

DRAFT CREDIT CONTROL AND DEBT COLLECTION POLICY

<u>Policy:</u>	Effective Date: 01 July 2014
Approved: Council	Review Date: 01 April 2014

Notwithstanding the review date herein, this policy shall remain effective until such time approved otherwise by Council and may be reviewed on an earlier date if necessary.

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1. SCOPE AND AREA OF APPLICATION

This policy applies to all corporate, private residents and customers of the municipality throughout the area of the Nketoana Local Municipality (NLM).

2. OBJECTIVE

1.1 The Objective of this policy is to:

1.1.1 Enable the municipality to collect its revenue timely;

- Structure the municipality's administration, budgeting and planning processes to give priority to the basic needs of its residents, and to promote the social and economic development of the community.

3. PREAMBLE

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

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

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

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

Where in this policy, no specific tariffs, amounts, percentages, fees, etc. is supplied, such tariffs, amounts, percentages, fees, etc. will be listed in the Tariff List which will be approved at least annually together with the Budget, IDP, etc. The Tariff Policy and Tariff List must thus be read together with this policy.

IT IS HEREBY ADOPTED: a credit control and debt management policy of the Nketoana Local Municipality.

4. DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

“Act” The Local Government Act: Systems Bill, 2000 (Act No 32 of 2000) as amended from time to time;

“Arrangement” A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed to.

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

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

“CFO” Person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.

“Council” The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996, of the Nketoana Local Municipality established by Provincial Notice 184 of 2000, as amended, exercising its legislative and executive authority through its Municipal Council; or

(b) its successor in title; or

- (c) a structure or person exercising a delegated power or carrying out an instruction, where any power in this Policy has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000); or
- (d) a service provider fulfilling a responsibility under this Policy, assigned to it in terms of section 81(2) of the Local Government: Municipal Systems Act, or any other law, as the case may be;

“Credit Control” All the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

“customer” Any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;

“defaulter” Any Person who owing the Council arrear monies in respect of rates and / or service charges;

“engineer” The person in charge of the civil and/or electrical component of Council;

“equipment” A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

“Implementing Authority” Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Systems Act.

“interest” A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies;

“municipal account” An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;

“Municipality” Means the Nketoana Local Municipality.

“Municipal Manager” 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” Those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied;

“occupier” Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property,

“owner” –

- (a) The person in whom from time to time is vested the legal title to premises;
- (b) In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- (c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;
- (d) In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;
- (e) In relation to-
 - i. A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or
 - ii. A section as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;
- (f) Any legal person including but not limited to-
 - i. A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;
 - ii. Any department of State;

- iii. Any Council of Board established in terms of any legislation applicable to the Republic of South Africa;
- iv. Any Embassy or other foreign entity;

“premises” Includes any piece of land, the external surface boundaries of which are delineated on-

- a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or
- b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

“Supervisory Authority” Means the Executive committee of the Municipality or its nominee, acting in terms of Section 99 of the Systems Act.

5. POLICY AND PRINCIPLES

- 5.1 The administrative integrity of the municipality must be maintained at all costs. 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.
- 5.2 All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager. Such application forms must be signed by the applicant and in the case of an

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occupier written confirmation from the owner (or authorised agent) must accompany the application.

- 5.3 A copy of the application form, conditions of 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 at such fees as may be prescribed by Council.
- 5.4 Billing is to be accurate, timeous and understandable.
- 5.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 5.6 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.
- 5.7 Enforcement of payment must be prompt, consistent and effective.
- 5.8 Unauthorised 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.
- 5.9 Incentives and disincentives may be used in collection procedures.
- 5.10 The collection process must be cost-effective.
- 5.11 Results will be regularly and efficiently reported by the Municipal Manager or the Mayor.
- 5.12 Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 5.13 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.

6. DUTIES AND FUNCTIONS

6.1. *Duties and Functions of Council*

- 6.1.1 To approve a budget consistent with the needs of communities, ratepayers and residents.
- 6.1.2 To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- 6.1.3 To facilitate the generation of sufficient funds to give access to basic services for the poor.
- 6.1.4 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.
- 6.1.5 To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority
- 6.1.6 To approve a reporting framework for credit control and debt collection.
- 6.1.7 To consider and approve by-laws to give effect to the Council's policy.
- 6.1.8 To monitor the performance of the Mayor (Supervising Authority) regarding credit control and debt collection.
- 6.1.9 To revise the budget should Council's targets for credit control and debt collection not be met.
- 6.1.10 To take disciplinary and/or legal action against councillors, officials

and agents who do not execute this policy and related by-laws.

- 6.1.11 To approve a list of attorneys and or agents that will act for Council in all legal matters relating to debt collection.
- 6.1.12 To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Mayor and Municipal Manager and Service Provider respectively.
- 6.1.13 To provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection.
Alternatively to appoint a Service Provider, or debt collection agent.
- 6.1.14 To assist the Municipal Manager in the execution of his duties, if and when required.
- 6.1.15 To provide funds for the training of staff on matters relating to this policy.
- 6.1.16 To support the implementation of the policy, also in relation to Council officials and councillors in line with Schedule 2 of the MSA, paragraph 10.

6.2 DUTIES AND FUNCTIONS OF MAYOR

- 6.2.1 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.
- 6.2.2 To monitor the performance of the Municipal Manager in implementing this policy and related by-laws.
- 6.2.3 To report to Council.

6.3 DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

- 6.3.1 To implement good customer care management systems.
- 6.3.2 To implement council's credit control and debt collection policy.
- 6.3.3 To install and maintain an appropriate accounting system.
- 6.3.4 To bill customers.
- 6.3.5 To demand payment on due dates.
- 6.3.6 To raise penalties for defaults.
- 6.3.7 To appropriate payments received.
- 6.3.8 To collect outstanding debt.
- 6.3.9 To provide different payment methods.
- 6.3.10 To determine credit control and debt collection measures.
- 6.3.11 To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- 6.3.12 To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- 6.3.13 To set performance targets for staff.
- 6.3.14 To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- 6.3.15 To delegate certain functions to heads of departments.
- 6.3.14 To determine control procedures.
- 6.3.15 To monitor contracts with service providers in connection with credit control and debt collection

6.3.16 To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.

6.3.17 To report to the Mayor.

6.4 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

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

6.4.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.

6.4.3 To observe the mechanisms and processes of the municipality in exercising their rights.

6.4.4 To allow municipal officials access to their property to execute municipal functions at any reasonable time.

6.4.5 To comply with the by-laws and other legislation of the municipality.

6.4.6 To refrain from tampering with municipal services and property.

6.5 DUTIES AND FUNCTIONS OF WARD COUNCILLORS

6.5.1 To hold regular ward meetings with residents in order to encourage payment and address challenges relating to this policy.

6.5.2 To adhere to and convey this policy to residents and ratepayers.

6.5.3 To adhere to the Code of Conduct for Councillors.

- 6.5.3.1 Ward Committees will act in terms of roles and functions as approved by Council.

7. APPLICATION FOR SERVICES

- 7.1 Consumers who require a service must enter into a written service agreement with the municipality which must be signed by the applicant and in the case where the tenant is not the owner, written confirmation from the owner (or authorised agent) must accompany the application.
- 7.2 The process must occur ten (10) days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.
- 7.3 The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.
- 7.4 Consumers who illegally consume services without this agreement will be subject to punitive action.

8. CUSTOMER SERVICE AGREEMENTS

8.1 Customer service agreements are those agreements that will from time to time be entered into between the customer and the Municipality for the supply of municipal services.

8.2 The contents of the agreement includes this policy as well as:

An undertaking by customers:

- That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees;
- That any alleged non-receipt of an account does not stop the collection process;

An undertaking by Council:

- That it will deliver accounts to customers.
- That it will inform customers that they are required to request statements in the event that they do not receive an account.

9. DEPOSITS AND GUARANTEES

9.1 The deposits are payable when new customers sign-on and when existing customers move to a new supply address. Guarantees are only permitted for specific businesses and only under circumstances as determined by Council from time to time.

9.2 Customers must pay a deposit equal to an amount as determined by Council from time to time.

9.3 The Municipality may increase or decrease deposits and guarantees to suit the particular circumstances.

- 9.4 Customer deposits will be allocated to any debt in an order and time which is most applicable in relation to the debt circumstances.

10. ACCOUNTS AND BILLING

- 10.1 Customers will receive one consolidated bill for all services to a property, which is situated within the boundaries of the Municipality.
- 10.2 Accounts are produced in accordance with the meter reading cycles.
- 10.3 An account will be rendered each month in cycles of approximately 30 days.
- 10.4 The Municipality will undertake to have the accounts delivered to all consumers. However non-receipt of an account does not prevent interest charges, penalties and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the account, before the due date.
- 10.5 Accounts must be paid on the due date as indicated on the account. Interest, at a rate determined by Council from time to time (with the review of the policy), calculated on a monthly basis, will accrue after due date if the account remains unpaid irrespective of the reason for non-payment. All services, including pre-paid services, may be terminated/reduced due to non-payment of any

rates and/or service fees.

- 10.6 Payments for accounts must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via agents, the money must be received in the municipal bank account on or before the due date and not later than the close of business.
- 10.7 Consumers will be notified of their unpaid accounts prior to the commencement of the debt collection process.
- 10.8 Non-payment of the account will result in debt collection action in terms of this section 18 of this policy.
- 10.9 Any account queries must be in writing and confirmed by the signature of any authorised official for the account not to qualify for the credit control action and must be done before the due date for payment.
- 10.10 In a case of dishonoured and/or unacceptable cheques (referred to drawer, stale, post-dated, incorrectly completed, etc.) all related costs will be for the cost of the consumer and the debt will automatically be classified as unpaid debt with the related actions thereon taken without further notice.

11. METERING OF CONSUMABLE SERVICES

- 11.1 The decision of the metering equipment lies with the municipality and may vary in certain areas and/or as a result of circumstances.
- 11.2 Customers who default (fail to pay by a due date) may be required by the municipality to convert to another metering system and the consumer deposit may be increased to the level Council may decide in an attempt to prevent possible losses in this regard.
- 11.3 Prepayment metering is the preferred installation for all new domestic and where applicable, business accounts.
- 11.4 Meters (conventional/credit) will be read monthly. Should circumstances prevent reading the Municipality is entitled to reasonably estimate a reading that is comparable to past consumption.
- 11.5 A customer is responsible for the readability of the water meter and to ensure access to metering equipment at all reasonable times and the consumer will accept any cost to ensure reasonable access (such as relocating the meter) to ensure satisfactory access in this regard.
- 11.6 Voluntary readings:
- These will be permitted provided the municipality obtains any final reading should the customer move to another supply address.
 - Customers may be liable for a fee to cover the costs of

obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading.

- The Municipality is entitled to make suitable adjustments to the readings should the debtor fail to ensure that a final reading is obtained.
- An actual/audit reading during the normal reading cycles must be obtained once every three months. If a special actual/audit reading becomes necessary this will be done at the cost of the consumer.
- The customer may elect to supply voluntary readings subject to compliance with the rules. The Chief Financial Officer may, however, cancel the voluntary reading convenience if the customer fails to ensure the audit/actual reading is obtained or should the customer fail to render readings on two consecutive occasions.

11.7 Routine or special maintenance of metering equipment will be communicated to the customer. The meter replacement advice will indicate the removal reading.

11.8 The monthly rates and/or service account must be paid by the due date before any prepaid services will be sold to a consumer. This do not relate to arrear accounts as such debt may be recovered proportionally on the prepaid purchases and at a percentage as determined by Council from time to time.

12. VALUATION OF PROPERTIES

- 12.1 All properties within the boundaries of the Nketoana Local Municipality are to be valued in terms of the legislation, applicable to the valuation of properties for the purpose of levying property rates.

13. CUSTOMER ASSISTANCE PROGRAMMES

These are programmes that the Municipality will design to assist customers meet their obligations, such as:

- 13.1 Water leak rebates;
- 13.2 Rates rebates;
- 13.3 Arrangements for settlement;
- 13.4 Payment of rates by instalments;
- 13.5 Indigent assistance scheme.
- 13.6 Free basic services
- 13.7 Incentive Debt Repayment Scheme

13.1 WATER LEAK REBATE

Excess charges due to water leaks on the account will be recalculated in terms of the “Water Leak” tariff, provided that the following conditions are applied:

- That the leak be repaired within 48 hours of detection.
- That a certificate from a registered plumber or, in the event that the leak was repaired by someone other

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than a registered plumber, a sworn affidavit must reach the Municipality within ten (10) days of the leak having been repaired.

13.2 RATES REBATE

Rebates on rates may be granted by Council in terms of Council's Property Rates Policy.

13.3 ARRANGEMENTS FOR SETTLEMENT

13.3.1 Arrangements are permissible for debtors who experience difficulties in paying their accounts.

13.3.2 The terms applicable for the settlement are as follows:

- That the consumer pay the current account monthly.
- That the household debtor earning below R4 500 per month arrangement should not exceed 48 months.
- That the household debtor earning above R4 500 per month arrangement should not exceed 36 months.
- That the business debtor arrangement should not exceed 24 months.

- That the debtor should not skip payment without the authorisation of the municipality.
- A minimum fee of 10% of the arrears will be payable if the applicant earn more than R6000.00 p.m. and a minimum of 5% of the arrears if the applicant earn R6000.00 p.m. or less when making the arrangement.

13.4 PAYMENT OF RATES BY INSTALLMENTS

- 13.4.1 Owners may pay the property rates annually or in equal monthly instalments over a period of 12 months.
- 13.4.2 Interest shall accrue on all monthly paid rates accounts if they are not paid by the due date as indicated on the account.
- 13.4.3 Regular monthly instalment payments must be maintained. Failure to maintain monthly instalment payment for three (3) consecutive months shall result in the cancellation of the facility and all future instalments become payable. Indigent accounts will remain on monthly instalment.

13.5 **INDIGENT ASSISTANCE SCHEME**

An account holder may apply to the Municipality, in the prescribed manner, to be declared indigent provided that the following conditions are applied:

- That the gross household income must not exceed the poverty threshold value as determined by the Indigent Policy from time to time.
- That the Municipality may inspect the property occupied by the applicant and in respect of which municipal services are rendered to assess the merits of the application.
- Any non-compliance with the Indigent Policy and/or this policy will waive the indigent privileges of an indigent applicant and this policy will apply in relation to any outstanding debt.

13.6 **FREE BASIC SERVICES**

Council will provide free basic services to qualifying domestic debtors, on a monthly basis and in quantities as determined by Council from time to time.

13.7 **INCENTIVE DEBT REPAYMENT SCHEME**

The municipality has accumulated debt over the years and this has resulted into cumbersome debt that the majority of our debtors will be unable to pay.

The council hereby authorise the Municipal Manager to negotiate with the consumers who wants to pay for the services but have unbearable debt to pay. The following should be the criteria to be used by the municipality to provide discount to debtors willing to pay.

Council approves the incentive of giving a rebate on payments made on the debt whereby an amount equal to a certain percentage of the payment made, will be written off against the outstanding debt. This percentage will be decided and approved by Council from time to time.

The above incentive will be directly bound to a written agreement between the two parties and only after approval by an authorised official.

The incentive will only relate to debt prior 1 July 2013. Council reserves the right to exclude certain groups such as government, etc.

The incentive is also applicable to current written arrangements on arrears and comes into effect as per Council decision and will remain effective until Council decides otherwise.

14. COMMUNICATION

- 14.1 The municipality will at its own cost make the Credit Control and Debt Collection policy brochure available to the community. Any amendments may be communicated to the residents in a newsletter and/or in any other format from time to time.
- 14.2 Councillors must from time to time, address ward committees on the contents of the policy and any amendments thereto.

15. PAYMENT FACILITIES AND METHODS

- 15.1 Municipal payment and enquiry facilities will be maintained subject to acceptable levels of activity when compared to the operational costs. The Municipal Manager or his/her designate has the discretion to open and close offices as required.
- 15.2 The consumer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the consumer. In addition the consumer must take into account the transfer time of the particular agent.

- 15.3 A range of payment methods are available and may be extended as required subject to financial implications. The Municipality shall actively monitor the effectiveness of pay facilities, methods and convenience for consumers.
- 15.4 The Chief Financial Officer shall allocate payments according to pre-determined priorities.

16. ENQUIRIES AND APPEALS

- 16.1 Any resident or consumer who may feel aggrieved concerning his/her account may address a grievance / appeal to the Municipal Manager or Chief Financial Officer or visit any Customer Care Office provided by the municipality.
- 16.2 A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment of the account. An interim payment similar to the average account must be paid by the due date pending finalisation of the enquiry. Failure to make a payment will result in debt collection action been instituted against the customer.
- 16.3 Depending on the nature of the enquiry and the resources available, the enquiry must receive a response within 10 days.
- 16.4 If a customer has received a response and is still not convinced that the account is not correct, the customer may approach the

relevant Ward Councillor to assist with the enquiry.

17. TENDERS FOR BUSINESS

The Supply Chain Management Policy and Tender Conditions of the Municipalities will include the following:

- 17.1 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.
- 17.2 No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period.
- 17.3 A condition allowing the municipality to deduct any moneys owing to the municipality from contract payments.

18. DEBT COLLECTION

The Chief financial Officer is subject to the application of an Indigent policy,

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authorised to institute these mechanisms without exception and with the intention of proceeding until the debt is collected.

The following mechanisms are to be used to collect:

- 18.1 Disconnection / restriction of metered services for all overdue rates and service charges.
- 18.2 Barring from buying prepayment services by debtors who are in arrears with rates and service charges.
- 18.3 Allocating a portion of any payment for prepayment services to arrear debt.
- 18.4 Insisting on prepayment supplies be installed at the cost of the debtor.
- 18.5 Increase of consumer deposit where applicable.
- 18.6 Emolument attachment orders on debtors' salaries.
- 18.7 Withholding of rates clearance certificates under certain conditions.
- 18.8 Legal process, including the attachment and sale of goods or immovable property.
- 18.9 Withholding payments of grants-in-aid.
- 18.10 Withholding payment on contracts.
- 18.11 Where default relates to existing agreement, such agreement shall be brought up to date or alternatively such agreement will be terminated and the full outstanding debt will be payable before reconnection/re-instatement of services.
- 18.12 If no service agreement already exist between the consumer and Council, such agreement will be entered into between the parties

and the supply of services be re-evaluated according to the circumstances.

18.13 Any other method authorised by Council from time to time.

19. THEFT AND FRAUD

19.1 The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.

19.2 The Council may implement specific actions in the above cases including immediate termination of services, refusal of services until all debt, including penalties, have been paid in full, reporting the matter to the SAPS, etc.

19.3 Council further approves that in such cases, the metering system, where applicable and/or possible, be replaced with a pre-paid system or any other controlled mechanism be implemented to monitor further supply and that these costs be for the account of the owner.

20. IRRECOVERABLE DEBT

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

- All reasonable notifications and cost effective legal avenues have been exhausted to recover outstanding amounts; or

- 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 collection actions, to warrant further actions to collect it; or
- The cost to recover the debt does not warrant further action; or
- A deceased estate has no liquid assets to cover the outstanding amount or assets of value to attach in order to recover the debt; or
- It has been proven that the debt has prescribed; or
- The debtor is untraceable or cannot be identified so as to enable collection actions; or
- It is not possible to prove the debt outstanding; or
- All debtors who are registered as indigent as set out in the Indigent Policy, who's debt will be written off; or
- Where a written agreement has been reached between the debtor and Council on the repayment of arrears, the portion of debt as a percentage "rebate" on payments made; or
- Where Council expropriates any property.

- 20.2 The CFO will prepare a report on any such debt to be written off for submission to the Municipal Manager.
- 20.3 The Municipal Manager will approve such write-off's in accordance with the criteria supplied in this policy.

21. REPORTING AND PERFORMANCE MANAGEMENT

21.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on:

Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt, etc.). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.

21.2 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 will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

21.3 The Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

22. INCOME COLLECTION TARGET

The long-term target is a debtor turnover ratio of 45 days, that is, debtors are expected to pay for services on average in a month and a half.

23. APPLICATION OF THE POLICY

The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying the Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

24. AUTHORITY

Formulation Policy	:	Chief Financial Officer
Authorisation Policy	:	Council
Ownership & Maintenance Manager	:	Assistant Manager: Finance