

THABAZIMBI LOCAL MUNICIPALITY



CREDIT CONTROL & DEBT COLLECTION POLICY 2016/17

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1. OBJECTIVES

The objectives of the policy are to:

- 1.1 Provide a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;
- 1.2 Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interest of community, residents and ratepayers and in a financially sustainable manner¹;
- 1.3 Set realistic targets for debt collection;
- 1.4 Outline credit control and debt collection policy procedures and mechanisms; and
- 1.5 Provide a framework to link the municipal budget to
 - Indigent support; and
 - Tariff policies.

2. PRINCIPLES

- 2.1 The administrative integrity of the municipality must be maintained all costs. The democratically elected officials (councilors) are responsible for policy-making, while it is the responsible of the municipal manager to execute these policies.
- 2.2 All customers must complete an official application form formally requesting the municipality to connect them to the service supply lines.
- 2.3 A copy of the application form, conditions of the services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every customer on request and will be available in ten working days.
- 2.4 Billing is to be accurate, timeous and understandable.
- 2.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 2.6 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 2.7 Enforcement of payment must be prompt, consistent and effective.
- 2.8 Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- 2.9 Incentives and disincentives may be used in collection procedures.
- 2.10 The collection process will be cost-effective.
- 2.11 Collection 'Best Practices' will be pursued.
- 2.12 Results will be regularly and efficiently reported.
- 2.13 Application forms will be used to categorize customers and to determine whether the customer qualifies for indigent support, pre-payment or credit meters.
- 2.14 Although customer care and debt collection are inter-related issues, they should be performed by two separate divisions.
- 2.15 There must be legal cause between the municipality and its customer and customer debt must arise out of a legal framework and must be legally collectable.

¹Section 96(a) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides that a municipality must collect all money that is due and payable to it subject to this Act and any other applicable legislation

- 2.16 Indigent households will be identified and supported. Welfare is to be separated from tariff and credit control issues and will be supported by appropriate and affordable policies and practices. Indigent support will be introduced within council's financial ability.
- 2.17 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

3 RESPONSIBILITY FOR CREDIT CONTROL

3.1 Duties and Functions of Council

- 3.1.1 To approve a budget consistent with the needs of communities, ratepayers and residents.
- 3.1.2 To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- 3.1.3 To provide sufficient funds to give access to basic services for the poor.¹
- 3.1.4 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.²
- 3.1.5 To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Municipal Manager.³
- 3.1.6 To approve a reporting framework for credit control and debt collection.
- 3.1.7 To consider and approve by-laws to give effect the Council's policy.
- 3.1.8 To monitor the performance of the Executive Committee and Municipal Manager regarding credit control and debt collection.
- 3.1.9 To revise the budget should Council's target for credit control and debt collection not be met.
- 3.1.10 To take disciplinary action against councilors, officials and agents who do not execute council policies and by-laws.
- 3.1.11 To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- 3.1.12 To delegate the required authorities to monitor and execute the credit
- 3.1.13 Control and debt collection policy to the Executive Committee and Municipal Manager respectively.
- 3.1.14 To provide sufficient capacity in the Budget and Treasury department for credit debt collection.
- 3.1.15 To appoint debt collection agents to assist the Municipal Manager in the execution of his duties, if required.
- 3.1.16 Response time to customers queries within 10 working days.

¹ Preferably, the total equitable share should be set aside for this purpose. If this amount is not enough, an additional sustainable provision must be made, according to the municipality's financial ability.

² The bad debt provision should at least reflect the increase in debtors during the previous financial year. The amount provided for can only be reduced by the amount provided for working capital.

³ A realistic target would be to improve on the previous year's result by 5% - 10%. The target should be reviewed every year until the turnover rate of debtors is between 45-56 days.

3.2 Duties and functions of Executive Committee

- 4.2.1 To ensure that Council's budget, cash flow and targets for the debt collection are met and executed in terms of the policy and relevant by-laws¹.
- 4.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-laws².

- 4.2.3 To review and evaluate the policy and by-laws in order to collection procedures, mechanisms and processes³.
- 4.2.4 To report to Council.

4.3 Duties and functions of the Municipal Manager

- 4.3.1 To implement good customer care management.
- 4.3.2 To implement council's credit control and debt collection policy.
- 4.3.3 To install and maintain an appropriate accounting system.
- 4.3.4 To bill customers.
- 4.3.5 To demand payment on due dates.
- 4.3.6 To raise penalties for defaults.
- 4.3.7 Issue a reminder of account was not settle on due date.
- 4.3.8 To appropriate payments received.
- 4.3.9 To collect outstanding debt.
- 4.3.10 To implement 'Best Practices'.
- 4.3.11 To provide different payment methods.
- 4.3.12 To determine credit control measures
- 4.3.13 To determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-of of debts, sundry debtors and legal processes.
- 4.3.14 To appoint firm/s of attorneys to complete the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- 4.3.15 To set performance targets for staff.
- 4.3.16 To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- 4.3.17 To delegate certain functions to heads of the departments.
- 4.3.18 To report to the Executive Committee.

4.4 Duties and functions of Communities, ratepayers and residents

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

Section 99 of the Local Government: Municipal Systems Act, 2000 provides that the executive committee must-

(a) Oversee and monitor-

¹ (i) The implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98; and

² (ii) The performance of the municipal manager in implementing the policy and any by-laws.

³ (b) When necessary, evaluate or review the policy and by-law, or the implementation of the policy or such by-laws, in order to improve efficiency of it's credit control and debt collection mechanisms, processes and procedures; and

4(c) At such intervals as may be determined by the Council report to a meeting of the Council, except when the Council itself performs the duties mentioned in paragraph (a) and (b).

- 4.4.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- 4.4.3 To observe the mechanisms and processes of the municipality in exercising their rights.
- 4.4.5 To allow municipal officials reasonable access to their property to execute municipal functions.
- 4.4.6 To comply with the by-laws and other legislation of the municipality.
- 4.4.7 To refrain from tampering with municipal services and property.
- 4.4.8 A debtor who has an overdue debt may not specify the payment to a specific portion of account

4.5 Duties and functions of Ward Councilors and Political parties

- 4.5.1 To hold regular ward meetings.
- 4.5.2 To adhere to and convey council policies to residents and ratepayers and report in council meetings
- 4.5.3 To adhere to council's code of conduct for councilors.

5. CUSTOMER CARE AND MANAGEMENT POLICY

5.1 Communication and feedback

- 5.1.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget which will include:
 - a) A first budget meeting annually wherein EXCO will consider budget priorities, principles and a budget framework.
 - b) A first round of public meetings will then be called, to invite at least the following: political parties; ratepayers and civic organizations; chambers of business and organized labour; the general public and other interested parties, at which the budget priorities, principles and framework will be outlined and debated.
 - c) Need identification workshops will be conducted in all wards, the objects of which will be:
 - i. To identify all the needs of the wards those are legitimately in the area of responsibility of the council.
 - ii. To involve the community in prioritizing these needs.
 - iii. To involve the community in Council's planning, and to provide the community with much basic information as to what Council does and what other levels of government do.
 - iv. To inform the community of the levels of payment and non-payment in that ward, and to devise strategies in that regard.

¹ Section 95(a) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must, within its financial and administrative capacity, establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for payments and the municipality.

- d) A council workshop, which will marry the results of the first budget meeting, the public meetings, and the need identification workshops with Council's Integrated Development Plan.
 - e) Thereafter Council's draft Capital and Operating budgets, informed by the above processes, will go through Council's executive committee for the creation of a draft budget.
 - f) This draft budget, with tariff and rate implications, will then be presented to a second round of public meetings.
 - g) Thereafter a final draft of the budget appears before Council for approval.
- 5.1.2 Council's Customer Care and Management, and Debt Collection Policy, will be available in Tswana, English and Afrikaans, and will be made available by general publication and on specific request, and will also be available at Council's cash collection points.

- 5.1.3 Council will endeavor to distribute a regular newsletter, which will give prominence to customer care and debt issues.
- 5.1.4 Ward councilors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.
- 5.1.5 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed
- 5.1.6 Council aims to establish:
 - a. A central complaints/feedback office;
 - b. A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
 - c. Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - d. A communication mechanism to give council feedback on service, debt and other issues of concern.

5.2 Metering^{1,2}

- 5.2.1 The municipality will endeavor, within practical and financial limits, to provide meter to every paying client for all measurable services.
- 5.2.2 All meters will be read monthly. If the meter is not read monthly, the council will average the consumption for the preceding three months.
- 5.2.3 Customers must:
 - 5.2.3.1 safeguard and maintain service meters in a readable condition;
 - 5.2.3.2 notify the Municipality when services are no longer required at a particular service delivery point;
 - 5.2.3.3 maintain credit and pre-payment meters; and

¹ Section 95 (d) of the Local Government: Municipal System Act, 2000 provides that a municipality must, within its financial and administrative capacity take reasonable steps to ensure that the consumption of services has to be measured through accurate and verifiable metering systems

² Section 95 (e) provides that a municipality must ensure that persons liable for payments receive regular and accurate accounts that indicate the basis for calculating the amount due.

- 5.2.4 Supply the Municipality with accurate information with regard to the supply of services or applications for indigent cases.
- 5.2.5 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 5.2.6 Customers will be informed of the meter replacement.
- 5.2.7 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 authorized agent, and the customer is charged for an average consumption 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 debt adjustments.
- 5.2.8 If a customer deny council access to meter by whatever means the customer can phone his/her meter detail to the relevant office from the 10-14TH of each month. Failing to do so 5.2.2 will come into effect.

5.3 Accounts and billing¹

- 5.3.1 Customers will receive an understandable and accurate bill from the municipality, which will consolidate all service costs for that property.
- 5.3.2 Accounts will be produced in accordance with the meter reading cycle and due dates are linked to the statement date.
- 5.3.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorized agent.
- 5.3.4 It is the customer's responsibility to ensure timely payment in the event of accounts not received, and to obtain a duplicate account when the account is not delivered during the normal billing cycle.
- 5.3.5 Settlement or due date is the last day of each month in respect of services accounts and rates accounts with an extension noted on each account.
- 5.3.6 Accounts of Councillors and employees may be deducted from their salaries/allowances on a monthly basis; alternatively, they may sign a debit order for deduction of the monthly account off their bank account.
- 5.3.7 Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 and in terms of any procedures, method or actions referred to in this policy. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this 3 month period.
- 5.3.8 Notwithstanding any other procedures, method or action that may be taken in terms of this policy, the Municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.
- 5.3.9 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in final settlement of such an account.
- 5.3.10 Where any payment made to the municipality or its authorized agent by negotiable instrument is later dishonored by the bank, the municipality or its authorize
 - a) May recover the average bank charges incurred relating to dishonored negotiable instrument against the account of the customer.

¹ Section 1 (12A) of the Local Government: Municipal System Act 32, 2000 provides that a Councillor of the municipality may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months.

b) Shall regard such an event as default on payment.

- 5.3.11 The municipality or its authorized agent must, if administratively possible, issue a duplicate account to a customer on request.
- 5.3.12 Sundry levies such as final notice – reconnection fees will be levied monthly even though the services were not recommended.

5.4 Payment facilities and methods and stop orders and debit orders

- 5.4.1 The municipality will operate and maintain suitable banking and cash facilities which will be accessible to all users.
- 5.4.2 The municipality will, at its discretion allocate a payment between service debts. A debtor who has overdue debt may not specify that the payment is for a specific portion of the account.
- 5.4.3 The municipality may, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- 5.4.4 The customer will acknowledge, in the customer agreement that the use of customer agent in the transmission of payments to the municipality is at the risk of the customer – also for the transfer time of the payment.

5.5 Incentives for prompt payment

- 5.5.1 The municipality may, to encourage payment, and to reward good payers consider from time to time incentives for the payment of accounts.
- 5.5.2 Such incentive schemes, if introduced, will be reflected in annual budget as additional expenditure.

5.6 Enquiries, feedback, appeals and service complaints

- 5.6.1 If a customer is convinced that his or her account is inaccurate, he or she can lodge a query with the municipality for recalculation of this account¹.
- 5.6.2 In the interim the debtor must pay the average of the last three months account where history of the account is available. Where no such history is to pay an estimate provided by the municipality before payment due date until the matter is resolved.
- 5.6.3 The relevant department will investigate and inform the debtor within one month of the outcome of the investigation.
- 5.6.4 Failure to make such agreed interim payment or payments will make the customer liable for disconnection.
- 5.6.5 A customer may appeal against the findings of the municipality or its authorized agent in terms of 5.5.3.
- 5.6.6 An appeal and request in terms of 5.5.3 must be made and lodged with the municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in 5.5.3 and must:
 - a) Set out the reasons for the appeal.

¹ Section 95 (f) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must provide accessible mechanisms for those persons to query or verify accounts and metered

- b) Be accompanied by any security determined for the testing of a measuring device if applicable.

5.8 Customer Assistance Programmes

5.8.1 Water leakages

If the leakage is on the side of the customer, the customer is responsible for the payment of the full account.

- 5.8.2 The customer has the responsibility to control and monitor his/her consumption.

5.8.3 Rate rebates

5.8.3.1 Properties used exclusively for residential purposes may qualify for a rebated rate determined annually by Council.

A rate rebate may be granted to social pensioners or the receiver of a State disability grant as determined by Council from time to time. To qualify for the concession the following criteria will apply:

- i. Application must be made each year and reach the Chief Financial Officer on or before 30 June.
- ii. The applicant must be the registered owner of the property and should not sub-let any portion of the dwelling or take in boarders and used solely for residential purposes.
- iii. The applicant should not own any other property.

- iv. The property must be readily accessible to municipal staff for the purposes of carrying out of inspections.

5.8.3.2 Arrangements for settlements

If a customer cannot pay his/her account with the municipality then the municipal may enter into an extended term of payment with the customer.

He/she must:

- i. Sign an acknowledgement of debt;
- ii. Sign consent to judgment;
- iii. Provide a garnishee order/emolument order/stop order (if he or she is in employment);
- iv. Acknowledge that interest will be charged at the prescribed rate;
- v. Pay the current portion of the account in cash; and
- vi. Sign an acknowledgement that, if the arrangements are being negotiated later defaulted on, that no further arrangements will be possible and that disconnection of water and electricity will immediately follow, as will legal proceeding.

5.8.4 Customers with electricity arrears must agree to the conversion to a _____ prepayment meter, if and when

5.8.5 _____ implemented the cost of which, and the arrears total, will be paid off either by :

- i. Adding it to the arrears bill and repaying it over the agreed period; or
- ii. Adding it as a surcharge to the prepaid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated.

5.8.6 Council reserves the right to raise the deposit/security requirement in accordance with paragraph 4.3 of debtors who seek arrangements.

5.8.7 Rates by installments

- i. Customers will pay the property rates account monthly, over 12 months.

5.8.8 Indigent subsidy¹

5.8.8.1 Qualifying households.

- i. A household, which has a total income of all occupants over 18 years of age, of less than R2040.00 per month, or qualifies as an indigent household in terms of this subsidy.(at an amount set by council from time to time)
- ii. Funding of subsidy. The source of funding of the Indigent subsidy is that portion of the equitable share contribution to the municipality made from the national government's fiscus and as provided for in the budget. In exceptional circumstances this can be supplemented from other revenues
- iii. The subsidy amount is to be calculated by adding the applicable basic services as well as assessment rate and fee units of water and electricity which council approves from time to time.

5.8.5.3 Electricity will be subsidized 50KWH and households for indigent be required to convert to prepayment electricity meters, when implemented, the cost of which can be met either by:

- i. The equitable share fund, if sufficient;
- ii. A surcharge on the electricity coupon cost; or
- iii. Cash payment by the household.

- 5.8.8.4 A consumer who consumes more than 6kl of water and 50kw electricity is liable for that expenditure, failing to do so will result of the services be suspended¹.
- 5.8.8.5 Household eligibility. Households become eligible by application on a specific council application form, after which screening and ongoing auditing are possible. This form will require data on the inhabitants of the household, their occupations, income and property ownership, and business ownership.
- 5.8.8.6 Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form, and to record any changes in circumstances, and make recommendations on the continuation or discontinuation of the subsidy. An audit report be submitted to Council on a regular basis.

¹ Section 97 © of the Local Government: Municipal System Act, 2000 provides that a municipality must make provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.

- 5.8.8.7 Indigent households must reapply for indigent support every twelve months, subject to regular monitoring of individual cases.
- 5.8.8.8 Existing arrears will be written of subject to the necessary bad debt provision.
- 5.8.8.9 Households will be excluded from the scheme if:
 - i. The household head owns a second property.
 - ii. The application was filled in dishonestly.
 - iii. Audits suggest improvements in the financial circumstances of the household.
- 5.8.8.10 If a consumer's consumption or use of a municipal service is less than the subsidized service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 5.8.8.11 If a customer's consumption or use of a municipal service is in excess of the subsidized service, the customer will be obliged to pay for such excess consumption at the applicable rate.
- 5.8.8.12 An indigent customer must immediately request de-registration by the municipality or its authorized agent if his/her circumstances have changed to the extent that he/she no longer meet the qualification set out in 5.8.8.1
- 5.8.8.13 An indigent customer may at any time request de-registration.
- 5.8.8.14 An indigent customer is exempted from interest – final notice and disconnection levies, but their services will be disconnected if they fail to pay their account.

5 CREDIT CONTROL POLICY

5.1 Service application and agreements

- 5.1.1 All customers of services will be required to sign service agreement governing the supply and cost of municipal services. A copy of the identity document (ID) and marriage certificate must be submitted with the Service Agreement..
- 5.1.2 Prior to signing these agreements, customers will be entitled to receive the policy document of the Council on request.
- 5.1.3 On the signing of the agreement, customers will receive a copy thereof.
- 5.1.4 Within a specified period (in the agreement) of change of ownership, meters will be read and an account posted.

- 5.1.5 In the agreement, customers will acknowledge liability for costs of collection, and interest and penalties, in the event of delayed payment.

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

- 5.1.6 The Municipality will read the meters within the period stipulated in the agreement after notification of change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property.
- 5.1.7 Should a customer fail to enter into such agreement with Council or to provide the security as described in clause 5.2, Council may:
- 5.1.7.1 Hold the customer liable for all outstanding debt on services for the property; and/or
 - 5.1.7.2 Restrict or discontinue the supply of services.
- 5.1.8 *The Municipality shall open only one account per property for the rates, fixed levies and service charges.*
- 5.1.9 All arrangements may be subject to periodic review.
- 5.1.10 All debtors entering into arrangements shall provide their banking details and those who have the facility to sign a debit order with the financial institutions, shall be required to do so.
- 5.1.11 Debtors who default on three occasions in respect of arrangements, will be denied the privilege of making further arrangements, and full amount will be payable.

5.2 Deposits

- 5.2.1 Security deposits either in cash or bank guarantee to the municipality will be taken, and may vary according to the risk payment history. A minimum deposit of the equivalent of two months average consumption will be taken plus sewerage and refuse charges minimum deposits of R300.00 per service water and electricity each for house owners.(Other consumers R500.00 per services or an average of two months consumption of a similar user)
- 5.2.2 Deposits can be increased by the municipality at any time at the sole discretion of the municipality to a maximum of two and a half months consumption, subject to 30 days notice being given.
- 5.2.3 Deposits can vary according to the credit-worthiness or legal category of the applicant subject to paragraph 4.3.
- 5.2.4 The municipality will not pay any interest on deposits.
- 5.2.5 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.

5.3 Right of access to premises

- 5.3.1 The owner and or occupier of premises give an authorized representative of the municipality access at all reasonable hours to the premises 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 service¹.
- 5.3.2 The owner accepts the cost of relocating a meter if satisfactory access is not possible.
- 5.3.3 If a person contravenes 4.6.1 the municipality or its authorized agent may:
- a) By written notice require such person to restore access at his/her own expense within a specified period.

¹Section 101 provides that the occupier of premises in a municipality must give an authorized representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect stop or restrict the provision of any service.

- b) 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.

5.4 Business who tender to the Municipality

5.4.1 The Supply Chain Procurement Policy and Tender Conditions include the following:

- i. 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 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.
- ii. A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated account or overdue in terms of the contract or any other due date that has passed.
- iii. Tender conditions contain a condition allowing the municipality to deduct money owing to the municipality from contract payments in terms of a reasonable arrangement with the debtor.

5.5 DEVELOPERS

5.5.1 Developers will install services, including meters to each stand – according to council's standards.

5.5.2 The Developer / owner pay the assessment rates on the Original property till it is registered in the Deeds office as a new property in a new owner's name. The original property will be reduced pro rata (value per m² of original value times the size of the departing property)

5.5.3 Developer will supply the Council with the meter information of each stand within 7 days after it is occupied.

6. DEBT COLLECTION POLICY

6.1 Personal Contact

6.1.1 Council or its agents will endeavour to implement a system to make personal, electronic 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.

6.1.2 Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.

- 6.1.3 Services as contemplated in 6.2.1 will be rendered at a charge as determined during the annual budget process.

6.2 Enforcement Mechanisms

6.2.1 Interruption of service¹

- 6.2.1.1 Customers 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.
- 6.2.1.2 The customers will receive a notice to inform him/her that his/her an account is overdue. This notice could either be a written notification delivered at the site of the consumption or by sms via a cell phone number, supplied by the consumers on the application for service form. (consumer to keep council updated with change of numbers)
- 6.2.1.3 The disconnection of electricity service may occur when the account is 7(seven) days overdue after the notification..
- 6.2.1.4 Failing to pay after the notices were served, the water supply will be disconnected.
- 6.2.1.5 The cost to have water supply reinstated will be an amount set by council payable in advance.
- 6.2.1.6 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- 6.2.1.7 Upon the liquidation of arrears, or the conclusion of arrangements, the service will be reconnected as soon as conveniently possible as but not later than 10 working days.
- 6.2.1.8 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the customer.
- 6.2.1.9 If a previous arrangement has been dishonoured, the municipality will sell pre-paid electricity to a consumer if the consumer has paid the current account as well as an agreed amount on the arrears. The need of a consumer must be taken into consideration when the amount of electricity which the consumer will be allowed to buy, is determined. However, the maximum electricity which can be bought must not exceed the amount which has been paid on the arrears. If the dispute arises, the CFO will determine the mount for which electricity can be bought.

¹ Section 97 (e) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for interest on arrears, where appropriate.

- 6.2.1.10 Interest and penalties¹
Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation
- 6.2.1.11 The municipality shall maintain a schedule of debtors with large amounts outstanding (the cut-off amount will be agreed by Council) and will maintain intensive contact with these debtors as in 6.1.1.

6.3 Legal Process/Use of attorneys/Use of credit bureaus

- 6.3.1 Council may, when a debtor is 45 days in arrears, commence legal process against with that debtor, which process could involve final demands, summonses, court trails, judgements, garnishee orders and/or sales in execution of property.
- 6.3.2 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.
- 6.3.3 Council will establish procedures and codes of conduct with these outside parties.
- 6.3.4 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.
- 6.3.5 All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.
- 6.3.6 All cost of this process are for the account of the debtor.
- 6.3.7 Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus. This release will be in writing and this situation will be included in Council's agreement with its customers.
- 6.3.8 Council may consider the cost effectiveness of this process, and will receive reports on relevant matters, including cost effectiveness.
- 6.3.9 Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willing ness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors; and will be closely monitored by Council.
- 6.3.10 Customers will be informed of the powers and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.
- 6.3.11 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.

6.4 Theft and fraud

- 6.4.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorized service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time¹.
- 6.4.2 Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- 6.4.3 The total bill owing, including penalties, assessment of unauthorized consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 6.4.4 Council will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.

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

- 6.4.5 Council may distinguish in its penalties between cases of vandalism and cases of theft.
- 6.4.6 Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 6.4.7 Council reserves the right to lay charges and to take any other legal action against both vandals and thieves.

6.4.8 Any person failing to provide information or providing false information to the municipality may face immediate disconnection.

6.5 Cost of collection

6.5.1 All cost of legal process, including interest, penalties, service discontinuation cost and legal costs associated with credit control are for the account of the debtor and should reflect at least the cost of the particular action.

6.6 Rates Clearance Certificate

6.6.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges are paid by withholding a rates clearance certificate¹.

6.7 Irrecoverable debt

Criteria for irrecoverable debt:

6.7.1 Debt will only be considered as irrecoverable if it complies with the following criteria:

6.7.1.1 all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount, or

6.7.1.2 any amount equal to or less than R500,00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it, or

6.7.1.3 the cost to recover the debt does not warrant the further action, or

6.7.1.4 the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate, or

a. there is a danger of a contribution , or

b. no dividend will accrue to creditors, or

6.7.1.5 a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate, or

a. where the estate has not been reported to the Master and there are no assets of value to attach, or

6.7.1.6 it has been proven that the debt has prescribed, or

6.7.1.7 the debtor is untraceable or cannot be identified so as to proceed with further action, or

a. the debtor has emigrated leaving no assets of value to cost effectively recover Councils'claim,or

6.7.1.8 it is not possible to prove the debt outstanding, or

6.7.1.9 a court has ruled that the claim is not recoverable, or

6.7.1.10 the outstanding amount is due to an irreconcilable administrative error by the Municipality

6.8 Abandonment

6.8.1 The Municipal Manager must ensure that all avenues are utilized to collect the town's debt.

6.8.2 There are some circumstances that allow for the valid termination of debt collection procedures:

i. The insolvency of the debtor, whose estate has insufficient fund.

ii. A balance being too small to recover, for economic reasons considering the costs of recovery.

- 6.8.3 The municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the debt.

7. PERFORMANCE AND EVALUATION

7.1 Income Collection Targets

Council to create targets that include:

- i. Reduction in present monthly increase in debtors in line with performance agreements determined by council.

7.2 Customer Service Targets

Council to create targets that would include:

- i. Response time to customer queries.
- ii. Date of first account delivery to new customers.
- iii. Reconnection time lapse.
- iv. Meter reading cycle.

7.3 Administrative Performance

Council to create targets that will include:

- i. Cost efficiency of debt collection.
- ii. Enforcement mechanism ratios.

- 7.3.1 Council will create a mechanism wherein these targets are assessed; Council's performance is evaluated and remedial steps taken.

¹ Section 118 of the Local Government: Municipal Systems Act, 2000 provides that a registrar of deeds or other registration officer of immovable property, may not register the transfer of property, except on production of a certificate by the municipality that all amounts due to the municipality during the two years preceding have been fully paid.

8. Reporting to Council

- 8.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council. This report shall report on:
- i. Cash flow information for the capital and operating accounts, and combined situation, showing Council's actual performance against its cash flow budgets.
 - ii. Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; default arrangements; growth or reduction of arrear debtors; ideally divided into wards, business (commerce and industry) domestic, state, institutional and other such divisions.

| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|
| | | | | | | | | | |
|--|--|--|--|--|--|--|--|--|--|

TYPE OF SUPPLY:

| | | | | | | |
|--|------------|------------|-------------|-------|--------------|----|
| Domestic | Commercial | Industrial | Educational | State | Agricultural | |
| State whether any type of business activities to be conducted from residential address | | | | | YES | NO |

At street address:

TYPE OF BUILDING

| | | | | | |
|-------|-------|------|---------|-----------------|-------|
| House | House | Flat | Complex | Sectional Title | Other |
|-------|-------|------|---------|-----------------|-------|

B. PERSONAL INFORMATION OF APPLICANT/CUSTOMER

| | | |
|--|----------------------|---------------------------------------|
| Trust/Close Corporation/Company name | : | ..... |
| Trust/Close Corporation/Company registration no ¹. | : | ..... |
| Surname ² | : | ID Number :..... |
| First names | : | Pension Number :..... |
| Previous Address | : | ..... |
| Postal Address | : | ..... |
| Employer | : | ..... |
| Work Address | : | ..... |
| Employee number | : | ..... |
| Postal Code | : | ..... |
| Tel. Work | : | ..... |
| Occupation | : | ..... |
| Marital Status | : | ..... |
| Spouse Details | : | ..... |
| ID number | : | ..... |
| Cell No. | : | ..... |
| | | Number of years at current site:..... |
| | | Tel. Home: |
| | | Cell No: |
| | | Bank Details: |
| | | Branch |
| | | Account no. |
| | | Do you wish to make use of: |
| Name of Employer | : | ..... |
| Work Address | : | ..... |
| Work Tel. No. | : | ..... |
| | | Debit order: YES/NO |
| | | Stop order : YES/NO |
| | | Vehicle Registration No:..... |
| (In/out community of property/Marital Status Contract/Divorced) | | |
| List of other accounts held: | 1..... | Account No. |
| | 2..... | Account No. |
| | 3..... | Account No. |
| Previous municipal account..... | | Account No. |
| Occupiers of stand other than family (rent, backyard lodgers, spaza shops, taxis, etc):..... | | |
| Number of people residing on property | <input type="text"/> | Over 18 <input type="text"/> |
| | | Under 18 <input type="text"/> |

¹ No application form will be considered unless copies of the relevant registration forms are attached.

² Surname of account form will be considered unless copies of the relevant registration forms are attached,

| | |
|--|--|
| Income of household if applying for Indigent support: | (Include all sources of revenue of all the persons residing on the site) |
| Method of account delivery: Fax..... Post..... E-mail..... E-mail address..... | |
| Name and address of a family member and /or friend not residing at the same address: Tel. No..... | |
| If not the owner, to whom do you pay rent: | |

C. TO BE COMPLETED BY OWNER/AGENT/CARETAKER FOR LEASED PROPERTIES

| | | | |
|-------------------|-------|------------|---------|
| Surname | ..... | First Name | : |
| Home Address | ..... | ID NUMBER | : |
| Name of Employer: | ..... |  |  |
| Date | ..... | Signature | : |

D. DECLARATION BY APPLICANT

I hereby declare that I/we agree to the conditions of supply of the mentioned services as laid down in the by-laws of the Municipality and other laws that are applicable.

I/We hereby certify the information furnished to be correct.

I/We hereby accept the street address/stand number specified above as my own domicilium citandi et executandi address where I will accept any notices to be served.

I/We received a duplicate of this application form and am/are aware of the applicable further conditions of supply set out in the Annexure at the back of this form.

CUSTOMER/APPLICANT

ON BEHALF OF MUNICIPALITY

DATE: _____

ANNEXURE "B"

_____ MUNICIPALITY

ACCOUNT NO: _____

APPLICATION FOR HOUSEHOLD INDIGENT SUBSIDY

1. In an effort to assist the needy population in the payment of the municipal services, as detailed in the enclosed pamphlet, the Council has agreed to a subsidy scheme whereby households earning less than R2040.00 per month would have certain services fully or partly subsidized.
2. Please read the back of this form to see if you qualify and what documents or forms you are required to submit with this application. If you feel that you do qualify, you must complete the details of all occupants over the age of 18 years as at (Date) or from the date this application, together with their respective gross monthly incomes, in the space below.

PERSONAL PARTICULARS OF ALL OCCUPANTS OVER 18 YEARS CONSTITUTING THE HOUSEHOLD

| | IDENTITY NUMBER | INITIALS | SURNAME | EMPLOYED (YES/NO) | EMPLOYED NAME | GROSS MONTHLY INCOME | SOURCE OF INCOME |
|---|-----------------|----------|---------|-------------------|---------------|----------------------|------------------|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |

DECLARATION BY APPLICANT

I, the undersigned, resident at the address indicated above, hereby apply for the Household Indigent Subsidy determined in relation to the income indicated above, and solemnly declare that-

1. All particulars furnished on this form, including the total gross income of myself and all occupants of the premises, are to the best of my knowledge and belief, true and correct;
2. If the particulars furnished in this form should change for any reason, I will immediately notify Council;
3. I am aware that the information supplied in this form by me will be made available by Council to the Credit Bureau;
4. I or any other occupant do not own any other property in the Republics of South Africa apart from the property indicated on the account for which this application is made;
5. I agree that Council officials may conduct an on-site audit to verify the information supplied on this declaration;
6. I am aware that any false declaration on this form is punishable by law and will result in disqualification of the subsidy;
7. I do hereby acknowledge that the debts in respect of the arrears amounting otherwise to (Rand) as at (Date) (together with interest accrued at the standard interest rate) on the account number indicated above remain payable by me unless Council resolves otherwise.

Date

Signature / Thumb print of applicant

FOR OFFICE USE ONLY

The consequences of the above declaration made by the applicant were explained to him/her and he/she indicated that-

- i. the contents of the declaration were understood, and
- ii. if found to be untrue, he/she would automatically be disqualified from receiving any subsidy. He/she will be liable for the immediate repayment of any subsidy received and may have criminal proceedings instituted against him/her as Council may deem fit.

Municipal Attesting Officer

Date

Signature

ANNEXURE "C"

6 Information / Conditions Of Subsidy

This application form together with the documents indicated below must be brought by the account holder (i.e. the person in whose name the account is rendered) to one of the council's offices indicated in the enclosed pamphlet. Prospective applicants must apply at the venues designated in their respective areas and not at any other places.

1. Who qualifies?

A household in which the combined gross income of all occupants/residents over the age of 18 years old is less than R2040.00 per month.

2. Who does not qualify?

- A household in which the combined gross income of all occupants/residents exceeds R2040.00 per month.
- Occupants/residents who own more than one property.

3. Documentary proof of income (e.g. letter from an employer, salary advice, pension card, UIF card etc.) must be presented in order to qualify for a subsidy.

4. In addition, applicants will be required to sign and submit a sworn affidavit to the effect that all information supplied is true and that all income from formal and/or informal sources has been declared. Special note should be taken that any person who supplies false information will be disqualified from further participation in the subsidy scheme. He/she will also be liable for the immediate repayment of all subsidies received and the institution of criminal proceedings, as Council may deem fit.

5. Council reserves the right to send officials to premises/households receiving relief for the purpose of conducting an on-site audit of the details supplied.

6. The account holder must apply in person and must present the following documents upon application:

- 2.1 The latest municipal account in his/her possession.
- 2.2 The account holder's identity document.
- 2.3 An application form indicating the names and identity numbers of all occupants over the age of 18 years who are resident at the property.

7. If the application is approved, the assistance will only be valid until (Date) with no guarantee of renewal, as it is funded by a grant from National Government through the province to the town. The onus is on account holders to re-apply for relief each year, failing which the assistance will cease automatically.

8. The following services will be subsidized:

- 8.1 Water (up to 6 kilolitres per month). Consumption exceeding 6 kilolitres will be payable by the customer. The non-payment of charges will result in the installation of a flow-control washer or any other measure Council deems fit. Where the supply is not metered, the subsidy will only apply where the owner/occupant agrees in writing that the supply may be restricted by a flow-control meter;
- 8.2 Sewerage;
- 8.3 Refuse removal.

ANNEXURE 'D'

MUNICIPALITY : _____

HOUSEHOLD INDIGENT SUBSIDY SCHEME

VERIFICATION OF INFORMATION SUPPLIED: ACCOUNT NUMBER/S

- 1. _____
- 2. _____

In terms of the indigent Subsidy Scheme, the applicant has agreed that municipal employees may conduct an on-site audit to verify the information supplied on the application form.

SECTION A: PARTICULARS OF ACCOUNT HOLDER

- 1. Surname: _____
- 2. First names: _____
- 3. Date of birth: _____
- 4. Residential Address: _____
- 5. Postal address: _____
- 6. ID number: _____
- 7. Telephone no. on site: _____
- 8. Person/s interviewed: _____
- 9. Number of people living on
The property (over 18) _____
- 10. Number of people living on the property (under 18) _____

SECTION B: INCOME OF HOUSEHOLD

| I.D. Number | Initials and Surname | Gross Monthly Income | Source of Income | Employed Yes/No | Proof of Income |
|-------------|----------------------|----------------------|------------------|-----------------|-----------------|
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TOTAL