

TSANTSABANE LOCAL MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

2026/2027

Subject: Credit control and Debt collection Policy

Date:

Council Resolution

CREDIT CONTROL AND DEBT COLLECTION POLICY

PREAMBLE

Section 152 of the constitution of the Republic of South Africa, Act 108 of 1996 - Objects of local government

- (1) The objects of local government are—
 - (a) to provide democratic and accountable government for local communities;
 - (b) to ensure the provision of services to communities in a sustainable manner;
 - (c) to promote social and economic development;
 - (d) to promote a safe and healthy environment; and
 - (e) to encourage the involvement of communities and community organisations in the matters of local government.
- (2) A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).

Section 96 and 97 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) requirements:

The municipality must strive within its financial and administrative capacity for the achievement of the above mentioned objectives (section 152 of the Constitution), hence Section 96 (a) and (b) of the Systems Act must be observed.

Section (b) requires Tsantsabane Local Municipality to adopt, maintain and implement a Credit Control and Debt Collection Policy which is consistent with its Rates and Tariff policies and complies with the provisions of the Act.

Section (a) prescribes for Tsantsabane Municipality to collect all monies that is due and payable to it, subject to the provisions of that Act and any other applicable legislation.

Section 97 of the Systems Act prescribes what such policy must provide for.

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1. DEFINITIOS

Act	means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time
Authorised Officer	means any official of the Council who has been authorised by it to administer, implement and enforce the provisions of this policy
Billing	means formal notification by means of a statement of account to persons liable for payments of amounts levied for assessment rates and other taxes by the municipality and the charges of fees for municipal services, indicating the net accumulated balance of the account
By-law	means a by-law adopted by the Council;
Chief Financial Officer	means the person appointed by council to administer its finances regardless of the designation or title attached to the post;
Collection charges	means collection charges which may be recovered by the Council in terms of section 75A of the Act, and includes the cost – (a) To remind debtors of arrears; (b) For the termination and reconnection of services; and (c) All legal costs, including attorney and own client costs incurred in the recovery of arrear amounts
Consumer/customer	means any occupier of any property to which the municipality has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property;
Council	means – (a) The Council of the Tsantsabane Local Municipality; (b) Its successor in title; or (c) A structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Act; or (d) A service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the Act, or any other by-law, as the case may be
Credit Control	the limiting of further sales of services to debtors in arrears and the negotiation for payment in exchange for normalising further service delivery.

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Debt Collection	the execution of functions necessary to collect unpaid income of the municipality, owed by clients who are debtors.
Defaulter	means a consumer who owes money to the municipality after the due date has expired;
Due date	means the date indicated on an account statement by which time payment of the amount on the statement is required
Interest	means a charge levied, with the same legal priority as service charges, on arrear amounts calculated at a standard rate equal to a interest rate which is one (1) percent higher than the interest rate payable by council for bank overdrafts;
Law	Includes any by-law
Indigent	means a debtor whose whole household has been evaluated in terms of the Indigent policy and who is registered as being indigent
Municipal Account	means a formal notification by means of a statement of account to persons liable for payments for which they are billed and shall include levies or charges in respect of the following municipal services and taxes: (a)Electricity consumption, (b)Water consumption, (c)Refuse removal, (d)Sewerage municipal services, (e)Rates and taxes, (f) Interest, and (g)Miscellaneous and sundry charges;
Municipality	means the Tsantsabane Local Municipality
Municipal Manager	means the person appointed by the Council as the Municipal Manager of the Tsantsabane Local Municipality in terms of section 82 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person: (a)Acting in such position; and (b)To whom the Municipal Manager has delegated a power, function or duty
Residential household	means a debtor of whom the tariffs for all the levies for services and rates are household tariffs
Policy	means the Credit Control and Debt Collection Policy adopted by Council

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2. PURPOSE OF THE POLICY

- 2.1. To provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection.
- 2.2. To ensure that all money due and payable to Tsantsabane Municipality in respect of rates, fees for services, surcharges on such fees, tariffs, charges, interest which has accrued on any amounts due and payable in respect of foregoing and any collection charges are collected efficiently and promptly.
- 2.3. Provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and also the estimates of income set in the annual budget of Tsantsabane Municipality less an acceptable provision for Bad Debts.
- 2.4. Provide for the termination of services or for restrictions on the provision of services when payments are overdue.
- 2.5. Provide for matters relating to the unauthorised consumption of services, theft and damages.
- 2.6. Provide for credit control and debt collection procedures and mechanisms.
- 2.7. Provide for any collection charges on the payment of overdue amounts.
- 2.8. Provide for the extension of time for payment on overdue amounts.
- 2.9. ~~Provide for interest charges on overdue amounts.~~
- 2.10. Provide for actions that may be taken by the municipality to secure payment of accounts that are in arrear including –
- (i) The termination of municipal services or the restriction of the provision of services;
 - (ii) The seizure of property;
 - (iii) The attachment of rent payable on a property; or
 - (iv) The extension of liability to a director, trustee or a member if the debtor is a company, a trust or a close corporation.
- 2.11. Effectively and efficiently deal with defaulters in accordance with the terms and conditions of this policy; or
- 2.12. Create an environment which enables a consumer to repay the outstanding debt and establish culture of payment for services rendered by the municipality
- 2.13. This policy shall also apply to municipal services provided through pre-paid meters.

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3. BACKGROUND

The Credit Control function is divided into Payment Demands, Cut-offs, Arrangements, Reconnections and Legal functions. The “Cut-offs” functions include services restrictions, follow-up on non-responses, no deposits and low consumption cases. Other component functions of credit control are indigent management and refunds of closed accounts.

The Debt Collection function includes the issuing of reminder letters, arrangements, summonses, telephone collections and hand-overs. The hand-over matters as well as administration of deceased and insolvent estates, administration orders and inactive accounts with the related arrears write off.

4. PRINCIPLES

- a) Non-payment of their accounts by debtors has a direct negative impact on the municipality's ability to provide high quality service delivery to its clients.
- b) Current levies not paid by the indicated due date are in arrears and all debtors with arrears are subject to Credit Control and Debt Collection measures. The right of access to services, and consumption thereof, can only be exercised by residents who are not in arrears on their municipal services accounts or who have arranged to pay their arrears in terms of this Policy.
- c) Various methods of payment by debtors as well as sufficiently convenient payment points are available.
- d) Credit control measures are applied with pro-active reminders or warnings. Account statements are regarded as notification of the arrears status of the account as well as stating the intention to take credit control measures.
- e) Metered services consumed by an unknown consumer are billed to the owner of the property to which the service connection is registered. Consumers who are to be billed separately must enter into a service agreement to have access to these services. No service agreement is valid without the written consent of the registered owner of the property.
- f) Refusal by banks to honour payments by cheque or debit order is regarded as nonpayment, upon which the relevant debtors are subject to credit control measures.
- g) Clients who make no further use of any services but still owe an amount are considered inactive debtors who are handed over for collection to a debt collector appointed for this purpose. Limited collection actions (i.e. Final Letter of Demand) are applied for inactive accounts smaller than R3 000

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due to the cost–benefit ratio of such cases and any further action required for these individual accounts is at the discretion of the Chief Financial Officer.

- h) Debtors who are large consumers of services are managed by telephonic and personal contact with them on a higher management level, e.g. corporate business and government departments.
- i) Residential household debtors form a distinct group for whom the following special measures and exceptions apply:
 - (i) Water supply to defaulting residential household debtors will not be completely discontinued, but rather be restricted due to hygienic reasons. Other types of debtors who are in default and whose water supply is involved will be completely deprived of the service.
 - (ii) Interest free arrangements for payment of arrears are intended to assist those debtors by making their current monthly accounts more affordable. A reconnection fee will be chargeable.
- j) All notifications served to the domicilia of clients must state the reason/s for actions taken as well as information as to how they can take corrective action to normalize the situation.
- k) If it is necessary to disconnect any service in terms of this Policy, the free cross-subsidised portion of that service in terms of the municipality's tariffs for service delivery, will also not be available for as long as that service is to remain disconnected.

5. POLICY OBJECTIVES

5.1 The objectives of this policy are:

- (a) To maximize revenue by timeously collecting all moneys owed to the municipality.
- (b) To ensure that action taken to recover arrear debt is warranted and fair.
- (c) To enable the Municipality to develop and maintain a sustainable service delivery relationship with its customers.
- (d) To deliver excellent service to the communities of the Municipality in return for payment of their rates and service accounts.
- (e) To outline credit control and debt collection policy procedures and mechanisms.

5.2 These objectives are achievable if the following outcomes are met:

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- (a) All current service accounts in the Municipality are fully paid-up.
- (b) Suitable, sustainable agreements are reached with all account holders who have outstanding accounts with an age analysis of longer than 60 days.
- (c) Relevant, accurate and complete details of account holders are collected during the opening of account phase.
- (d) Account holders ensure that when their details change, the Municipality is notified in time.
- (e) Persons liable for payment receive regular, accurate and timeous accounts that indicate the basis for calculating the amount due at their correct postal address.
- (f) A good customer relationship is established and maintained between the Council and each account holder
- (g) Customer Care and revenue staff is skilled in the principles of Batho Pele, communication and effective negotiation techniques.
- (h) Full enforcement of the Credit Control and Debt Collection Policy.
- (i) The engagement of a reputable Debt Collection Agency with the backing of legally enforced Debt Collection processes.
- (j) Creation and ongoing maintenance of an Indigent Database.

6. RESPONSIBILITY /ACCOUNTABILITY FOR CREDIT CONTROL AND DEBT COLLECTION

6.1 Responsibilities of Council

The responsibilities of the Council are to -

- (a) Approve a budget consistent with the needs of communities, ratepayers and residents.
- (b) Impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- (c) Facilitate sufficient funds to give access to basic services for the poor.
- (d) Provide for a bad debt dispensation, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- (e) Set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.
- (f) Approve a reporting framework for credit control and debt collection.
- (g) Consider and approve policies and by-laws to give effect to the Council's policies.

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- (h) Monitor the performance of the Mayor (Supervising Authority) regarding credit control and debt collection.
- (i) Revise the budget should Council's targets for credit control and debt collection not be met.
- (j) Take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies.
- (k) Approve a panel of attorneys that will act for Council in all legal matters relating to debt collection.
- (l) 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.
- (m) Provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection, or, alternatively to appoint a Service Provider, or debt collection agent.
- (n) Assist the Municipal Manager in the execution of his duties, if and when required.
- (o) Provide funds for the training of staff.

6.2 Responsibilities of the Mayor

The responsibilities of the Mayor are to -

- (a) Ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.
- (b) Monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- (c) 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.
- (d) Report to Council.

6.3 Responsibilities of the Municipal Manager

The responsibilities of the Municipal Manager are to ensure that the following actions are taken -

- (a) To implement good customer care management systems.
- (b) To implement council's credit control and debt collection policy.
- (c) To install and maintain an appropriate accounting and credit control system.
- (d) To bill customers.
- (e) To demand payment on due dates.
- (f) To raise interest and collection fees for payment defaults.
- (g) To appropriate payments received.
- (h) To collect outstanding debt.
- (i) To provide different payment methods.
- (j) To determine credit control and debt collection measures.

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- (k) 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.
- (l) To instruct attorneys to institute legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- (m) To set performance targets for staff.
- (n) To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- (o) To delegate certain functions to heads of departments.
- (p) To determine control procedures.
- (q) To monitor contracts with service providers in connection with credit control and debt collection.
- (r) To report to the Mayor on a monthly basis on the debt collection performance in terms of this policy.

6.4 Responsibilities of communities, ratepayers and residents

The responsibilities of communities, ratepayers and residents are -

- (a) To fulfil certain responsibilities, as brought about by the privilege and/or right to use and enjoy public facilities and municipal services.
- (b) To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- (c) To observe the mechanisms and processes of the municipality in exercising their rights.
- (d) To allow municipal officials reasonable access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials.
- (e) To comply with the by-laws and other legislation of the municipality.
- (f) To refrain from tampering with municipal services and property.

6.5 Responsibilities of ward councilors

The responsibilities of ward councilors are -

- (a) To hold regular ward meetings.
- (b) To adhere to and convey council policies to residents and ratepayers.
- (c) To adhere to the Code of Conduct for Councillors.
- (d) To act in terms of roles and functions as approved by Council.

7. MATTERS PRESCRIBED BY REGULATION 104 OF MSA

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- (a) The identification of municipal services provided by the municipality or other services providers to users of services where the use of the services by the user can reasonably be determined, measured or estimated per quantity used or per frequency of such use;
- (b) The determination, measurement or estimate of the use by each user of each service so identified;
- (c) User agreements, and deposits and bank guarantees for the provision of municipal services;
- (d) The rendering of accounts to ratepayers and users and the particulars to be continued in the accounts;
- (e) The action that may be taken by municipalities and services providers to secure payments of accounts that are in arrears, including -
 - The seizure of property;
 - The attachment of rent payable on property; and
 - The extension of liability to a director, a trustee or a member if the debtor is a company, a trust or a close corporation;
- (f) The development and implementation of an indigent policy;
- (g) Any other matter that may facilitate –
Effective and efficient systems of credit control and debt collection by municipalities

8. KEY CREDIT CONTROL AND DEBT COLLECTION PROCESSES

8.1 Application for new connection

Application for new connections can only be made by property owners or with their written consent, accompanied by positive identification. Applicants must complete the prescribed “Rendering of Consumer Agreement” forms in order to obtain a new connection.

The owner of property will be liable for any outstanding services/rates and taxes on his property. If the person/organization who rent a building/house from the owner, fall in arrears with the Municipality, the owner will be liable for any arrears on services and charges.

A new connection fee, determined in terms of the municipality’s current Rates and Tariff Policy is payable. In certain cases additional security from prospective consumers will be required.

In cases where there is an existing connection, the following criteria will apply: the account holder of the services concerned at the time must first terminate his/ her service to allow for the new service connection.

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Consumers will receive monthly statement/s with an indicated payment due date (currently the 15th of every month). The statement shall contain messages of events within the municipality from month to month.

Consumers with disputes on their account/s must pay other services and an average of the disputed service/s.

Ratepayers / consumers, who have not received an account for a specific month, are advised to pay an average of the previous two months' accounts and to notify the Head/ Manager: Revenue in order to ensure that correct postal details are on the system.

It should be stressed that the non-receipt of an account does not exempt one from the liability of payment.

A Water and Lights account cannot be opened without written consent of the owner of the property, accompanied by proper identification, provided that no arrears are owed to the municipality for that property or unless there is a formal arrangement by the owner of the property to pay the arrears.

8.3 Estimated Consumption:

The municipality may levy an estimate of the consumption of water or electricity for any relevant period if:

- (a) No meter reading could be obtained in respect of the period concerned; or
- (b) No meter has been installed to measure the consumption on the premises concerned.

No interest is payable in such an instance. The customer concerned is liable for payment of the fee in terms of the municipality's approved tariffs for service delivery in respect of such estimated consumption

The municipality may, in accordance with the provision of section 102 of Systems Act –

- (a) Consolidate any separate accounts of a customer liable for payments in terms of the Policies of the municipality;
- (b) Hold any amount paid by a customer, which is in excess of an existing debt, in credit for the customer in
- (c) Anticipation of future rates and fees for municipal services owing.
- (d) Submit only one account for all municipal levies and services to the owner of such a property and to distinguish between various individual debtors or debtor types in this regard.

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No interest will be payable on any deposit held or any credit amount including that contemplated in paragraph (b) above.

8.4 Credit Control Measures Regime

The Credit Control and Debt Collection regime of debt management consist of the following measures for different stages of debt management:

8.4.1 Statement of the current account of the Consumer/Debtor as per the data on Consumer/Debtor's Masterfile: The statement shall contain the balance of the total arrears brought forward; a brief summary of the current account consumption per service and consolidated total of the current account. The current account statement shall state the final due date of the current account for payment which should be a date before the date of the next cycle of the monthly billing. Ideally, the current account due date should be about the same date of every month to enable the consumers of the municipality to standardise the monthly payment of the municipal account.

8.4.2 Notice and Demand: Should the debtor's account remain unpaid for seven (7) or more days after the final due date, the debtor shall receive a Notice that his/her account remained unpaid after the last due date. The Notice shall also be a Demand for immediate payment in full of the last account within seven (7) days of the date of the Notice; failing which services shall be disconnected without further Notice. Or alternatively, the debtor has made an arrangement with municipality for the payment of the arrears.

8.4.3 Electricity Disconnection ("Level 1"): In the absence of payment or arrangement in terms of 8.4.2 above and the consolidated account includes electricity consumption, electricity disconnection "Level 1" of service shall be carried out on the premises of the debtor. If the consolidated account of the debtor excludes electricity but includes water supply to the premises, the water supply to the premises shall be disconnected. In both instances, the debtor's account shall be debited with the cost of the disconnection in terms of the municipal tariffs.

8.4.4 Electricity Disconnection ("Level 2"): In the absence of appropriate reaction to electricity disconnection Level 1 after seven (7) days of the said disconnection, inspection shall be carried out on the premises to ensure that electricity service disconnection Level 1 remains in place. If the electricity service has been re-connected on illegally; the municipality shall carry out electricity disconnection level 2 which is more intensive and extensive and attracts higher punitive tariff. The account of the debtor shall be debited with amount of electricity disconnection level 2 penalty charges. A similar action shall be carried out in respect of water, if water service has been reconnected illegally.

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8.4.5 The foregoing paragraphs 8.4.3 and 8.4.4 apply to water disconnections *mutatis mutandis*.

The municipality may effect disconnection of both electricity and water services simultaneously on the same debtor.

8.4.6 Prepaid Electricity/Water Meters: if the property of the account is on prepaid meter system and consumer of the property is in arrears for other services including rates, the municipality shall block the prepaid account of the consumer to disable the account from accepting any purchase of prepaid units until the consumer has made an arrangement with municipality regarding the payment of the arrears on other services and rates in the form of a split of between 50/50 and 50% will be allocated to the arrears and 50% will be allocated to the prepaid electricity purchases. **A similar split scheme shall be applicable in the case of prepaid water meters**

8.4.7 If the debtor's account remains in arrears after the above mentioned actions, the premises of the unpaid account must be placed on a **weekly inspection schedule/register** to ensure that the services remain disconnected at the premises until the account is paid or an arrangement is made between the debtor and municipality.

8.4.8 If any or the combination of the above-mentioned measures fail to yield any positive result and the account remains in arrears for **more than more than 60 days,** **the account must be handed over to Attorneys for civil recovery Summons in order to obtain a court judgement and a writ of execution against the debtor.** The municipality may however delay or suspend the actual sale-in-execution on the ground of an acceptable arrangement with the debtor regarding payment of the arrears and the full cost of litigation against the debtor. Reference to Attorneys in this section may include "debt collectors" at the discretion of the Municipal Manager/CFO.

8.4.9 Illegal consumption of municipal services: any connection of a municipal service which is unauthorised by the municipality is illegal consumption. Illegal consumption includes tampering with meter in order to manipulate the functioning of the in one way or other. Illegal consumption shall attract the following actions:

- Immediate disconnection of illegal connection
- Removal of all the materials used in the illegal connection
- Relocation of the meter to a new point for the ease of monitoring of the meter by the municipality
- Convention of the meter to meter-type of the choice of the municipality
- Estimate consumption of the service during the period illegal consumption
- Debit the consumer's account with the costs of all the above actions
- **Penalty charge of R106 400.00 for illegal consumption/connection** in addition to the cost the removal of all the materials use in the illegal connection

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- Arrangement acceptable to the municipality

In addition, where a meter has been tampered with or where there has been unauthorized consumption of water or electricity, the municipality a criminal case will be opened with the Competent Court of law.

In a case where the meter is inside the house or the yard, it shall be moved outside and the costs will be borne by the customer/s or a pre-paid meter must be installed at the owner's expense.

8.4.10 Notwithstanding any provision of this policy, the municipality may avail itself to other legal remedies at law including remedies in terms of sections 57 and 58 of the Magistrate Act as amended, 1944.

8.4.11 Debt prescription: the prescription period a consumer debt is three (3) years for all municipal services except a debt in respect of property rates, which is thirty (30) years. In the circumstances, it makes business sense to subject the debt book to an "age-analysis review" every biannually to pick up and prioritise debt collection action and legal process, on all the "recoverable debts" which are nearing prescription cut-off period. The court judgement extend liability life debtor to the municipality.

8.5 Reinstatement of Municipality Services

8.5.1 The municipality must reinstate full levels of provision of any electricity or water service terminated or restricted after:

- (a) The full amount of arrears has been paid, or
- (b) An agreement for payment of the arrears contemplated has been entered into in terms of this Policy, or
- (c) The full amount of arrears in respect of any agreement entered into, and any increased deposit, have been paid, or any additional security required has been provided, and
- (d) Any other condition of the Policy that the municipality may consider appropriate has been complied with.

8.5.2 Reconnection of services

Where services are disconnected as a result of the application of this Policy, these services can only be reconnected under the following circumstances:

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- (a) Water supply restricted for non-payment by clients, can only be normalised after either receipt of the amount in arrears or conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
- (b) Water supply which has been restricted due to non-payment will only be normalised after either full payment of the arrears, or upon receipt of an appeal for normalisation due to a good payment record of three (3) months on the repayment contract and the current monthly levies. The Chief Financial Officer will receive and evaluate each appeal before normalisation.
- (c) Electricity supply discontinued due to non-payment can only be reconnected after receipt of the amount in arrears or the conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
- (d) Any services which are discontinued as a result of tampering with the Municipality's distribution networks and/or mechanisms can only be legally reconnected if a Court orders so. ALTERNATIVELY: if the affected client admits in writing that he/she permitted or committed the tampering and undertakes to not repeat the action and concludes a settlement arrangement for payment of the reconnection charges and arrears in terms of this Policy, service reconnection can also be made. Such written admission will be kept on the case document for future use in case of repeated tampering.

8.5.3 Reconnection or reinstatement of services will be done within 24 hours and not later than 48 hours.

8.6 Termination of Service Agreements

- 8.6.1 A customer must terminate an agreement with the municipality for the provision of any municipal service by notice in writing (completing the relevant service discontinuation and account closure forms of the municipality) not less than seven working days before the time.
- 8.6.2 The municipality may, subject to compliance with the provisions of the relevant By-laws and any other applicable law, terminate the agreement for the provision of a municipal service to a customer, by notice in writing of not less than 14 working days, if the customer-
 - 8.6.2.1 Has not used the municipal service during the preceding six months and has not made arrangement to the satisfaction of the municipality for the continuation of the relevant agreement; or
 - 8.6.2.2 Has made an arrangement with another service provider to provide the municipal service concerned to the customer; or
 - 8.6.2.3 Has vacated the premises to which the agreement concerned relates.

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8.7 Free Basic Services

The municipality will provide free basic services to domestic debtors, on a monthly basis in quantities as determined from time to time in line with the Indigent Policy.

8.8 Indigent Assistance Scheme

An account holder may apply to the municipality, in the prescribed manner, to be declared indigent. Indigent customers are not excluded from this Policy. Refer Indigent support policy.

8.9 Estates Accounts Collection

8.9.1 Estates with legal status

The accounts of debtors who are declared as insolvent, under administration or deceased are dealt with according to normal legal practices by the collection staff of the municipality.

Unsuccessful claims will be considered for write-off and submitted to the Council for cognizance.

8.9.2 Estates without formalized legal status

- a) In many cases the head of a household has died without leaving a will/final testament indicating to whom ownership of the family residence is to be transferred upon the event of his/her death OR the owner of the property has abandoned his/her family to fend for themselves.
- b) These scenarios are not provided for in the normal legal practice, which necessitates the following process.
- c) The remaining family must report the situation to the municipality's collection office, who will require the relevant documentation to be obtained by the family, i.e. a death certificate and an order of the local Magistrate allocating right of ownership to someone of the surviving family in the case of a deceased estate OR an order of the local Magistrate allocating right of ownership to someone in the abandoned family.
- d) In all of these cases, extension for the payment of the accumulated arrears as at the date of notification will be granted by the debt collectors in the collection office, disconnected electricity will be reconnected and the remaining family must then pay all amounts levied on monthly current accounts in excess of the amount of the payment extension until such time as the matter has been finalised.
- e) This will prevent any further service restrictions/cut offs or collection actions at the residence whilst the family is in process of legalizing ownership of the property.

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- f) As soon as ownership has been officially allocated by the Magistrate, the documentation must be presented to the municipality's collection office, which will then change the name of the account to that of the new owner.
- g) They will also encourage the new owner to make an arrangement for the payment of the arrears to prevent credit control and collection actions from being taken by the Municipality.
- h) ALTERNATIVELY, if the family qualifies to be registered for assistance in terms of the municipality's Indigent Policy, they can apply to be registered and after registration to enjoy the benefits offered in terms of that Policy regarding the arrears.
- i) Amounts claimed and not successfully collected are submitted to the Council for approval to be written off against the reserve for bad debt.

8.10 Revenue Recovery Methods

8.10.1 Where the letter of final demand and the termination of services yield no response and the account is outstanding for ninety (90) days and over, the account may be handed over to external debt collectors and/or attorneys.

8.10.2 Liability for Rates and Municipal charges: If an amount due for rates and other municipal charges is unpaid by the owner of the property, the municipality may recover the amount from the tenant or occupier of the property. This amount due may also be recovered from the agent of the owner.

8.10.3 External Debt Collection with the assistance of an Attorney

Any amount above two thousand (R2 000) and over 90 days outstanding may be handed over to the Municipality's official Attorneys for collection and to attend to matters that are defended when deemed necessary.

Collection charges will be levied against a customer in respect of any relevant action taken in terms of, or for the purpose of, the full implementation of this Policy and the associated Bylaw.

8.11 Dishonored Cheques

If any payment is made to the municipality by a negotiable instrument, and such negotiable instrument is dishonored, the municipality may levy costs and administration fees against the account of the defaulting customer at the prescribed rate. Council reserves the right to refuse any further negotiable instruments in such a case. Only cash will be accepted.

8.12 Arrangement and payment extension

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8.12.1 No proposals for arrangement to pay arrear account balances will be considered, under normal conditions for Industrial, Business, Tenants and School accounts. This also applies to churches and non-profit organizations, as churches are exempt from paying rates and taxes, with only actual service charges being billed. Payment extension for the current account may not be allowed.

8.12.2 Proposals for arrangement to pay arrear account balances on domestic accounts and sundry loans will be considered, provided the following conditions are met:

8.12.2.1 An appropriate initial down payment of the arrear amount is payable on conclusion of the arrangement and is based on the following:

☐ ☐ ~~Net salary range earned by the consumer:~~

- ~~R 0 – R 2000~~ 10 % of the outstanding debt, the remainder to be paid in 24 months
- ~~R 2001 – R 7 999~~ 25 % and the remainder in 12 months
- ~~R 8 000 and above~~ 50 % and the remainder in 6 months

☐ ☐ Exceptional cases may be referred to the Revenue Manager for consideration.

8.12.2.2 The salary advice as well as proof of the initial down payment must be attached to all arrangements, which have been concluded, in order for the agreed arrangement to be implemented.

8.12.2.3 The debtor agrees to honor in full the current account while simultaneously reducing the arrears.

8.12.2.4 The municipality may allow a period of payment in excess of 24 months for the payment of arrears, but not exceeding a period of 60 months, if special circumstances, which the customer could not reasonably have prevented, warrant a longer period of payment.

8.12.2.5 Documentary proof of any special circumstances, as contemplated in

8.13.2.4 must be furnished by a customer on request by the Council.

8.12.2.6 Acknowledgement of debt and arrangement agreement forms must be completed fully and signed by the customer himself/herself and all documents required must be submitted before the arrangement can be approved.

8.12.2.7 The total arrear amount which is subject to the agreed arrangement will not attract any interest until the arrangement is honored in full. If, however, the arrangement is dishonored, the whole outstanding amount becomes due and payable without any interest charges.

8.12.2.8 Special arrangements on arrears are treated as a once-off opportunity to account holders who have fallen into arrears. Individuals who did not honor a previous agreement must furnish the

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Municipality with valid reasons in order to be considered for a new agreement, unless exceptional circumstances are found to have existed, no arrangement will be entered into with customer.

8.12.2.9 Agreements may be concluded with customers who respond only after being handed over to attorneys for collection. The costs resulting from the legal process are added to the existing arrears on the account and an initial payment of at least one quarter to one third of the total outstanding amount is required to be paid immediately.

8.12.2.10 An acknowledgement of debt and arrangement agreement must be concluded per property.

8.12.3 Businesses placed under provisional or actual liquidation, will only be allowed to purchase services on a pre-payment basis. Prepaid meters will not be installed if there is an outstanding balance on the account/s, unless an arrangement is made to settle the arrears. Payment for the prepaid meter must be carried by the business and the municipality will notify the owner of the property that a prepayment meter has been installed on his property and why it has been done.

8.12.4 Customers who are indebted to the municipality for rates and services and wish to submit building plans for approval will first have to make an arrangement to pay off their arrears before such plans can be approved.

Only bank guaranteed cheques or cash payments for such rates and services will be accepted.

9. CLEARANCE CERTIFICATES

Before any property can be transferred from one owner to another, all arrears are payable, where after the Chief Financial Officer/or his nominee issues a certificate to that effect. No transfer can take place without such a certificate.

10. COST FOR TERMINATION OF MUNICIPAL SERVICES

Where any municipal service is terminated as a result of non-compliance with these policies and/or by-laws by the person liable for the payments, the Council shall be entitled to levy and recover such costs as per council's tariff policy, as determined by the Council from time to time.

11. HANDLING OF DISPUTES

Should any dispute arise as to the amount owing by a debtor, the debtor shall, pending the resolution of that dispute, continue to make regular minimum payments base on the average charges for the preceding three (3) months prior to the arising of the dispute, plus interest, until the resolution of that dispute.

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12. CREDIT CONTROL AND DEBT COLLECTION OF EMPLOYEE ACCOUNTS

Section 10 of the Act states that *“A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from the staff member’s salary after this period.”*

Employees of the Municipality shall be subject to disciplinary hearings, as per the Municipal Systems Act (No 32 of 2 000), Schedule 2 S10, if they are found to be in arrears.

Payment of arrear amounts by staff may be extended to a maximum of 12 months in exceptional circumstances in order to deal with previous accumulated arrears and within the prescripts of the Basic Conditions of Employment Act. Thereafter no further arrears may be accumulated.

In order to ensure timeous, assured payment of employee accounts, all employees residing within the Municipality shall be subject to an automatic deduction instituted against their salaries.

13. CREDIT CONTROL AND DEBT COLLECTION OF COUNCILOR ACCOUNTS

The Local Government Laws Amendment Act (No 51 of 2002) states that: Municipal Councilors may not be in arrears to the municipality for rates and services for a period longer than 3 months. In addition, in terms of the Municipal Finance Management Act (No 56 of 2003), S124 (b).

“The notes to the annual financial statements of a municipality must include particulars of any arrears owed by individual councilors to the municipality for rates or services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councilors.....”

In order to ensure timeous, assured payment of councilor accounts, all councilors shall be subject to an automatic deduction instituted against their councilor allowance payments on a monthly basis.

14. WRITING OFF BAD DEBTS

Any debt written off must -

- Only be written off after all reasonable steps, within reason and without culminating in further irrecoverable costs for the council, have been taken to recover the debt, in accordance with this policy, and the Council has convinced itself that:
 - (i) Recovery of the debt would be uneconomical;
 - (ii) Recovery would cause undue hardship to the debtor or his/her dependants; and
 - (iii) It would be an advantage to the Municipality to effect a settlement of its claim or to waive the claim.

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- Be disclosed in the annual financial statements, indicating the policy in terms of which the debt was written off.

15. 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.

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