

CHRIS HANI DISTRICT MUNICIPALITY



CREDIT CONTROL, DEBT COLLECTION & DEBT WRITE-OFF POLICY

P R E A M B L E

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control and debt collection policy;

And whereas section 97 of the Systems Act prescribes what such policy must provide for;

Now therefore the Chris Hani District Municipality adopts the Credit Control and Debt Collection Policy as set out in this document:-

TABLE OF CONTENTS

1. DEFINITIONS	4
2. GENERAL OBJECTIVES:	7
3. PRINCIPLES	7
4. PERFORMANCE EVALUATION	8
5. REPORTING	8
6. CUSTOMER CARE.....	9
7. CREDIT CONTROL.....	15
8. DEBT COLLECTION.....	23
10. DEBT IMPAIRMENT AND WRITE OFF	29
10.1 An assessment of consumer debt will be made at the end of the financial year in order to determine possible impairment.	29
11. SHORT TITLE.....	30
11 11APPENDICES	30
Application for Municipal Services CHDM-3-APPL.....	30
Change Request form CHDM-4-CHANGE.....	30
Disconnection form CHDM-5-DISCON.....	30
Arrangements to settle debt form CHDM-6-ARRANGE.....	30
Meter Tamper report form CHDM-7-TAMPER1.....	30
Meter Tamper follow-up form CHDM-8-TAMPER2.....	30
1 st Reminder to settle debt CHDM-9-CRED1.....	30
Final notice to settle debt CHDM-10-CRED2	30

1. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

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

“Authorised representative” the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.

“basic service” the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of sewerage and water services.

“Chief Financial Officer” an officer of the Municipality appointed as the Head of the Finance Department and includes any person:-

- (a) Acting in such position; and
- (b) To whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.

“child-headed household” a household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children.

“Council” or “municipal council” a municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the Chris Hani District Municipality.

“Credit control” and debt collection” the functions relating to the collection of any monies due and payable to the Municipality.

“Closely connected person” any immediate relative of the person namely spouse, child, parent, parent-in-law, life partner.

“customer” any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).

“Defaulter” a person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired.

“Technical Director” the person in charge of the civil and/or electrical component(s) of the Municipality and includes any person:-

- (a) Acting in such position; and
- (b) To whom the Director has delegated a power, function or duty in respect of such a delegated power, function or duty.

“Equipment” a building, structure, pipe, pump, wiring, cable, meter, machine or any fittings.

“household” all persons who are jointly living on a stand or site on a permanent basis and who receive water from one meter, regardless whether the person rents or owns the property.

“Indigent” a household which is not financially capable of paying for the delivery of basic services and meeting criteria determined by Council from time to time – this also includes poor households.

“Interest” a levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of service levies at a standard rate as approved by Council.

“Municipality” the institution that is responsible for the collection of funds and the provision of services to the customers of the Chris Hani District Municipality.

“municipal account” or “billing” the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to:-

“Monthly account” rendered monthly and shows the levies for sewerage and water

“Municipal Manager” the accounting officer appointed in terms of section ... of the Local Government: Municipal Systems Act, 1998 (Act No of 2000 as amended) and being the head of administration and accounting officer in terms of section 55 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:-

- (a) Acting in such position; and
- (b) To whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.

“Municipal services” those services provided by the Municipality such as, the supply of potable water and for which payment is required by the Municipality.

“Occupier” any person who occupies any property or part thereof, without any regard to the title under which he/she so occupies the property.

“Owner”

- (a) The person in whom the legal title to the property is vested;
- (b) A person mentioned below may for the purposes of this Policy be regarded by a municipality as the owner of a property in the following cases:
 - (i) A trustee, in the case of a property in a trust excluding state trust land;
 - (ii) An executor or administrator, in the case of a property in a deceased estate;
 - (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
 - (iv) A judicial manager, in the case of a property in the estate of a person under judicial management;
 - (v) a curator, in the case of a property in the estate of a person under curatorship;
 - (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or

- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
- (c) in the case where the Council is unable to determine the identity of such person, the person who is entitled to the benefit of such property or any building thereon;
- (d) in the case of a property for which a lease agreement of 30 years or more has been entered into, the lessee thereof;
- (e) regarding:-
 - (i) a portion of land delineated on a sectional title plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), and without restricting the above mentioned stipulations, the developer or body corporate of the communal property; or
 - (ii) a portion as defined in the Sectional Titles Act, the person in whose name that portion is registered under a sectional title deed, 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 No 61 of 1973), a trust inter vivos, trust mortis causa, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act No 69 of 1984), and any voluntary organisation;
 - (ii) any local, provincial or national government;
 - (iii) any council, board or entity established in terms of any legislation applicable to the Republic of South Africa; and
 - (iv) any embassy or other foreign entity.
- (g) in the case of property owned by the Council and which has been alienated, but which has not been transferred to the person to whom it has been alienated, such person from the date of the alienation concerned; and
- (h) in the case of property owned by or under the control or management of the Council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the right to the immovable property.

“premises” or “property” any portion 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 (Act No 9 of 1927) or in terms of the Deeds Registry Act, 1937 (Act No 47 of 1937); or
- (b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986); which is situated within the area of jurisdiction of the Municipality.

2. GENERAL OBJECTIVES:

The objectives of this Policy are to:-

- 2.1 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.2 ensure that all monies due and payable to the Municipality are levied and collected in a financially sustainable manner;
- 2.3 provide a framework for customer care and indigent support;
- 2.4 describe credit control measures and sequence of events;
- 2.5 outline debt collection and credit control procedures and mechanisms; and
- 2.6 set realistic targets for credit control and debt collection.

3. PRINCIPLES

- 3.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for making of policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy.
- 3.2 All customers must complete an official application form (CHDM-3-APL), formally requesting the Municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- 3.3 Application forms, agreements and documents relating to this Policy must be available in isiXhosa; English and Afrikaans. Officials designated to control and manage these documents must be able to explain the contents thereof in the languages of the Eastern Cape.
- 3.4 A copy of the application form, conditions of services and extracts of the 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.
- 3.5 Billing is to be accurate, timeous and understandable as far as possible.
- 3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods which will include cash, cheque, debit or credit card, electronic fund transfer, debit order and bank order payments.
- 3.7 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.
- 3.8 Enforcement of payment must be prompt, consistent and effective.
- 3.9 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, charges, penalties, loss of rights and/or criminal prosecutions. A certificate reflecting the nature and extent of the unauthorized activity must be issued by a duly qualified person to substantiate the claim.

- 3.10 Incentives and disincentives may be used in collection procedures.
- 3.11 The collection process must be cost-effective.
- 3.12 Results will be regularly and efficiently reported and monitored.
- 3.13 Application forms may be used to, amongst others, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 3.14 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.15 Where practically possible the Customer Care and Debt Collection Policies would be handled independently of each other and the organisational structure will reflect the separate functions.
- 3.16 The principle of providing services instead of payment for arrear accounts is supported.
- 3.17 Consumers that meet council's indigent criteria must be identified and supported.

4. PERFORMANCE EVALUATION

This is addressed in the SDBIP and the Municipal Performance Management System.

5. REPORTING

- 5.1 The Chief Financial Officer (Director: Finance) 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 Act, read with section 100(c). This report shall contain particulars on:-
 - (a) Cash collection statistics, showing high-level debt recovery information (number 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 on all areas against targets agreed to in paragraph 5 of this policy document.
- 5.2 If in the opinion of the Chief Financial Officer, the Municipality 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/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 5.3 The Executive Mayor, as supervisory authority, shall report at intervals of 3 months to Council as contemplated in section 99(c) of the Act.

6. CUSTOMER CARE

6.1 Objective

To focus on the customer's need 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, the service provider.

6.2 Communication and feedback

- 6.2.1 The Municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control and debt collection. This process will include the effort to ensure that the residents and consumers understand the costs involved in the service provision, the reasons for payment of service tariffs and the manner in which monies raised from the consumers are utilised.
- 6.2.2 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt collection issues.
- 6.2.3 Councillors will give feedback at ward meetings, at which customer care and debt collection issues will be given prominence.
- 6.2.4 The press will be encouraged to give prominence to Council's customer care, credit control and debt collection issues, and may be invited to council or committee meetings where these are discussed.
- 6.2.5 The residents and users of services will be encouraged to give feedback through the established mechanisms to the Municipality regarding the quality of services and the performance of service providers.

6.3 Metering

- 6.3.1 The Municipality will endeavour, within practical and financial limits, to provide meters to every paying customer for all measurable services.
- 6.3.2 All meters will be read monthly, as far as possible. If the meter is not read monthly, the consumption will be estimated in terms of Council's operational procedures.
- 6.3.3 If any meter is not accessible for meter reading, the customer must ensure that measures are taken to enable meter reading to take place by ensuring the premises are not locked or move the water meter out to the borderline.
- 6.3.4 Customers must:-
 - (a) ensure that access is available to the meter by municipal officials at all times for reading and maintenance purposes;
 - (b) notify the Municipality when services are no longer required at a particular service delivery point;
 - (c) maintain credit where applicable, and
 - (d) supply the Municipality with accurate information with regard to the application for the supply of services or applications for indigent cases.

- 6.3.5 Customers are entitled to request verification of meter readings at the prescribed tariff.
- 6.3.6 Customers are entitled to request testing of meters for accuracy within reason, at the prescribed tariff. If the test reveals the meter to register outside the norm of 3%, the charges paid will be refunded, the meter will be replaced and the customer's account will be adjusted accordingly, subject to a maximum period of 3 months.
- 6.3.7 Customers will be informed of meter replacement.
- 6.3.8 Customers must give notice of at least 48 hours to the Municipality should a final reading or discontinuation of service be required.
- 6.3.9 If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, the customer will be charged for an estimated consumption. When an actual reading is obtained during a subsequent reading period, the account must show the full reversal of the estimated consumption as well as the full charge of the actual consumption.

6.4 **Accounts and billing**

- 6.4.1 The Municipality will as far as possible render to its customers on the billing system an understandable and accurate statement, which will consolidate all service costs and subsidies granted in terms of this Policy for that property.
- 6.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 6.4.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- 6.4.4 It is the customer's responsibility to ensure that his/her postal address and all other required details are correct.
- 6.4.5 Accounts are delivered monthly. It is the customer's responsibility to enquire from the Municipality should an account not be received in order to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.

Customers residing outside the borders of the Republic of South Africa will receive only electronic accounts, unless a local address is supplied.

- 6.4.6 Settlement or due dates will be as indicated on the statement and are normally as follows:-
 - (a) Monthly accounts are payable before or on the 15th day, or the first working day thereafter should it fall on a weekend or public holiday, of the month following the month of the statement of the account.
 - (b) Annual accounts are payable within a period of three (3) months from the date on which such an account became due and payable.
 - (c) Accounts of councillors and employees may be deducted from their salaries/allowances on a monthly basis; alternatively, they may sign a debit order for deduction of the due portion of the account off their bank account.
 - (d) Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall

deduct any outstanding amount from such staff members' salary after this 3 (three) month period.

- (e) In accordance with Schedule 1(12A) of the Local Government: Municipal Systems Act 32 of 2000, a Councillor of the Municipality may not be in arrears to the Municipality for service charges for a period longer than 3 months. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.

- 6.4.7 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.
- 6.4.8 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:-
 - (a) may recover the bank charges incurred relating to dishonoured negotiable instruments, together with an administration fee as prescribed in the tariff policy of the Municipality, against the account of the customer;
 - (b) shall regard such an event as a default on payment and services may be discontinued or restricted should a valid payment by cash, a bank guaranteed cheque or electronic fund transfer not be made by the date provided by the authorized official;
 - (c) may insist on cash, debit order or electronic fund transfer payments for all future accounts;
 - (d) may only approve the re-instatement of debit order/cheque payments after twelve months.
- 6.4.9 The Municipality must issue a duplicate account or any acceptable alternative to a customer on request, at a cost determined by Council from time to time.
- 6.4.10 The registered owner of a property being leased is at his/her own cost entitled to obtain, upon request, a copy of the account of a lessee and to be informed if a lessee is in arrear with his/her service charges within a reasonable period.
- 6.4.11 The municipality will no longer enter into service delivery contracts with tenants with effect from 01 July 2016. All existing contracts for service delivery with tenants will be phased out over a period of time and all new service contracts will only be with the owners of the property.
- 6.4.12 When tenants are in default, the service contract with the tenant will be cancelled and services transferred to the owner.

6.5 **Payment facilities and methods**

- 6.5.1 The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all customers.
- 6.5.2 The Municipality will, at its discretion, allocate a payment between service debts. A debtor does not have the right to indicate that the payment is for a specific portion of the account.
- 6.5.3 The Municipality may, in terms of section 103 of the Act and with the consent of a customer, approach an employer of the customer to secure a debit or stop order arrangement to recover arrear debt owed to the municipality.

6.5.4 The Municipality will endeavour to appoint a variety of agents (super markets, SA Postal Service, etc.) for the receipt and transfer of payments to the Municipality. 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 the time lapse for transfer of the payment.

6.5.5 The Municipality may in the event of services having been disconnected or restricted, elect not to accept a non-bank guaranteed cheque as method of payment, and may insist on cash, bank guaranteed cheque or electronic fund transfer into the Municipality's bank account, or at any one of the nominated cash receipting points or agents of the Municipality.

6.6 **Incentives for prompt payment**

6.6.1 The Council may, to encourage prompt payment and/or to reward regular payers, from time to time consider incentives for the prompt payment of accounts or payment by debit or stop order.

6.6.2 If introduced, the cost associated with the incentive scheme will be reflected in the operational budget as additional expenditure.

6.7 **Feedback, enquiries, appeals and service complaints**

6.7.1 Within its administration and financial ability the Municipality will establish:-

- (a) Decentralised complaints/feedback offices;
- (b) A centralised 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) The introduction of a standing article in the newsletter to inform customers on the safe and economic use of services.

6.7.2 If a customer is convinced that his/her account is inaccurate, he/she can lodge a query, together with supporting documentation and proof, with the Municipality before due date for investigation of this account, and where necessary the relevant alterations.

6.7.3 In the interim the debtor must pay an average based on previous consumption 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.

6.7.4 The relevant department will investigate and endeavour to inform the debtor within 14 days of the outcome of the investigation and the measures that have or will be taken to correct the situation.

6.7.5 Failure to make such agreed interim payment or payments will result in the customer forming part of the normal credit control procedures.

6.7.6 A customer may appeal against the finding of the Municipality in terms of sub clause (6.7.4).

6.7.7 An appeal and request in terms of sub clause (6.7.6) must be made and lodged with the Municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in sub clause (4) and must:-

- (a) set out the reasons for the appeal;

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

6.8 Customer assistance programmes

6.8.1 Water leakages:

- (a) If the leakage is on the customer's side of the meter, the customer will be responsible for payment of the full account. The municipality may, subject to availability of financial resources, assist indigent consumer to repair water leaks that are on the indigent consumer's side of the meter.
- (b) A customer will qualify for a Water Leakage Discount upon application on the prescribed form within 45 days after the leak has been repaired and:-
- (i) the leak was under the surface and/or not easily detectable on the surface;
 - (ii) the leak was repaired within 72 hours since its detection;
 - (iii) the customer applied only once in a cycle of 24 months for a discount; and
 - (iv) suitable proof of repair and costs, or a sworn affidavit from any person who has repaired the leak has been submitted, containing the following information:-
 - date of the repair;
 - confirmation that the leak was under the surface and not easily detectable on the surface; and
 - certification that the material in which the leak occurred was of acceptable standard.
 - (v) Discount for household usage will be calculated over the period the leak was present and will be equal to the consumption above the normal consumption of the customer at the rebate tariff applicable, subject to a maximum period of 3 months.
- (c) It is the responsibility of the customer to control and monitor his/her consumption.

6.8.2 Arrangements for settlements

- (a) Customers whose municipal accounts become in arrears may enter into an arrangement for settlement (CHDM-6-ARRANGE) of the arrears with the Municipality. Such customers will be requested to complete a new application form.
- (b) If required, customers with arrears must agree to the conversion to a flow limiter water meter.

If and when implemented, the cost of which, and the arrears total, will be paid off either by adding the debt to the arrears bill and repaying it over the agreed period; or

- (c) In the case of the customer who is not a natural person, an organ of state, a local authority, a public company or a public corporation, the major shareholder or member will be obligated to guarantee the debt of the customer.
- (d) Council reserves the right to raise the deposit/security requirement of debtors who seek arrangements and/or other stipulations it may deem necessary.

6.9 Subsidy for indigent households

The Municipality has an indigent support programme whereby a basic level of services will be provided to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria, as determined by the Municipality from time to time. The full details of the subsidy and the procedures for application are outlined in the indigent support policy.

- 6.9.1 Indigence subsidies will be funded from the equitable share contribution made by National Treasury and as provided for in the municipal budget.

The subsidy can only be credited to the qualifying customers' accounts until the amount received by the Municipality from National Treasury and provided for in the municipal budget for this purpose, has been exhausted, whereupon no further credits will be made until further national funds for this purpose are received or additional funds has been provided for in the municipal budget.

- 6.9.2 If a consumer's consumption or use of the municipal service is less than the subsidised amount of the service, the subsidy will be limited to the lesser amount. The unused portion, if any, may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 6.9.3 If a customer's consumption or use of a municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rates.
- 6.9.4 All consumers who qualify for an indigent subsidy will be placed on restricted service levels in order to limit further escalation of debt.
- 6.9.5 Where applicable, these consumers may be exonerated from a portion of their arrear debt.
- 6.9.6 An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- 6.9.7 An indigent customer may at any time request de-registration.
- 6.9.8 A list of indigent customers will be maintained and may be made available to the general public, subject to the Information Act.
- 6.9.9 The applicant may not be the registered owner of more than one property.
- 6.9.10 All debtors who qualify and are registered as indigent, will have their arrears written off once during ownership of the property.

6.10 Additional subsidy categories

- 6.10.1 Subject to an equitable share contribution received from National Treasury, Council may provide, free of charge to a customer, basic services as determined from time to time.

6.11 Customer categories

- 6.11.1 Customers will be categorised according to specific classifications based on amongst others the type of entity, applicable tariffs and risk levels of the provision of services. 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.

7. CREDIT CONTROL

7.1 Objective

- 7.1.1 To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.
- 7.1.2 To facilitate financial assistance and basic services for the community's poor.
- 7.1.3 To provide incentives for prompt payment.
- 7.1.4 To limit risk levels by means of effective management tools.

7.2 Service applications and agreements

- 7.2.1 Consumers who require a service will be required to enter into a written agreement with the Municipality which governs the supply and cost of municipal services.
- 7.2.2 In the instance where the occupant is not the owner of the property, a service agreement will only be entered into by the lawful owner of the property to which the services are to be provided. In the case of existing tenant debtors defaulting, the owner will be the debtor of last resort except where the Municipality is the owner of the property. The owner will be required to counter sign the application form and assume responsibility for the debt in the event that the tenant absconds.
- 7.2.3 The application process must occur at least two working days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the service are available when occupation is taken. Failure to adhere to the timeframe may result in consumers not having the services available when occupation is taken.
- 7.2.4 The application for municipal services must provide the following:
 - a) Proof of Property Ownership; if not yet registered only a signed letter in a letterhead format from the attorney will be accepted.
 - b) Proof of Identity copies documents of the owner and spouse.
 - c) Proof of Marital Status: in cases of married couples both copies of identity documents should be attached, affidavits from the Chief or SAPS in cases of customary marriage.
 - d) Proof of Income: Payslip, Proof of Social Grant, 3 months bank statement.
 - e) Name, address and contact telephone details of employer.
- 7.2.5 The Municipality will render the first account in the month following occupation.
- 7.2.6 Consumers who illegally consume services without this agreement will subject to punitive action.
- 7.2.7 Prior to signing these agreements, customers will be entitled to access the policy documents.
- 7.2.8 On the signing of the agreement when requested thereto, customers will receive a copy of the agreement for their records.
- 7.2.9 Customers will accept responsibility in the agreement for administration costs of collection, interest and penalties in the event of delayed and/or non-payment.

- 7.2.10 The Municipality may refuse to supply services to an applicant should such applicant owe monies to the Municipality regarding a previous period when he/she was rendered services by the Municipality, until such debt has been settled in full. Should the applicant prove to the Chief Financial Officer that he/she is unable to pay; the application will be dealt with in terms of Council's Indigent Subsidy Scheme.
- 7.2.11 The Municipality will read the meters within the period stipulated in the agreement after notification of change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property.
- 7.2.12 The Municipality may reject the application for services of a person who is closely connected to a customer who has defaulted with account payments and who resides or is to reside on the same premises, until such debt is settled in full. The Municipality may also reject the application for services of any concern that is not a natural person should such concern be in arrears with any other municipal account for which it, or any member or director is responsible or partially responsible.
- 7.2.13 all applicants for municipal services will be checked for credit-worthiness, which may include checking information from banks, credit bureaus, other local authorities, trade creditors and employers.
- 7.2.14 Applicants who are not natural persons, organs of state, local authorities, public companies or public corporations must supply details of their directors, members, partners or trustees and at least the main shareholder must in his/her personal capacity guarantee the payment of the applicant's municipal account and in the case of a trust, all the trustees in their personal capacity.

7.3 **Existing Municipal Accounts**

- 7.3.1 Existing consumers of services may be required to sign new agreements in the following instances:
 - (a) Any change of service profile;
 - (b) With any instruction given or actual disconnection or restriction of services or any legal action taken;
 - (c) Any form of tampering with service networks or meters;
 - (d) As determined by the Municipal Manager from time to time.
- 7.3.2. Should a customer fail to enter into such agreement with Council or to provide the security described in clause 7.4, Council may:-
 - (a) hold the customer liable for all outstanding debt on services for the property; and/or
 - (b) restrict or discontinue the supply of services.
- 7.3.3. The Municipality shall open only one account per property for the service charges.
- 7.3.4 All arrangements may be subject to periodic review.
- 7.3.5 All debtors entering into arrangements shall provide their banking details and those who have the facility to sign a debit order with their financial institutions, shall be required do so.

7.3.6 Debtors who default on three occasions in respect of arrangements, will be denied the privilege of making further arrangements, and the full amount will be payable. Interest will be calculated from the original due date of the debt, taking any payments into consideration.

7.4 **Deposits**

7.4.1 Before services can be provided, a service deposit is required to be paid by the consumer to the Municipality.

7.4.2 All customers shall pay a deposit as determined from time to time by the Municipality which may be increased by the CFO in the event of non-payment.

7.4.3 Security deposits either in cash or any other security acceptable to the Municipality will be required, the minimum deposit being the equivalent of amounts fixed from time to time by the Municipality. Councillors and officials of the Municipality are not exempted from paying a security deposit.

7.4.4 Deposits can vary according to the credit-worthiness or legal category of the applicant, subject to the minimum requirement

7.4.5 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the consumer.

7.4.6 The deposit is payable in cash for all consumers as per tariff structure approved by the municipal council.

7.4.7 Deposits that are paid will only be refunded at the closure of the account after settlement of all service charges.

7.4.8 Deposit retained on behalf of the consumer shall not earn interest.

7.4.9 Any deposit held by or on behalf of a consumer shall, on being claimed, be refunded on the earlier of:

- Verification of no services outstanding amount
- Within 30 days of receiving notification of cancellation

7.4.10 In instances where the consumer prefers to be refunded directly to their banking account, they are to provide their banking details (bank Statement or cancelled cheque) and copy of their ID document.

7.4.11 All claims for the refund of deposits must be made in writing by the debtor.

7.4.12 Unclaimed deposits will be forfeited after allocation to any arrears outstanding to the Municipality, 6 months after the final account has been processed.

7.4.13 The Municipality may increase deposits to suit the particular circumstances

7.5 **Billing and Accounts**

7.5.1 Accounts are produced in accordance with the monthly meter reading cycle

7.5.2 An account will be rendered each month in cycle of approximately 30 days

7.5.3 Consumers will receive monthly statements with an indicated payment date

7.5.4 The Municipality will endeavour to have the accounts delivered to all consumers. However non receipt of an account does not prevent interest charges and debt collection procedures. In

the event of non-receipt of an account, the onus rest on the account holder to obtain a free copy of the account, before the due date.

- 7.5.5 All accounts must be paid on the due date as indicated on the account. With the exception of 100% subsidised indigents, interest on arrears will accrue after due date if the account remains unpaid as at due date, irrespective of the reason for non-payment, **unless the Chris Hani District Municipal council deems it inappropriate to charge interest due to specific circumstances that may prevail from time to time.**
- 7.5.6 Payments for accounts must be received by:
- Close of business on or before the due date at a Municipal pay-point
 - In the case of electronic payments or payment via agents, the money must be received in the municipal bank accounts on due date.
- 7.5.7 Consumers who have failed to pay services charges levied by the due date shall receive notification of Councils intention to implement debt collection process.
- 7.5.8 The statements may also contain messages to consumers from month to month.
- 7.5.9 Consumers with disputes on their accounts must pay services until query has been resolved.
- 7.5.10 Interest on overdue accounts will be charged at the prevailing prime bank interest rate plus two percentage points.
- 7.5.11 The Municipality will as far as possible render to its customers on the billing system an understandable and accurate statement, which will consolidate all service costs and subsidies granted in terms of this Policy for that property.
- 7.5.12 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 7.5.13 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- 7.5.14 It is the customer's responsibility to ensure that his/her postal address and all other required details are correct.
- 7.5.15 It is the customer's responsibility to enquire from the Municipality should an account not be received in order to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.
- 7.5.16 Customers residing outside the borders of the Republic of South Africa will receive only electronic accounts, unless a local address is supplied.
- 7.5.17 Settlement or due dates will be as indicated on the statement and are normally as follows:-
- (a) Monthly accounts are payable before or on the 15th day, or the first working day thereafter should it fall on a weekend or public holiday, of the month following the month of the statement of the account.
 - (b) Amounts in arears on the accounts of councillors and employees may be deducted from their salaries/allowances on a monthly basis; alternatively, they may sign a debit order for deduction of the monthly amounts due on their accounts off their bank account.

- (c) Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this 3 (three) month period.
 - (d) In accordance with Schedule 1(12A) of the Local Government: Municipal Systems Act 32 of 2000, a Councillor of the Municipality may not be in arrears to the Municipality for service charges for a period longer than 3 months. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.
- 7.5.18 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.
- 7.5.19 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:-
- (a) may recover the average bank charges incurred relating to dishonoured negotiable instruments, together with an administration fee, against the account of the customer;
 - (b) shall regard such an event as a default on payment and services may be discontinued should a valid payment by cash, a bank guaranteed cheque or electronic fund transfer not be made by the date provided by the authorized official;
 - (c) may insist on cash, debit order or electronic fund transfer payments for all future accounts;
 - (d) may only apply approve the for re-instatement of debit order/cheque after twelve months.
- 7.5.20 The Municipality must issue a duplicate account or any acceptable alternative to a customer on request, at a cost determined by Council from time to time.
- 7.5.21 The registered owner of a property being leased is at his/her own cost entitled to obtain a copy of the account of a lessor and to be informed if a lessee is in arrear with his/her service charges within 60 days.
- 7.5.22 All contracts for service delivery with tenants will be phased out over a period of time and all new service contracts will only be with the owners of the property.
- 7.5.23 When tenants are in default, the service contract with the tenant will be cancelled and services transferred to the owner.
- 7.6 **Metering**
- 7.6.1 The Municipality will endeavour, within practical and financial limits, to provide meters to every paying customer for all measurable services.
- 7.6.2 All meters will be read monthly, as far as possible. If the meter is not read monthly, the consumption will be estimated in terms of Council's operational procedures.
- 7.6.3 If meters are inaccessible, customers can be requested to visit a revenue office of the municipality to verify consumption amounts on meters.

- 7.6.4 If any meter is not accessible for meter reading due to obstruction **caused by the customer**, the customer must move the water meter out to the borderline or ensure that the meter readers can access the meter.
- 7.6.5 Customers must:-
- (a) ensure that access is available to the meter by municipal officials at all times for reading and maintenance purposes;
 - (b) notify the Municipality when services are no longer required at a particular service delivery point;
 - (c) maintain credit on pre-payment meters; and
 - (d) supply the Municipality with accurate information with regard to the supply of services or applications for indigent cases.
- 7.6.5 Customers are entitled to request verification of meter readings at the prescribed tariff.
- 7.6.6 Customers are entitled to request testing of meters for accuracy within reason, at the prescribed tariff. If the test reveals the meter to register outside the norm of 3%, the charges paid will be refunded, the meter will be replaced and the customer's account will be adjusted accordingly, subject to a maximum period of 3 months.
- 7.6.8 Customers will be informed of meter replacement.
- 7.6.9 Customers must give notice of at least 48 hours to the Municipality should a final reading or discontinuation of service be required.
- 7.6.10 If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, and the customer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.
- 7.7. **Payment facilities and methods**
- 7.7.1 The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all customers.
- 7.7.2 The Municipality will, at its discretion, allocate a payment between service debts. A debtor does not have the right to indicate that the payment is for a specific portion of the account.
- 7.7.3 The Municipality may, in terms of section 103 of the Act and with the consent of a customer, approach an employer of the customer to secure a debit or stop order arrangement.
- 7.7.4 The Municipality will endeavour to appoint a variety of agents (super markets, SA Postal Service, etc.) for the receipt and transfer of payments to the Municipality. 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 the time lapse for transfer of the payment.
- 7.7.5 The Municipality may in the event of services having been disconnected or restricted, elect not to accept a non-bank guaranteed cheque as method of payment, and may insist on cash, bank

guaranteed cheque or electronic fund transfer into the Municipality's bank account, or at any one of the nominated cash receipting points or agents of the Municipality.

7.8 Incentives for prompt payment

- 7.8.1 The Council may, to encourage prompt payment and/or to reward regular payers, from time to time consider incentives for the prompt payment of accounts or payment by debit or stop order.
- 7.8.2 If introduced, the cost associated with the incentive scheme will be reflected in the operational budget as additional expenditure.

7.9 Right of access to premises

- 7.9.1 The owner and/or occupier of a property is to allow an authorised representative of the Municipality access at all 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.
- 7.9.2 The owner is responsible to ensure that all meters installed on his/her property are easily accessible.
- 7.9.3 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 7.9.4 If a person fails to comply with any requirements, the Municipality or its authorised representative may:-
 - (a) by written notice require such person to restore access at his/her own expense within a specified period.
 - (b) without prior notice restore access and recover the cost from such person if it is the opinion that the situation is a matter of urgency.
- 7.9.5 The Municipality may impose a penalty for intentional obstruction of the meter. Such penalty will be determined by council from time to time and be included in the annual tariff structure.

7.10 Enforcement mechanisms

- 7.10.1 Interest may be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.
- 7.10.2 The Municipality shall restrict or discontinue the supply of services or implement any other debt collection actions necessary due to late or non-payment of accounts, relating to any consumer, owner or property.
- 7.10.3 Council reserves the right to deny or restrict water to consumers who are in arrears with their services or other municipal charges.
- 7.10.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payments, the service will be reconnected as soon as conveniently possible.
- 7.10.5 The administration cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the consumer.
- 7.10.6 If a person is indigent a flow limiter water meter must be installed free of charge.
- 7.10.7 The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council.

7.11 **Contractors who tender to the Municipality**

7.11.1 The Supply Chain and Procurement Management Policy and Tender Conditions of the Municipality will include the following:-

- (a) 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.
- (b) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears has been made. No further debt may accrue during contract period.
- © Tender Conditions will include a condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.
- (d) A tenderer will be required to declare all the municipal account numbers for which it is responsible and/or partially responsible.

7.12 **Theft and fraud**

- 7.12.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time.
- 7.12.2 Where prima facie evidence exists of a consumer or any person having contravened clause 7.12.1, the municipality has the right to disconnect the supply immediately and without prior notice to the account holder.
- 7.12.3 The Municipality has the right to obtain authorisation from the Magistrate for the imposition of fines for the offences as mentioned in paragraph 8.5.1 below.
- 7.12.4 The Municipality may terminate and/or remove the supply of services to a customer should such conduct as outlined above, be detected and certified.
- 7.12.5 The total bill owing, including administration cost, 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.
- 7.12.6 Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.
- 7.12.7 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
- 7.12.8 Any person failing to provide information or providing false information on his application for or other document pertaining to the supply of services to the Municipality may face immediate disconnection of services.

8. DEBT COLLECTION

8.1 Objective

8.1.1 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.

8.2 Personal contact

8.2.1 Personal and Telephonic contact/Agents calling on customers:-

- (a) Council, or its agent, may make personal contact, electronic or telephonic, with arrear debtors to encourage their payment.
- (b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.
- (c) Services as contemplated in 8.2.1(a) will be rendered at a charge as determined during the annual budget process.

8.3 Interruption of service

- 8.3.1 Customers who are in arrears with their municipal accounts and who have not made arrangements with the Municipality will have their supply of water and other municipal services restricted.
- 8.3.2 Where a debtor's account is 30 days overdue, a letter of demand will be sent to the debtor requesting payment within 7 days of date of letter. Should there be no response, a final notice will be issued and a demand for payment of the outstanding amount within a period of 14 days, failing which the debtor will be handed over to attorneys for collection as detailed under clause 8.4.
- 8.3.3 The restriction of services may be invoked should the account remain in arrears after the expiration of the 14 (fourteen) days' notice of payment referred to in clause 8.3.2
- 8.3.4 Upon the liquidation of arrears, including the additional levies in terms of clauses 8.3.5 and 8.3.6, or the conclusion of acceptable arrangements for term payments, the services will be reconnected as soon as conveniently possible.
- 8.3.5 The cost of notice of restriction or disconnection and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- 8.3.6 The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council (refer to Annexure "B").

8.4 Legal process

8.4.1 The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and, as last resort, sales in execution of property.

- 8.4.2 The Municipality will exercise strict control over this process to ensure accuracy and legality within it and will require regular reports on progress from staff responsible for the process or outside parties, be they attorneys or any other collection agents appointed by Council.
- 8.4.3 The Municipality will establish procedures and codes of conduct with such outside parties.
- 8.4.4 In the case of employed debtors, garnishee orders, are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.
- 8.4.5 All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.
- 8.4.6 All administration costs of this process will be for the account of the debtor.
- 8.4.7 Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit bureaus and the property owner in respect of his/her lessee(s).

This release will be in writing or by electronic means and will be covered in the agreement with customers.

- 8.4.8 The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters and report to the Executive Mayor.
- 8.4.9 Upon recommendation from the Municipal Manager, Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers.
- 8.4.10 Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.
- 8.4.11 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute termination of the contract.
- 8.4.12 If, after the due date an amount due for services is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the tenant or occupier of the property, after it has served written notice on the tenant or occupier. The Municipality may recover the outstanding amount despite any contractual obligation to the contrary on the tenant or occupier.
- 8.4.13 If, after the due date an amount due for services is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the agent of the owner, if this is more convenient for the Municipality, after it has served written notice on the agent. The agent must on request from the Municipality, provide a statement reflecting all payments made to the agent for the owner during a period determined by the Municipality.
- 8.4.14 Adjustments on the accounts will only be calculated for three years. (Prescription Act, 1969 (Act 68 of 1969)).

8.5 **Cost of collection**

- 8.5.1 All costs of legal processes including interest, penalties, service discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

8.6 **Clearance Certificate**

- 8.6.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all service and sundry charges and any estimated amounts for the duration of a certificate in connection with the property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyor.
- 8.6.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- 8.6.3 No interest shall be paid in respect of these payments.
- 8.6.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyor has been received.
- 8.6.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount have been paid.

8.7 **Irrecoverable debt**

- 8.7.1 Debt will only be considered as irrecoverable if it complies with the following criteria:-
- (a) all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or
 - (b) any amount equal to or less than R1 000.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
 - (c) the cost to recover the debt does not warrant the further action; or
 - (d) the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
 - (i) there is a danger of a contribution; or
 - (ii) no dividend will accrue to creditors; or
 - (e) a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or
 - (i) where the estate has not been reported to the Master and there are no assets of value to attach; or
 - (f) it has been proven that the debt has prescribed; or
 - (g) the debtor is untraceable or cannot be identified so as to proceed with further action; or
 - (i) the debtor has emigrated leaving no assets of value to cost effectively recover Councils' claim; or
 - (h) it is not possible to prove the debt outstanding; or
 - (i) a court has ruled that the claim is not recoverable; or

- (j) the outstanding amount is due to an irreconcilable administrative error by the Municipality.

8.8 Abandonment of claims

8.8.1 The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.

8.8.2 There are some circumstances, as contemplated in section 109(2) of the Act, that allow for the valid termination of debt collection procedures, such as:-

- (a) The insolvency of the debtor, whose estate has insufficient funds.
- (b) A balance being too small to recover, for economic reasons considering the cost of recovery.
- © Where Council deems that a debtor or group of debtors are unable to pay for services rendered.

8.8.3 The Municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

9. Arrangements for Payment

9.1 Debt for which arrangements can be made

Arrangements for the payment of outstanding debt can be made according to the procedures described hereafter.

9.2 Conclusion of Agreement

9.2.1 If a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment not exceeding 12~~2~~4 months, stipulating that the debt will be paid together with the monthly and/or annual accounts, with the customer.

9.2.2 The customer must:-

- (a) complete a new application form;
- (b) sign an acknowledgement of debt;
- © sign a consent to judgement;
- (d) in the case of a company, trust or closed corporation, supply the guarantee as prescribed in clause 6.8.3© of the Policy.
- © sign an emolument or stop order if he or she is in employment;
- (f) submit proof of income on the prescribed form;
- (g) pay the current portion of the account in cash;
- (h) pay an adjusted security deposit equal to the sum of two times average consumption during the preceding 12 months;
- (i) 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 will follow immediately, as will legal proceedings;

- (j) acknowledge liability of all costs incurred; and
- (k) annually, no later than 28 February, submit new proof of income.

9.2.3 Arrangements that can be entered into:

9.2.3.1 Domestic Customers:

- (a) 1st default in a financial year:
 - (i) 10% of the outstanding amount plus cost of the credit control actions together with the current account is payable immediately.
 - (ii) The balance is payable over a maximum period of twelve months.
 - (iii) First offence in 2 years – no deposit increase will be applicable.
 - (iv) Consumer deposits will be adjusted to sum of two time's average consumption during the preceding 12 months or at least be adjusted to the minimum deposit required in terms of the approved Tariff Schedule whichever the highest.
- (b) 2nd default in one financial year:
 - (i) Full arrears amount plus the cost of credit control actions, together with the current account.
 - (ii) No arrangements will be allowed.
 - (iii) Consumer deposits will be adjusted to sum of three times average consumption during the preceding 12 months or at least be adjusted to the minimum deposit required in terms of the approved Tariff Schedule whichever the highest.
- © 3rd default in one financial year:
 - (i) Services will be discontinued or restricted and the account will be handed over for legal proceedings.

9.2.3.2 Business:

- (a) 1st default in financial year:-
 - (i) 50% of the outstanding amount plus cost of the credit control actions.
 - (ii) The balance is payable over a maximum period of three months.
 - (iii) First offence in 2 years – no deposit increase will be applicable.
 - (iv) Consumer deposits will be adjusted to the sum of three time's average consumption during the preceding 12 months or at least be adjusted to the minimum deposit required in terms of the approved Tariff Schedule whichever the highest.
- (b) 2nd default in financial year:-
 - (i) Full outstanding amount plus cost of credit control actions.
 - (ii) No arrangements will be allowed.

- (iii) Consumer deposits will be adjusted to the sum of four time's average consumption during the preceding 12 months or at least be adjusted to the minimum deposit required in terms of the approved Tariff Schedule whichever the highest.

© 3rd default in financial year:-

- (i) Services will be discontinued or restricted and the account will be handed over for legal proceedings.

9.2.3.3 Government Departments – Consumer Accounts:

(a) 1st default in financial year:-

- (i) 3 weeks' notice – no arrangements
- (ii) First offence in 2 years – no deposit increase will be applicable.
- (iii) Consumer deposits will be adjusted to the sum of three time's average consumption during the preceding 12 months.

(b) 2nd default in financial year:-

- (i) 2 weeks' notice– no arrangements.
- (ii) Consumer deposits will be adjusted to the sum of four time's average consumption during the preceding 12 months.

© 3rd default in financial year:-

- (i) Services will be discontinued or restricted and as a last resort legal proceedings will be instituted;
- (ii) Report same to National Treasury where applicable (Sect 64(3) MFMA).

9.2.3.4 Administration:

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

- (a) 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.
- (b) The administrator is to open a new account on behalf of the debtor, with a new deposit. No account is to be opened or operated in the debtor's name as the debtor is not entitled to accumulate debt.
- © Until such time as this new account is opened, the debtor is to be placed on limited services levels. The consumer may be compelled to install a flow limiter water 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 pre-paid meter.
- (d) 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.

9.2.3.5 Indigent:

All consumers (including occupiers) qualifying as indigent and who accumulated any arrear debt after any relief has been granted will repay that debt as follows:-

By instalments over 24 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.

There are no limitations on debtors at any time to pay bigger amounts towards outstanding debt.

10. DEBT IMPAIRMENT AND WRITE OFF

10.1 An assessment of consumer debt will be made at the end of the financial year in order to determine possible impairment.

10.2 The process in the determination of the amounts deemed to be impaired at financial year end will involve an analysis of each debtor in order to determine the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. The debtors will be classified into one of three categories, namely:-

- Category A - Regular payers, government accounts, consumers with amounts owing not older than 60 days and consumers with arrangements that are up to date;
- Category B - Irregular payers, those with outstanding debt older than 60 days and without current arrangements; and
- Category C - Indigent customers with debts older than 60 days with no payments made within the last 6 months and inactive accounts.

10.2 The value of the provision will be determined for the detailed categories as follows:

- Category A = 0% of consumer's total debt;
- Category B = 50% of consumer's arrear debt less or equal to 180 days 100% of consumer's arrear debt older than 180 days
- Category C = 100% of consumer's arrear debt older than 60 days.

10.3 Debt write off

10.3.1 Details required for write off.

10.3.1.1 Each case will be considered on its merits.

10.3.1.2 Each request will be supported by relevant documentation.

10.3.1.3 Appropriate records of all authorised write off's will be maintained and reviewed periodically against live caseload.

10.3.1.4 The write off criteria must be applicable. If other criteria are considered, a written record of such reasons must be retained for each debtor's file

10.4 The following criteria will be applied to each case submitted for write off;

10.4.1 Not cost effective to recover.

10.4.2 Debtor deceased.

10.4.3 Debtor has absconded and cannot be traced.

10.4.4 The debtor has been declared bankrupt.

10.4.5 The debtor has submitted documentary proof of severe ill health.

10.4.6 The debtor has submitted documentary proof of undue hardship such as indigent consumers and debtors under administration.

10.4.7 No prospects of recovering the debt.

10.5 Any other case that falls outside of the above criteria should be submitted to the CFO for further consideration and approval.

- 10.6 The Council may authorise the Accounting Officer to authorise the write off of any amount on an individual debtor account equal to or less than R 500.00 that comply with the above criteria.

11. SHORT TITLE

This Policy shall be called the Customer Care, Credit Control and Debt Collection Policy of the District Municipality.

12. APPENDICES

Table 1 – schedule of debt write off criteria

Application for Municipal Services	CHDM-3-APPL
Change Request form	CHDM-4-CHANGE
Disconnection form	CHDM-5-DISCON
Arrangements to settle debt form	CHDM-6-ARRANGE
Meter Tamper report form	CHDM-7-TAMPER1
Meter Tamper follow-up form	CHDM-8-TAMPER2
1 st Reminder to settle debt	CHDM-9-CRED1
Final notice to settle debt	CHDM-10-CRED2