



PRINCE ALBERT MUNICIPALITY

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICIES

MARCH 2013

P R E A M B L E

WHEREAS section 96 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) requires a municipality to adopt, maintain and implement a credit control-, debt collection and customer care policy;

AND WHEREAS section 97 of the Systems Act prescribes what such policy must provide for;

NOW THEREFORE the Municipal Council of the Municipality of Prince Albert adopts the policies as set out in this document.

INDEX

	DEFINITIONS	4
1	PRINCIPLES	6
2	DUTIES AND FUNCTIONS	7
2.1	Duties and functions of Council	7
2.2	Duties and functions of Executive Mayor	8
2.3	Duties and functions of the Municipal Manager	8
2.4	Duties and functions of Communities, ratepayers and residents	9
2.5	Duties and functions of Ward Councillors	9
3	PERFORMANCE EVALUATION	9
3.1	Income Collection Targets	9
3.2	Customer Service Targets	9
3.3	Administrative Performance	10
4	REPORTING	10
5	CUSTOMER CARE POLICY	11
5.1	Communication and Feedback	11
5.2	Handling of Complaints	11
5.3	Accounts and Billing	12
5.4	Metering	12
5.5	Payment facilities and methods	13
5.6	Allocation of Revenue	13
5.7	Enquiries, appeals and service complaints	14
5.8	Customer Categories	14
5.9	Rates by Instalments	14
5.10	Indigent subsidy	15

5.11	Free basic services	15
6	CREDIT CONTROL POLICY	16
6.1	Service application and agreements	16
6.2	Right of access to premises	16
6.3	Disconnection of services	17
6.4	Rates clearance	17
6.5	Pre-payment system	17
6.6	Incentives for prompt payment	18
6.7	Interest	18
6.8	Theft and fraud	18
7	DEBT COLLECTION POLICY	19
7.1	Legal process / Use of attorneys / Use of credit bureaus	19
7.2	Cost of collection	20
7.3	Abandonment of claims	20

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICIES

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:

<i>“Act”</i>	the Local Government : Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;
<i>“Authorized Representative”</i>	the person or institution legally appointed by the Council to act or to fulfill a duty on its behalf;
<i>“Chief Financial Officer”</i>	the person appointed by Council to administer its finances;
<i>“Council”</i>	the municipal council of the Municipality of Prince Albert;
<i>“customer”</i>	any occupier and/or owner 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;
<i>“defaulter”</i>	a person who owes money to municipality after the due date has expired;
<i>“equipment”</i>	a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;
<i>“interest”</i>	a charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on arrear monies;
<i>“municipality”</i>	the institution that is responsible for the collection of funds and the provision of services to the customers of Prince Albert;
<i>“municipal account”</i>	an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;
<i>“Municipal Manager”</i>	the person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;

“municipal services”

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

“occupier”

any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property,

“owner” –

- (a) the person in whose name the property is legally vested;
- (b) in the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, or any other legal representative;
- (c) in the case where the council are unable to establish the identity of such person, the person who are entitled to derive benefit from the property or any buildings thereon;
- (d) in the case of a lease agreement in excess of 30 years was entered into, then the lessee;
- (e) regarding:
 - (i) a portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 van 1986), without limiting it to the developer or managing body to the communal property;
 - (ii) a portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a “sectional title, including the legally appointed representative of such person;
- (f) any legal entity including but not limited to :
 - (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust *inter vivos*, trust *mortis causa*, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984), and any voluntary organisation;
 - (ii) any provincial or national government department or local authority;
 - (iii) any council or management body established in terms of any legal framework applicable to the Republic of South Africa; and
 - (iv) any embassy or other foreign entity.

“property”

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

1 PRINCIPLES

- 1.1 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.
- 1.2 All customers must complete an official application form, formally requesting the municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as and when determined by the Municipal Manager.
- 1.3 A copy of the application form, conditions of services and extracts of the relevant council's customer care, credit control and debt collection policy and by-laws must be handed to every customer on request at such fees as may be prescribed by Council.
- 1.4 Billing is to be accurate, timeous and understandable.
- 1.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 1.6 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 1.7 Enforcement of payment must be prompt, consistent and effective.
- 1.8 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- 1.9 Incentives and disincentives may be used in collection procedures.
- 1.10 The collection process must be cost-effective.
- 1.11 Performance results, will be regularly and efficiently reported by the Executive Mayor to Council.
- 1.12 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 1.13 Where practically possible the debt collection and customer care policies would be handled independently of each other.

2. DUTIES AND FUNCTIONS

The following duties and functions are assigned to the under-mentioned role-players relating to the management, control and implementation of customer care, credit control and debt collection.

2.1 *Duties and Functions of Council*

- (a) To approve a budget consistent with the needs of communities, ratepayers and residents.
- (b) To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- (c) To facilitate sufficient funds to give access to basic services for the poor.
- (d) 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.
- (e) To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.
- (f) To approve a reporting framework for customer care, credit control and debt collection.
- (g) To consider and approve by-laws to give effect to the Council's policy.
- (h) To monitor the performance of the Municipal Manager *via* Executive Mayor (Supervising Authority) regarding customer care, credit control and debt collection.
- (i) To revise the budget should Council's targets for customer care, credit control and debt collection not be met.
- (j) To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies.
- (k) To delegate the required authorities to monitor and execute the customer care, credit control and debt collection policy to the Executive Mayor and Municipal Manager and Service Provider respectively.
- (l) To provide sufficient capacity in the Municipality's Financial Directorate for customer care, credit control and debt collection. Alternatively to appoint a Service Provider, or debt collection agent.
- (m) To assist the Municipal Manager in the execution of his/her duties, if and when required.
- (n) To provide funds for the training of staff.

2.2 *Duties and functions of Executive Mayor*

- (a) To 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) To monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- (c) To review and evaluate the policy and by-laws in order to improve the efficiency of Council's customer care, credit control and debt collection procedures, mechanisms and processes.
- (d) To report to Council.

2.3 *Duties and functions of the Municipal Manager*

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

2.4 Duties and functions of communities, ratepayers and residents

- 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 on or before due date.
- 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.
- e) To comply with the by-laws and other legislation applicable to the municipality.
- f) To refrain from tampering with municipal services and property.

2.5 Duties and functions of Councillors

- a) To hold regular ward meetings (Ward Councillors).
- b) To adhere to and convey council policies to residents and ratepayers.
- c) To adhere to the Code of Conduct for Councillors.

3. PERFORMANCE EVALUATION

Council will create a mechanism wherein the following targets can be assessed and evaluated and whereby remedial steps can be taken:

3.1 Income Collection Targets

Council will create targets in respect of a reduction in the present monthly increase in debt.

3.2 Customer Service Targets

Council to create targets that would include:

- a) Response time to customer queries.
- b) Date of first account delivery to new customers.
- c) Reconnection time lapse.
- d) Meter reading cycle.

3.3 Administrative Performance

Council to create targets that will include:

- a) Cost efficiency of debt collection.
- b) Query and appeal periods.

4. REPORTING

- 4.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c).
- 4.2 This report shall contain particulars on:
 - a) Cash collection statistics, showing summarised debt recovery information (numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
 - b) Performance of all areas against targets agreed to in item 3 of this policy document.
- 4.3 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent to 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/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 4.4 The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

5. CUSTOMER CARE POLICY

OBJECTIVE

To focus on the client's needs in a responsible and pro-active way, to enhance the payment for services and to create a positive and cooperative relationship between the persons responsible for the payment for services received, and the municipality, and where applicable, any service provider.

5.1 Communication and feedback

- a) The municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include revised targets for credit control.
- b) Council's Customer Care, Credit Control and Debt Collection Policy or relevant extracts thereof, will be available in English, Afrikaans and Xhosa and will be made available on specific request, and will also be available for perusal at Council's offices.
- c) Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues.
- d) Ward councillors will be required to hold regular ward meetings, at which customer care and debt collection issues will be given prominence.
- e) The press will be encouraged to give prominence to Council's customer care and debt collection issues, and will be invited to Council or Committee meetings where these are discussed.

5.2 Handling of Complaints

Within its financial and administrative capacity Council aims to establish:

- a) A central complaints/feedback office;
- b) A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- d) A communication mechanism to give council feedback on service, debt and other issues of concern.

5.3 Accounts and billing

- a) Customers on the billing system will receive an understandable and accurate bill from the municipality, which bill will consolidate all service costs for that property.
- b) Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- c) Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorised agent.
- d) It is the customer's responsibility to ensure that postal address and other contact details are correct.
- e) It is the customer's responsibility to ensure timeous payment in the event of accounts not received.
- f) Settlement or due date will be as indicated on the statement.
- g) Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- h) Where any payment made to the municipality or its authorised representative by negotiable instrument is later dishonoured by a bank, the municipality or its authorised agent:
 - (i) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the customer.
 - (ii) Shall regard such an event as default on payment.
- i) The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request, at a cost as determined by Council.

5.4 Metering

- a) The municipality will endeavour, within practical and financial limits, to provide meters to every paying client for all consuming services.
- b) All meters are to be read monthly.
- c) If the meter is not read monthly the council will estimate the consumption in terms of council's operational procedures;
- d) Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- e) Customers will be informed of meter replacement.
- f) If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, the council will estimate the consumption in terms of council's operational procedures;

5.5 *Payment facilities and methods*

- a) The municipality will operate and maintain suitable payment facilities, and which facilities will be accessible to all users.
- b) The municipality may in terms of section 103 of the Systems Act, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- c) The municipality may provide for special incentives as contemplated in section 103 of the Systems Act.
- d) The customer will acknowledge, in the customer agreement, that the use of customer agents in the transmission of payments to the municipality is at the risk of the customer – also for the transfer time of the payment.

5.6 *Allocation of Revenue*

- a) In accordance with section 102 of the Act, a Municipality may-
 - (i) consolidate any separate accounts of persons liable for payments to the Municipality; and
 - (ii) credit a payment by such a person against any account of that person.
- b) Payments received by the Municipality shall accordingly be allocated in the following order of priority:
 - (i) interest on arrears;
 - (ii) payments made by way of monthly installments in accordance with an agreement with the Municipality;
 - (iii) rates;
 - (iv) availability fees;
 - (v) sewage fees;
 - (vi) rentals in respect of housing and other leases;
 - (vii) repayments of loans;
 - (viii) sundry fees and levies;
 - (ix) fees for refuse removals;
 - (x) water;
 - (xi) electricity.

5.7 Enquiries, appeals and service complaints

- a) If a customer is convinced that his or her account is inaccurate, he or she can lodge a query with the municipality for investigation of this account, and where necessary the relevant alterations.
- b) In the interim the debtor must pay the average of the last three months accounts where such history of the account is available. Where no such history is available, the debtor is to pay an estimate provided by the municipality before payment due date until the matter is resolved.
- c) The relevant department will investigate and inform the debtor within the period specified herein, as determined by the Municipal Manager from time to time.
- d) Failure to make such agreed interim payment or payments will result in the customer forming part of the normal credit control procedures.
- e) A customer may appeal to the Municipal Manager or his delegation against the finding of the municipality or its authorised agent in terms of paragraph 5.6(b).
- f) An appeal in terms of 5.6(e) must be made and lodged with the municipality within 21 (twenty-one) days after the notification of such finding referred to in 5.6(b) and must:
 - (i) set out the reasons for the appeal; and
 - (ii) be accompanied by any security determined for the testing of a measuring device, if applicable.

5.8 Customer Categories

- a) Customers will be categorised according to specific classifications based on *inter alia* the type of entity and applicable tariffs and risk levels.
- b) Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

5.9 Rates by instalments

- a) Customers may elect to pay their property rates account monthly, at no interest cost on the condition that there are no rates outstanding in respect of a previous period and that the rates are paid in full prior to the next rates cycle.
- b) Any arrangement for monthly rate instalments will be cancelled and all rates will become payable in full with immediate effect should any three instalments become overdue.

5.10 *Indigent subsidy*

Customers may apply for an indigent subsidy on the conditions as stipulated in the municipality's Indigent Policy.

5.11 *Free basic services*

Council may provide, free of charge to a customer, certain basic levels of services, as determined from time to time.

6. CREDIT CONTROL POLICY

OBJECTIVES

The objectives of the credit control policy are to implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt and to ensure limited risk levels by means of effective management tools.

6.1 Service application and agreements

- (a) All customers of services will be required to sign an agreement governing the supply and cost of municipal services.
 - (i) Owners may allow tenants to sign separate agreements with the municipality, which the municipality may at its own discretion accept or reject.
 - (ii) On default by a tenant, the owner will be the debtor of last resort.
- (b) Prior to signing these agreements, customers will be entitled to receive the policy document of the municipality on request at a cost determined by Council.
- (c) On the signing of the agreement, customers will receive a copy of the agreement for their records.
- (d) Customers are responsible for costs of collection, interest and penalties in the event of delayed and/or non payment.
- (e) Existing customers of services will be required to sign new agreements as determined by the Municipal Manager from time to time.
- (f) Transfer of user for any property cannot be transferred to a new user unless the previous occupants have paid their municipal bill in full.

6.2 Right of access to premises

- (a) The owner and or occupier of property must allow an authorised representative of the municipality access at reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.
- (b) The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- (c) If a person fails to comply with 6.3(a) the municipality or its authorised representative may:-
 - (i) by written notice require such person to restore access at his/her own expense within a specified period; and
 - (ii) as a matter of urgency, without prior notice restore access and recover the cost from such person.

6.3 *Disconnection of service(s)*

- (a) Customers who are in arrears with their municipal account(s) and who have not made arrangements with the municipality will have their supply of electricity and water, and other municipal services, suspended or disconnected.
- (b) When the municipality plans to cut services of certain clients with overdue accounts, each of them shall be notified of the intention to cut their services.
- (c) Such notification will indicate the planned date to cut the service and will notify the clients that they have the opportunity to make arrangements with the municipality, within 7 working days, in order to prevent the municipality to cut the service.
- (d) Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- (e) Upon the liquidation of arrears, or the conclusion of acceptable arrangements, the service will be reconnected as soon as conveniently possible.
- (f) All costs related to notices, the restrictions or dis- and reconnections, will be determined by tariffs approved by the Municipal Council, and will be payable by the customer.
- (g) The deposit of any defaulter will be adjusted and brought into line with the policy and tariff structure of the municipality.

6.4 *Rates clearance*

- (a) On the sale of any property in the municipal jurisdiction, the municipality will withhold the transfer until all rates, services and consumption charges are paid by withholding a rates clearance certificate as contemplated in section 118 of the Systems Act.
- (b) When the previous owner of a property terminates his services, such services must be stopped immediately and the new owner or tenant must register the services in his own name and pay the required deposit.

6.5 *The Pre-payment System*

- (a) The municipality may use its pre-payment system to recover arrears in respect of accrued municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewerage.
- (b) A customer with arrears, who applies for a pre-payment meter, will be required to repay all arrears in full before a pre-payment electricity meter is installed or, if the amount outstanding is large and/or the customer's ability to pay is limited the arrears can be repaid by allocating 50% of all purchases before any electricity credit is given.

6.6 *Incentives for prompt payment*

- (a) To encourage prompt payment and/or to reward regular payers the municipality may consider incentives for the prompt payment of accounts or payment by debit or stop orders.
- (b) If introduced such an incentive scheme will be reflected in the operating budget as an additional expenditure.

6.7 *Interest*

- (a) Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.
- (b) The rate applicable to 6.7(a) will be 10% per annum.

6.8 *Theft and fraud*

- (a) Any natural or juristic person found to:-
 - (i) be illegally connected to municipal services;
 - (ii) has tampered with meters, the reticulation network or any other supply equipment;
 - (iii) has committed any unauthorised act associated with the supply of municipal services; and
 - (iv) be involved in theft of and fraudulent activity will be prosecuted and/or held liable for penalties as determined from time to time.
- (b) Council will immediately terminate the supply of services to a customer should such conduct as outlined in 7(31), be detected.
- (c) The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
- (d) The municipality will maintain monitoring systems in order to identify customers who are undertaking illegal actions.
- (e) The municipality reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
- (f) Any person failing to provide information or providing false information to the municipality may face immediate disconnection and/or legal action.

7. DEBT COLLECTION POLICY

OBJECTIVE

The objective of the debt collection policy is to provide procedures and mechanisms to collect all the monies due and payable to the municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.

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

- (a) In collecting debt the municipality will use the actions as indicated in the credit control policy.
- (b) The municipality may, when all other credit control actions have been exhausted, commence legal process against debtors which process could involve summonses and judgements.
- (c) The municipality will exercise strict control over this process, and will require regular reports on progress from service providers.
- (d) The municipality will establish procedures and codes of conduct with these outside parties.
- (e) Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the municipality's system of debt collection.
- (f) All steps in credit control and debt collection procedures will be recorded for the municipality's records and for the information of the debtor.
- (g) Individual debtor account information is protected and not the subject of public information.
- (h) The municipality may release debtor information to credit bureaus.
- (i) The municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.
- (j) The municipality may consider the use of agents as service providers and innovative debt collection methods and products.
- (k) Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.
- (l) Any agreement concluded with an agent, service provider or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute a breach of the contract.

7.2 Cost of collection

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

7.3 Abandonment of Claims

- (a) The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt.
- (b) The valid termination of debt collection procedures as contemplated in section 109(2) of the Systems Act, may be considered under the following circumstances:-
 - (i) the insolvency of the debtor, whose estate has insufficient funds;
 - (ii) a balance being too small to recover, for economic reasons, considering the cost of recovery; and
 - (iii) where the municipality deems that a customer or group of customers are unable to pay for services rendered.
- (c) The municipality must maintain audit trails in such instances, and document the reasons for the abandonment of the actions or claims in respect of the debt.

Arrangements

If a customer cannot pay his/her account with the municipality then the municipality may enter into an extended term of payment with the customer according to the applicable category of the customer. The customer must:

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

CATEGORIES OF DEBTORS**A. DOMESTIC CUSTOMERS**

DEBT	PAYMENT OF ARREARS
R1,00 to R2 500,00	5% of outstanding debt plus the cost of the credit control actions. The balance over maximum 12 months
R2 500,00 to R5 000,00	5% of outstanding debt plus the cost of the credit control actions. The balance over maximum 18 months
R5 000,00 and more	5% of outstanding debt plus the cost of the credit control actions. The balance over maximum 24 months

In all cases the deposit will be increased to the amount published in the tariff list of the particular financial year.

B. BUSINESSES AND SPORT CLUBS

	PAYMENT OF ARREARS
1 st default in any twelve month cycle:	25% of outstanding amount plus current account. Balance over maximum of 3 months
2 nd or 3 rd default in any twelve month cycle:	Full outstanding plus current account. No arrangements.

In all cases the deposit will be increased to the amount published in the tariff list of the particular financial year.

C. GOVERNMENT DEPARTMENTS, SCHOOLS, HOSPITALS ETC.

	PAYMENT OF ARREARS
1 st default in any twelve month cycle:	3 weeks notice – no arrangements.
2 nd default in any twelve month cycle:	2 weeks notice – no arrangements.
3 rd default in any twelve month cycle:	1 week notice – no arrangements.

In all cases the deposit will be increased to the amount published in the tariff list of the particular financial year.

INDIGENT

All customers qualifying as indigent and having remaining arrear debt after any relief has been granted, will repay that debt as follows:

Over 36 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken. Such arrangements for this category of debtor will be free of interest should the payments be regularly maintained.

ADMINISTRATIONS

Where a person has been placed under administration the following procedures will be followed:

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