



WALTER SISULU
LOCAL MUNICIPALITY
Botho Humanity Ubuntu

**CREDIT CONTROL
AND
DEBT COLLECTION POLICY
2023/24**

Approved Date:	
Council Resolution No.	

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1. PREAMBLE

WHEREAS section 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 (*the Constitution*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS section 4 (1) (c) of the Local Government: Municipal Systems Act 33 of 2000 (*the Systems Act*) provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorized by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority, respectively.

Adoption of a Credit Control Policy

The Walter Sisulu Local Municipality hereby adopted a Credit Control and Debt Collection Policy in terms of section 96(b) of the Local Government: Municipal Systems Act, No. 32 of 2000.

2. DEFINITIONS

In this policy any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act, has that meaning, unless the context, indicates otherwise-

"Arrangement" means a written agreement entered into between the Municipality and the debtor where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

"Arrears" means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

"Account" means an account rendered specifying charges for services provided by the municipality, or any authorized and contracted service provider, and which account may or may not include assessment rates levies;

"Authorized Representative" means a person or instance legally appointed by the Municipality to act or to fulfil a duty on its behalf.

"Billing date" means the date upon which the monthly statement is generated and debited to the customer's account.

"Business premises" means premises utilized for purposes other than residential and excludes the following: -

- (a) hospitals, clinics and institutions for mentally ill persons which are not operated for gain;
- (b) museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and are open to the public, whether admission fees are charged or not;
- (c) sports grounds used for the purpose of amateur sports and any social activities which are connected with such sports;
- (d) any property registered in the name of an institution or organization which, in the opinion of the Municipality, performs charitable work;
- (e) any property utilized for bona fide church or religious purposes.

"Chief Financial Officer" means the person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.

"Credit Control" means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

"Council" means the Municipal Council of Walter Sisulu Local Municipality or any duly authorized Committee, political office bearer or official of the said Council.

"Customer" means any occupier of any premises to which the Municipality has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the Municipality.

"day/days" means calendar days, inclusive of Saturdays, Sundays and public holidays.

"Debt Collection Agent" means a debt collector or attorney or a Project Manager appointed by the municipality to collect rates and service charges.

"Debt Collection" means the activity to collect monies owed to the municipality by a debtor.

"Debt Impairment Allowance" means the irrecoverable amount calculated on the billing debtor balance as at 30 June of a financial year by which the debtor balance must be reduced in the Annual Financial Statements

"Defaulter" means any person owing the Municipality arrear monies in respect of taxes and/or service charges. in relation to –
(a) rates due in respect of any immovable property, means the thirtieth (30) day of September of the financial year for which such rate is made, or any other date determined by the Council by notice in the Provincial Gazette, and
(b) in respect of service charges due in respect of any immovable property, means the date for payment indicated on the account.
(c) should such day fall on a Saturday, Sunday or public holiday the due date shall be the next working day.

"Immovable property" includes –

- (i) an undivided share in immovable property, and
- (ii) any right in immovable property.

"Implementing Authority" means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act No. 32 of 2000.

"Indigent debtor" means:

(a) the head of an indigent household:

- (i) who applied for and has been declared indigent in terms of the Municipality's Indigent Support Policy for the provision of services from the municipality; and
- (ii) who makes application for indigent support in terms of the Municipality's Indigent Support Policy on behalf of all members of his or her household;

(b) orphaned minor children duly represented by their legal and/or defacto guardians.

"Indigent Support Programme" means a structured programme for the provision of indigent support subsidies to qualifying indigent debtors in terms of the Municipality's Indigent Support Policy.

"Indigent Support Policy" means the Indigent Support Policy adopted by the Council of the Municipality.

"Interest" means a charge levied on all arrear monies with the same legal priority as service fees and calculated at a rate determined by the Municipality, from time to time;

"Month" means a calendar month.

"Late Payment Penalty" means the penalty fee imposed on a defaulting debtor appearing on the debt collection action list, and is due and payable irrespective if the services have been suspended or not.

"Monthly average consumption" means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve (12) months.

"Municipal pay point" means any municipal office in the area of jurisdiction of the municipality designated by the Municipality for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.

"Municipal services" means services provided either by the municipality, or by an external agent on behalf of the Municipality in terms of a service delivery agreement.

"Municipality" means the Walter Sisulu Local Municipality.

"Municipal Manager" means the Municipal Manager of Walter Sisulu Local Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.

"Occupier" means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

- (a) the husband or wife or life companion of the owner of immovable property which is at any time used by such owner and husband or wife or life companion as a dwelling, shall be deemed to be the occupier thereof;
- (b) where a husband and wife or life companion both reside on immovable property and one of them is an occupier thereof; the other shall also be deemed to be an occupier thereof.

"Owner" in relation to immovable property means -

(a) the person in whom is vested the legal title thereto provided that -

(i) the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;

(ii) the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof;

(b) if the owner is deceased or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;

(c) if the owner is absent from the Republic or if his address is unknown to the Municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or

(d) if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

"Premises" includes any piece of land, the external surface boundaries of which are delineated on:

(a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or

(b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, which is situated within the area of jurisdiction of the Council.

"Prescribed" means prescribed by this policy and where applicable by the Council or the Municipal Manager.

"Prescribed debt" means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969.

"Person" means a natural and juristic person, including any department of state, statutory bodies or foreign embassies.

"Rates" means any tax, duty or levy imposed on property by the municipality.

"Reconnection fee" means the penalty fee imposed on a defaulting debtor appearing on the debt collection action list, and is due and payable irrespective if the services have been suspended or not.

"Registered owner" means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, no. 47 of 1937.

"Responsible person" means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.

"Service Agreement" means the application form that is completed by the owner of the property for the provision of Municipal services

"Service charges" means the fees levied by the Municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy.

"Service delivery agreement" means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.

"Sundry debtor accounts" means accounts raised for miscellaneous charges for services provided by the Municipality or charges that was raised against a person as a result of an action by a person and which was raised in terms of Council's policies, by-laws and decisions

"Supervisory Authority" means the Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.

"Tariff" means any rate, tax, duty and levy or fee which may be imposed by the municipality for services provided either by itself or in terms of a service delivery agreement.

"Tariff Policy" means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.

"User" means the owner or occupier of a property in respect of which municipal services are being rendered.

3. POLICY STATEMENT

It is the policy of Walter Sisulu Local Municipality to effectively collect all revenue due to it.

4. MAIN PURPOSE

The main purpose of the Credit Control Policy is to effectively collect all revenue due to the Municipality

5. SCOPE OF THE POLICY

The Credit Control Policy applies to all billed customers within the Walter Sisulu Local Municipality boundaries

6. LEGAL FRAMEWORK

The statutory framework on which the Credit Control Policy is founded is as follows:

Constitution of the Republic of South Africa Act 108 of 1996 (*the Constitution*)

Section 152 (1) (b)

Section 153 (a)

Section 195 (1)

Local Government: Municipal Systems Act 33 of 2000 (*the Systems Act*)

Section 4 (1) (c)

Section 5 (1) (g), read with subsection (2) (b),

Section 6 (2) (c), (e) and (f)

Chapter 9, sections 95, 96, 97, 98, 99 and 100,

7. STRATEGIC OBJECTIVES

To collect all Revenue due to the Municipality

8. GUIDING PRINCIPLES

The guiding principles supported in this policy are: -

To collect all Revenue due to the Municipality

- (1) The administrative integrity of the municipality must be maintained at all times.
- (2) The policy must have the full support of Council and the community.
- (3) Councillors must have full knowledge of the implementation and enforcement of the policy.
- (4) The Mayor oversees and monitors the implementation and enforcement of this policy.
- (5) The Municipal Manager implements and enforces this policy.
- (6) The Municipal Manager may delegate the implementation and enforcement of this policy to the Chief Financial Officer.
- (7) Customers must apply for services from the Municipality by the completion of the prescribed application form.
- (8) Customers must receive regular and accurate accounts that indicate the basis for calculating the amounts due.
- (9) Customers must pay their accounts regularly by the due date.

- (10) Customers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- (11) Customers are entitled to an efficient, effective and reasonable response to appeals, and should not suffer any disadvantage during the processing of a reasonable appeal.
- (12) Debt collection action will be instituted promptly, consistently, and effectively without - exception and with the intention of proceeding until the debt is collected.

9. GOVERNANCE ISSUES

- (1) The Mayor oversees and monitors –
 - (a) The implementation and enforcement of the municipality's credit control policy.
 - (b) The performance of the Municipal Manager in implementing the credit control policy.
- (2) The Mayor shall at least once a year, cause an evaluation or review of the credit control policy to be performed in order to improve the efficiency of the Municipality's credit control and debt collection mechanisms, processes and procedures and to the implementation of this policy
- (3) The Municipal Manager shall submit a report to the Council regarding the implementation of the credit control policy at such intervals as the Council may determine.
- (4) Council will aim to establish:
 - (i) A central complaints/feedback office to effectively deal with correspondence from the first acknowledgement of receipt until finalisation;
 - (ii) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
 - (iii) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - (iv) A communication mechanism to give council feedback on service, Credit Control and Debt Collection and other issues of concern.
- (5) The Municipal Manager: -
 - (i) Implements and enforces the credit control policy.
 - (ii) Is accountable to the Mayor for the enforcement of the policy and shall submit a report to the Mayor regarding the implementation and enforcement of the Credit Control Policy at such intervals as may be determined by Council.
 - (iii) Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the Municipality.
 - (iv) Where necessary, propose to the Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.
 - (v) Establish effective communication between the Municipality and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.
 - (vi) Establish customer service centres, which are located in such communities as determined by the Municipality.
 - (vii) Convey to account holders information relating to the costs involved in service provision, the reasons for payment of services are utilized, and may where necessary; employ the services of local media to convey such information.
- (6) The Municipal Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of the Council's Credit Control by-law to the Chief Financial Officer.
- (7) A delegation in terms of subsection (5) –
 - (a) Is subject to any limitations or conditions that the Municipal Manager may impose;
 - (b) May authorize the Chief Financial Officer to, in writing, sub-delegate power to another official of the municipality;
 - (c) Does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power.

- (8) The Chief Financial Officer shall be responsible to the Municipal Manager for the implementation, enforcement and administration of this policy, and the general exercise of his powers in terms of this policy.

10. POLICY

10.1. APPLICATION FOR THE PROVISIONS OF MUNICIPAL SERVICES

- (1) A Customer who requires the provision of municipal services must apply for the service from the Municipality, in writing. The absence of a Service Agreement does not absolve the owner of the property from the responsibility to settle the rates and / or service charges rendered to the property.
- (2) No registrations or additions to the customer database can be processed unless legal documentation acceptable to the Chief Financial Officer has been produced in each instance.
- (3) The application for the provision of municipal services must be made by the registered owner of an immovable property. If there is an outstanding debt on the property, this debt must be settled in full before the new customer is registered.
- (4) The Municipality will not entertain an application for the provision of municipal services from a tenant of a property, or any other person who is not the owner of the property.
- (5) The only exception to point (4) above is that individuals and businesses with lease agreements who lease properties from the Municipality will be allowed to open an account in the name of the lessee of the property.
- (6) The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by the Municipality.
- (7) By completing the prescribed application form for the provision of municipal services the Customer of services enters into an agreement with the Municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act (NCA) but shall be an incidental credit agreement as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.
- (8) The agreement with the Municipality makes provision for the following:
 - (a) An undertaking by the owner that he or she will be liable for collection costs including administration fees, interests, disconnection and reconnection costs,

- and any other legal costs occasioned by his or her failure to settle accounts by the due date;
- (b) An acknowledgement by the owner that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and
 - (c) That the onus will be on the owner to ensure that he or she is in possession of an account before the due date.
 - (d) An undertaking by the Municipality that it shall do everything in its power to deliver accounts timeously.
 - (e) An undertaking by the Directors of Companies or members of Closed Corporations and Trustees of Trusts that they will be held individually responsible for the payment of the account, should the company or closed corporation or Trust default on payment of the account, in terms of the terms and conditions as stipulated in the application for services agreement
- (9) The application for the provision of municipal services shall be made at least ten (10) days prior to the date on which the services are required to be connected.
 - (10) On receipt of the application for provision of municipal services, the Municipality will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation. The onus is on the applicant to ensure reasonable access to the metering device/s.
 - (11) The first account for services will be rendered, after the first meter reading cycle to be billed following the date of signing the service agreement.
 - (12) Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.
 - (13) Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the owner to advise the Municipality of such change.

10.2. CUSTOMER CARE

(1) Objective

To focus on the client's needs in a responsible and pro-active way, to enhance the payment for services and to create a positive and cooperative relationship between the persons responsible for the payment for services received, and the Municipality, and where applicable, any service provider.

In terms of Section 95 of the Local Government Municipal Systems Act 2000, in relation to the levying of rates and other taxes by a Municipality and the charging of fees for Municipal services, a Municipality must, within its financial and administrative capacity provide for:

(2) Service Delivery

Establish a sound Customer Management System that aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality itself.

(3) Communication

- (a) establish mechanisms for users of services and ratepayers to provide feedback to the Municipality or other service provider regarding the quality of the services and the performance of the service provider;

- (b) take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilised;
- (c) within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which may include targets for credit control and debt collection;
- (d) make available Council's Indigent, Credit Control and Debt Collection Policy by general publication, on specific request, and which will also be available for perusal at the Municipality;
- (e) endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues;
- (f) require ward councillors to hold regular ward meetings, at which Customer Care and Debt Collection issues will be given prominence;
- (g) encourage the press to give prominence to Council's Credit control and Debt Collection and Indigent Policies.

(4) Personal contact

Telephonic contact, agents calling on clients:

- (a) the Municipality will endeavour, within the constraints of affordability and available capacity, to make personal, electronic or telephonic contact with certain arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigent subsidies, other related matters and will provide information on how and where to access such arrangements or subsidies;
- (b) such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings may continue in the absence of such contact for whatever reason.

10.3. SERVICE AGREEMENTS

- (1) This policy and concomitant bylaws shall be deemed to be part of any service agreement between the Municipality and a consumer.
- (2) A service agreement shall include an undertaking by –
 - (a) the consumer concerned that they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees; and
 - (b) the Municipality that it will deliver accounts to the consumer.

10.4. DEPOSITS AND GUARANTEES

- (1) On application for the provision of municipal services the prescribed Customer deposit shall be paid.
- (2) A guarantee in lieu of a deposit will be accepted on application for the provision of municipal services by a business in terms of the prevailing conditions determined by the Municipality at the time of the application.

- (3) Existing Customers moving to a new address are required to pay the prescribed Customer deposit on application for the provision of municipal services at the new address.
- (4) The minimum deposit payable is determined annually by the Council and is contained in the tariff book produced annually.
- (5) The Customer deposit paid on application for the provision of municipal services may be increased or decreased, upon written notice to Customers, if found that the deposit is not equal to the estimated charges for the supply of electricity for a period of three (3) months.
- (6) The Municipality may increase the amount of the deposit required from the owner of a property where the electricity supply had been disconnected at least twice during the preceding period of twelve months, after the owner of the property was given notice of the Municipality's intention to increase the deposit.
- (7) On termination of the supply of services the amount of the deposit less any payment due to the Municipality will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address.
- (8) The Municipality may appropriate a customers' deposit on any account related to that customer.

10.5. ACCOUNTS, BILLING AND RESPONSIBILITY FOR PAYMENT

- (1) The Municipality provides all Customers of municipal services, monthly, with a consolidated account for all applicable services rendered.
- (2) The consolidated account will include property rates charges where applicable.
- (3) Accounts are produced on a monthly basis in cycles of approximately 30 days.
- (4) All accounts rendered by the Municipality shall be payable on the due date as indicated on the account.
- (5) Amounts on accounts, which remain unpaid after 30 day grace period, shall attract interest on arrears irrespective of the reason for non-payment.
- (6) All accounts are payable by the due date regardless of the fact that the person responsible for the payment of the account has not received the account. The onus is on the account holder to obtain a copy of the account before the due date.
- (7) Customers are required to update their information details with the Municipality as and when their details change. The Municipality will, in a cycle of two (2) years send out a pre-populated document related to the updating and verification of customer information which must be completed by the account holder and be submitted to the municipality within the prescribed period as determined by the Municipality. Failure to respond to the Municipality's request for updated information may result in withholding of services, disconnection of services or any other appropriate action.
- (8) The Municipality bills an owner of a property for the following rates and service charges: -
 - (a) Property Rates and Refuse charges
 - (i) Property rates and refuse charges are billed monthly. The owner of the immovable property must make a written application to the Municipality in order to be billed on an annual basis.
 - (ii) The Municipality's preference is that property rates and refuse charges be charged monthly. Due to historical legislation these charges are being charged monthly and annually.
 - (iii) Property rates and refuse charges charged annually are billed on the July account of each year and the due date for the payment of these charges is 30 September of each year.

- (iv) Property rates and refuse charges charged monthly are billed on the monthly accounts and the due date for the payment of the charges will be as indicated on the accounts.
 - (v) The tariffs to calculate the Property rates and refuse charges are determined annually and approved by the Council and are contained in the tariff book produced by the Municipality.
- (b) Electricity Charges
- (i) Consumption of electricity is billed in terms of metered consumption. In the absence of actual metered consumption, the municipality may charge an estimate based on historical consumption of the customer, which will be reversed at the next instance of billed metered consumption. In the absence of historical consumption, the municipality will bill an interim, as determined by the Chief Financial Officer from time to time.
 - (ii) Monthly accounts are rendered for electricity consumption and the due date for the payment of the accounts will be the date as indicated on the account.
 - (iii) The tariffs to calculate the electricity charges are determined annually and approved by Council and are contained in the tariff book produced by the Municipality.
 - (iv) Consumption that is not metered will be charged at a tariff as determined by the Municipality.
- (9) Final accounts
- (a) On receipt of an application for termination of services the final readings of metered services will be taken by the Municipality, the accounts will be finalized, the customer deposit will be appropriated and if a debit balance remains the balance will be payable by the Customer and if a credit balance remains the balance will be refunded to the Customer, on condition that the Customer has provided the Municipality with a forwarding address.
 - (b) Where the municipality is not able to obtain a final reading from the metering devices, the municipality may charge a final reading based on daily consumption up to the date of termination, appropriate the service deposit and proceed to produce a final account.
 - (c) The Municipality will not pay interest on any security deposit held in respect of service charges.
- (10) The due date for payment of accounts in all areas in the Walter Sisulu Local Municipality area is the 20th day of the month. Should the 20th day of the month fall on a Saturday, Sunday or public holiday then the due date shall be the first working day thereafter.
- (11) Back charges
- (a) The Municipality may, if it is found that the relevant customer of electricity services has been undercharged for a period of time, the Municipality will amend the back charged amount to a period of consumption not exceeding six (6) months from the date that the Customer is made aware of the back charge, in writing by the Municipality. For services other than electricity, the municipality will back charge the customer for a period not exceeding three (3) years from the date that the Customer is made aware of the back charge in writing by the Municipality.
 - (b) The Customer may settle the back charge in equal instalments over the same period in the relation to the period of the back charge. This arrangement period does not include back charges due to meter tampering.
 - (c) If it is found that the Customer is back charged due to meter tampering, then the municipality must recover the consumption for the period, not exceeding three (3) years from the date that the Customer is made aware of the back charge in writing by the Municipality. The back charge must be settled in full and no

repayment terms will be entertained by the Municipality and the services will remain suspended until the back charge is settled.

- (d) Where the customer has deliberately prevented access to read the Municipal Supplied Meter, the full back charge not exceeding three (3) years is due and payable, and no adjustments will be processed.
- (12) Responsibility for Payment
- (a) In terms of Section 118 (3) of the Municipal Systems Act no. 32 of 2000, an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.
 - (b) Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.
 - (c) Where applicable, the Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.
 - (d) No new services will be permitted on a property until debts on the property are paid in full
 - (e) Where the property is owned by more than one person, each such person shall be jointly and severally liable, the one paying the other to be absolved, for all Municipal debts charged on the property.
 - (f) Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.
 - (g) Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute, including an average amount of the service which is in dispute.
 - (h) Should any dispute result in the need for a credit to be passed on the account, such correction shall not exceed a period of 36 months from the date the dispute was finalized.
 - (i) The owner of the property will be held liable for meter tampering on the property as well as charges that arise there from.

10.6. METERING OF MUNICIPAL SERVICES

- (1) The Municipality may introduce a specific type of metering equipment and may encourage Customers to convert to such a system, which is preferred by the Municipality when it considers this to be beneficial to its functioning and operations.
- (2) The Municipality's preferred metering system to measure electricity is the prepayment electricity metering system for residential customers and for certain businesses.
- (3) In the instance where there is a conventional meter and the Customer's account is in arrears and the service has been disconnected, the owner of the immovable property must apply for the conversion of the conventional meter to the prepayment electricity meter. Once application is made and the debt is settled in terms of the conditions of the Credit Control Policy then the supply will be restored. This conversion will be related to the applicable type of metering devices and customer type.
- (4) Electricity consumption is measured with conventional and prepayment electricity meters, where applicable
- (5) The following applies to the reading of conventional meters:
 - (a) Conventional meters are read in cycles of approximately thirty (30) days.
 - (b) If for any reason the conventional meters cannot be read, the Municipality will render an account based on estimated consumption. A notice will be left at the

premises on the day of the reading informing the customer of non-access. The Customer will then be required to provide a reading of the relevant meters to the Municipality.

- (c) The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
- (d) The Customer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.
- (e) Customers can, for reasons of non-accessibility to their properties by meter readers, provide the Municipality with meter readings for billing purposes, provided that an audit reading can be obtained by the Municipality once every six (6) months and provided that a final reading can be obtained should the Customer vacate the property.
- (f) If any calculation, reading or metering error is discovered in respect of any account rendered to a Customer –
 - (i) the error shall be corrected in a subsequent account.
 - (ii) any such correction shall only apply in respect of account for a period of six (6) months preceding the date on which the error in the account was discovered, the correction shall be based on the tariffs applicable during the period.
- (g) When a Customer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly.
- (6) The following applies to prepayment metering: -
 - (a) Prepayment electricity is purchased at prepayment vending points for consumption after the date of purchase.
 - (b) Amounts tendered for the purchase of prepayment electricity will not be refunded after the prepayment meter token has been produced.
 - (c) On request of the Customer copies of the previous prepayment meter tokens will be produced.
 - (d) Credits remaining in the prepayment meter will not be refunded when a premises is vacated by a Customer.
 - (e) The Municipality shall not be liable for the reinstatement of credit in a prepayment meter lost due to tampering with, or the incorrect use or the abuse of prepayment meters.
 - (f) The Municipality will apply all the debt collection actions available on the prepayment system to collect all arrear debt on the account of the debtor.

10.7. PAYMENT OF ACCOUNTS

- (1) All accounts rendered by the Municipality are due and payable on or before the due date as indicated on the account.
- (2) All payments, whether made by cash, stop order, electronic payments or payments made through agents should be receipted by the Municipality by the close of business on the due date.
- (3) Accounts rendered by the Municipality can be paid at any Municipal cashier office and any other pay point as determined by the Municipality, from time to time.
- (4) The payment methods and facilities supported by the Municipality can be used to make payments on accounts.
- (5) Every effort will be made to ensure that all payments particularly from 3rd party agents are received within the maximum of five (5) days of the original payment date. However, the onus is on the customer to make allowance for delays of such payments. Customers must ensure that payments made through 3rd party agents are received in the Municipality's bank account by the due date. The Municipality will not accept responsibility for delays in receipting of payments.

- (6) Payments received in respect of rates and service charges will be allocated by the Municipality entirely within its own discretion, on the account of the account holder.
- (7) Payments tendered by a customer can be allocated to any of the customer's accounts at the discretion of the Municipality.
- (8) Part payment received on an account shall be allocated firstly to reduce any penalty charges that may have accrued on the account, then to interest charges and then to capital charges raised related to a specific service, at the discretion of the Municipality.
- (9) An official receipt issued by the Municipality will be the only proof of payment made.
- (10) Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future rates and service charges, and no interest will be payable on that amount by the Municipality. The onus is on the customer to claim any refund of such amount paid in advance, along with supplying proof of such overpayment made.

- (11) Where any payment made to the Municipality, or its authorised agent, by negotiable instrument or direct debit, is later dishonoured by the bank, the municipality or its authorised agent:
 - (a) will recover the average bank charges incurred relating to a dishonoured negotiable instrument against the account of the customer;
 - (b) may regard such an event as default on payment and the account shall be dealt with as an arrear account;
 - (c) reserves the right to take legal action on the negotiable instrument or for recovery of arrears.
 - (d) Will not accept future cheque payments by the debtor.

10.8. IDENTIFICATION OF CONSUMERS WHO ARE ABLE TO PAY

- (1) The Municipal Manager shall identify and maintain a register for top 100 customer account to monitor their monthly payment trends.
- (2) The Municipal Manager must make such arrangements as may be necessary to identify household consumers who are able to pay but who regularly default on payment, such as persons known to be gainfully employed. The Chief Financial Officer shall cause notices of final demand to be issued to any person identified in terms of this paragraph whose consumer and/or rates account is in arrears for more than 30 days after the due date. If any person who has been thus notified fails to respond to such notice within 14 days of the date thereof, the Chief Financial Officer shall cause a cut-off list to be generated and the relevant department shall disconnect the relevant service(s) to the properties concerned.
- (3) Similarly the Chief Financial Officer shall compile a customer age analysis of all state-owned properties within the Municipality and submit same to the Municipal Manager. The Municipal Manager shall, as soon as practicable after receiving the customer age analysis from the Chief Financial Officer, -
 - (a) comply with section 64(3) of the MFMA, where applicable; and
 - (b) cause notices of final demand to be prepared and served on any organ of state who is in arrears with payments of any municipal tax or municipal services for more than 30 days to affect payment of any outstanding amounts within 30 days of the date of demand, failing which the Municipality shall suspend the delivery of services to the particular institution until such time as

payment, plus any cost relating to the disconnection and reconnection of services have been paid in full.

- (4) Similarly the Chief Financial Officer shall generate customer age analyses in respect of any and all business, commercial and industrial consumers. The Municipal Manager shall, as soon as practicable after receiving the customer age analysis from the Chief Financial Officer cause notices of final demand to be prepared and served on any relevant business, commercial undertaking and industry who are in arrears with payments of any municipal tax or municipal services for more than 30 days to affect payment of any outstanding amounts within 14 days of the date of demand, failing which the Municipality shall suspend the delivery of services to the particular enterprise until such time as payment, plus any cost relating to the disconnection and reconnection of services have been paid in full.

10.9. ENGAGING SIGNIFICANT EMPLOYERS TO OBTAIN STOP-ORDER FACILITIES

- (1) The Municipal Manager shall, at the first meeting of the Council after the adoption of this policy, submit to the Council proposals regarding the granting of incentives to local employers (excluding the State) and their employees for granting stop-order facilities to the Municipality in respect of such employees' municipal accounts.
- (2) The Municipal Manager shall, after the Council considered and approved the incentive scheme referred to in paragraph 1, identify the 20 biggest employers (excluding the State) in the Municipality and enter into negotiations with each of them and their employees to grant stop-order facilities to the Municipality in respect of their employees' municipal accounts. Obtaining stop-order facilities in respect of public servants, educators and police officers
- (3) The Municipal Manager shall prepare a report, for submission on behalf of the Municipality to SALGA, Eastern Cape seeking support for engaging the State (as employer) to negotiate a collective agreement/condition of service with relevant trade unions compelling public servants, educators and members of the SAPS to grant irrevocable stop-orders in respect of their municipal accounts to the Municipality and/or municipalities in general. The Mayor shall table such report in the (to be established) district intergovernmental relations forum in order to enlist the support of municipalities within the district for the Municipality's proposal. The Mayor shall, in addition, request the Mayor of the district municipality to table the report, with the district forum's resolutions with regard to it, in the Premier's intergovernmental relations forum.

10.10. INCENTIVE SCHEME FOR ERASING DEBTS OLDER THAN 12 MONTHS

- (1) The Chief Financial Officer shall within 30 days after the Council adopted this policy, prepare and submit a report to the Municipal Manager;
 - (a) setting out details regarding the nature and amounts of debt (including interest payable on amounts in arrears) that were due on or owed to the Municipality by domestic consumers;
 - (b) calculating the cost of writing off 50% of any such debt if the debtors concerned agree to pay half of the amount owed; and
 - (c) indicating how value-added tax payable, or paid, in respect of such debts being partially written off should be treated. 1

- (2) The Municipal Manager shall submit the report and recommendations of the Chief Financial Officer, together with her/his comment, to the councillor responsible for financial matters.
- (3) The councillor responsible for financial matters shall consider the Chief Financial Officer's report and recommendations and the Municipal Manager's comment and submit it, together with her/his report and recommendations to the Council for consideration.
- (4) The Council may subject to the Municipality's budgetary constraints, approve a once off incentive scheme which may include writing off of a part (but not more than half) of domestic debtors' debt owing to the Municipality and which was due and payable on or before 1 July 2017 as irrecoverable, provided that –
 - (a) the debtor concerned enter into an agreement with the Municipality within two months after the Municipality approved such scheme with regard to the payment of the balance of the debt owing and any debt incurred after 1 July 2017 which may be in arrears; and
 - (b) pay the first instalment in terms of the agreement upon signing thereof.
- (5) The prescripts of paragraphs 5 and 6 of the "Debt Collection Procedures" apply, with the changes required by the context, to the scheme contemplated in this paragraph.

10.11. COLLECTION OF DEBTORS BY EXTERNAL SERVICE PROVIDERS

(1) Hand over

- (a) Whenever it appears to the Chief Financial Officer that the internal debt collection endeavours of the Municipality does not have the desired result in respect of any consumer, she/he may hand over that account for collection by the debt collector appointed by the Municipality.
- (b) A handover list shall contain –
 - (i) the correct name(s) of the current owner(s) of the property;
 - (ii) the physical and postal address of the current owner(s) of the property;
 - (c) correct details of amount to be collected; and
 - (iii) in appropriate cases, a copy of any agreement between the consumer and the Municipality regarding the payment of arrears debt.
- (c) The Chief Financial Officer shall furnish ward councillors with extracts from the hand-over list in respect of their wards.

10.12. INTEREST ON ARREAR DEBT

- (1) Amounts on accounts, which remain unpaid after the 30 day grace period, shall attract interest irrespective of the reason for non-payment.
- (2) The interest rate charged on overdue debt will be the interest rate charged to the Municipality by its banker on its primary bank account, plus one (1) percentage point.
- (3) The following categories of arrear debt shall not attract interest on arrears:
 - (a) Indigent debt
 - (b) Closed accounts
 - (c) Deceased estates
 - (d) Insolvent estates
 - (e) Debtors under administration
 - (f) Debt under Debt Review
 - (g) Any other category of debt as determined by the municipality
- (4) No interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of instalment thereof, provided the instalment is paid in full plus the monthly current account, by the due date.

10.13. ENQUIRIES AND APPEALS

- (1) Any aggrieved person may address a grievance or query regarding charges for municipal rates and services to the Chief Financial Officer in writing or telephonically or may visit any Customer Care office or facility provided by the Municipality.
- (2) The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution. The dispute must relate to specific charges raised on the account.
- (3) The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account.
 - (a) In the event that there is a query: -
 - (i) The customer must continue servicing the account on services that are not affected by the query
 - (b) The customer must continue to pay the reasonable estimate of the queried service at the lodging of the query and should continue to pay such reasonable estimate amount until the query is concluded, and then pay the actual billed amount for the service thereafter. If the customer does not adhere to the above, then the 60/40% partial block will be applied on the electricity prepayment system.
- (4) The Municipality will respond to all inquiries from Customers in writing within sixty days from the lodging of the enquiry.
- (5) Objections and Appeals on Property valuations do not stop Credit Control and Debt Collection Procedures and any other applicable action.

10.14. DEBT COLLECTION

- (1) The Chief Financial Officer is authorised to institute agreed upon debt collection mechanisms without exception and with the intention to proceed until the debt is collected.
- (2) All rates and services accounts rendered by the Municipality shall be paid on or before the due date as indicated on the account. It is unlawful not to pay for property rates and / or service charges rendered.
- (3) Amounts on accounts, which remain unpaid after the due date, shall attract interest, irrespective of the reason for non-payment.
- (4) Amounts on accounts, which remain unpaid after the due date, will be subject to a fourteen (14) day notice period notification prior to the intended debt collection action that will be instituted.
- (5) Debt collection action will be taken on the total amount outstanding on the account after the due date. The total amount outstanding includes property rates, refuse, electricity and sundry debtor charges, and includes handed over debt for which settlement arrangements have not been entered into.
- (6) The debt collection action to be taken will be as follows: -
 - (a) Disconnection of electricity supply
 - (i) The Municipality shall disconnect the electricity supply to a property if the account rendered by the Municipality is not paid by the due date as indicated on the account and in terms of the fourteen-day pre-termination notice.
 - (ii) Conventional meters and prepayment electricity meters will be disconnected for the non-payment of consolidated municipal accounts.
 - (iii) Disconnection of electricity supply will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the Collection Agents and not just for the electricity portion of the account.
 - (iv) Disconnection of electricity supply for the non-payment of an account will be during the 30-day period following the due date.
 - (v) Penalty fees will be charged to the account of the defaulting debtor.
 - (b) Blocking from the purchase of electricity

- (i) The Municipality will use its discretion in the block type it may apply to a customer from the purchase of electricity on the electricity prepayment system if the account rendered by the Municipality is not paid by the due date as indicated on the monthly account.
- (ii) The block from purchase of electricity will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the panel of Collection Agents and not just for a portion of the account.
- (iii) The block from purchase of electricity for the non-payment of an account will be during the 30-day period following the due date as stipulated on the monthly account.
- (iv) Non-Indigent Customers with arrears will be blocked on a block type that will require the Customer to pay full the amount due to the Municipality before prepayment electricity can be purchased.

- (v) Indigent Customers with arrears will be blocked on a block type on the prepayment system that will require that with the purchase of electricity, forty percent (40) % of the amount tendered to purchase electricity will be allocated to arrear debt.
- (vi) Customers will be placed on a total block from the purchase of electricity for the following reasons and will only be permitted to purchase electricity after a visit to the Municipal offices by the Customer to attend to the reason for blocking: -
 - 1. When a customer moved into a property and failed to apply for services from the Municipality and failed to pay the required security deposit.
 - 2. When the disconnection of electricity and blocked from the purchase of electricity to the property did not have the desired effect to persuade the Customer to pay the arrear debt.
- (c) Handover of debt to Collection Agents for legal collection
 - (i) Collection Agents will commence with pre-legal action in the form of:
 - 1. Letters of Demand
 - 2. Telephone Calls
 - 3. Other electronic communication
 - (ii) The following types of debt will be handed over to Collection Agents: -
 - 1. Debt that is 120 days and older.
 - 2. Debt for which no payment arrangements were made.
 - 3. Debt that relates to non- indigent debtors living in RDP houses. The legal process will be proceeded with as far as sale of movable property.
 - (iii) The following types of debt will not be handed over to Collection Agents: -
 - 1. Debt of indigent debtors that are registered as indigent as at the date of handover, or debt where there is a pending Indigent application., provided the pending status does not exceed three (3) months from date of application
 - 2. Debt that is being paid off as per arrangement with the debtor.
 - 3. Debt that is under valid query in terms of section 102(2) of the Municipal Systems Act no 32 of 2000.
 - 4. Debt that is under administration or debt review.
 - 5. Debt of deceased indigent estates.
 - (iv) The process of legal collection includes (but is not limited to) the following:
 - 1. Final demands for payment.
 - 2. Emolument attachment orders on debtor's salaries.
 - 3. Summons issued for debt to be paid.
 - 4. Default judgment to be obtained against the debtor.

5. The attachment of moveable properties and sale in execution of moveable property
 6. The attachment of immoveable property and the sale of immoveable property.
 7. Only the Municipality will hand debt over to Collection Agents for legal collection and the same debtor will not be handed over to more than one Collection Agent irrespective of the period that the debt relates to.
- (d) Withholding or offsetting payment on contracts.
- (i) Institutions or individual persons, who are in contract with the Municipality to provide a service, and who are in arrears with their services account, will have payments to them withheld by the Municipality until the arrear debt with the Municipality is settled or the payment will be off set against the arrear debt with the Municipality.
- (e) Section 118 of the Local Government: Municipal Systems Act No 32 of 2000.
- (i) The Municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Local Government: Municipal Systems Act No 32 of 2000, which is lodged with the Municipality in the prescribed manner, only when all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid. The Municipality will not accept letters of undertaking and will only release the clearance certificate once the charges contemplated have been fully paid, whether in cash or by irrevocable bank guaranteed cheque, or an Attorney's Trust account cheque.
 1. Debt older than two years on the property irrespective of whether the owner of the property had accumulated the debt will also have to be paid before the transfer of the property by the owner.
 2. If the owner refuses to pay the debt which is older than two years, then the Municipality will apply to a competent Court for an order in the following terms:
 - (i) In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.
 - (ii) In the case where there is no judgment debt, for an order staying transfer of the property pending the finalization of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.
 - (iii) The action contemplated must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred and in terms of Section 118(5) of the Act can the new owner of the property not be held liable for the debt that became due before a transfer of a property took place.
 - (iv) Withholding approval of building plans. Institutions or individual persons, who apply to the Municipality for the approval of a building plan, and who are in arrears with their services account, will have approval of the building plan withheld by the Municipality until the arrear debt with the Municipality is settled.
- (f) Other debt collection methods

- (i) The debt collection methods mentioned above are not an exhaustive list of methods that can be applied to collect debt and any other methods that can be initiated, will be implemented with the consent of the Municipal Council, to collect debt.

(7) Debt Collection Cost

- (i) Any costs, which include collection costs, charges, disbursements and legal fees to any of the debt collection methods applied to collect the debt, will be charged to the account of the defaulting debtor. The “reconnection fee” charged is due and payable irrespective of whether the electricity supply was disconnected or not.

10.15. ARRANGEMENTS TO PAY ARREAR DEBT

- (1) The Municipality will not permit arrangements for settlement of debt in instalments for debt in the current and 30-day ageing categories. Such charges must be paid up front.
- (2) One arrangement to settle debt in instalments for debt in 60 days and older will be allowed. A new arrangement will not be permitted if the customer has entered into a prior arrangement, which is outstanding.
- (3) No payment extensions will be allowed on Current accounts due and payable by the due date.
- (4) Once the debt is handed over to a Collection Agent, the defaulting debtor may enter into one (1) arrangement with the Collection Agent as stipulated in terms of this policy. However, the arrangement application will not apply to the current and 30-day ageing categories.
- (5) The Customer, by signing the arrangement agreement to pay off arrear debt acknowledges the following: -
 - (a) That debt is owed to the Municipality
 - (b) That current and 30-day ageing categories of debt has been settled.
 - (c) That on default to honour the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the Customer or the Customer will be blocked from the purchase of electricity on the prepayment system and legal proceedings will be instituted to collect the debt. The full amount due will be payable.
 - (d) That the Customer will be liable for all costs, which includes legal costs, incurred to collect the debt.
 - (e) Consents to default judgment in terms of section 57 of the Magistrates Court Act of 1944.
- (6) Broken arrangement
In the event that an arrangement has been broken by an account holder, no further arrangements will be entertained and the full amount due on the account plus any penalties will become due and payable. The services will be suspended and where applicable legal action will be implemented.
- (7) Arrangements by Indigent Customers

- (a) Indigent Customers must have their conventional meters converted to pre-payment electricity meters.
 - (b) Indigent Customers are required to pay their current monthly account, which is the amount after indigent subsidy has been deducted, every month on or before the due date.
 - (c) Indigent Customers with arrears will be blocked on a block type on the prepayment system that will require that with the purchase of electricity, forty (40) % of the amount tendered to purchase electricity will be allocated to arrear debt.
- (8) Arrangements by Residential Customers
- (a) No arrangements or payment extensions for payment will be allowed for current and 30-day debt ageing categories.
 - (b) The current and 30-day debt must be paid up front.
 - (c) A once-off arrangement can be entered into by the customer to settle the 60 day and older debt in equal instalments up to twelve (12) months plus the monthly current account.
 - (i) A domestic customer intending to enter into payment arrangement must pay 25% of the consolidated account and amount owing, interest and costs upon signing of the agreement;
 - (ii) a debt which has arisen during a current financial year shall be repaid within that financial year;
 - (iii) undertake to regularly pay the current monthly account in respect of the property concerned on or before the due date; and
 - (d) agrees to and shall bear the cost of converting a credit electricity meter to a prepaid electricity meter.
 - (e) Only written arrangements will be accepted and must be entered into by the account holder.

(9) Arrangements by Non-Residential Customers

- (a) No arrangements or payment extensions for payment will be allowed for current, 30-day, 60 day and 90-day debt ageing categories.
- (b) The current, 30-day, 60 day and 90-day debt must be paid up front.
- (c) The customer intending to enter into payment arrangement must pay 50% of the consolidated account and amount owing, interest and costs upon signing of the agreement;
- (d) A once-off arrangement can be entered into by the customer to settle the 120 day and older debt in equal instalments up to twelve (12months) plus the monthly current account.
- (e) No arrangements or payment extensions will be entertained or permitted for Government and Parastatal debtors. The debt must be settled in full on or before the due date as stipulated on the account.
- (f) Only written arrangements will be accepted and must be entered into by the account holder.

10.16. INDIGENT DEBTORS

- (1) An account holder (Customer) may apply, for Indigent support as prescribed in the Indigent Support Policy of this Municipality.
- (2) Debt of deceased indigent estates –
 - (a) Until the property is transferred from the deceased estate to the new owner or heir all the services from the account of the deceased owner as at the date of death will be transferred to the account of the occupant, which must include the valuations of the property in order to charge the occupant for property rates.

- (b) The occupant of the property must sign an agreement in which the occupant agrees to pay all the rates and service charges that are to be raised on the property that is occupied.
- (c) The following circumstances must prevail to transfer the services to the account of the occupant: -
 - (i) The house must be a government funded RDP house.
 - (ii) The occupant of the house must be a registered indigent Customer with the Municipality and be receiving an indigent subsidy from the Municipality.
 - (iii) The Director responsible for Land Administration will, on approval of the "Affidavit: Deceased Estate" agreement, proceed with the transfer of the property from the deceased indigent estate to the name of the appointed registered Indigent heir of the property at the Municipality's cost.
 - (iv) Once the property has been transferred, the debt of the Deceased Indigent Estate will be submitted to Council for approval to write off.

10.17. MUNICIPAL STAFF AND COUNCILLORS – PAYMENT OF ARREARS

- (1) Section 10 of schedule 2 of the Local Government: Municipal Systems Act, No 32 of 2000 provides the following: -

"A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period."

In accordance with schedule 1, item 12A of the Systems Act, a Councillor of the municipality 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 municipality. 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.

- (2) Arrear debt relating to rates and service charges will be collected from staff and Councillors in terms of collection arrangements approved by the Municipal Manager from time to time.
- (3) The financial situation of each applicant will be assessed.
- (4) If the staff member or Councillor cannot afford to repay the debt over six months, the debt be spread over twelve months or the repayment instalment will not be greater than 50% of the staff member's net salary. In each case, the size of the debt and the net salary may be considered.
- (5) Municipal staff and Councillors are not entitled to benefit from the Indigent Support subsidy whilst employed and if it is discovered that a staff member or councillor has benefitted from the Indigent Support subsidy after the date of their employment with the Municipality, this will result in disciplinary action being taken against the relevant staff member or Councillor.
- (6) No owner of a property may benefit from the Indigent support subsidy whilst a municipal staff member or Councillor is residing on the same property.

10.18. ADMINISTRATION ORDERS – PAYMENT OF ARREARS

- (1) A person can apply for the administration of its estate in terms of section 74 of the Magistrates Court Act, 1944.
- (2) On notification that the order had been granted, the Municipality will manage the debt that is part of the administration order separately to the current account.
- (3) The debtor will be responsible for the payment of the current monthly account and if the debtor defaults on the payment of the account, debt collection action will be implemented.

10.19. WRITE OFF OF IRRECOVERABLE DEBT

- (1) The objective to write off irrecoverable debt is to have a debt book that does not reflect irrecoverable debt.
- (2) The Municipal Council's approval must be obtained to write off irrecoverable debt inclusive of indigent debt.
- (3) In the submission to the Municipal Council to write off debt the Council must be provided with details of –
 - (a) The debt collection procedures implemented to recover the debt and the costs incurred as a result thereof;
 - (b) The reasons why the debt collection procedures were not successful and had to be abandoned;
 - (c) The debtor's financial position, if known;
 - (d) Reasons why the debt or a portion thereof is regarded as being irrecoverable.
- (4) Debt can be regarded as irrecoverable under the following circumstances: -
 - a) Debt that was subjected to all the debt collection procedures provided for in this policy and still was unsuccessful to collect the debt and where the debt collection process had to be abandoned.
 - b) Debt of which the cost to collect debt has exceeded the debt amount.
 - c) Debt of indigent debtors that cannot be collected after the implementation of the debt collection procedures applicable to indigent Customers provided for in this policy
 - d) Small amount debt of which the cost to collect the debt is more than the debt amount.
 - e) Debt of deceased estates –
 - (i) Claims must have been submitted to the estate of the deceased
 - (ii) The executor of the estate advised the Municipality in writing that there are no funds in the estate.
 - f) Debt of debtors who have emigrated –
 - (i) Debt collection procedures must have been implemented.
 - (ii) The Municipality was informed by a reliable source that the debtor had emigrated.
 - (iii) The emigrating authorities had confirmed that the debtor had emigrated.
 - g) Debt that has prescribed –
 - (i) Debt collection procedures must have been implemented.
 - (ii) Debt must be older than three years.
 - (iii) Debt must comply with the provisions of section 10 Chapter III of the Prescription Act No 68 of 1969.

- h) Debt of insolvent estates –
 - (i) Debt collection procedures must have been implemented.
 - (ii) Claims must have been submitted to the liquidators of the insolvent estate.
 - (iii) The liquidators of the insolvent estate must advise the Municipality in writing that there are no funds in the estate.
 - (iv) The Municipality received dividends on the amount owing and was advised that the estate had been finalized and there will be no further dividends forthcoming.
- (5) The annual Revenue Budget will include an amount to provide for the amount to be written off.

10.20. DEBT IMPAIRMENT ALLOWANCE

- (1) In terms of the relevant Generally Recognised Accounting Practise (GRAP) standards, the Municipality must determine a Debt Impairment Allowance related to the debtor's book.
- (2) The objective of the debt impairment allowance is to make a realistic provision annually in the Revenue budget to cater for charges raised in terms of the annual budget that cannot be collected.
- (3) The calculation of the debt impairment allowance will be based on an extract of The Municipality's debtors' book as at the last day of the financial year.
- (4) The Debt Impairment Allowance Methodology will be determined by the Chief Financial Officer, from time to time.

10.21. CERTIFICATES REQUIRED FOR TENDERS

- (1) A person or an institution reacting to a tender published by the Municipality or wishing to enter into a contract to either provide services or goods to the Municipality must produce a certificate, on the prescribed form, which states that regular payment of rates and services accounts are maintained and that the account are currently up to date.
- (2) A person who fails to provide such a certificate shall be disqualified from the tendering process.
- (3) When inviting tenders for the provision of services or delivery of goods, potential contractors / service providers / suppliers (hereinafter referred to as tenderer) must declare that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid.
- (4) The Municipality will, at its sole discretion check whether all the Municipal accounts are up to date. A copy of the consolidated bill and rates account must be attached to all tender documents.
- (5) Where a contractor's place of business or business interests are outside the jurisdiction of the Municipality, a Debt Clearance Certificate from the relevant Municipality must be produced.
- (6) When a tender is awarded, the Municipal debts of the tenderer must be paid in full before the contract with the Municipality is concluded.
- (7) Where payments are due to a tenderer in respect of goods or services provided to the Municipality, any arrear amount owing to the Municipality may be set off against such payments.

- (8) This Policy applies to quotations, public tenders and tenders in terms of the Supply Chain Management policy.

10.22. FINAL ACCOUNTS

- (1) Accounts for services
- (a) A consumer who no longer requires municipal services to be rendered at the address stipulated in her/his application for the provision of services, shall submit an application for the disconnection of services on the prescribed application form.
 - (b) The Chief Financial Officer shall cause –
 - (i) a final reading in respect of electricity supplied to the property concerned on the date indicated on the consumer's application to discontinue services; and
 - (ii) services to the property to be discontinued from that date.
 - (c) Services to premises must be disconnected in such a way as to prevent persons moving into the premises from consuming services without the required application for connection of services having been furnished.
 - (d) A consumer account will be prepared until the date of the final reading and furnished to the consumer.
 - (e) The consumer deposit which is held by the Council shall be appropriated against the final account. If, after the appropriation of the deposit against the account a
 - (i) credit balance remains on the account, the credit balance will be refunded to the consumer; and
 - (ii) debit balance remains on the account, the consumer shall pay such amount.
 - (f) The debit balance that remains unpaid must be handed over for collection within 60 days.
- (2) Absconded debtors
- (a) Whenever the Chief Financial Officer becomes aware that the person that had applied for the services is not ordinarily residing on the premises she/he shall cause –
 - (i) a final reading of services to be taken;
 - (ii) a final account to be prepared; and
 - (iii) the consumer deposit to be appropriated against such final account.
 - (b) A credit balance on the account must be refunded to the consumer. Any arrear balance on the account must be handed over for collection to recover the arrear amounts.
 - (c) Whenever the Chief Financial Officer becomes aware that the person who ordinarily resides on the premises had not applied for the services but is consuming services, she/he shall cause the services to be disconnected
- (3) Issuing of rates clearance certificates
- Whenever an application for a rates clearance certificate is submitted and debt that is older than two years (and which has not prescribed) has accrued in connection with the property concerned, the Chief Financial Officer shall forthwith
- (a) obtain judgement in respect of such debt; and
 - (b) ensure that a copy of the judgement is supplied to the conveyancer concerned.
- (4) Sales in execution
- Whenever notice of sale in execution is given, the Chief Financial Officer shall inform the Sheriff in writing of the amount due to the Municipality in respect of the property concerned.

10.23. THEFT, FRAUD AND TEMPERING WITH METERS

- (1) The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.
- (2) The Municipal Council may approve specific penalties and distinguish between cases of vandalism and theft.
- (3) Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.
 - (a) The Chief Financial Officer shall cause such routine and special inspections to be held as may be necessary to detect tampering with meters, provided that inspections shall be conducted regularly of meters where the provision of a service has been discontinued or restricted.
 - (b) Whenever a person conducting an inspection detects or reasonably suspects that a meter has been tampered with, she/he shall complete the equipment tampering form and forward the completed form at the earliest opportunity to the electricity distribution section, if it involves electricity equipment.
 - (c) Upon receipt of an equipment tampering form, the relevant section head shall cause an electrician to inspect the relevant equipment.
 - (d) If the electrician confirms that the equipment has been tampered with, she/he shall forthwith –
 - (i) disconnect the supply; and
 - (ii) furnish a written report to the Chief Financial Officer; and
 - (iii) The relevant service shall be reinstated upon payment by the consumer
 - (iv) concerned of –
 1. the prescribed reconnection fee;
 2. the prescribed tampering fee; and
 3. a charge as determined by the Chief Financial Officer in respect of the consumption of the service concerned.
 - (e) Unless the contrary is proven to the satisfaction of the Chief Financial Officer, the occupier and the owner of the property concerned shall be jointly and separately liable for the payment of any tampering fee.

10.24. REPORTING AND PERFORMANCE MANAGEMENT

- (1) The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Mayor as supervisory authority in terms of section 99 of the Systems Act, read in conjunction with section 100(c).
- (2) This report shall contain particulars on cash collection statistics, showing high-level debt recovery information, where available (such as numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
- (3) If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by the Municipal Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if in agreement with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- (4) The Mayor as Supervisory Authority shall, at intervals of three (3) months, submit a report to the Council as contemplated in section 99(c) of the Systems

Act.

10.25. INCOME COLLECTION TARGET

- (1) Income collection targets will be set by the Chief Financial Officer to achieve the optimum debt collection ratio i.e. receipt / billing, that will satisfy the Municipality's IDP objectives.

10.26. CONDITIONS OF EMPLOYMENT

- (1) An employee of the Municipality who is appointed on the permanent establishment in a permanent capacity or for a fixed period shall, if the consumer deposit required in par 10.5 is made her/his name, grant irrevocable authority to the Municipal Manager to deduct from her/his monthly pay the full amount owing in respect of services provided by the Municipality and property rates in respect of the property concerned and to pay that amount over to the Municipality, provided that –
 - (a) the due date for paying consumer and rates accounts in respect of employees of the Municipality shall be the date on which their salaries are paid; and
 - (b) any employee of the Municipality who has not complied with this requirement within 30 days after this policy becomes effective, shall be guilty of a disciplinary offence.

10.27. APPLICATION, IMPLEMENTATION AND REVIEW OF THE POLICY

- (1) The Municipal Council reserves the right to differentiate between different categories of Customers, debtors, services or service standards when applying this Policy. The Municipal Council will on application of the Credit Control Policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution. No debtor may be exempted from credit control action as a sign of goodwill for any period of time as this is in contravention of the actions applied in this policy and the Credit Control principles contained in the Municipal Systems Act No. 32 of 2000
- (2) The Chief Financial Officer is the custodian of the Credit Control Policy and responsible for implementation and review of the policy.
- (3) In terms of section 17(1)(e) of the Municipal Finance Management Act no. 56 of 2003, this policy must be reviewed on an annual basis and the reviewed policy must be tabled to the Municipal Council for approval as part of the budget process.

10.28. COMPETENCE AND CAPACITY TO IMPLEMENT THE POLICY

- (1) The Policy should be available and communicated to all staff.
- (2) All staff must be aware of the prescriptions of the policy.
- (3) All staff must be aware of the procedures contained in this policy.
- (4) Supervisors/Managers must ensure compliance with this policy.

10.29. COUNCIL APPROVAL AND COUNCIL RESOLUTION NUMBER

COUNCIL RESOLUTION : XXXXXXXXXXXX

DATE : XXXXXXXXXXXX

MAYOR

NEXT REVIEW DATE: 25TH OF MAY 2023