

CREDIT CONTROL AND DEBT COLLECTION POLICY

<u>Policy:</u>	Effective Date:
Approved: (Item)	Review Date:

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.

INDEX

- 1. Scope and Area of application**
- 2. Objectives**
- 3. Preamble**
- 4. Definitions**
- 5. Policy and Principles**
- 6. Duties and Functions**
 - Duties and Functions of Council**
 - Duties and Functions of the Mayor**
 - Duties and Functions of the Municipal Manager**
 - Duties and Functions of Communities, Ratepayers and Residents**
 - Duties and Functions of Ward Councillors**
- 7. Application for Services**
- 8. Customer Service Agreements**
- 9. Deposits and Guarantees**
- 10. Accounts and Billing**
- 11. Metering of Consumable Services**
- 12. Valuation**
- 13. Customer Assistance Programmes**
 - Water Leak Rebate**
 - Rates Rebate**
 - Arrangements for Settlement**
 - Payment of Rates by Instalments**
 - Indigent Assistance Scheme**
 - Free Basic Services**
- 14. Communication**
- 15. Payment Facilities and Methods**
- 16. Enquiries and Appeals**
- 17. Tenders for Business**
- 18. Debt Collection**
- 19. Theft and Fraud**
- 20. Irrecoverable debt**
- 21. Reporting and Performance Management**
- 22. Income Collection Target**
- 23. Application of the Policy**
- 24. Authority**

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

The Objective of this policy is to:

- 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.

Where new aspects are added in any revenue related policy, which were not included in the previous policy/policies, and the previous policy/policies do not explicitly carries any contradiction in this regard, it is accepted as an omission in the previous policy and the latest intention of the said aspect will be applicable.

The authority of this policy is, inter alia, further enhanced via the following legislation:

- Prescription Act
- Development Facilitation Act
- Spatial Planning & Land Use Management Act
- Spatial Development Framework Guidelines (SDFG)

- SPLUMA Guidelines – Land Use Schemes
- National Environmental Management Act (NEMA), etc.

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.

“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;

“Guesthouse” Means an approved building(s)/structure(s), temporary or permanent, on a specific site that is/are or has/have the potential to create a load(s) on any of the municipal infrastructure at any given time. Each such building/structure must be billed on the applicable business tariff for the load or potential load on the infrastructure of the municipality as to prevent other sites subsidizing the specific site. One service account will be created for the total site and all such charges will be linked to the said account, including the possible original dwelling. This will exclude “Rooms” and/or “units” which is specified separately.

“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 equal to the prime rate plus 5% or as determined by council from time to time on all arrear monies unless specifically excluded;

“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 and/or any other authorised debt;

“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 (including availability charges on developed and vacant stands), refuse removal, sewerage treatment, and for which service 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;

“Rooms” Means a building(s)/structure(s) (residential purposes only), temporary or permanent (that is/are rented out) on a specific site that is/are or has/have the potential to create a load(s) on any of the municipal infrastructure at any given time. Each such building/structure must be billed on the applicable business tariff for the load or potential load on the infrastructure of the municipality as to prevent other sites subsidizing the specific site. One service account will be created for the total site and all such charges will be linked to the said account, including the possible original dwelling. This will exclude “guesthouses” and/or “units” which is specified separately.

“Unit” Means a building designated as a residential/business/other unit, permanent or temporary, on a specific site that is or has the potential to create a load(s) on any of the municipal infrastructure at any given time. Each such unit must be billed a full set of the applicable services. This will exclude “Guesthouses” and/or “Rooms” which is specified separately.

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 new customers (urban and rural) must complete an official application form, formally requesting the municipality to connect them to the relevant services. This will include urban and rural areas. 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 occupier written confirmation from the owner (or authorised agent) must accompany the application.
- 5.3 An application form must be completed for every unit on the property as each unit will carry its own set of applicable service charges and deposit, including farms/small holdings receiving services from the Municipality.
- 5.4 Although the municipality will make every possible attempt to ensure that all services, the correct volume of services and the correct type of service are being billed on every site, every owner of a property receiving any services from the municipality will ensure that the following charges appear on their monthly statements and takes full responsibility and accountability for the consequences due to non-billing thereof:
- Property rates (on all sites - full billing will appear with rebates where applicable)
 - Water basic/availability charge (on all sites where infrastructure is available)
 - Water consumption (on all sites where water is received/used)
 - Electricity basic/availability charge (on all sites where infrastructure is available and the service is supplied by the municipality)
 - Sewer charges (on all sites where the infrastructure is available - based on the number of toilets)

- Refuse charges (on all sites where the infrastructure is available)
 - Any other possible charges for any such services utilized at the site.
- 5.5 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.
- 5.6 Billing is to be accurate, timeous and understandable.
- 5.7 Site audits will be performed by the Municipality on any sites and farms (where applicable) as and when required. Adjustments on all possible under/over billings will be back dated (where applicable) as from the start of the financial year in which it was discovered, unless otherwise agreed in advance such as the building up of history on metered services for adjustment purposes. Back dated adjustments on property rates will be done in accordance individual circumstances, based on the period of the last two valuation rolls of the municipality.
- 5.8 The customer is entitled to reasonable access to pay points and to a variety of other payment methods within the approved framework of the municipality.
- 5.9 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. It is however placed on record that the customer carries the responsibility to maintain payment(s) on all other debt other than the specific debt under dispute unless the said dispute relates to the total debt.
- 5.10 Enforcement of payment must be prompt, consistent and effective.
- 5.11 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent/unauthorised activity in connection with the provision of

municipal services may lead to disconnections, penalties, loss of rights and criminal prosecutions.

- 5.12 Incentives and disincentives may be used in the collection procedures.
- 5.13 The collection process must be cost-effective.
- 5.14 Results will be regularly and efficiently reported by the Municipal Manager or the Mayor.
- 5.15 Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 5.16 When any lease agreement is entered into with a lessee, all relevant service charges will be payable irrespective whether the lease agreement is free of charge or has a monetary value.
- 5.17 Derelict sites will be managed in accordance with legislation.
- 5.18 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 5.19 Where changes are affected to the latest policy that were not stipulated in the previous policy, it is recorded as an oversight in the previous policy. Where such changes in the latest policy differ from the previous policy, it is recorded that it do not change the legal rights/principles as stipulated in the previous policy unless specifically recorded.

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.

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.
- 6.3.16. To determine control procedures.
- 6.3.17. 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/damaging of municipal services and property. Any costs involved will be for the account of the owner and/or tenant.
- 6.4.7. To report any malfunction, damage, tampering, non-billing, etc. of any municipal service, units, property, etc. immediately to avoid the applicable fine.
- 6.4.8. To in all circumstances treat municipal officials with respect and dignity and to allow them to perform their legislative functions. Any possible intimidation, threats, verbal/physical abuse, refusal to allow them to perform their legislative functions, etc. will be dealt with in accordance applicable legislation and may lead to the termination of services.

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.
- 6.5.4. 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. A separate

application is required for every unit on the site, being it a business, flat, etc. as each unit must have its own set of services and deposit.

- 7.2. The process must occur ten (10) days prior to requiring the said services to 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 consume services without this agreement will be taken as the illegal use of services and 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, reconnection fees, increased deposit, etc.;

- That any alleged non-receipt of an account does not stop the timely payment or 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 Due to the historic circumstances, the Municipality will not enforce the prescribed deposit on existing accounts as a once-off process. Where termination of services, tampering with connections, illegal connections, non-reporting of the usage of municipal services, damage/replacement of metering units, changes in ownership, changes in occupants, site audits, etc. are applicable on existing accounts without or insufficient deposits, the prescribed minimum deposit at that stage will become payable. The metered services on accounts/sites may be evaluated from time-to-time to confirm whether the carried deposit still covers the two highest month's consumption of water and electricity usage.

9.3 Where change of ownership is involved, the prescribed deposit must be paid as part of the process.

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

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

9.6 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 taxes and services to a property within the boundaries of the Municipality, unless specifically agreed between the two parties.

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 undertakes to process monthly service accounts which will be submitted to residents electronically (SMS/E-mail) only.** 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/amount, 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 the 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 at least three days before the closing date to ensure that the municipality obtain proof from its financial institution and be able to receipt the payments on its financial system before the due date. Failure in this regard will make the customer liable for any applicable charges such as interest, collection fees, etc.
- 10.7. The debt collection process will be activated after the applicable due date. The notice is printed on the back of the monthly service account.
- 10.8. Non-payment of the account will result in debt collection action in terms of section 18 of this policy and/or any other approved process.
- 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 customer and the debt will automatically be classified as unpaid

debt with the related actions thereon taken without further notice.

10.11. The termination of any service to a site by the municipality due to non-payment, illegal connections, maintenance, etc. cannot be substituted from any other source such as a neighbouring site without the written permission of the Municipality. Should this occur, such source/neighbouring site will be treated as an illegal connection and the applicable conditions will apply.

10.12. Written Municipal approval must be obtained to develop, build or create additional units (e.g. residential or business), changing of the usage of the site, etc. on a site. The additional "unit(s)"/changes will include subdividing the existing building into smaller units. Other related legislation such as approval of building plans will also be applicable.

10.13. The prescribed charges such as water, electricity, sewer, refuse, deposit, etc. will be applicable after approval is granted on every unit on a site and a re-valuation for rates purposes will be done where applicable. The cost for the re-valuation of the property will be for the account of the owner. The type of charges will depend on the usage of the site.

10.14. The applicable charges according to the usage/changes to a site will be applicable also in cases where Municipal approval was not obtained. These charges are under no circumstances an intended/suggested approval/acceptance of possible illegal actions and are merely an attempt to recover the related costs.

10.15. Separate connections for each unit is prescribed. The costs involved will be for the account of the owner.

- 10.16. Where transfer of property has not taken place, a rent will be charged, equal to the property rates on all such property, including government properties.
- 10.17. The approved service charges will be applicable on all related services or part thereof. Tariffs will not be charged proportionately.
- 10.18. Services outside the urban boundaries will be charged in accordance with the approved tariffs. Where applicable, the installation costs for the said services will be done separately and in accordance with the approved tariffs.
- 10.19. Refuse service will not be delivered outside the urban boundaries. Should rural owners require a refuse service, it will be required of the owner to deliver its refuse to earmarked points within the urban area for collection. Usage of the municipal refuse sites will constitute the liability of the monthly service charges. Written approval from the Municipality must be obtained in advance.
- 10.20. The monthly basic service charges (water, electricity, refuse, sewer, etc.) are for the acquisition, maintenance, replacement, operation, etc. of the infrastructure/service and as such will be applicable on all sites, including vacant sites, where the infrastructure are available.
- 10.21. All sites with VIP/Septic tank facilities will be charged the applicable standard monthly sewer fee and suction will be done when requested in writing. Such service in the rural areas will be done in accordance with the approved tariffs, including the additional costs such as transport, labour, etc. when available.

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 prescribed installation for all domestic and, where applicable, business accounts.
- 11.4. Meters (conventional) will be read monthly except for December where all meters will be estimated due to the time constraints. Should circumstances prevent the reading of the meters, the Municipality is entitled to a reasonably estimated consumption that is comparable to past consumptions and/or as stipulated in the policy. Meters must be read at least every three months. It is not prescribed that all meters must be read during the same period and can thus be distributed in accordance with available labour and/or circumstances. It is of utmost importance to ensure that all meters are however read every June to ensure that the correct revenue is acknowledged for the said financial year.
- 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. All water

meters will be situated outside the boundaries of the site and must be done by no later than 31 December 2020.

11.6. Where the metering unit is not accessible/traceable, damaged or malfunction an average usage will be determined. The average usage will be based on the average usage of the past. If no past usage can be determined, the average usage of the first 6 months on the new meter will be used. If time is of an essence the following minimum monthly averages will be applicable as a temporary measure:

- Residential – average of 20kl / 150kwh
- Business – average of 40kl / 400kwh (25 KVA)
- Industrial – average of 80kl / 1000kwh (80 KVA)

11.7. Damaged meters (apart from normal wear and tear) will be replaced at the cost of the owner. The continued damaging of metering units may result in the termination of the service and any other applicable prescribed cost implications.

11.8. Voluntary readings:

- These will not be permitted on a continuous basis as the municipality must obtain a reading every three months. Final readings must be obtained if the customer vacate the supply address, for clearance applications, etc.
- Voluntary readings are only permitted for a period not exceeding 6 months from the date of 1 July 2020 after which period the said owner/consumer must ensure that

the said meter(s) is(are) moved outside the premises to ensure normal operations in relation to the access to perform the monthly meter readings. The costs will be for the account of the owner/consumer. Non-adherence to the above may result in the termination of services or any such authorised actions to ensure compliance.

- Customers may be liable for a fee to recover the costs of obtaining a special reading.
- The Municipality is entitled to make suitable adjustments to the readings should the debtor fail to ensure that a final reading is obtained or to refuse any further services depending on the circumstances at that stage.
- 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 (or his/her delegated official) may, however, cancel the voluntary reading convenience if the customer fails to ensure that the audit/actual reading is obtained or should the customer fail to render readings on two consecutive occasions. The submission of voluntary readings will be terminated as at 31 December 2020.
- Voluntary readings is allowed on condition that the consumer complete the prescribed voluntary reading

form, sign and submit it to the responsible officials on or before the 10th of every month. The said form can be hand delivered or e-mailed.

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

11.10. 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 will also relate to arrear accounts and such debt may also 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.

12.2 All valuations and/or special requests, apart from the legislative valuation roll and supplementary valuation roll processes, will be for the account of the owner and will be paid in advance.

13. CUSTOMER ASSISTANCE PROGRAMMES

These are programmes that the Municipality has designed to assist customers to 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
- 13.8 Total write-off of debt for transfer purposes

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 than a registered plumber, a sworn affidavit must reach the Municipality within ten (10) days of the leak having been repaired.
- Such incentive will only be allowed once every 5 years.
- The "Water Leak" tariff will be calculated based on the average history of the meter in comparison to the "abnormal" usage in line with the applicable service tariff. The difference will be written off.
- The incentive will be for a maximum period of two consecutive months.

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 arrear accounts.

13.3.2. The terms applicable for the settlement are as follows:

- That the consumer pay the latest account, including interest when making the arrangement and continue to pay the monthly accounts by the due dates.
- That the debtor enter into a written agreement with the Council on the repayment of the arrears.
- That the monthly instalment on the arrears be not less than R200.00 per month.
- A minimum fee of 1% of the arrears will be payable when making the arrangement together with the latest account.
- That the written agreement be declared null and void if any of the prescribed payments are not affected by the due dates and that the total original outstanding debt (including any write-offs) becomes payable immediately.
- In the instance where a request for the payment of the latest account (with no arrears) is received, it can be given for a period not exceeding two weeks from the due date whilst no upfront payment is required when making the arrangement (in writing). All other conditions for arrangements remains applicable.
- Covid-19 assistance for businesses can be made based on the following special conditions:

- That the said account was up to date on the proclamation of the current lock-down (29 March 2020);
- That the applicant submit its trading licence indicating that its authorised trading lines formed part of the prohibited services (or at least 50% thereof) of the lock-down;
- That 60% of the said account be paid when making the written arrangement;
- That the other 40% be paid in equal instalments within the next three months;
- That all other approved conditions for arrangements be adhered to.

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 rates, service and any other levies if accounts are not paid by the due date as indicated on the account. Government accounts, excluding the residential properties, are exempted from paying interest. These accounts are also exempted from paying the prescribed service deposits. The government residential properties are not excluded from paying the prescribed deposits.

13.4.3. Staff accounts are excluded from paying interest and the prescribed deposits on condition that the municipality deduct the monthly charges from their emolument and that they enter into the written prescribed arrear debt agreement where applicable. Employees will forfeit this incentive if

not complying with the said conditions.

- 13.4.4. Regular monthly instalment payments must be maintained. Failure to maintain monthly instalment payments for two (2) months in total shall result in the cancellation of the facility and all future instalments become payable. Indigent accounts will remain on monthly instalment.

13.5. INDIGENT/PENSIONER 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 and service usage.
- 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.
- Registered non-profit welfare organisations (NPO's) can apply and be treated in the same manner as indigents with the same benefits. The property must be registered in the name of the organisation to receive the benefit of a subsidy on property rates.
- Pensioners, irrespective of the household income, may also apply for relieve under the indigent process and approved households will

receive the free approved water and electricity subsidy as per the indigents only.

- Covid-19 residential indigent applications can be submitted where an applicant can submit proof of loss of employment/remuneration due to the pandemic. Such application will be for a period not exceeding 31 December 2020. Should such an applicant have not find employment by the said date (excluding loss of remuneration), a new application for the standard indigent assistance must be submitted. All other conditions for indigent assistance remains applicable.

13.6. FREE BASIC SERVICES

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

13.7. INCENTIVE DEBT REPAYMENT SCHEME

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

Apart from the repayment incentives as per Par. 13.3, all debt older than three (3) years may be written off, excluding property rates. Council reserves the right to exclude certain groups from this incentive.

13.8. TOTAL WRITE OFF OF DEBT FOR TRANSFER PURPOSES

The Municipality open a grace period until 31 December 2020 whereby "allocated owners" that has not taken transfer of their properties at the Deeds Office that was allocated to them be given the opportunity to do so

by writing off of all outstanding debt on the site for transfer purposes. The owner will only be responsible for the payment of the services in advance as required by legislation. The transfer process and costs will be carried by the owner.

14. COMMUNICATION

- 14.1. The municipality will make the Credit Control and Debt Collection policy brochure available to the community at the applicable cost. 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/reduced 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. The current payment allocations are as follows:

➤ Sewer

Commented [AJ1]: Complete the list as per Munsoft and remember to provide for any other debt

15.5. The municipality may consolidate any separate accounts of a person liable for payments to the municipality and credit a payment by such a person against any account of that person.

15.6. The municipality may enter into agreements with other employers for the deduction of municipal debt from their employees. The said employee must give his/her consent for such a deduction. The debt can be, but not limited to, for the payment of rates, other taxes, fees for services or any other municipal debt. Such an agreement will be between the other employer and the said employee and the municipality will not be responsible and/or liable for any dispute which may arise in this regard nor for the consequences which may arise due to the non-payment of the municipal debt.

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 may 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 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 the 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, 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. The current proportion will be 30% on arrears and 70% on the service and can be altered by Council at any stage.
- 18.4. Insisting on prepayment supply services 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. Where arrear taxes and other levies are owned by a customer, the municipality has the right to refuse further requested services such as proof of residence, application for building plan approvals, allocation/re-allocation of sites, purchase of sites, new connections, etc. until such customer pay the arrear debt in full or make arrangements on the said arrears as prescribed or register as an indigent.

18.14. Proof of residence will be supplied free of charge to all residence with the exclusion of residents of informal settlements who will be required to pay for the direct expenses to supply such document. The latter is required as residents in informal settlements are not contributing to any rates, taxes, services, etc.

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

Commented [AJ2]: How can the municipality recover some of the service expenditure from informal settlements as this contributes to the losses of revenue.

19. THEFT AND FRAUD

19.1. The Municipality has a zero tolerance on 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 approved portion of the debt to be written off; or
- Where Council expropriates any property.

20.2. The CFO will prepare a report on any such debt written off in accordance with the approved policies for control and audit purposes.

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 at least contain particulars on the monthly billing, payments received, closing balances, collection rate per town, indigent registrations, etc.

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	:Assistant Accountant: Debt Management