

CREDIT CONTROL AND DEBT COLLECTION POLICY



THABA CHWEU LOCAL MUNICIPALITY

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1) **SCOPE OF THE POLICY**

This Policy applies to all administrations within the defined boundaries of the Thaba Chweu Municipality and all debtors of these administrations.

This Policy as approved by Council shall be enshrined in a Municipal by-law in terms of the Local Government: Municipal Systems Act No 32 of 2000 and such Policy will be binding on the public, officials and Councillors of the Municipality of Thaba Chweu and no interference in the process will be permitted.

The Policy is applicable until such time it is reviewed and any revisions to the Policy approved by Council.

All acts performed in terms of the above approved Policy, until such time as such Policy is enshrined in the Municipal By-Law, will not be invalidated due to the timing differences between approval and promulgation.

All acts performed as mentioned in the previous paragraph will be ratified with the promulgation of the Municipal By-Law.

2) **OBJECTIVE OF THE POLICY**

The objective of this Policy is to:

- Focus on all outstanding debt as raised on the debtor's account.
- Provide for a common credit control, debt collection and effective to indigent Policy throughout the Thaba Chweu Municipality.
- Facilitate implementation of this Policy throughout the Thaba Chweu Municipality.
- Promote a culture of good payment habits amongst Thaba Chweu Municipality debtors and instil a sense of responsibility towards the payment of municipal accounts and reduction of municipal debt.

Subject to the principles provided for in this Policy, the Council of Thaba Chweu Municipality must 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

Effectively and efficiently deal with defaulters in accordance with the terms and conditions of this Policy.

3) **DEFINITIONS**

“**Arrears**” refers to any amount due to the Council and not paid by the due date.

“**Billing**” refers to the process of charging for services provided by issuing accounts.

“**Town**” refers to all administrations within the area of Thaba Chweu Municipality.

“**Credit control**” refers to certain basic credit worthiness checks which must be completed prior to a municipal service being provided and deposits collected.

“**Council**” means the Council of the Municipality of Thaba Chweu.

“**Debt collection**” refers to the debt recovery process and includes sanctions (warning, disconnection, adverse credit rating, legal process and/or eviction, etc) to be applied in the event of non-payment of accounts.

“**Disconnection**” means interrupting the supply of water or electricity to a debtor as a consequence of ignoring a notice for payment.

“**Due date**” refers to the final date of payment as shown on the debtor’s municipal account, demand or notice in terms of this Policy.

“**Effective disconnection**” includes, inter alia, the physical removal of connections and/or equipment as a consequence of unauthorised reconnection (tampering and/or by-passing) of the disconnected service.

“**Chief Financial officer**” means the staff member of the Municipality responsible for the collection of moneys owed to the Municipality and and/or any other staff member to whom he/she has delegated duties and responsibilities in terms of this Policy.

“**Financial year**” means a year ending 30 June.

“**Holistic**” or “**consolidated**” refers to the combining of all debt in order to establish the total obligation the debtor has to the Municipality.

“**Indigents**” are as defined herein.

“**Indigent amount**” refers to the applicable value of the indigent subsidy as determined by the Council of the Municipality of Thaba Chweu from time to time.

“Interest on overdue accounts” is based on a full month and part of a month shall be deemed to be a full month.

“Service” means municipal services rendered by the Municipality and includes the supply of electricity, water, sanitation and refuse removal.

"occupier" means a person who occupies any premises or part thereof, without regard to the title under which he or she occupies;

"owner" means -

- the person in whom from time to time is vested the legal title to premises;
- in a case where the person in whom the legal title to premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- in any case where the Municipality is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such premises or a building or buildings thereon;
- in the case of premises for which a lease agreement of 30 years or longer has been entered into, the lessee thereof;
- in relation to -
 - a) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), the developer or the body corporate in respect of the common property, or
 - b) a section as defined in the Sectional Titles Act, 1986 (Act No. 95 of 1986), the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;

“Legal process or procedures and/or legal action” refers to, inter alia, the process and/or action described in the Magistrate Courts Act No. 32 of 1944; Supreme Court Act No. 59 of 1959; Adjustment of Fines Act No. 101 of 1991; Debt Collectors Act No 114 of 1998; Criminal Procedures Act No. 51 1977; Local Government: Cross-Boundary Municipalities Act No. 29 of 2000; Local Government: Municipal Structures Amendment Act No. 33 of 2000; Local Government: Municipal Systems Act No. 32 of 2000.

“Letter of Demand” means a notice sent prior the legal process commencing.

“Municipality” includes the Council, a Committee of the Council, a duly authorised official of the Council and an Agent of the Council.

“Payment” refers to any form of redemption acceptable to the Council of Thaba Chweu from time to time towards the balance on an account.

"Person" means any natural person, local government body or like authority, a company incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust;

"premises" means any piece of land, the external surface boundaries of which are delineated on -

- a general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No. 9 of 1927), or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
- a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986);
- a register held by a tribal authority;

"Prescribed tariff or charge" means a charge prescribed by the Municipality;

"Public notice" means a notice in a newspaper in at least two of the official languages in general use within the Province or area in question, and, where possible, the notice shall be published in a newspaper appearing predominantly in the language utilised in the publication of the notice;

“Residential debtors” are classified as those debtors who qualify for and receive free electricity and/or water. [Indigents] but will be amended when TCLM will rolling FBS only to indigents.

“Non-residential debtors” are classified as those debtors who do not qualify for or receive free electricity and/or water.

“Sundry debt” refers to any debt other than for rates, rental, metered services, sewerage and refuse removal. e.g. Deposit, Connections etc.

‘Supply’ means any metered supply of water or electricity.

“Tampering” means the unauthorised reconnection of a supply that has been disconnected for non-payment, the interference with the supply mains or bypassing of the metering equipment to obtain an un-metered service.

“Total household income or household income” refers to the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based except in case of child headed families.

- ❖ Unless the context clearly indicates a contrary intention, an expression which denotes gender shall include a reference to any other gender; the singular shall include a reference to the plural and vice versa.

4) **PRINCIPLES**

This Policy supports the following principles:

- Human dignity must be upheld at all times.
- The Policy must be implemented with equity, fairness and consistency.
- Details related to the debt and the account of the debtor should be correct at all times.
- Debts and arrangements to repay debts shall be treated 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 be in sympathy with the instalments that the debtor can afford.
- The implementation of this Policy should be based on sound business practices. This includes credit worthiness checks when application for services is made, as well as debt collection through sanctions of warnings, disconnections, evictions and other legal processes.
- New services will only be provided if a clearance certificate has been issued indicating that all amounts due in respect of municipal services, surcharge on fees, property rates and other municipal taxes, levies and duties at the debtor’s previous address have been paid.
- 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 Council with any or all data information institutions, credit information bureaux and/or any financial institutions as may be deemed necessary by the Council in determining the applicant’s credit worthiness.
- Where alternatives are available, Council may provide reduced levels of service to manage the debt growth.

- Debtors may be referred to third party debt collection agencies and may be placed on the National Credit Rating list.
- All recoverable costs incurred by Council relating to the collection process shall be recovered from the debtor.
- Interest charges on overdue accounts will be levied from the due date if not paid by the following due date and will be calculated for a full month irrespective of when payment is made. The interest charged will appear in the following month's account.
- As part of the arrangements made to repay debt, debtors may be required to co-operate with any reasonable measures that might be required to reduce their level of use of consumptive services to affordable levels.
- At all times, the most financially beneficial arrangement to Council must be entered into whilst still retaining the principles of this Policy.
- Successful credit control is dependent upon a reliable billing system and an accurate municipal data base.

5) APPLICATION FOR MUNICIPAL SERVICES

- Applicants for municipal services shall be required to complete a prescribed application form which shall contain:
 - a certificate by the applicant to the effect that the information contained therein is true and correct;
 - an acknowledgement by the applicant that, in the event of the Municipality supplying the requested service, a binding contract shall come into existence between the applicant and the Municipality subject to the terms of conditions pertaining to the supply of the requested service as may be determined by the Council from time to time.
- The applicant shall be interviewed by an official who may carry out a full credit check and endeavour to trace all municipal debt owed by the applicant. This will require the provision of, inter alia and if applicable, an Identity Document, binding lease agreement, title deed and other supporting documents as required by Council from time to time. e.g. proof of residential address or affidavit.
- Applications for services from businesses, including but not limited to trusts, companies, close corporations and partnerships must include a resolution delegating authority to the applicant to apply for the relevant service and furnishing, if applicable, the business entity's registration number or IT number, the names, addresses and all relevant contact

particulars of all the business's directors, members, trustees, proprietors or partners.

- Municipality will levy an average/ interim consumption where readings cannot be obtained for whatever reason (due to gate locked, dogs, meter underground, inactive, bees etc)

The prescribed application form forms an integral part of this Policy insofar as the contents of such application form is not in conflict with any of the provisions of this Policy.

6) RATES

6.1) Annual Rates (and other annual levies)

- Interest will be charged on all overdue accounts at an interest rate that shall be determined by the Council from time to time.
- If an account is not paid by the due date as displayed on the account, a notice shall be issued showing the total amount owed to Council.
- If an account is not settled or there is no response from the debtor to make acceptable arrangements to repay the debt, summons shall be issued and the legal process followed or other means as per this policy will be passed.
- In instances where the rates debt is in respect of Municipal property sold by suspensive sale agreement, the collection thereof will be undertaken in terms of the Deed of Sale or any subsequent applicable written agreement between the Council and the debtor.
- 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 Council, however, has total commitment to a sale-in-execution should the debtor fail to make use of the alternatives provided for by the Council from time to time.
- Any debtor may be granted the opportunity of converting to a monthly rates payment arrangement for the following financial year.

6.2) Monthly Rates

- Interest will be charged on all overdue accounts at an interest rate that shall be determined by Council from time to time.

- Debtors may make application to the Council before 31 May each year to pay current and future rates monthly, the approval of which is at the sole discretion of the Chief Financial Officer with the right to sub-delegate.
- The monthly amount payable for current annual rates plus interest will be calculated to allow the total balance of such amount to be paid in equal instalments by the end of that financial year.
- Should the debtor's rates arrears equal the amount of any three monthly instalments or more, the full balance of the annual rates will become due and payable and the account status will be converted from monthly to annual.

6.3) Rates Clearance Certificate

- No rates clearance certificate will be issued by the Municipality contrary to the provisions of Section 118 of the Local Government: Municipal Systems Act, 2000.
- Application cost for clearance figures should be received prior the calculation of clearance figures

6.4) Determination and Collection of Rates

The provisions of the Municipal Ordinance 20 of 1974 and the relevant provisions of the Local Government Transition Act 1993 and the Municipal Systems Act 2000 shall, until repealed or replaced, continue to apply in respect of the determination, application and collection of rates owing to the Municipality as well as the seizure and sale of property in execution.

7) SERVICES

7.1) Service Tariffs

All tariffs and or charges payable in respect of services rendered by the Municipality must be determined by the Municipality by a resolution passed by its Council in accordance with its tariff Policy or any by-laws in respect thereof and/or in accordance with any regulations adopted by the Municipality or made applicable to the Municipality in terms of the provisions of the Water Services Act 1997 and any other national legislation.

7.2) Fixed Charges

The tariffs referred to in paragraph 7.1) may include a fixed charge payable by every owner or debtor in respect of services provided by the Municipality whether or not such services are actually used by such owner or debtor.

7.3) Deposits

- Every debtor must, on application for the provision of municipal services and before such services will be provided by the Municipality, deposit with the Municipality a sum of money herein referred to as a 'services deposit' the amount of which and in respect of what service shall be determined by the Council of the Municipality by resolution from time to time.
- Municipal councillors and employees will only be exempted to pay consumer deposit provided they give the municipality an authorization to deduct monthly consumer accounts from their salaries on a monthly basis.
- Should the councillor or employee of the municipality decides to cancel the stop order for the deduction from his/her salary, he /she will be expected to pay the deposit before the cancellation of such stop order.
- If the applicant does not claim his/her deposit within one year after discontinuance of services, the applicant will forfeit deposit and council will utilize such deposit for its operational activities
- The municipality will not pay interest on deposit
- The deposit on the existing account may not be used as a deposit to the new property until the existing account is finalized and closed.
- It is the municipality's prerogative to determine deposit to be charged on all non-residential consumers based on the size and type of the business, and the municipality may adjust such deposit based on the consumption. (Deposit should be calculated to ensure that services due for a minimum period of two and a half months can be settled in full)
- The Council may require a debtor to whom services are provided and who was not previously required to pay a deposit, for whatever reason, to pay a deposit on request, within a specified period.
- The Council may from time to time review the sum of money deposited by a debtor in terms of this section and, in accordance with such review –
 - a) require that an additional amount be deposited by the debtor; or
 - b) refund to the debtor such amount as may be held by the Municipality in excess of the reviewed deposit.

- An amount deposited with the Municipality in terms of this Section shall not be regarded as being in payment or part payment of an account due for services rendered.
- If, upon the termination of the agreement for the provision of services, an amount remains due to the Municipality in respect of services rendered to the debtor, the Municipality may apply the deposit in payment or part payment of the outstanding amount and refund any balance to the debtor.
- No interest shall be payable by the Municipality on the amount of a deposit held by it in terms of this Section.
- An agreement for the provision of services may contain a condition that a deposit shall be forfeited to the Municipality or its authorised agent if it has not been claimed within twelve months of the termination of the agreement.

8) INTEREST

- Except where expressly provided to the contrary in this Policy, the Municipality may levy interest at prime plus 1% on all arrears in accordance with prevailing law.
- A registered indigent will be exempted from being levied interest on his/her consumer account
- Government Department will also be exempted from being levied interest.

9) ACCOUNTS

- Only owner accounts will be opened for residential properties.
- The owner of the property will be solely responsible for the payment of the account.
- Owners with more than one municipal account on a single property will have these accounts consolidated into one municipal account as contemplated in section 102 of the Municipal Finance Management Act.
- All existing accounts will be consolidated. The consolidated account will be in the name of the registered owner of the property. This process will begin 01 July 2015. Accounts with existing arrears balances will be consolidated first. Deposits on said accounts will be utilized to settle the debt on the account.
- No new tenant accounts will be opened from 01 July 2015.
- All services will be charged on the account opened in the name of the registered owner.

- Monthly accounts will be rendered to debtors for the amount due and payable, at the address last recorded with the Municipality.
- Failure by the Municipality to render an account does not relieve a debtor of the obligation to pay any amount due and payable.
- An account rendered by the Municipality for services provided to a debtor shall be paid not later than the last date for payment specified in such account, which date will not be more than twenty one days after the date of the account.
- If payment of an account is received after the date referred to as specified on the account, a late payment charge or interest as may be prescribed by the Municipality must be paid by the debtor to the Municipality.

Accounts for water supply will show the following;

- the consumption or estimated consumption or assumed consumption as determined for the measuring and / or consumption period;
 - the measuring or consumption period;
 - the applicable tariff;
 - the amount due in terms of the consumption;
 - the amount in arrears, if any;
 - the interest payable on any arrears, if any;
 - the final date for payment;
- Accounts may be accompanied by a notice stating that –
 - the debtor may conclude an agreement with the Municipality for payment of the arrear amount in instalments at the Municipality before the final date for payment, if a debtor is unable to pay the full amount due and payable;
 - if no such agreement is entered into, the Municipality may, in accordance with the Policy contained herein, limit the water services to the debtor;
 - legal action may be instituted against any debtor for the recovery of any arrear amount in terms of the Policy contained herein ;

- the defaulting debtor's name may be listed with a credit bureau or any other equivalent body as a defaulter;
- the account may be handed over to a debt collector for collection;
- proof of registration, as an indigent debtor, in terms of the Municipality's Indigent Policy must be handed in before the final date for payment; and
- an indigent debtor is only entitled to basic water services and that an indigent debtor will be liable for payment in respect of water services used in excess of the quantity of basic services.
- "Electronic Funds Transfer (EFT) payments should be made three (3) working days before the due date to allow administrative processes."
- "The municipality will not be held accountable/ liable for inconveniences or damages incurred as a result of termination of services due the unallocated EFT and direct deposits made with incorrect REFERENCE numbers as well as without REFERENCE numbers".
- The outstanding debts of the service providers be deducted from what is due to them by the municipality for service rendered.
- All outstanding debts due by the officials or councillors will recovered in full on resignation, termination, expulsion, retirement or death despite any arrangement that might be in place.

10) DISPUTES, QUERIES AND COMPLAINTS

In this Section "Dispute" refers to the instance when a debtor questions the correctness of any account rendered by the Municipality to such debtor and the debtor lodges an appeal with the Council in accordance with this Section.

10.1) Procedure to be followed

In order for a dispute to be registered with the Municipality, the following procedures must be followed:

By the Debtor:

- The debtor must submit the dispute in writing to the Chief Financial Officer of the Municipality.
- No dispute will be registered verbally whether in person or over the telephone.

- The debtor must furnish his full personal particulars including the account number, direct contact telephone number, fax, e-mail addresses and any other relevant particulars as may be required by the Municipality.
- The full nature of the dispute must be described in the correspondence referred to above.
- The onus will be on the debtor to ensure that he receives a written acknowledgement of receipt of the dispute from the Municipality.

By the Council:

On receipt of the dispute, the following actions are to be taken:

- All Administrations must keep a register in which all disputes received will be entered.
- The following information should be entered into the register:
 - Debtor's Account Number
 - Debtor's name
 - Debtor's address
 - Full particulars of the dispute
 - Name of the official to whom the dispute is given to investigate.
 - Actions that have/were taken to resolve the dispute.
 - Signature of the controlling official.
- The Chief Financial Officer will keep custody of the register and conduct a daily or weekly check or follow-up on all disputes as yet unresolved.
- A written acknowledgement of receipt of the dispute must be provided to the debtor.
- All investigations regarding disputed amounts must be concluded by Council's Chief Financial Officer within 14 calendar days from receipt thereof.
- The debtor shall be advised in writing of the findings on the dispute.

10.3) Appeal against finding

- A debtor may, in writing, appeal against a finding of the Municipality.
- An appeal shall be in writing and shall set out the reasons for the appeal and be lodged with the Municipal Manager within 21 days from the date the debtor is advised of the findings of the investigation.
- An appeal must be decided by the Council of the Municipality at its first ordinary meeting held after the appeal was lodged.
- The decision of the Council shall be final and the debtor must pay any amounts due and payable in terms of such decision within 21 days of him being advised of the Council's decision.
- The Council may, in its sole discretion, condone the late lodging of an appeal or other procedural irregularity.
- If the debtor is not satisfied with the outcome of the appeal, he may, under protest, pay the amount in dispute and redress his action in a court of law.

11) ARREARS

- If a debtor fails to pay the amount/s due and payable on or before the final date for payment, municipal services will be terminated and or restricted in accordance with section 13
- The reconnection will be done within 48 hours after the full payment is received or acceptable payment and arrangements are made

Notice of discontinuation of services should contain amongst others the following Statement:-

- a)** the amount in arrears and any interest payable;
- b)** that, if no payment is received within the stated period, services to the debtor will be limited and that legal action may be instituted against such debtor for the recovery of any amounts owing in accordance with the Policy contained herein;
- d)** that the debtor's name may be listed with a credit bureau or any other equivalent body as a defaulter;
- e)** that the account may be handed over to a debt collector for collection;

11.1 STAFF MEMBERS/ OFFICIALS AND COUNCILLORS IN ARREARS

- a) Paragraph 10 of Schedule 2 to the Act states that: - "A staff member of the Municipality may not be in arrears to the Municipality for rates and service charges for a period longer than three months and Municipality may deduct any outstanding amounts from a staff members salary after this period."
- b) The Municipality shall liaise with the relevant staff on repayment of their arrears and issue the necessary salary deduction instruction where appropriate.
- c) Paragraph 12(a) of Schedule 1 to the Act states that: - "A Councillor may not be in arrears to the municipality for rates and service charges for a period longer than three months."
- d) The Municipal Manager shall liaise with the Mayor and issue the necessary salary deduction instruction where appropriate.

12) RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

- (a) Both the landlord and the tenants/ occupier will be held liable for the debt on the property in terms of section 28 of the MPRA Act no: 6 of 2004.

13) LIMITATION AND DISCONNECTION OF SERVICES (CREDIT CONTROL PROCEDURE)

The Municipality shall limit and or discontinue the provisions of services under the following circumstances:

13.1 DUE TO NON PAYMENT OF SERVICES

- (a) The Municipality shall after the expiry of the due date of payment period allowed for payment in terms of the statement of account issue a notice of discontinuation of supply.
- (b) The notice of discontinuation of supply shall be hand deliver to the debtor`s property.
- (c) After the delivery of the notice of discontinuation of supply for the provision of services to the debtor, the Municipality will allow the debtor to make payment before the expiry of two (2) working days from the date of delivery of the notice.
- (d) If no payment is received in terms of section 13.1 (c) the Municipality may discontinue the provision of services without further notice to the debtor.

13.2 DEBT COLLECTION PROCEDURE

(a) After the Municipality has complied with the provision of section 13.1 the debt will be collected through the standard debt collection process.

14) TERMINATION OF SERVICES ON REQUEST BY THE CONSUMER AND ON EMERGENCY

- A debtor may terminate an agreement for the provision of services by giving to the Municipality not less than thirty calendar days' notice in writing of the debtor's intention to do so.
- The Municipality may, after having given notice, terminate an agreement for services if a debtor has vacated the premises to which such agreement relates.
- The Municipality may, subject to the conditions contained in this Policy, limit or discontinue services provided in terms of this Policy –
 - a)** On the failure of the debtor to comply with the provisions of any agreement entered into with the Municipality in terms of this Policy.
 - c)** on failure by the debtor to comply with any other provisions of this policy .
 - d)** at the written request of a debtor;
 - e)** if the agreement for the provision of services has been terminated and the Municipality has not received an application for subsequent services to the premises within a period of 90 [ninety] days of such termination;
 - f)** if the building on the premises to which services were provided has been demolished;
 - g)** if the debtor has interfered with a limited or discontinued service; or
 - h)** in an emergency.
- The Municipality will not be liable for any damages or claims that may arise from the limitation or discontinuation of services provided in terms of this Section.

15) RESTORATION OF SERVICES

- After a debtor settles arrear amounts owing to the Municipality following discontinuance of a service, the discontinued service will be restored within 48 hours to the type of service the debtor elected in terms of the agreement for the provision of services.

16) DISCRETION: NEGOTIABLE AMOUNTS

- Discretion in terms of negotiable amounts as per this Policy is delegated to the Chief Financial Officer with the right to sub- delegate.
- Officials with delegated powers may use discretion as a final tool by which decisions can be made in accordance with this Policy.
- At all times, and at all levels, discretion will only be used so as to apply the principles embodied in the Policy and to ensure that some form of payment acceptable to Council is forthcoming from negotiations with the debtor.

17) ARRANGEMENTS

17.1) Principles for Residential Debtors

- Notwithstanding that all debts should be treated holistically, certain categories of debt may be subject to category specific repayment parameters.
- Current charges must be paid in full and cannot be negotiated.
- The debtor may be required to prove levels of income and must agree to a monthly payment towards arrears based on his ability to pay or based on his total liquidity if Council so requires.
- All negotiations with the debtor should strive to result in an agreement that is sustainable and is most beneficial to Council.
- Interest will be charged on arrears at prime rate plus 1%
- Interest on arrears in respect of all services and rates may, at the option of the Council, be frozen whilst the debtor adheres to the conditions of an arrangement.
- Debtors, excluding housing debtors, who default on three occasions in respect of arrangements made, will be denied the privilege of making further arrangements and the full amount becomes due and payable.
- All arrangements should be subject to periodic review.

- All services may be disconnected and legal action will be taken against debtors as provided for in this Policy and/or such debt may be referred to third party debt collectors, for recovery.

18) ARRANGEMENT CRITERIA FOR RESIDENTIAL DEBTORS

18.1) All debtors who are in arrears and apply to make arrangements to reschedule their debt repayment, will be obliged to make the following minimum payment requirements at the time of entering into such arrangement:

- Current account plus **40%** of the total outstanding debt, of which the balance will be payable over a period of **24 months**
- Each following month the debtor will be required to pay:
- Current account plus an instalment as determined.

19) ARRANGEMENT CRITERIA FOR NON RESIDENTIAL DEBTORS

All debtors who are in arrears and apply to make arrangements to reschedule their debt repayment will be obliged to make the following minimum payment requirements at the time of entering into such arrangement:

- Current account plus **70%** of the total outstanding debt, of which the balance will be payable over a period of **12 months**
- Each following month the debtor will be required to pay:
- Current account plus an instalment as determined

ELECTRICITY COUPON SALES (residential & non residential)

- In the event that a consumer's account is in arrears, the amount tendered will be split according to the ratio of 30% towards coupon sales and 70% paid towards outstanding debt. The consumer will receive electricity tokens to the value of 30% of the payment received while the remainder will be allocated towards the arrears.

20) LISTING OF DEBTOR WITH CREDIT BUREAU

- Where an account rendered to a debtor remains outstanding for more than 90 [ninety] days –

a) the defaulting debtor's name may, at the option of the Municipality, be listed with a credit bureau or any other equivalent body as a defaulter, provided that the agreement for the provision of services provide therefore; and

b) may be handed over to a debt collector or an attorney for collection.

22) **NOTICES AND DOCUMENTS**

o A notice or document issued by the Municipality in terms of this Policy shall be deemed to be duly authorised by the Council of the Municipality.

o Without derogating from the provisions of Section 115 of the Local Government: Municipal Systems Act ,2000, if a notice or document is to be served on an owner, debtor or any other person in terms of this Policy, such service shall be effected by -

a) delivering it to him or her personally or to his or her duly authorised agent;

b) delivering it at his or her residence, village or place of business or employment to a person not less than sixteen years of age and apparently residing or employed there;

c) if he or she has nominated an address for legal purposes, delivering it to such an address;

d) if he or she has not nominated an address for legal purposes, delivering it to the address given by him or her in his or her application for the provision of water services, for the reception of an account for the provision of water services;

e) sending it by pre-paid registered or certified post addressed to his or her last known address;

f) in the case of a legal person, by delivering it at the registered office or business premises of such legal person; or

[g] if service cannot be effected in terms of sub-sections [a] to [f], by affixing it to a principal door of entry to the premises concerned.

o In the case where compliance with a notice is required within a specified number of working days, such period shall be deemed to commence on the date of delivery or sending of such notice.

23) UNAUTHORISED CONNECTION AND RECONNECTION OF WATER/ELECTRICITY SUPPLY (TAMPERING)

- The unauthorised reconnection of, or tampering with a service supply is prohibited and shall constitute a criminal offence that will result in legal action being taken against the person responsible for such unauthorised reconnection or tampering. Where this has occurred the service reconnected without authorisation or tampered with will be effectively disconnected.
- The full amount of arrears plus any unauthorised consumption, and any applicable reconnection tariffs, will be payable prior to reconnection.
- The administration fee as determined by the municipality will be levied for all consumers who were on the cut off list
- Tampering fee will be charged as per the tariff determined by municipality for all illegal connections and reconnections. An average consumption, as defined by the municipality, will be charged retrospectively for the period of bridging as determined by the municipality.
- Where the municipality has by-passed electricity connection, the consumer will be charged an average fee as determined by the municipality.
- All conventional meters for both business and residential to be converted to Pre-paid except for the KVA customers and exceptional consumers e.g Government
- Where construction has been undertaken without the water used being metered, a penalty charge will be raised as determined on the tariffs.

Should exceptional circumstances exist, adequate payment arrangements may be permitted at the sole discretion of the Chief Financial Officer with the right to sub-delegate.

24) ENERGY DISPENSERS

The installation of energy dispensers, should be encouraged to those debtors whose electricity supply has been disconnected three times for non-payment irrespective of their consumer account balances. All energy dispensers are installed at the owner or tenant's expense. The charge for the dispenser can be debited to consumer account, and arrangements be made to pay off the arrears while the current account must be paid in full

25) ENERGY DISPENSERS USED TO RECOVER ARREARS (PIGGYBACKING)

A minimum of 20% to a maximum of 50% of the value of units purchased for electricity shall be allocated in the first instance to electricity arrears and thereafter to any other arrears. This action will be by prior arrangement with the debtor and shall remain unchanged unless by default.

26) RIGHT OF ACCESS

- An authorised representative of the Municipality must, at all reasonable hours, be given unrestricted access to the debtor's premises in order to read, inspect, install or repair any meter, service or service connection for reticulation, or to disconnect, reconnect, stop or restrict the provision of any service.
- Any person who contravenes with the Section above mentioned will be deemed to have contravened the provisions of Section 101 of the Local Government: Municipal Systems Act, 2000, as amended and will be charged with the commission of an offence which, if proven, may attract the penalties referred to in Section 119 of the Act.
- Failure to comply with the above stated Clause could result, inter alia, in any of the debtor's services being disconnected or terminated.

27) OTHER DEBT AND GENERAL

Sundries

- Interest will be charged on all overdue accounts at an interest rate that shall be determined by the Council from time to time.
- In the recovery of sundry debt, Council reserves the right to utilise any legal action at its disposal as well as make use of any third party debt collector.
- Disconnection and/or termination of services may be utilised to obtain overdue payment.

28) EMPLOYER DEDUCTIONS.

- The Council may, subject to an employee's consent, enter into an agreement with the employer of such employee to deduct an agreed amount from that employee's weekly or monthly wages or salary in payment towards current service and arrear service charges owing to the Municipality.
- In return for this "collection service", employers' who have municipal accounts will have their accounts credited with the equivalent commission, the extent of which will be determined by Council from time to time.
- Employers who do not have municipal accounts will be paid their commission in a manner determined by the Council.

29) FULL AND FINAL SETTLEMENT PAYMENTS

- Any part payment of an account in full and final settlement can only be tendered to the Chief Financial Officer or his delegated authority.
- Should such a payment not be tendered in accordance with the above paragraph and :
 - such payment being cash or postal orders, on discovery thereof, will be returned to the payer; or
 - such payment be in the form of a cheque, the cheque will be returned to the drawer; or
 - such payment be in the form of a cheque, credit card or electronic payment and deposited, the amount of such payment will be returned to the drawer thereof.
 - Furthermore, should such a payment not be tendered as stated above, the account will be adjusted accordingly, where applicable, and debt management actions in terms of this Policy will commence or continue as if no payment had been tendered.

30) DISHONoured PAYMENTS

30.1) Rates and General Services

If the drawer of the cheque, or the debtor who received value from the depositing of the cheque, is an existing debtor of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor.

Council reserves the right to refuse to accept further cheques from the drawer or beneficiary, to place the matter on the National Adverse Credit Listing and also institute legal action which may include criminal charges against the offender.

30.2) Miscellaneous Services

- If the drawer of the cheque is not an existing debtor of Council, then a sundry debtor account is opened and the debit and penalty is raised. Once the account is submitted and the debtor fails to honour the cheque and pay the penalty within 14 days of receipt, a final demand is generated and submitted. If there is still no response, then the matter shall be handed over for placement on the National Adverse Credit listing and/or legal action that may include criminal charges being instituted against the offender.
- If the drawer of the cheque or the debtor who received value from the depositing of the cheque is an existing debtor of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor. Council reserves the right to refuse to accept further cheques from the drawer or beneficiary and also institute legal action which may include criminal charges against the offender.

31) PROPERTY MANAGEMENT LEASES

The procedure for the recovery of arrears on leases will be in accordance with the conditions contained in the relevant lease contract.

32) HOUSING

32.1) General Principles

- Interest may be charged on all overdue accounts at an interest rate that shall be determined by Council from time to time.
- Interest charges on arrears may be frozen subject to a rescheduled debt arrangement being consistently honoured.
- A debt rescheduling arrangement requires the payment of the current account plus an acceptable amount towards the arrears each month.
- The first payment of the debt should be made at the time the debt rescheduling arrangement is entered into.
- If an arrangement is not honoured, the debt collection process/legal action will resume from where it was suspended and not restart at the beginning of the administrative process.

- The Ward and Proportional Representative (PR) Councillors will be informed of defaulting debtors following the issuing of a Letter of Demand to and Judgement Order against the occupant.
- Home visits will be undertaken by officials or representatives on behalf of Council following the issue of the Letter of Demand to the debtor and again, once a Judgement Order has been granted. The visiting official or representative will make every effort to encourage the defaulting debtor to pay his current account and enter into an arrangement for the payment of arrears.
- The debtor is responsible for all legal costs and will have to pay such costs before any legal action may be stopped. An acceptable debt rescheduling agreement must also be entered into before any legal action may be stopped.
- The following minimum payments are required from the debtor prior to cessation of the legal process:

Following issue of Summons	3 X total monthly housing charge
Following issue of Judgement Order	6 X total monthly housing charge
On day of eviction	12 X total monthly housing charge

- In each case, the payment required will be limited to the lesser of the outstanding balance or the amount calculated above.
- If the debtor defaults on an arrangement made on the day of eviction, a re-issued Warrant of Ejectment will be obtained and the subsequent eviction process may only be stopped if all outstanding arrears, plus any legal costs, are paid.
- Once an eviction has been carried out by the Sheriff of the Court, no re-instatement of the evicted debtor will be considered.

32.2) The Housing Collection Process

32.2.1) Rental Schemes

- Rental is payable in advance by the due date.

- If payment is not received by the due date on the account, a First Contact Letter requesting payment and offering the debtor an opportunity to make an arrangement within 14 days, must be sent to the defaulting debtor.
- If no response to the First Contact Letter is received, a Letter of Demand must be issued allowing the defaulter 7 days as a final opportunity to make an arrangement.
- If the debtor fails to respond to the aforesaid Letter of Demand, the legal collection process will commence and the debtor will be liable for all legal costs.
- The legal collection process will commence with the issue of a letter demanding payment within a stipulated period of 10 days.
- If the debtor fails to respond within the allowed time, summons will be issued, which in turn will be followed by default judgement and ultimately, the sanction of eviction will follow.

32.3) Home-ownership Schemes

- Loan Instalments and other housing charges are payable by the due date.
- If payment is not received by the due date, a First Contact Letter must be served on the debtor requesting payment and offering the debtor an opportunity to make an arrangement for payment within 14 days from the date of such letter.
- If there is no response to the First Contact Letter, a Letter of Demand must be issued, allowing the defaulter 7 days as a final opportunity to make an arrangement for payment.
- If the debtor fails to respond to this notice, the legal collection process will commence and the debtor will be responsible for all legal costs incurred by the Council.
- If the amount due on the day of eviction is not paid, repossession of the property will take place and arrangements must be made for resale of the property.

33) IRRECOVERABLE DEBT

33.1) Debt will be regarded as irrecoverable if:

- All reasonable notifications and cost effective measures to recover a specific outstanding amount have been exhausted; or

- If the amount to be recovered is too small to warrant further endeavours to collect it; or
- The cost to recover the debt does not warrant further action, i.e. to summons in another country; or
- The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
- A deceased estate has no liquid assets to cover the outstanding amount; or
- It has been proven that the debt has prescribed; or
- The debtor is untraceable or cannot be identified so as to proceed with further action; or
- It is impossible to prove the debt outstanding; or
- The outstanding amount is due to an administrative error by Council.

33.2) Authorization for the writing off of irrecoverable debts

(a) COUNCIL

- (i) Any debt arising from unauthorised, irregular or fruitless and wasteful expenses may only be written off through council resolution.
- (ii) Any debt exceeding R200 001.00

(b) MUNICIPAL MANAGER

- (i) Any debt between R100 001.00 and R200 000.00 excluding any debt arising from unauthorised, irregular or fruitless and wasteful expenditure

(c) DEPUTY/ CHIEF FINANCIAL OFFICER

- (i) Any debt up to R100 000.00 excluding any debt arising from unauthorised, irregular or fruitless and wasteful expenditure
- 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, the steps taken to recover a debt and a reason to write off the amount, must be compiled and submitted to the Council for consideration with a view to writing off such debt as irrecoverable.

- Notwithstanding the above, Council or its authorised officials will be under no obligation to write off any particular debt and will always have the sole discretion to do so.

34) OFFENCES AND PENALTIES

34.1) The Council acknowledges that, in terms of Section 119 of the Local Government: Municipal Systems Act 2000 it is an offence for:

- a)** A Councillor to attempt to influence the Municipal Manager or any staff member of the Municipality not to enforce an obligation in terms of this Policy;
- b)** A Municipal Manager or other staff member of the Municipality to accede to an attempt mentioned in paragraph [a]

35) PUBLICATION OF POLICY

The Municipal Manager shall, within 14 days from the date of adoption of this Policy by the Council, by public note draw the attention of the public to its broad contents and method of application.