19.1 Policy consultations & approval

- (a) *Consultation Process* - The policy shall be reviewed at least once annually, unless circumstances dictate otherwise, by the Chief Financial Officer.
- (b) *Policy Approval Process* - This policy shall be approved by the Council thereafter. All reviews and revisions to any section of the policy and procedures document must be approved by the Council.
- (c) Any amendments to the Policy must be approved at the next Council meeting.
- (d) No policy amendments may be implemented without prior Council approval.

19.2 Review and revision arrangements including version control

- (a) *Review and Revision Process* - The policy shall be reviewed at least once annually, unless circumstances dictate otherwise, by the Chief Financial Officer and the Accounting Officer.
- (b) All reviews and revisions to any section of the policy and procedures document must be approved by the Council.
- (c) *Version Control* - A version control sheet shall be maintained with the document.

19.3 Dissemination and implementation

- (a) *Dissemination* - Once approved, this policy document shall be circulated by *e-mail* to appropriate staff within the organization including management, staff and financial management staff.
- (b) The document will also be supplied to the Registry Department for archiving, and publishing.
- (c) *Implementation* - Implementation shall be carried out by the Chief Financial Officer and the Municipal Manager shall exercise oversight.

ANNEXURE "A": INCOME COLLECTION TARGETS

Payment level on current accounts:

- (1) To collect all arrears over a maximum period of 36 months, save for those specific categories where the period is extended beyond 36 months.

CUSTOMER SERVICE TARGETS

- | | | |
|----|------------------------------------|--|
| 4. | Response time to customer queries: | - Initial response within 10 working days. |
| 5. | Date of first account delivery of | - By second billing cycle after new |
| | | Customers: date of application or occupation |
| | | whichever is |
| | | The latest. |
| 6. | Reconnection time: | - Within 48 hours after appropriate |
| | | Payment / arrangement |
| 7. | Meter reading cycle | - 98% of meters being read |
| | | On monthly basis with a |
| | | maximum of 3 consecutive months |
| | | estimated |

ADMINISTRATIVE PERFORMANCE TARGETS

- 8 (1) Cost efficiency of debt collection:
- (a) Cost of collection not to exceed the capital debt amount;
 - (b) All reasonable steps to be taken to limit cost to Council or the Customer;
 - (c) Cost of collection is to be recovered from the defaulting customers;
 - (d) Total cost of collection to be recovered by means of applicable credit control tariffs.
- 9 (1) Query and Complaints periods:
- 24 hours to resolve queries and complaints.
- 10 (1) Enforcement mechanism ratios:
- 100% of total number of arrear customers being successfully disconnected.

ANNEXURE “B”: ARRANGEMENTS

1. (1) If a customer cannot pay his/her account with the municipality then the municipality may enter into an extended term of payment not exceeding 36 months with the customer. The customer must:
 - (a) Sign an acknowledgement of debt;
 - (b) Sign a consent to judgement;
 - (c) Provide a garnishee order/emolument order/stop order (if he or she is in employment);
 - (d) Acknowledge that interest will be charged at the prescribed rate;
 - (e) Pay the current portion of the account in cash;
 - (f) Sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible and that disconnection of water and electricity will follow immediately, as will legal proceedings.
 - (g) Acknowledge liability of all costs incurred such as disconnection fee, reconnection fee and legal costs.

2.2 Disconnections and reconnections

- (a) Customers who are in arrears with the Municipal accounts and who have not made arrangements with the Council will have their supply of electricity and other municipal services suspended or disconnected.
- (b) Council reserves a right to deny or restrict the sale of electricity to customers who are in arrears with their rates or other municipal charges.
- (c) The cost of restriction or disconnection and the reconnection will be determined by tariffs approved by Council and payable by the defaulting customer
- (d) Residential Property - Should services be disconnected a reconnection fee will be levied (fee as per the Schedule of Tariffs)
- (e) Business Property - Should services be disconnected, a reconnection fee will be levied (fee as per the Schedule of Tariffs)
- (f) Once the customer has paid the reconnection fee applicable, the services shall be reconnected **within 48 hours**.
- (g) Where the Customer has more than one (1) municipal services account for different properties, The Municipal Manager may recover amount due for a debt on a property where the owner has more than one (1) property, the Municipality has a right to disconnect services of the other property, irrespective of which property owes the Council.

2.3 Theft of/or tempering with electricity

- (a) Should there be any tempering or theft of electricity of any kinds, a penalty will be levied prior to reconnection (penalty charge as per Schedule of Tariffs)

ADMINISTRATIONS

6 (1) Where a person has been placed under administration the procedures will be as follows:

- (a) The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
- (b) The administrator is to open a new account on behalf of the debtor, with a new deposit – No account is to be opened/operated in the debtor's name as the debtor is not entitled to accumulate debt (refer section 74S of the Magistrates Courts Act 32 of 1944).
- (c) Until such time as this new account is opened, the debtor is to be placed on limited services levels. The consumer will be compelled to install a prepaid electricity meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the prepaid meter.
- (d) Should there be any default on the current account – the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.