

BA-PHALABORWA MUNICIPALITY



Credit Control, Debt Collection and Consumer Care Policy

2020/21

PREAMBLE

Whereas Section 96(a) of the Local Government: Municipal Systems Act, No 32 of 2000 (hereinafter referred to as the “Systems Act”), obliges the **municipality** (hereinafter referred to as “**Ba-Phalaborwa Local Municipality**”) to collect all money that is due and payable to it, subject to the provisions of that Act and any other applicable legislation;

And whereas Section 96(b) of the Systems Act requires the Ba-Phalaborwa Municipality to adopt, maintain and implement a credit control and debt collection **policy**, which is consistent with its rates and tariff policies and complies with the provisions of the Act;

And whereas Section 97(1) of the Systems Act stipulates what a credit control and debt collection policy must provide for;

And in terms of the **Municipal Finance Management Act (MFMA)**, 2003 (Act No. 56 of 2003) sections 62 and 64 require the effective management of the municipality’s revenue;

Now therefore the following should be adopted as the Credit Control, Debt Collection and Consumer **Policy** of Ba-Phalaborwa Local Municipality (hereinafter referred to as “this **Policy**”) as set out hereunder.

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1. INTERPRETATION AND APPLICATION

1.1 Except to the extent to which the context may otherwise require, this **Policy** shall be construed in accordance with the following provisions of this sub-paragraph:

- 1.1.1 Any word or expression importing any gender or the neuter shall include both genders and the neuter;
- 1.1.2 Words importing the singular only also include the plural, and vice versa, where the context requires;
- 1.1.3 The following words shall have the meanings hereby assigned to them:-

“Account” means any account or accounts rendered for municipal services provided.

“Act” means Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended.

“Applicable charges” means the rate (including assessment rates), charge, tariff or subsidy determined by the municipal Council.

“Average consumption” means the average consumption by a customer of a municipal service during a specific period, which consumption is calculated by dividing the total measured consumption of that municipal service by that customer over the preceding three months by three.

“Actual consumption” means the measured consumption of any customer for any given period.

“Agreement” means the contractual relationship between the municipality and a consumer whether in writing or not.

“Arrears” means any amount due, owing and payable by a consumer in respect of municipal services not paid on the due date.

“Authorized Representative” means a Person or agent or instance legally appointed or authorized by the Council to act or to fulfil a duty on its behalf.

“Council” means the municipal Council of Ba-Phalaborwa Local Municipality

“Chief Financial Officer” means the person appointed by Council in terms of Section 57 of Municipal Systems Act No. 32 of 2000 to administer its finances.

“Consumer” means any occupier of any property to which the municipality has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property.

“Connection” means the point at which a customer gains access to municipal services.

“Due date” means the date on which the amount payable in respect of an account becomes due, owing and payable by the customer, which date shall be within 21 days after the date of the account.

“Defaulter” means a person who owes money to municipality after the due date has expired.

“Disconnection of water” – any reference in this document to “disconnection of water” does not apply to private households, in which case “disconnection of water” should be read as “restriction of water”

“Dispute”- means a disagreement on a point of law or fact, a conflict of legal views or of, interests between two persons.

“Engineer” means the person in charge of the civil and/or electrical component of the municipality.

“Equipment” means a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories.

“Error” means an unintentional mistake

“Household” means a traditional family unit, as determined by the municipality from time to time taking into account the number of persons comprising a household, the relationship between the members of a household, the age of the persons who are members of the household and any other relevant factors.

“Interest” means a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on arrear monies.

“Illegal connection” means a connection to any system through which municipal services are provided that is not authorized or approved by the municipality.

“Indigent consumer” means a domestic customer qualifying and registered with the municipality as an indigent in terms of the municipality’s indigent policy.

“Municipality” means the institution that is responsible for the collection of funds and the provision of services to the consumers of Ba-Phalaborwa Municipality

“Municipal account” means an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies.

“Municipal Manager” means the person appointed as Municipal Manager in terms of section 82 of the Local Government:- Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated.

“Municipal services” means those services provided by the municipality, such as, inter alia the supply of water, electricity, refuse removal, sewerage treatment, property rates and for which services charges are levied.

“Occupier” means any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies and in the case of premises sub-divided and let to lodgers or various tenants, shall include the person receiving the rent payable by the lodgers or tenants whether for his, or her or its own account or as an agent for any person entitled thereto or interested therein.

“Owner” means:-

- (a) the person in whose name the property is legally vested;
- (b) in the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, or any other legal representative;
- (c) in the case where the Council are unable to establish the identity of such person, the person who are entitled to derive benefit from the property or any buildings thereon;
- (d) in the case of a lease agreement in excess of 30 years was entered into, then the lessee;
- (e) regarding:-

- (i) a portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 van 1986), without limiting it to the developer or managing body to the communal property;
- (ii) a portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a "sectional title, including the legally appointed representative of such person;
- (f) any legal entity including but not limited to :--
 - (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), **a trust inter vivos, trust mortis causa**, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984), and any voluntary organization;
 - (ii) any provincial or national government department, local authority;
 - (iii) any Council or management body established in terms of any legal framework applicable to the Republic of South Africa; and
 - (iv) any embassy or other foreign entity;

"Person" means any person, whether natural or juristic and includes, but is not limited to any local government body or like authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public entity body, voluntary association or trust;

"Public notice" means publication in an appropriate media that may include one or more of the following:-

- (a) publication of a notice, in the official languages determined by the municipal Council:-
 - (i) in any local newspaper or newspapers circulating in the area of supply of the municipality; or
 - (ii) in the newspapers circulating in the area of the municipality determined by the municipal Council as a newspaper of record; or
 - (iii) by means of radio broadcasts covering the area of supply of the municipality; or
- (b) displaying a notice at appropriate offices and pay points of the municipality or its authorized agent; or
- (c) communication with customers though public meetings and ward committee meetings;

"Property" means any portion of land, of which the boundaries are determined, within the jurisdiction of the municipality;

"Subsidized service" means a municipal service which is provided to a customer at an applicable rate which is less than the actual cost of the service provided to customers;

"Supply zone" means an area, determined by the municipality, within which all customers are provided with services from the same bulk supply connection.

"Unauthorized services" means receipt, use or consumption of any municipal service which is not in terms of an agreement, or authorized or approved by the municipality;

2. GENERAL OBJECTIVES

2.1 The objectives of this policy are to:-

- provide a framework within which the municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- ensure that all monies due and payable to the municipality are collected and utilised to deliver services in the best interests of the community, residents and consumers and in a financially sustainable manner;
- provide a framework for customer care;
- describe credit control measures and sequence of events;
- outline debt collection procedures and mechanisms; and

- set realistic targets for debt collection.

3. CODE OF ETHICS

All Ba-Phalaborwa Municipal officials shall embrace the spirit of Batho Pele Principles and treat all debtors with dignity and respect at all times. Employees shall execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance to access of information in terms of Information Act.

4. PRINCIPLES

- 3.1 The administrative integrity of the municipality must be maintained at all costs.
- 3.2 The democratically elected Councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- 3.3 All consumers must complete an official application form, formally requesting the municipality to connect them to service supply lines.
- 3.4 Existing consumers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- 3.5 A copy of the application form, conditions of services and extracts of the relevant Council's customer care, credit control and debt collection policy and by-laws must be handed to every customer on request at such fees as may be prescribed by Council.
- 3.6 Billing must be accurate, timeous and understandable.
- 3.7 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.8 The consumer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 3.9 Enforcement of payment must be prompt, consistent and effective.
- 3.10 Unauthorized consumption, connection and reconnection; the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- 3.11 Incentives and disincentives may be used in collection procedures.
- 3.12 The collection process must be cost-effective.
- 3.13 Results will be regularly and efficiently reported by the Mayor to Council.
- 3.14 Application forms will be used to, *inter alia* categorize customers according to credit risk and to determine relevant levels of services and deposits required.
- 3.15 Targets for performance in both consumer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.16 Where practically possible, the debt collection and consumer care policies would be handled independently of each other and the organisational structure will reflect the separate functions.
- 3.17 The principle of consumers providing services in lieu of payment for arrear accounts is supported.

5. DUTIES AND FUNCTIONS

4.1 Duties and Functions of Council

- 4.1.1 To approve a budget consistent with the needs of communities, ratepayers and residents.
- 4.1.2 To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- 4.1.3 To facilitate sufficient funds to give access to basic services for the poor.
- 4.1.4 To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- 4.1.5 To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority (Municipal Manager).
- 4.1.6 To approve a reporting framework for customer care, credit control and debt collection.

- 4.1.7 To consider and approve by-laws to give effect to the Council's policy.
- 4.1.8 To monitor the performance of the Municipal Manager *via* the Executive Mayor (Supervising Authority) regarding customer care, credit control and debt collection.
- 4.1.9 To revise the budget in terms of expenditure should Council's targets for customer care, credit control and debt collection not be met.
- 4.1.10 To take disciplinary and/or legal action against Councillors, officials and agents who do not execute Council policies and by-laws, or act improperly in terms of such policies.
- 4.1.11 To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- 4.1.12 To delegate the required authorities to monitor and execute the customer care, credit control and debt collection policy to the Executive Mayor and Municipal Manager respectively.
- 4.1.13 To provide sufficient capacity in the Municipality's Financial Department for customer care, credit control and debt collection; alternatively to appoint a Service Provider, or debt collection agent.
- 4.1.14 To assist the Municipal Manager in the execution of his/her duties, if and when required.
- 4.1.15 To ensure funds for the training of staff.

4.2 Duties and Functions of the Mayor

- 4.2.1 To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of this policy and relevant by-laws.
- 4.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- 4.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of Council's customer care, credit control and debt collection procedures, mechanisms and processes.
- 4.2.4 To report to Council in accordance with the relevant legislation.

4.3 Duties and Functions of the Municipal Manager

- 4.3.1 To implement sound customer care management systems.
- 4.3.2 To implement Council's customer care, credit control and debt collection policy.
- 4.3.3 To install and maintain an appropriate accounting system.
- 4.3.4 To bill customers timeously and accurately.
- 4.3.5 To demand payment on the due dates.
- 4.3.6 To raise penalties for defaults.
- 4.3.7 To appropriate payments received.
- 4.3.8 To collect outstanding debt.
- 4.3.9 To provide different payment methods.
- 4.3.10 To determine customer care, credit control and debt collection measures.
- 4.3.11 To determine all relevant work procedures for, *inter alia*, public relations, arrangements, disconnection of services, summonses, attachment of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- 4.3.12 To instruct attorneys to proceed with the legal process (*i.e.* attachment and sale in execution of assets, emolument attachment orders, *etc.*).
- 4.3.13 To set performance targets for staff.
- 4.3.14 To appoint staff to execute Council's policy and by-laws.
- 4.3.15 To delegate necessary functions to Heads of Departments.
- 4.3.16 To determine control procedures.
- 4.3.17 To monitor contracts with Service Providers in connection with credit control and debt collection
- 4.3.18 To report to the Executive Committee in accordance with the relevant legislation.

4.4 Duties and Functions of Communities, Ratepayers and Residents

- 4.4.1 To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.

- 4.4.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality on or before due date.
- 4.4.3 To observe the mechanisms and processes of the municipality in exercising their rights.
- 4.4.4 To allow municipal officials reasonable access to their property to execute municipal functions.
- 4.4.5 To comply with the by-laws and other legislation of the municipality.
- 4.4.6 To refrain from tampering with municipal services and property.

4.5 Duties and functions of Councilors

- 4.5.1 To hold regular ward meetings (Ward Councilors).
- 4.5.2 To adhere to and convey Council policies to residents and ratepayers.
- 4.5.3 To adhere to the Code of Conduct for Councilors.

6. PERFORMANCE EVALUATION

5.1 Mechanisms for Evaluation

- 5.1.1 The municipality must establish a mechanism to set targets for debt collection, consumer care and administrative performance and to evaluate and take corrective actions on a regular ward meetings basis to enhance credit control and debt collection.

5.2 Income Collection Targets

- 5.2.1 Council to create targets that will include:-
 - Reduction in present monthly increase in debt in line with performance agreements determined by Council.

5.3 Consumer Service Targets

- 5.3.1 Council to create targets that will include:-
 - Response time to customer queries.
 - Date of first account delivery to new customers.
 - Reconnection time lapse.(two to Twenty four hours)
 - Meter reading cycle.

5.4 Administrative Performance

- 5.4.1 Council to create targets that will include:-
 - Cost efficiency of debt collection.
 - Query and appeal periods.
 - Enforcement mechanism ratios.

6 REPORTING

- 6.1 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 the Systems Act. This report shall contain particulars on:-
 - 6.1.1 Cash collection statistics, showing high-level debt recovery information (number of consumers; enquiries; arrangements; default arrangements; growth or reduction of arrear debt).
 - 6.1.2 Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, government, institutional and other such divisions.
 - 6.1.3 Performance of all areas against targets agreed to in paragraph 5 of this policy document.

- 6.2 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who may immediately move for a revision of the budget according to realistically realisable income levels.
- 6.3 The Mayor as Supervisory Authority shall report quarterly to Council as contemplated in section 99(c) of the Systems Act.

7 CONSUMER CARE POLICY

7.1 Specific Objective

- 7.1.1 To focus on the consumer'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.

7.2 Communication

- 7.2.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control.
- 7.2.2 Council's Credit Control, Debt Collection and Consumer Care Policy or relevant extracts thereof, will be available in municipal offices, and will be made available to general public and on specific request, and will also be available for perusal at Council's offices, libraries, , and website.
- 7.2.3 Council will endeavour to distribute a regular newsletter, which will give prominence to consumer care and debt issues and other council-related matters.
- 7.2.4 Ward Councillors will be required to hold regular ward meetings, at which consumer care and debt collection issues will be given prominence.
- 7.2.5 The media will be encouraged to give prominence to Council's Consumer Care, Credit control and Debt Collection policies, and will be invited to Council or Committee meetings where these are discussed.

7.3 Metering

- 7.3.1 The municipality will endeavour, within practical and financial limits, to provide meters to every paying client for all consuming services.
- 7.3.2 All meters will be read monthly, if at all possible. If the meter is not read for three months the Council will disconnect where the municipal official cannot access the premises in terms of Council's operational procedures.
- 7.3.3 Consumers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost there of if it is found that the readings are correct or the difference is less than ten percent.
- 7.3.4 Consumers will be informed of meter replacement.
- 7.3.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, the consumer is charged for an estimated consumption based on any consecutive three months consumption.
- 7.3.6 The account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

7.4 Accounts and Billing

- 7.4.1 Consumers on the billing system will receive an understandable and accurate bill from the municipality, and the bill will consolidate all service costs for that property.
- 7.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date. (All accounts and services will be billed on the last working day of the month)
- 7.4.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorized agent.
- 7.4.4 It is the consumers responsibility to ensure that the postal address and other contact details are correct and in the case of any changes the municipality be notified in writing.
- 7.4.5 It is the customer' responsibility to ensure timeous payment in the event of accounts not received on or before the due date.
- 7.4.6 Settlement or due dates will be as indicated on the statement.

- 7.4.7 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account and the municipality at the discretion of CFO the services may be disconnected
- 7.4.8 Where any payment made to the municipality or its authorised representative by negotiable instrument is later dishonoured by a bank, the municipality or its authorised agent:-
- May recover costs as per municipal tariff policy. Incurred relating to dishonoured negotiable instruments against the account of the customer.
 - Shall regard such an event as a default on payment.
 - Disconnect the service to such applicable property.
 - Levy such penalty for disconnection as per municipal tariff policy.
- 7.4.9 The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request, at a cost determined by Council from time to time.
- 7.4.10 In the event where an error has occurred on billing, the account should be reversed with the error amount and correct calculations should be passed. An adjustment journal should be passed immediately when an error is identified and supporting documents should be kept on record. The adjustment journal should be authorised by the assistant director and the Chief financial officer.
- 7.4.11 In the event where there is a dispute, a letter detailing the dispute and supporting evidence must be submitted by the customer. A dispute should be resolved within a period of three (3) months or less.

7.5 Payment Facilities and Methods

- 7.5.1 The municipality will operate and maintain suitable payment facilities, and which facilities will be accessible to all users.
- 7.5.2 The municipality will, at its discretion, allocate a payment between service debts and a debtor who has overdue debt, may not specify that the payment is for a specific portion of the account.
- 7.5.3 Any payments received from debtors for service delivery by the Council shall be used to off-set debts to the Council in the following order:-
- Arrears;
 - Interest;
 - Sundries;
 - Additional – deposit;
 - Collection charges on arrear rates;
 - Rates;
 - Penalty on arrear rates and services;
 - Electricity
 - Refuse removal;
 - Sewerage;
 - Water;
- 7.5.4 The municipality may in terms of section 103 of the Municipal Systems Act, with the consent of a consumer, approach an employer to secure a stop order arrangement.
- 7.5.5 The customer will acknowledge, in the consumer agreements that the use of consumer agents in the transmission of payments to the municipality is at the risk of the consumer – also for the transfer time of the payment.

7.6 Enquiries, Appeals and Service Complaints

- 7.6.1 Within its administration and financial ability the municipality will establish:-
- A centralized complaints/feedback office;
 - A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with consumers;
 - Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - A communication mechanism to give Council feedback on service, debt and other issues of concern.

- 7.6.2 If a consumer is convinced that his/her account is inaccurate, he/she can lodge in writing a query with the municipality for investigation of this account, and where necessary the relevant alterations.
- 7.6.3 In the interim the debtor must pay the average of the last three months accounts where such history of the account is available. Where no such history is available, the debtor is to pay an estimate provided by the municipality before payment due date until the matter is resolved.
- 7.6.4 The relevant department will investigate and inform the debtor within the period as determined by the Municipal Manager from time to time.
- 7.6.5 Failure to make such agreed interim payment or payments, the municipality may restrict or terminate the supply or take any other action in terms of its policies and by-law.
- 7.6.6 A consumer may appeal against the finding of the municipality or its authorised agent.
- 7.6.7 An appeal and request must be made and lodged in writing with the municipality within 21 (twenty-one) days after the consumer became aware of the finding and must:-
- Set out the reasons for the appeal.
 - Be accompanied by any security determined for the testing of a measuring device, if applicable.

7.7 Consumer Assistance Programmes

7.7.1 Water Leakages

- The consumer has the responsibility to control and monitor his/her water consumption.
- If the leakage is on the consumer's side of the meter, the consumer will be responsible for the payment of all water supplied to the property. Average may be charged on the account if the leakage is reported within 2 months, the client must also provide proof of repairs.
- If the leakage is on the municipality's side of the meter, the consumer nearest to the leakage must inform the municipality as soon as possible, failure to do so municipality will not be liable for any damage caused to consumer's property as a result of that leakage.

7.7.2 Rate Rebates

- Properties used exclusively for residential purposes may qualify for a rebated rate determined annually by Council through the rates policy
- A rate rebate may be granted according to certain qualifying criteria to social pensioners or the receiver of a State disability grant and/or any category of customer, as determined by Council from time to time.

7.8 Arrangements

7.8.1 Consumers with arrears and who cannot pay his/her account must:-

- Agree to the conversion to a prepayment electricity meter, Conventional water meter and Sign an acknowledgement of debt;
- Sign a consent to judgment;
- Provide a garnishee order/emolument order/stop order (if he or she is in employment);
- Acknowledge that interest will be charged on the arrear amount as from the date of the agreement;
- Pay the current portion of the account in cash;
- Pay connection fees applicable for prepaid meters in terms of the tariff schedule of the municipality approved by council for the year under consideration.
- Sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that restriction of water and disconnection of electricity will follow immediately, as will legal proceedings (this does not apply in the case of businesses where water supply may also be disconnected)
- Acknowledge liability of all costs incurred.

7.8.2 Council reserves the right to raise the deposit of latest three months consumption requirement of debtors who seek arrangements (in accordance with the deposit policy).

7.9 Rates by Installments

- 7.9.1 Consumers may elect to pay the property rates account monthly, over a maximum period of 12 months at no interest cost, on the condition that there is no rates outstanding in respect of a previous period and that the rates are paid in full prior to the next rates cycle.
- 7.9.2 Any arrangement for monthly rate instalments will be cancelled by the Municipality and all rates will be payable in full with immediate effect should any three instalments become overdue.

7.10 Indigent Consumer Subsidy

- 7.10.1 The purpose of the indigent consumer subsidy is to provide funding for a basic level of services to qualifying household consumers with a total gross income level which is below a determined amount, and according to further specified criteria as determined by Council from time to time.
- 7.10.2 The source of funding of the indigence subsidy is that portion of the equitable share contribution to the municipality made from the national government's allocation and as provided for in the municipal budget. As such, the subsidy can only be credited to the qualifying consumers' accounts until the amount received by the Municipality from National Government for this purpose has been exhausted, whereupon no further credits will be made, or the level of the credits reduced, until further national funds are received.
- 7.10.3 Subsidized services may include basic electricity, water, and sewerage; refuse removal and assessment rates, rental and any consumption service charges.
- 7.10.4 If a consumer's consumption or use of the municipal service is less than the subsidised service, the unused portion may not be accrued by the customer and will not entitle the consumer to cash or a rebate in respect of the unused portion.
- 7.10.5 If a consumer's consumption or use of a municipal service is in excess of the subsidised service, the consumer will be obliged to pay for such excess consumption at the applicable charges.
- 7.10.6 All consumers who qualify for an equitable share subsidy may be placed on restricted service levels in order to limit further escalation of debt.
- 7.10.7 Where applicable, these consumers may be exonerated from their arrear debt or portion thereof.
- 7.10.8 Where a qualifying consumer's account is paid in full at the date of application, or maintains a paid up account after receiving the subsidy, the restriction on service levels may be waived on request by such a consumer.
- 7.10.9 An indigent consumer must immediately request de-registration by the municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- 7.10.10 An indigent consumer may at any time request de-registration.
- 7.10.11 A register of indigent consumers will be maintained and may be made available to the general public.

7.11 Additional Subsidy Categories

- 7.11.1 Council may provide, free of charge to a consumer, certain basic levels of water and electricity, as determined from time to time.
- 7.11.2 Council may provide grants in lieu of rates to certain categories of owners of domestic properties to alleviate poverty.
- 7.11.3 Rebates may be granted to sporting, welfare or any other determined bodies for consumption but tariffs must at least cover the cost of the service.
- 7.11.4 Rebates may be granted to large consumers to attract business to Ba-Phalaborwa that would benefit the community of Ba-Phalaborwa but tariffs must at least cover the cost of the service.

7.12 Consumer Categories

- 7.12.1 Consumers will be categorised according to specific classifications based on inter alia the type of entity and applicable tariffs and risk levels. Processes for credit control, debt collection and consumer care may differ from category to category, as deemed appropriate from time to time by the Council of Ba-Phalaborwa.

7.13 Priority Consumer Management

- 7.13.1 Certain consumers may be classified as priority consumers based on criteria determined by the Council from time to time, such as the number of properties owned or volume of consumption.
- 7.13.2 A Priority Consumer Liaison Officer or person nominated by the Municipal Manager will be responsible for the ongoing management of the consumers so classified and will perform tasks such as the review of monthly accounts to ensure accuracy, the monitoring of prompt settlement of accounts and response to queries.
- 7.13.3 The municipality may as it deem necessary from time to time implement incentive to promote prompt payment of municipal account

8. CREDIT CONTROL POLICY

8.1 Specific Objective

- 8.1.1 **To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt. To facilitate financial assistance and basic services for the community's poor and provide incentives for prompt payment as well as ensuring limited risk levels by means of effective management tools.**

8.2 Service Application and Agreements

- 8.2.1 All consumers (owners) of services will be required to sign an agreement governing the supply and cost of municipal services. Owners may allow a tenant to sign a separate agreement with the consent of the owner with the municipality, which the municipality may at its own discretion accept or reject. On default by a tenant, the owner will be the debtor of last resort and is responsible for payment.
- 8.2.2 The consumer applying for services must bring proof of ownership or consent from the owner, proof of residential address and physical address
- 8.2.3 Where the applicant is a legal entity, being a company, closed corporation, trust, etc., sureties must also be signed by the directors, members, trustees, etc.
- 8.2.4 Prior to signing these agreements, consumers will be entitled to receive the policy document of the Council on request.
- 8.2.5 On the signing of the agreement, consumers will receive a copy of the agreement for their records.
- 8.2.6 Council reserves the right to refuse any application for services if any amounts are owed on the account (site/erf) by a tenant or the owner.
- 8.2.7 When applying for services, personal details as required by Council from time to time must be produced. Failure thereof will result in Council reserving its right to refuse such application.
- 8.2.8 Consumers are responsible for costs of collection, interest and penalties in the event of delayed and/or non-payment.
- 8.2.9 Existing consumers of services may be required to sign new agreements as determined by the Municipal Manager from time to time.
- 8.2.10 If at the commencement of these policies or at any other time, municipal services are provided and received and no written agreement exists in respect of such service it shall be deemed that an agreement in terms of paragraph (8.2.1) exist.
- 8.2.11 Staff and councillors accounts - Any staff member or Councillor with a property, will be subjected to a monthly salary deduction of at least 10% of their gross salary (but not less than current account) with a double deduction on the bonus month.

8.3 Right of Access to Premises

- 8.3.1 The owner and or occupier of property is to allow an authorized representative of the municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any municipal service. Failure to comply will result in the disconnection of services and the owner will be responsible for reconnection fees
- 8.3.2 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 8.3.3 If a person fail to comply, the municipality or its authorised representative may:-
- By written notice require such person to restore access at his/her own expense within a specified period.
 - If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

8.4 Enforcement Mechanisms

- 8.4.1 **Interest will be raised as a charge on all accounts not paid by the due date, at a rate determined by Council from time to time, in accordance with applicable legislation. Interest will be levied on services outstanding for over 90 days charged at 6.6%.**
- 8.4.2 **The municipality shall have the right to restrict or discontinue the supply of services or to implement any other debt collection action necessary due to late or non-payment of accounts, relating to any consumer, owner or property.**

8.5 Liability for Payment

- 8.5.1 The owner will be the debtor of last resort.
- 8.5.2 The occupier, if a person other than the owner, will be liable for payment of the Municipal account unless the owner indicates otherwise on the Notice of New Occupier.
- 8.5.3 The occupier will remain liable for payment of the Municipal account up to and including the date which the occupier terminates the Service Agreement as indicated in the Notice of Termination of Services, whether the occupier was in actual occupation of the property or premises during the currency of the Service Agreement or otherwise.
- 8.5.4 An occupier, who fails to enter into the Service Agreement, will despite such failure, be liable for the payment of the Municipal account.
- 8.5.5 The municipality may levy average charges and demand payment to services consumed by an occupier who fails to open an account with the municipality.
- 8.5.6 Nothing contained in this policy will prohibit the Council to collect payment of any amount from the owner or any other person, in terms of applicable legislation.
- 8.5.7 **The Chief Financial Officer may consolidate separate municipal accounts, or portions thereof, of persons liable for payment to the Council.**
- 8.5.8 A copy of the identity document, marriage certificate, proof of address not older than three (3) months (or affidavit) and Electricity Compliance Form, must be submitted with the Service Agreement.

8.6 Theft and Fraud

- 8.6.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property will be prosecuted as it constitutes a criminal offence, may be prosecuted and/or liable for penalties as determined from time to time.
- 8.6.2 Council will immediately terminate the supply of services to a consumer should such conduct as outlined above, be detected.
- 8.6.3 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.

- 8.6.4 Council may maintain monitoring systems in order to identify consumers who are undertaking such illegal actions.
- 8.6.5 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
- 8.6.6 Any consumer failing to provide information or providing false information to the municipality may face immediate disconnection and/or legal action.

8.7 Penalties

- 8.7.1 A person who reconnect, vandalise or restore the state of their supply other than prescribed by this policy or do anything prohibited in terms of this policy will be guilty of an offence.
- 8.7.2 A person found guilty of an offence in terms of section (1) will be liable to a fine or imprisonment or both for such fine and imprisonment. (As per the tariff policy (schedule))
- 8.7.3 Services will be terminated when the illegal connection has been identified and a spot fine should be paid
- 8.7.4 The fine is payable as a spot fine before restoring the services and may be debited on the account if not paid on the spot
- 8.7.5 The account will be reconstructed for a minimum period of 36 months on the basis of an average consumption of either residential or commercial, where there is no basis. An average will be used from a meter reading where possible.

8.8 Consumer Screening and Securities

- 8.8.1 All applicants for municipal services may be checked for credit-worthiness including checking information from banks, credit bureaus, other local authorities, trade creditors and employers.
- 8.8.2 Deposits either in cash or any other security acceptable to the municipality may be required, and may vary according to the risk as determined by the Municipality.
- 8.8.3 A minimum deposit of the equivalent of one month's average consumption will be required.
- 8.8.4 Deposits can be increased by the municipality at any time and at the sole discretion of the municipality to a maximum of three months average consumption.
- 8.8.5 The deposit is as per the municipal approved tariff book
- 8.8.6 The municipality will not pay any interest on deposits.
- 8.8.7 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the municipality, will be refunded to the consumer, or transferred to other accounts of the same debtor at the municipality's sole discretion.

8.9 Persons and Business who Tender to the Municipality

- 8.9.1 The Procurement Policy and Tender Conditions of the Municipalities will include the following:-
- When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
 - **No tender will be allocated to a person/contractor whose municipal services are in arrears.**
- 8.9.2 **The municipality reserves the right not to consider and or disapprove any applications for subdivisions, consolidations and development of land if the owner, partner or director (s) of such an application owes the municipality for rates and / or services.**

8.10 Cost of Collection

8.10.1 All costs of legal processes, including interest, penalties, service discontinuation costs and legal costs associated with consumer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

8.11 The Pre-payment Meter System

8.11.1 The municipality may use its pre-payment system to:-

- link the provision of electricity by the Municipality to a “pre-payment” system comprising, first, a pre-payment of electricity kWh and;
- a payment in respect of arrears of accrued municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewage.
- 60/40% prepayment debt recovery, the municipality may allocate 40% or more of payment to the arrears and 60% or less to the purchase of electricity to customer who purchases prepaid electricity with other services in arrears for over 90 days,
- Furthermore, customers are allowed to make arrangements or settle the arrears balance

8.12 Delivery

- Every document that is required to be delivered to a customer shall be delivered through one or more of the following mechanisms;
- in person at the residential or business premises of the customer, or at any other location designated by the customer/municipality but at the expense of the customer, or by ordinary mail;
- by fax;
- by cell phone short message service (SMS)
- by e-mail; and
- by printable web-page.
- Delivery of document shall be in a manner chosen by the customer from the options made available on section or at the municipality s discretion.
- The municipality shall deliver municipal account to all customers one per month at no charge in a manner chosen by the customer for the options made available on above and but failure to do that does not warrant the debtor not to pay the account.
- The Council reserves the right to interrupt services of the customer whether municipal account has or has not been delivered

9 DEBT COLLECTION POLICY

9.1 Specific Objective

To provide procedures and mechanisms to collect all the monies due and payable to Council arising from the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.

9.2 Personal Contact

9.2.1 Telephonic contact, agents calling on consumers

- Council will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigence subsidies, other related matters and will provide information on how and where to access such arrangements or subsidies.
- 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.

9.3 Interruption of Service

- 9.3.1 Consumers who are in arrears with their municipal account and who have not made arrangements with the Council will have their supply of electricity and water, and other municipal services, suspended or disconnected or restricted.
- 9.3.2 The disconnection of services may happen when the municipal account is 1(one) day overdue. Costs for sending a notice will be charged to the consumer as per tariff policy.
- 9.3.3 The warning message will be attached on the monthly statement 'the total account must be paid before the due date and the council will disconnect the services after 14 days from the due date
- 9.3.4 Council reserves the right to deny or restrict the sale of electricity or water to consumers who are in arrears with their rates or other municipal charges.
- 9.3.5 Council reserves the right to levy an administrative fee if the process to disconnect services/ take legal action has been completed after the due date and the customer only pays the arrear amount before the action has been executed.
- 9.3.6 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the service will be reconnected as soon as conveniently possible.
- 9.3.7 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the consumer.
- 9.3.8 The deposit of any defaulter will be adjusted to bring into line with relevant policies.

9.4 Legal Process/Use of Attorneys/Use of Credit Bureaus

- 9.4.1 Council may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and/or sales in execution of property.
- 9.4.2 Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by Council.
- 9.4.3 Council will establish procedures and codes of conduct with these outside parties.
- 9.4.4 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.
- 9.4.5 All steps in the customer care and credit control procedure will be recorded for Council's records and for the information of the debtor.
- 9.4.6 All costs of this process will be for the account of the debtor.
- 9.4.7 Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus. This release will be in writing or by electronic means.
- 9.4.8 Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.
- 9.4.9 Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored.
- 9.4.10 Consumers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.
- 9.4.11 Any agreement concluded with an agent, service provider or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute a breach of the contract.
- 9.4.12 The municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the municipality, into one consolidated account,

9.5 Rates Clearance and responsibility for amounts due

- 9.5.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until rates and service charges are paid in full by withholding a rates clearance certificate as contemplated in section 118 of the Municipal Systems Act,

- 9.5.2 In terms of section 118(3) of the Act an amount due for municipal service fees, surcharges 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,
- 9.5.3 Furthermore, In terms of section 118 (1)(b) which certifies that all amounts that became due in connection with that property for municipal service fees, surcharges of 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,
- 9.5.4 The balance thereafter still outstanding of amounts as stated above, should be payable prior transfer of the property. The amounts will be transferred to the new owner if not settled on transfer of the property.
- 9.5.5 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,
- 9.5.6 On application for clearance any arrangements, acknowledgement of debt shall be cancelled, and all debts on the property shall become due, owing and payable in full,
- 9.5.7 The payments of clearance certificate must be made in cash or by irrevocable bank guaranteed cheque, or attorney`s trust cheque, there shall be no refunds on cancellation of sale, and the certificate shall be valid for a period of 60 days from date of issue,
- 9.5.6 The clearance certificate beyond 60 days from date of issue can be at a request of a consumer; however, this is limited to 90 days,
- 9.5.7 The municipality shall not be held liable for any further payments due and payable for an expired clearance certificate, due to any administrative delay beyond municipality's control.
- 9.5.8 An undertaking will only be issued to an account which is owing an amount not less than R 10 000.00, accounts which are owing R 10 000.00 and below should be paid in full before a clearance certificate is issued. The amount payable on registration will be paid including the interest charged and due at that date.
- 9.5.9 On application for rates clearance, all water and electricity meters (prepaid and/or conventional) should be inspected. The application form must indicate the meter information with a confirmation of its condition. A clearance should only be issued if all meters are in working condition.

9.6 Abandonment of Claims

- 9.6.1 The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt.
- 9.6.2 There are certain circumstances that allow for the valid termination of debt collection procedures as contemplated in section 109(2) of the Systems Act, such as:-
- The insolvency of the debtor, whose estate has insufficient funds.
 - A balance being too small to recover, for economic reasons considering the cost of recovery.
- 9.6.3 Where Council deems that a consumer or groups of consumers are unable to pay for services rendered. The municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt. When any of the accounts in a property is in arrears the municipality must refuse to open a new account. If a consumer debt accumulates to a value of R250 000.00, the municipality shall auction the property and business
- 9.6.4 In the event of a funeral, an application may be made for temporary relief whereby the flow may be removed for a specific period of up to two weeks, this may be done upon a payment of a prescribed fee approved by the Chief financial officer or delegate (if not prescribed by approved schedule of tariff), the flow limiter will be reinstated after two weeks.

9.7 Writing off Bad Debt/ Extension For Payments

- 9.7.1 Council must appoint a committee in terms of its delegations to review and recommend to Council to approve all bad debt write off cases.**

9.7.2 Council may appoint the credit extension committee that approve/disapprove debtor's application for extension to pay arrears, and such committee may include one person from electrical, one water services and delegates from CFO office.

10 IMPLEMENTATION AND REVIEW OF THIS POLICY

10.1 This policy shall be implemented once approved by Council. All future credit control and debt collection arrangements should be dealt with in accordance with this policy.

10.2 In terms of section 17(3) (e) of the MFMA this policy must be reviewed on annual basis and any proposed amendments tabled to Council for approval as part of the budget process.

POLICY EVALUATION AND REVIEW

To be in a position to measure the outcome of the policy, the municipality believes that the output of this policy should be measured in terms of the GRAP and the following benchmarks will be applicable.

- Debt collection period = Total Amount Outstanding / Revenue * 365
- Annual debtors collection rate = last 12 months receipts debtors / last 12 months billing* 100

The norm on the debt collection is set at 150 days and the collection rate is set at 90%

The policy supersedes previous resolutions relating to credit control and debt collection.

ANNEXURE "A"

1. INCOME COLLECTION TARGETS

1.1 Payment Level on Current Accounts

1.1.1 Increase level by 10 % every 6 months up to a 100% payment level of all consumers who can afford to pay (percentage include indigent subsidy).

1.2 Recovery of Arrears

1.2.1 To collect all collectable arrears over a maximum period of five years.

1.2.2 To achieve this goal the level of recovery should be:-

▪ Within 6 months	-	10%
▪ 12 months	-	10%
▪ 24 months	-	20%
▪ 36 months	-	20%
▪ 48 months	-	20%
▪ 60 months	-	20%

2. CUSTOMER SERVICE TARGETS

2.1 Response time to customer queries: Initial response within 10 working days.

2.2 Date of first account delivery of customers: By second billing cycle after new date of application or occupation which ever is the latest.

2.3 Reconnection time: Within 72 hours after appropriate payment / arrangement has been made. Furthermore, reconnections after hours will be between 16h00 to 19h00 and depending on availability of electricity standby staff

2.4 Meter reading cycle: 95% of meters being read on monthly basis with a maximum of 3 consecutive months estimated.

2.5 The services may be interrupted from any consumer (s) refusing/ causing restrictions beyond 3 months without meters being read.

3. ADMINISTRATIVE PERFORMANCE TARGETS

3.1 Cost Efficiency of Debt Collection

3.1.1 Cost of collection not to exceed the capital debt amount;

3.1.2 All reasonable steps to be taken to limit cost to Council or the customer;

3.1.3 Cost of collection is to be recovered from the defaulting customers;

3.1.4 Total cost of collection to be recovered by means of applicable credit control tariffs.

3.2 Query and Appeal Periods

3.2.1 Within 30 working days or before the second billing cycle which ever is the latest to resolve queries and appeals.

3.2.2 Enforcement mechanism ratio's:- 95% of total number of arrear customers being successfully notified / disconnected;

1 ARRANGEMENTS

1.1 Domestic Consumers

- 1.1.1 The CFO or designated person determines the best possible monthly instalment with the debtor.
- 1.1.2 The Council reserves the right to increase the deposit to 3 times the average monthly consumption or a minimum as determined annually and published in the tariff list.

1.2 Business

- 1.2.1 1st default in financial year:-
- The current account must be paid in full as well as a percentage of the arrear.
 - Balance over maximum of 3 months or in cases where it is not possible a favourable period be negotiated with the debtor.
 - Deposit may be adjusted to 3 months consumption.
- 1.2.2 2nd default in financial year:-
- Full outstanding plus current account.
 - No arrangements.
 - Deposit adjusted to 3 months consumption.
- 1.2.3 3rd default in financial year:-
- Deposit adjusted to 3 months consumption.
 - Weekly cash payments based on consumption plus contribution to increased deposit.

1.3 Government Departments

As National and Provincial departments are obliged by the Municipal Finance Management Act No. 56 of 2003 Article 35 (b) to promptly meet their financial obligations towards municipalities no arrangements may be entered into with such a department.

1.4 Administrations

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

1.5 Indigent Consumers

- 1.5.1 All consumers qualifying as indigent and having remaining arrear debt after any relief has been granted, will be handled as follow:-
- Arrear amount be placed on hold for period of six months, after which the debtor must prove that his /her financial status did not change.
 - No interests will be levied on the arrears, for the period.
 - After verification through a credit check (credit bureau), the full outstanding amount is written off. This is will be done through an accredited credit bureau verification.

REMINDER NOTICE

- (1) The Council may cause to be delivered to a Customer who fails to make timeous payment in terms of a Municipal Account, a notice to remind such Customer to make the due payment on or before a date specified in such notice.
- (2) A notice in terms of subsection (1) may, notwithstanding any section, be served on a Customer by electronic mail or by cellular phone short message service send to the electronic mail address or cellular phone number, respectively, provided by the Customer on the service Agreement: and such service shall have the effect as if served in terms of other section.
- (3) Failure by the Council to cause the delivery of the notice in subsection (1), or the Customer not receiving such notice, for whatever reason, will not prevent the Council from instituting further process for the recovery of any arrear payment or constitute a defence against a claim instituted for the recovery of any arrear payment.
- (4) The Council may charge a tariff as payment for the delivery of a reminder in subsection (1), as determined by the Council in terms of section 75A (2) of the Municipal Systems Act.

LETTER OF DEMAND

- (1) The Council may cause to be delivered to a Customer who is in arrears with payment in terms of a Municipal Account, a letter demanding payment of such arrear amount on or before a date specified in such letter of demand.
- (2) Failure by the Council to cause the delivery of the letter of demand in subsection (1), or the Customer not receiving such letter of demand, for whatever reason, will not prevent the Council from instituting further process for the recovery of any arrear debt or constitute a defence against a claim instituted for the recovery of any arrear payment.
- (3) The Council may charge a tariff for the delivery of a letter of demand in subsection (1), as determined by the Council in terms, of section 75A (2) of the Municipal Systems Act.

Reminder/Demand for payment

- (a) A reminder that the previous account has not been paid on the due date is generated after the due date and hand-delivered to the debtor's physical/postal address or any preferred means. This reminder clearly states that a period of 14 days is allowed for payment or arrangement for payment, in the absence of which, services to the client will be restricted. The account of the debtor is debited with the cost of such a reminder at the approved tariff of the Municipality.
- (b) In those instances where prepayment meters for service vending are installed, the Municipality may block the vending of services to consumers of services on properties where arrears are owed for other municipal services or levies.

Electricity disconnection (Phase 1) and water restriction

- (a) In the absence of reaction on the 14-day reminder, the electricity supply to the debtor is discontinued together with the notice for the reason of the discontinuance. The account of the debtor is debited with the cost of the Phase 1 cut-off at the approved tariff of the Municipality.
- (b) In the absence of reaction to the disconnection of electricity within 7 days, in cases where the debtor has a consolidated account including water consumption levies, a disconnection (restriction for residential consumers) of water is carried out at the consumption address and a notice is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the Municipality.
- (c) In the absence of reaction on the 14-day reminder, in cases where the debtor has an account for water consumption levies but not for electricity, a disconnection (restriction for residential debtors) of water is carried out at the consumption address after the 14-day period, and a notice to that effect is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the Municipality.
- (d) Customers using prepaid electricity who are not servicing other municipal services provided to them may be disconnected

Illegal reconnection/tampering of electricity

- (a) If consecutive follow-up actions due to no reaction by the debtor reveal that illegal consumption of the service occurred or a disconnection has been tampered with, the service connection is removed and evidence against offenders is filed on an investigation document.
- (b) The Municipality reserves the right to levy penalties against a customer found guilty of illegal connection/tampering with electricity on their service account. This will be debited to the account and may attract interest on the account.

Illegal reconnection/tampering of water

- (a) The water disconnection/restriction is monitored and followed up in cases of absence of reaction by the debtor to ensure that an illegal reconnection has not occurred.

The Municipality reserves the right to levy penalties against a customer found guilty of illegal connection/tampering with electricity on their service account. This will be debited to the account and may attract interest on the account.

Termination of Service Agreements

- Upon customer terminating an agreement with the Municipality for the provision of any municipal service by notice in writing (completing the relevant service discontinuation and account closure forms of the Municipality) not less than fourteen (14) working days before the time.
- Failure of which the client may be held responsible and liable for all charges including interest to such date when the termination of service is done (thus when the forms are completed and any fee applicable is levied and deposit is released)
- Once the account is terminated, thereafter the account must be linked to the owner's rates account

DEBT COLLECTORS

The Municipality may appoint an external debt collector agent or agents to collect on its behalf, arrear payments from Customers, and to take such legal steps necessary to give effect to such debt collection.

ATTORNEYS

- (1) The Council may, at any time, appoint attorneys to institute or proceed with legal proceedings or appeal proceedings, against a Customer, to recover any amount due for payment by such customer, including the enforcement of the Acknowledgement of Debt.
- (2) The Municipal Manager or a member of staff delegated by him or her, may appoint and give any instruction to an attorney and if prudent, legal council, to give effect to subsection (1), and further to depose of or require any person to depose of an affidavit, to give evidence and to produce any document, for the purpose of such legal proceedings