

LEKWA LOCAL MUNICIPALITY BUDGET RELATED POLICY



CREDIT CONTROL AND DEBT COLLECTION POLICY 2023 – 2024

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LEKWA MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

1. PREAMBLE

WHEREAS SECTION 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 ('the Constitution') provides that one of the objects of local government is to ensure the provision of services to communities occurs in a sustainable manner,

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning process to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including:

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

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

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

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

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

2. DEFINITIONS

In this policy any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act, has that meaning, unless the context, indicates otherwise;

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

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

“Account” means an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and which account may or may not include assessment rates levies.

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

“Billing date” means the date upon which the monthly statement is generated and debited to the customer’s account.

“Business premises” means premises utilised for purposes other than residential and excludes the following: -

- (a) Hospitals, clinics and institutions for mentally ill persons which are not operated for gain;
- (b) Museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and are open to the public, whether admission fees are charged or not;
- (c) Sports grounds used for the purpose of amateur sports and any social activities which are connected with such sports;
- (d) Any property registered in the name of an institution or organisation which, in the opinion of the Council, performs charitable work;
- (e) Any property utilised for bona fide church or religious purposes.

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

“Council” means the Municipal Council of Lekwa Local Municipality or any duly authorised Committee, political office bearer or official of the said Council.

“Customer” means any occupier of any premises to which the Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the Municipality.

“Day/days” means calendar days, inclusive of Saturdays, Sundays and debtor balance as at 30 June of a financial year by which the debtor balance must be reduced in the Annual Financial Statements.

“Defaulter” means any person owing the Council arrear monies in respect of taxes and/or service charges.

“Due date” means the date indicated on an account statement by which time payment of the amount on the statement is required.

“Immovable property” includes –

- (a) an undivided share in immovable property, and
- (b) any right in immovable property.

“Implementing Authority” means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act No. 32 of 2000.

“Indigent debtor” means:

- (a) the head of an indigent household:
 - (i) who applied for and has been declared indigent in terms of Council’s Indigent Support Policy for the provision of services from the municipality; and
 - (ii) who makes application for indigent support in terms of Council’s Indigent Support Policy on behalf of all members of his/her household;
- (b) orphaned minor children duly represented by their legal guardians.

“Indigent Support Programme” means a structured programme for the provision of indigent support subsidies to qualifying indigent debtors in terms of the Council’s Indigent Support Policy.

“Indigent Support Policy” means the Indigent Support Policy adopted by the Council of the Municipality.

“Interest” means a charge levied on all arrear monies with the same legal priority as service fees and calculated at a rate determined by Council from time to time.

“Month” means a calendar month.

“Monthly average consumption” means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.

“Municipal pay point” means any municipal office in the area of jurisdiction of the municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.

“Municipal services” means services provided either by the municipality, or by an external agent on behalf of the Municipality in terms of a service delivery agreement.

“Municipality” means Lekwa Local Municipality.

“Municipal Manager” means the Municipal Manager of Lekwa Local Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.

“Occupier” means the person who controls and resides on or controls and otherwise uses immovable property, provided that-

- (a) the husband or wife of the owner of immovable property which is at any time used by such owner and husband or wife as a dwelling, shall be deemed to be the occupier thereof;
- (b) where the husband and wife both reside on immovable property and one of them is an occupier thereof;

“Owner” means –

- a) the person in whose name the ownership of the premises is registered or his agent;
- b) the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

- c) where the municipality is unable to determine the identity of the owner, a person who has a legal right in, or the benefit of the use of, any premises, building, or any part of a building situated on them;
- d) where a lease has been entered into for a period of thirty (30) years or longer, or for the natural life of the lessee or any other person mentioned in the lease, or is renewable from time to time at the will of the lessee, indefinitely or for a period of periods which, together with the first period of lease, amounts to thirty six (36) years, the lessee or any other person to whom he has ceded his right, title and interest under the lease, or any gratuitous successor or the lessee;
- e) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;
- f) if the owner is absent from the Republic or if his address is unknown to the Municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or
- (i) if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

“Responsible person” means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.

“Service charges” means the fees levied by the Municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy.

“Service delivery agreement” means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.

“Supervisory Authority” means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.

“Tariff” means any rate, tax, duty and levy fee which may be imposed by the municipality for services provided either by it or in terms of a service delivery agreement.

“Tariff Policy” means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.

“User” means the owner or occupier of a property in respect of which municipal services are being rendered.

3. PRINCIPLES

The principles supported in this policy are:-

- 3.1 The administrative integrity of the municipality must be maintained at all times.
- 3.2 The policy must have the full support of Council and the community.
- 3.3 Councillors must have full knowledge of the implementation and enforcement of the policy.
- 3.4 The Executive Mayor oversees and monitors the implementation and enforcement of this policy.

- 3.5 The Municipal Manager implements and enforces this policy.
- 3.6 The Municipal Manager may delegate the implementation and enforcement of this policy to the Chief Financial Officer.
- 3.7 Consumers must apply for services from Council by the completion of the prescribed application form.
- 3.8 Consumers must receive regular and accurate accounts that indicate the basis for calculating the amounts due.
- 3.9 Consumers must pay their accounts regularly by the due date.
- 3.10 Consumers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.11 Consumers are entitled to an efficient, effective and reasonable response to appeals, and should not suffer any disadvantage during the processing of a reasonable appeal.
- 3.12 Debt collection action will be instituted promptly, consistently, and effectively without exception and with the intention of proceeding until the debt is collected.

4. SUPERVISORY AUTHORITY

- 4.1 The Executive mayor oversees and monitors-
 - 4.1.1 The implementation and enforcement of the municipality's credit control policy.
 - 4.1.2 The performance of the Municipal Manager in implementing the credit control policy.
- 4.2 The Executive Mayor shall at least once a year, cause an evaluation or review of the credit control policy to be performed in order to improve the efficiency of the Municipality's credit control and debt collection mechanisms, processes and procedures and to the implementation of this policy.
- 4.3 The Municipal Manager shall submit a report to council regarding the implementation of the credit control policy at such intervals as Council may determine.
- 4.4 The Municipal Manager: -
 - 4.4.1 Implements and enforces the credit control policy.
 - 4.4.2 Is accountable to the Executive Mayor for the enforcement of the policy and shall submit a report to the Executive Mayor regarding the implementation and enforcement of the credit control policy at such intervals as may be determined by Council.
 - 4.4.3 Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the Municipality.
 - 4.4.4 Where necessary propose to the Executive Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.
 - 4.4.5 Establish effective communication between Council and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.

- 4.4.6 Establish customer service centres, which are located in such communities as determined by Council.
- 4.4.7 Convey to account holder's information relating to the costs involved in service provision, the reasons for payment of services are utilised, and may where necessary, employ the services of local media to convey such information.
- 4.5 The Municipal Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of Council's credit control by-law to the Chief Financial Officer.
- 4.6 A delegation in terms of subsection (4.5) –
 - 4.6.1 Is subject to any limitations or conditions that the Municipal manager may impose;
 - 4.6.2 May authorise the Chief Financial Officer to, in writing, sub-delegate power to another official of the municipality;
 - 4.6.3 Does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power.
- 4.7 The Chief Financial Officer shall be responsible to the Municipal Manager for the implementation, enforcement and administration of this policy, and the general exercise of his powers in terms of this policy.

5. APPLICATION FOR THE PROVISIONS OF MUNICIPAL SERVICES

- 5.1 A Owner who requires the provision of municipal services must apply for the service from Council.
- 5.2 The application for the provision of municipal services must be made by the registered owner of an immovable property.

5.3 APPLICATION FOR SERVICES

Residential

- (a) The municipality shall only register owners for services on their properties.
- (b) Child headed households shall be registered and household be assisted to change ownership.
 - (i) current tenants who have entered into a service agreement with Council will continue until the tenant vacates, the account is closed or municipality cancels the contract of the tenant who is in default; and
 - (ii) existing tenant accounts will be closed and owner accounts opened on transfer of ownership of the property (i.e. when an owner sells his/her property and the tenant remains in the property, the new property owner will have to enter into a new service agreement with Council.

Council will not entertain an application for the provision of municipal services from a tenant of a property, or any other person who is not the owner of the property.

5.4 Business / Industrial

The municipality will not register tenants for services

5.5 Government

The municipality will continue to register tenants for services. The respective government departments shall still be held liable for the debts on their property.

5.6 Leased property belonging to Council

- The municipality will continue to register tenants who have leased a property from the municipality with the understanding that a signed copy of the lease agreement with Council is provided.
- Municipal property that have been sold by the municipality
- The municipality will continue to register purchasers of municipal property on condition that a signed copy of the Deed of Sale entered into with Council is provided.

5.7 The municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the municipality, into one consolidated account.

5.8 (a) To register for municipal services application has to be made on a prescribed form for the supply of municipal services.

(b) All information and documentation indicated on the application form or where separately requested by the municipality has been furnished.

(c) In the cases where a company, closed corporation, trusts etc. enters into a service agreement with Council, all directors, members and trustees will be required to complete a personal suretyship for all debts.

(d) The prescribed deposit has been made.

5.9 Accounts for existing current residential/consumer lessees' whose accounts remain outstanding after vacating the premises, must be settled in full. If an amount remains outstanding and cannot be recovered by Council, the debt may be transferred to the account of the owner.

5.10 Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the municipality deems appropriate.

5.11 The municipality must assist an illiterate person to understand and complete an application form.

5.12 Where the purpose for or extent to which any municipal service use is changed, the onus and obligation is on the customer/owner to advise the municipality of such change. The owner must enter into new agreement with the municipality for the new use.

5.13 Registered indigent tenants will be allowed in terms of the Deceased Estate and Absconded Owner Schemes to open accounts in their name in order to benefit from the rebates offered by the Municipality. A tenant account may be opened in the name of the Government departments who lease properties to their tenants.

5.14 The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by Council.

5.15 By completing the prescribed application form for the provision of municipal services the consumer of services enters into an agreement with Council. (By receiving service/s from the Municipality having completed the application form or not the customer of service enters into an agreement from the first day the service was rendered to the customer. It is the responsibility of the customer to ensure that the application of service is signed at all times. From the day the

municipality become aware of the service rendered without an agreement and or payment the municipality will do a back charge from the day the municipality became aware to the first day the service was rendered.

- 5.16 The agreement with Council makes provision for the following: -
- 5.16.1 An undertaking by the owner that he or she will be liable for collection costs including administration fees, interests, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date;
 - 5.16.2 An acknowledgement by the owner that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and
 - 5.16.3 That the onus will be on the owner to ensure that he or she is in possession of an account before the due date.
 - 5.16.4 An undertaking by the Municipality that it shall do everything in its power to deliver accounts timeously.
 - 5.16.5 An undertaking by the Directors of Companies or members of Close Corporations that they will be held individually responsible for the payment of the account, should the company or close corporation default on payment of the account, in terms of the terms of condition as stipulated in the application for services agreement.
- 5.17 The application for the provision of municipal services shall be made at least seven (7) working days prior to the date on which the services are required to be connected.
- 5.18 No account will be opened if there is an existing account with an outstanding balance on the previous address.
- 5.20 No account will be opened if there is an existing account with an outstanding balance on the new address.

6. DEPOSITS AND GUARANTEES

6.1 DEPOSITS

- 6.1.1 On application for the provision of municipal services the prescribed consumer deposit shall be paid.
- 6.1.2 A guarantee in lieu of a deposit will be accepted on application for the provision of municipal services by a business in terms of the prevailing conditions *determined by Council at the time of the application.*
- 6.1.3 Existing consumers moving to a new address are required to pay the prescribed consumer deposit on application for the provision of municipal services at the new address.
- 6.1.4 The minimum deposit payable is determined annually by Council and is contained in the tariff structure produced annually.
- 6.1.5 The consumer deposit paid on application for the provision of municipal services may be increased or decreased, upon written notice to consumers, if found that the deposit is not equal to the estimated charges for the supply of electricity and water for a period of three (3) months.

- 6.1.6 Council may increase the amount of the deposit required from the owner of a property where the electricity supply had been disconnected at least twice during the preceding period of twelve months, after the owner of the property was given notice of Council's intention to increase the deposit.
- 6.1.7 On termination of the supply of services the amount of the deposit less any payment due to Council will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address or banking details.
- 6.1.8 **Beneficiaries of RDP or government funded houses shall be exempted from paying Consumer Deposits upon opening Consumer Accounts. The exemption shall happen only if the Occupant is on the beneficiary list of the RDP or Government Funded House.**

6.2 **GUARANTEES**

- 6.2.1 Guarantees less than twenty thousand rand (R20 000,00) shall not be accepted as a form of deposit.
- 6.2.2 Existing guarantees shall be honoured for the duration of the contract with the municipality.
- 6.2.3 The additional deposit must be paid in cash.
- 6.2.4 Where guarantees are held in lieu of deposits, such guarantee shall be presented for payment and a new deposit shall be raised to any arrear account.

6.3 **REVIEW OF DEPOSITS**

- 6.3.1 If the customer poses a credit risk, the value of the original deposit paid or a guarantee held may be reviewed from time to time by the Chief Financial Officer or his/her delegated official.
- 6.3.2 The deposit on an account shall be reviewed when:
 - (i) payment by negotiable instrument or direct debit, is dishonoured; and
 - (ii) there is increased consumption of services.
- 6.3.3 All deposits will be adjusted annually in October, equal to three (3) consecutive months' consumption preceding October on water and conventionally metered electricity calculated by the billing system and levied over a four (4) month period on the account. These adjusted deposits must be verified by the Chief Accountant Consumer Relations before implementation. Deposits will not be adjusted downwards except when the demand to specific services has changed.
- 6.3.4 With regards to the review of deposits where bank guarantees are held as deposits the same process as for cash deposits will apply.
- 6.3.5 will be followed excepting when it is determined that the guarantee should be increased, the consumer must then be notified in writing to increase the guarantee within twenty one (21) calendar days failing which a cash deposit will be levied on the account. No interest will be paid on any deposit.
- 6.3.6 On termination of the supply of services, the amount of such deposit, less any payments due to Council will be refunded to the account holder.

7. **ACCOUNTS AND BILLING**

- 7.1 Council provides all consumers of municipal services monthly with a consolidated account for all services rendered.
- 7.2 The consolidated account can include property rates charges.
- 7.3 Accounts are produced on a monthly basis in cycles of approximately 30 days.
- 7.4 All accounts rendered by Council shall be payable on the due date as indicated on the account.
- 7.5 Amounts on accounts, which remain unpaid after the due date, shall attract interest on arrears irrespective of the reason for non-payment.
- 7.6 All accounts are payable by the due date regardless of the fact that the person responsible for the payment of the account has not received the account. The onus is on the account holder to obtain a copy of the account before the due date.
- 7.7 The Municipality shall cause consumer and rates accounts to be delivered to all account holders provided that the Municipality shall not be obliged to: -
- 7.7.1 distribute any account to registered indigent debtors if the subsidy granted by the Council fully covers the consumption of services and rates;
- 7.7.2 distribute accounts for services to debtors where water and electricity consumption is measured by means of prepaid meters; and
- 7.7.3 distribute an account with zero balance or credit balance.
- 7.7.4 Customers are required to update their information details with the Municipality promptly whenever information on record changes and or whenever requested by the Municipality. A failure to update information with the Municipality or a failure to respond to the Municipality's request for updated information may, subject to the principles of administrative justice, result in with-holding of services, disconnection of services or prosecution. Such update of information includes, but is not limited to—
- A) Cell phone numbers, ID numbers, email address etc
- B) Details of executors or administrators of deceased estates;
- C) Deregistration of a company if the company is the account holder;
- D) Details of deceased company directors, members of Close Corporations
- E) Details of deceased partners and;
- F) Letters of appointment of a Trustee or Liquidator
- 7.7.5 Tokens for pre-paid electricity may only be refunded within 48 hours of purchase
Thereof

8. PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS

- 8.1.1 When submitting a tender for the provision of services, or the delivery of goods, each potential tenderer must prove to the satisfaction of the Municipality, that all accounts for which the tenderer is liable, have been paid up to date, and that all accounts for which each and every director, member, owner, partner or trustee of the tenderer is liable, have also been paid up to date.
- 8.1.2 The Municipality will at its sole discretion check whether all the municipal accounts are up to date. Copies of all current accounts sent to the tenderer and to each director, member, owner, partner or trustee, must be attached to the tender documents.
- 8.1.3 Where a tenderer's place of business or business interests are outside the jurisdiction of the Municipality, a Revenue Clearance Certificate from the relevant Municipality must be produced.

- 8.1.4 Before awarding a tender, the Municipal debts of the tenderer and of each director, member, owner, partner or trustee of the tenderer must be paid in full.
- 8.1.5 This Policy applies to quotations, public tenders and tenders in terms of section 36 of the Municipality's Supply Chain Management Policy.

9. AGREEMENT WITH EMPLOYERS

°Section 103 of the Systems Act reads as follows—

°A Municipality may—

(a) with the consent of a person liable to the Municipality for the payment of rates or other taxes or fees for municipal services, enter into an agreement with that person's employer to deduct from the salary or wages of that person-

(i) any outstanding amounts due by that person to the Municipality; or

(ii) regular monthly amounts as may be agreed.

°In the event that the employee voluntarily chooses to use the method of payment as contemplated above for the payment of his or her municipal accounts, the employee may approach the Municipality for the agreement to be concluded.

°A collection commission may be payable to the employer as determined from time to time.

10. PAYMENT OPTIONS

10.1.1 The Municipality will endeavour to establish a payment network to ensure that wherever practically possible, customers in receipt of accounts have access to a payment site within a reasonable distance of their home.

10.1.2 The following payment methods are also available

10.1.2.1.1 EFT

10.1.2.1.2 Third party collectors appointed from time to time by the Municipality

10.1.2.1.3 Direct deposit

10.1.2.1.4 Debit order payments

10.1.2.1.5 Municipal cash halls

11. REVENUE CLEARANCE CERTIFICATES

11.1.1 Subject to Sections 118(1) and (1A) of the Systems Act, the following shall apply to the

11.1.2 issue of a revenue clearance certificate for the purpose of effecting transfer of a property

11.1.3 to a new owner.

12. FINAL ACCOUNTS

On receipt of an application for termination of services the final readings of metered services will be taken, the accounts finalised, the consumer deposit will be appropriated and if a debit balance remains the balance will be payable by the consumer and if a credit balance remains the balance will be refunded to the consumer, on condition that the consumer has provided Council with a forwarding address.

13. DUE DATE FOR ACCOUNTS

The due date for payment of accounts in all areas in Lekwa Local Municipality area is the 15th day of the month.

- 13.1.1 In terms of section 118(3) of the Act an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.
- 13.1.2 Accordingly, all such municipal debts shall be payable by the owner of such property without prejudice to any claim which the municipality may have against any other person.
- 13.1.3 The municipality receives the right to cancel a contract with the customer in default and register only the owner for services on the property.
- 13.1.4 Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to be absolved, for all municipal debts charged on the property.
- 13.1.5 Owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are still registered as customers for debts on their property.
- 13.1.6 Refuse removal and sewerage shall form part of the property debt, payable by the owner of the property. Residential lessees of government property will be billed for the refuse removal and sewerage charges; however, the owners will ultimately be responsible for these debts.
- 13.1.7 Directors of companies, members of Closed Corporations and Trustees of Trusts shall sign personal suretyships with the municipality when entering into service agreements with Council. If they are unable to sign personal surety then a deposit equivalent to twice the usual deposit shall apply.
- 13.1.8 For as long as a tenant or an occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing, then the municipality may recover from such tenant, occupier or agent such monies as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner.
- 13.1.9 The municipality may recover the amount in full or in part despite any contractual obligation to the contrary on the tenant/occupier/ agent.
- 13.1.10 Should the tenant, occupier and/or agent refuse to pay as above, to the municipality, the services of the tenant, occupier and/or agent may be disconnected and legal steps taken to attach the rental payable to the owner.
- 13.1.11 Should a dispute arise as to the amount owing the customer must continue paying the account in full excluding the disputed amount until the dispute has been settled
- 13.1.12 The owner of the property shall be held liable for tampering with the electricity as well as the water metering equipment on the property as well as charges that arise therefrom.

14. MUNICIPALITY'S RIGHT OF ACCESS TO PREMISES

- If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible, the municipality shall estimate the consumption based on an average consumption for the past 6 months and thereafter bill the consumer for the monetary value of such estimated consumption.
- In the event that the Council continues to be unsuccessful in obtaining access to the property or meter for a period of 3 months and, therefore, is unable to obtain an accurate meter reading, the Chief Financial Officer or his authorised representative may disconnect the supply to the property without further notice.

Voluntary or Self Readings

- The consumer may voluntarily supply readings where the need arises. Should a consumer submit readings to the municipality for whatever reason, an audit reading during the normal reading cycles must be obtained at least once every 6 months as means of verification and control.
- **The Municipality may exercise its right of access in terms of sec 101 of the Municipal Systems act “ The occupier of premises in a municipality must give an authorised**

representative of the Municipality or a service provider access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation or to disconnect, stop or restrict the provision of any service”.

15. BACK CHARGES

- 15.1.1 Council may, if it is found that the relevant consumer of services has been undercharged for a period of time irrespective of the reason, charge the consumer for the period as determined but not exceeding three (3) years, from the date that the consumer is made aware of the back charge in writing by Council.
- 15.1.2 The consumer may settle the back charge in equal instalments as indicated in section 13 of this policy.
- 15.1.3 If it is found that the consumer is back charged due to meter tampering, then the municipality must recover all the consumption for the period of tampering, not exceeding three years from the date that the consumer is made aware of the back charge in writing by Council. The back charge must be settled in full and not repayment terms will be entertained by Council and the services will remain suspended until the back charge is settled in terms of section 19 of the Credit Control Policy.

16. BILLING OF GOVERNMENT FUNDED (RDP) PROPERTIES

- 16.1.1 The municipality will only commence to raise charges in respect of rates and applicable service charges once the property has been officially handed over to the beneficiary (i.e. the keys to the house) by the Directorate responsible for Housing within the municipality, and the applicable service agreement must have been entered into.
- 16.1.2 Availability charges will not be raised on Government Funded (RDP) properties.

17. METERING OF MUNICIPAL SERVICES

- 17.1 Council may introduce various metering equipment and may encourage consumers to convert to a system, which is preferred by Council when Council considers this to be beneficial to its functioning and operations.
- 17.2 Councils preferred metering system to measure electricity is the prepayment electricity metering system for domestic consumers and for certain businesses depending on their electricity usage and or should the business tampered/ not paid for their services beyond 60 days they will automatically lose the privilege of using the services first before the pay, the only preferred system will be based on prepaid where the business will deposit 60 days of the service money into the municipality account before the service can be delivered to the business. Businesses that are on a prepaid system due to tampering or non-payment. The calculation of the 60 days consumption money that the business must prepaid will be calculated by the municipality and approved by the CFO. For tampering the prepay system will not be reviewed for non-payments the system will be annually reviewed for the affected businesses and the decision will be made by the CFO if the status and guarantees and deposit of the business will change. In the instance where there is a credit meter and the consumers account is in arrears, the consumer must apply for the conversion of the credit meter to the prepayment meter and then the supply may be restored once the debt is settled in terms of the Credit Control Policy.

- 17.3 Electricity and water consumption is measured with credit and prepayment electricity and water meters.
- 17.4 The following applies to the reading of credit meters: -
- 17.4.1 Credit electricity and water meters are read at in cycles of approximately 30 days.
- 17.4.2 If for any reason the credit electricity and water meters cannot be read, Council will render an account based on estimated consumption.
- 17.4.3 The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
- 17.4.4 The consumer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.
- 17.4.5 Consumers can for reasons of non-accessibility to their properties by meter readers, provide Council monthly with meter readings for billing purposes, provided that an audit reading can be obtained by Council once every two months.
- 17.4.6 If any calculation, reading or meter error is discovered in respect of any account rendered to a consumer-
- 17.4.6.1 the error shall be corrected in the subsequent account. If the water leak is on the owner's side of the meter, Council may repair the lead to prevent further water losses and charge the cost of the repair to the account of the owner.
- 17.4.6.2 any such correction shall only apply in respect of account for the period of three years preceding the date on which the error in the account was discovered.
- 17.4.6.3 the correction shall be based on the tariffs applicable during the period, and
- 17.4.6.4 the application of this section shall not prevent a consumer from claiming overpayment for any longer period where the consumer is able to prove the claim in the court of law. If it is certified that the leak occurred on a pipe listed on the schedule of approved pipes and fittings prescribed by the Director of Engineering Services.
- 17.4.7 When a consumer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly.
- 17.5 The following applies to prepayment metering: -
- 17.5.1 Prepayment electricity is purchased at prepayment vending points for consumption after the date of purchase.
- 17.5.2 Amounts tendered for the purchase of prepayment electricity will not be refunded after the prepayment meter token has been produced.
- 17.5.3 On request of the consumer copies of the previous prepayment meter tokens will be produced.
- 17.5.4 Credits remaining in the prepayment meter will not be refunded when a premises is vacated by a consumer.
- 17.5.5 Council shall not be liable for the reinstatement of credit in a prepayment meter lost due to tampering with, or the incorrect use or the abuse of prepayment meters.

17.5.6 Council will apply all the debt collection functions available on the prepayment system to collect all arrear debt on the account of the debtor.

17.5.7 Council will appoint vendors for the sale of prepayment electricity and does not guarantee the continued operation of any vendor.

17.5.8 The following applies to water leaks that are found on properties: -

17.5.8.1 Water leaks in the reticulation system on a property and after the water meter is the responsibility of the owner of the property.

17.5.8.2 When a water leak is discovered on a property which resulted in excessive water charges on the account of the consumer, the consumer will be entitled to a water leak rebate if: -

- (a) The consumer submits a certificate from a registered plumber or sworn affidavit from any other person who has repaired the leak within ten (10) days of the leak having been repaired.
- (b) The said certificate must clearly state the date on which the leak was repaired.
- (c) It is confirmed that the leak was not discernible from the surface.
- (d) It is certified that the leak occurred on a pipe listed on the schedule of approved pipes and fittings prescribed by the Director of Engineering Services.
- (e) The leak must have been repaired within forty-eight hours (48) after detection.
- (f) The cost of repairs shall be for the account of the consumer.
- (g) The excess charge for water on the account of the consumer due to a water leak will only be adjusted after three (3) monthly readings, following the repairs of the water leak, to determine the average consumption during the period the leak occurred.
- (h) During the period that the water leak occurred the charge for water will be based on average consumption of water.

18. PAYMENT OF ACCOUNTS

18.1 All accounts rendered by Council are due and payable on or before the due date as indicated on the account.

18.2 Payments will be allocated in the discretion of Council to the various services

18.3 All payments, whether made by cash, stop order or electronic payments must be received by Council by the close of business on the due date.

18.4 Accounts rendered by Council can be paid at any Municipal cashier office and any other pay point as determined by Council, from time to time.

18.5 The payment methods and facilities supported by Council can be used to make payments on accounts.

18.6 Where any payment made to the municipality by debit order or electronic fund transfer is later dishonoured by the bank, the municipality:

- 18.7 Will recover the bank charges incurred relating to a dishonoured negotiable instrument against the account of the customer;
- 18.8 May regard such an event as default on payment and the account shall be dealt with as an arrear account; and
- 18.9 Reserves the right to take legal action on the negotiable instrument or for recovery of arrears.
- 18.10 Alternative methods of payment shall be determined by the CFO as and when required.
- 18.11 Payments received in respect of rates and service charges will be allocated by Council entirely within its discretion, on the account of the debtor. An official receipt issued by Council will be the only proof of payments made.
- 18.12 Cheques received for the payment of an account and which is bank dishonoured, will result in the account of the debtor being debited with the amount of the cheque and dishonoured cheque costs. The debtor will not be permitted to make payments to Council with a cheque in future.

19. INSOLVENT DEBTORS AND DEBTORS UNDER ADMINISTRATION

19.1. The Chief Financial Officer shall take all reasonable steps to ensure that the Municipality:

- Is informed timely of the insolvency of and administration orders issued against any debtors of the Municipality; and
- File a claim in terms of section 74G or 74H of the Magistrates' Courts Act 1944 (Act No 32 of 1944), as the case may be, in respect of any debtor against whom an administration order was granted
- Register as a creditor in terms of section 43 of the Insolvency Act 1936 (Act No 24 of 1936); or

19.2. The Chief Financial Officer may, upon learning that a sequestration order or an administration order has been issued in respect of a debtor, restrict the water supply to 10kl and the electricity circuit breaker to 20 amperes after giving 14 days written notice of her/his intention to the debtor or the (provisional) trustee or the administrator of the debtor's estate.

19.3. The services rendered to the premises in terms of paragraph 11.2 shall remain restricted unless the debtor's trustee or administrator, as the case may be, concludes a consumer agreement on behalf of the debtor with the Municipality or authorizes the debtor in writing to conclude such an agreement. The Municipality shall, when a new consumer agreement is concluded in terms of this paragraph replace, at the debtor's cost, any credit meter at the premises concerned with a prepayment meter.

19.4. A consumer agreement concluded by a trustee or administrator on behalf of a debtor shall be cancelled and a new consumer agreement entered into with the debtor concerned when the Municipality receives written notification that the debtor was rehabilitated (in the case of an insolvent debtor) or the administration order has been executed and satisfied.

20. INTEREST ON ARREAR DEBT

19.1. Amount unpaid by due date will attract interest payments as stipulated by the National Credit Act.

19.2. The following categories of arrear debt shall not attract interest on arrears: -

- (a) Indigent debt
- (b) Closed accounts
- (c) Deceased estates

- (d) Insolvent estates
- (e) Debtors under administration

19.3.No interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of instalment thereof, provided the instalment is paid in full by the due date.

19.4.Interest on arrear debt shall be calculated as stipulated in the National Credit Act No 34 of 2005, for each month for which such payment remains unpaid shall be charged after thirty (30) days after the statement was delivered to the consumer.

20. ENQUIRIES AND APPEALS

20.1.Any aggrieved person may address a grievance or query regarding charges for municipal services to the Chief Financial Officer in writing or may visit any customer care office provided by Council.

20.2.The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution.

20.3.The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account. An interim payment similar to an average account must be paid by the due date pending finalisation of the enquiry.

20.4.Council will respond to all inquiries from consumers in writing within sixty days from the lodging of the inquiry.

20.5.A customer who disputes an account must submit each dispute in writing on the prescribed form to the person appointed by the municipality to deal with such disputes (hereinafter referred to as “the authorized delegate”), stating the reasons for such dispute and any relevant facts, information or representation which the authorized delegate should consider to resolve the dispute – should a person be illiterate an official of Council will assist him/her to complete the prescribed form.

20.6.The dispute must be submitted within sixty (60) calendar days after the due date of the account. If a dispute is raised after this period, it will be treated as an enquiry, the account will not be suspended and normal credit control procedures will apply.

20.7.The dispute must relate to a specific amount on the account. Amounts not in dispute must be paid in full. If the amounts not in dispute remains unpaid, will be disconnected.

20.8.A query is not regarded as a dispute.

20.9.Proven tampering charges are not regarded as a dispute.

20.9.1. The authorized delegate or his nominee must evaluate the dispute on the account and he/his nominee may take a decision, based on the spirit of the policy and provide the customer with a written decision with twenty-one (21) calendar days after receipt of the written dispute.

20.9.2. A dispute submitted above shall not stop or defer the continuation of any legal procedure already instituted for the recovery of arrear payments relating to such dispute.

20.10. The customer has the right to appeal to the CFO or his/her delegated official against the decision of the authorized delegate. The CFO or his delegated official may hear representations and make a decision that is binding.

20.11. A person whose rights are affected by the decision of the CFO may appeal

against that decision within twenty-one (21) calendar days of the date of notification of the decision, to the Municipal Manager.

- 20.12. Disputes regarding the general valuation roll must be submitted to the Property and Valuation Services in the form of an objection or appeal. The account must be paid in full until an objection or appeal outcome is reached where after the account will be credited or debited accordingly.
- 20.13. This provision is subject to the following.
- 20.14. The following will not be regarded as a dispute and will only be handled as an enquiry:
- (i) disputes with regard to municipal valuations
 - (ii) enquiries with regard to municipal tariffs as approved by Council during approval of the annual budget;
 - (iii) fees made applicable where it has been found that a water and/or electricity meter has been tampered with or by-passes any metering equipment in order to obtain an unmetered service;
 - (iv) disputes of a repetitive nature;
 - (v) where a matter has been disputed and the dispute process has been exhausted; and
 - (vi) the non-payment of an account will not be seen as a dispute.

21. REFUNDS

- (i) The Municipality will not process any refunds where a consumer has other outstanding amounts on different addresses, however, the credit balance will be transferred to settle other consumer accounts of the consumer.
- (ii) The municipality will only pay refunds if a consumer has sold the property and has no other consumer accounts with the Municipality.

22. DEBT COLLECTION

22.1. The Chief Financial Officer is authorised to institute agreed upon debt collection mechanisms without exception and with the intention to proceed until the debt is collected.

22.2. All accounts rendered by Council shall be paid on the due date as indicated on the account.

22.3. Amounts on accounts, which remain unpaid after the due date, will be subject to debt collection action.

22.4. Should and active account remain outstanding for a period of seven (7) days after the due date, a final notice and intention to restrict and/or to terminate services will be sent to account holder.

22.5. Debt collection action will be taken on the total amount outstanding on the account after the due date. The total amount outstanding includes property rates, refuse, sewerage, water, electric, fire levy and sundry debtor charges, and includes handed over debt for which arrangements have not been entered into.

22.6. The debt collection actions to be taken will be as follows: -

22.6.1. Disconnection of electricity supply

- 22.6.1.1. Council shall disconnect the electricity supply to a property if the account rendered by Council is not paid by the due date as indicated on the account.
- 22.6.1.2. Credit electricity meters and prepayment electricity meters will be disconnected for the non-payment of municipal accounts.
- 22.6.1.3. Disconnection of electricity supply will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the panel of Debt Collection Agents and not just for the electricity portion of the account.
- 22.6.1.4. Disconnection of electricity supply for the non-payment of an account will be during the 30-day period following the due date.

22.6.2. Block from the purchase of electricity

- 22.6.2.1. Council will block a consumer from the purchase of electricity on the prepayment electricity system if the account rendered by Council is not paid by the due date as indicated on the account.
- 12.6.2.2 Prepaid electricity meters
 - a) No prepaid electricity will be sold until the total combined account, including property tax account, related to the property to which the electricity is consumed has been settled, (irrespective in whose name the account is).
 - b) The following conditions are applicable where a prepayment meter has been installed at premises:
 - (i) the total outstanding account must be paid on or before the due date of the month for which the account has been issued;
 - (ii) no prepaid electricity may be sold before the total outstanding account, including the property tax account irrespective of the name of the account holder, has been paid;
 - c) If 50% of the outstanding account has been paid the 90/10 principle shall apply where ninety percent of the consumer purchase money (90%) will be allocated to electricity prepayment and where 10% will be allocated to the arrears account.
 - d) If the consumer is unable to pay fifty percent (50%) of the outstanding account, an agreement will be made for the amount the client will pay based on a seventy/thirty (70/30) principle where seventy percent (70%) must be allocated to the combined arrear accounts and thirty percent (30%) towards prepaid electricity.
 - e) - in cases where the consumer can only pay a minimal amount of two hundred (R200,00) or less, then a fifty/fifty (50/50) principle will be applied; or only applicable when customer comes in to the main municipal offices during office hours – not applicable to consumers requiring this service after office hours or by means of the internet etc.; and/or

Applicable to owners

- 21.6.3.1 The total amount in arrears for the previous months must be paid in full before any extension of payment may be considered.

21.6.3.2 No further extensions for will be allowed after the initial agreement.

21.6.3.3 A maximum of six (6) extensions per calendar year is allowed.

21.6.3.4 Should the electricity supply be terminated more than four times during a specific calendar year, no extensions will be allowed.

21.6.3.5 Extensions may be granted in the following cases (not exhaustive):

- the death of a family member within the household – a death certificate must be obtained (only family members living with the account holder);
- unforeseen circumstances have depleted the account holders' funds (proof must be produced); and
- salaries being received after the due date – proof must be obtained from the applicant's employer, provided that the deposit is sufficient to cover the outstanding account. This monthly extension of payment may only be allowed for one (1) year.

The applicant should make provision that his payments of his municipal account is paid in advance before the year expires.

21.7 The block from purchase of electricity will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the panel of Debt Collection Agents and not just for the electricity portion of the account.

21.8 The blocked from purchase of electricity for the non-payment of an account will be during the 30-day period following the due date.

21.8.1.1 Non-indigent consumers with arrears will be blocked on a block type that will require the consumer to pay the amount due to Council before prepayment electricity can be purchased.

21.8.1.2 Indigent consumers with arrears will be blocked on a block type on the prepayment system that will require the consumer to pay the current monthly account due before prepayment electricity can be purchased and with the purchase of electricity 50% of the amount tendered to purchase electricity will be held back and be allocated to arrear debt.

The amount of the current monthly account due is the amount after the indigent subsidy has been deducted.

21.9 Consumers will be placed on a total block from the purchase of electricity for the following reasons and will only be permitted to purchase electricity after a visit to Council's offices by the consumer to attend to the reason for blocking: -

- (a) When a consumer moved into a property and failed to apply for services from Council and failed to pay the required consumer deposit.
- (b) When the disconnection of electricity, blocked from the purchase of electricity and the restriction of water flow to the property did not have the desired effect to persuade the consumer to pay the arrear debt.

21.9.1 **Restriction or disconnection of water flow**

12.6.4.1 Council will restrict the water flow to a property for the following reasons and will only restore the water flow after a visit to Council's office by the consumer to attend to the reasons for the restriction of the water flow: -

- (a) When disconnection of electricity supply or blocked from the purchase of electricity on the prepayment system did not have the desired effect to persuade the consumer to pay the arrear debt.
- (b) When the water consumption by indigent consumers is more than the 6kl water provided by Council to indigent consumers and the account remains unpaid.

12.6.4.2 Council will restrict or disconnect the water flow to a property under the following circumstances and will only restore the water flow after a visit to Council's office by the consumer to attend to the reasons for the restriction or disconnection of the water flow: -

- (a) The water supply to a business with an unpaid account will be disconnected if the disconnection of electricity supply to the property or blocked from purchase of electricity from the prepayment electricity system did not have the desired affect to persuade the consumer to pay the arrear debt.
- (b) When the consumer moved into a property and failed to apply for services from Council and failed to pay the required consumer deposit.

21.9.2 **Handover of debt to debt collectors**

21.9.2.1 Debt that could not be collected by the disconnection of electricity supply to a property, blocked from the purchase of prepayment electricity, restriction or disconnection of water supply and that are 90 days old will be handed over to debt collectors.

21.9.2.2 Handover to debt collectors is a pre-legal action and if the debt collectors are unsuccessful in collecting the debt, the debt will be handed over to attorneys for legal collection.

21.9.2.3 Only Council will hand debt over to debt collectors for legal collection and the same debtor will not be handed over to more than one Debt Collector irrespective of the period that the debt relates to.

21.9.2.4 The following types of debt will be handed over to the debt collectors: -

- (a) Debt that is 90 days and older
- (b) The amount of the debt per debtor to be handed over is the amount that will be determined from time to time.
- (c) Debt that relates to non-indigent debtors living in RDP houses
- (d) Debt for which no payment arrangements were made.

21.9.2.5 The following types of debt will not be handed over to the debt collectors: -

- (a) Debt of indigent debtors that are registered as indigent at the date of handover.
- (b) Government debt.

- (c) Debt that is been paid off as per arrangement with debtor.
- (d) Debt that is under query.

21.9.2.6 The process of collecting debt by debt collectors includes: -

- (a) The phoning of debtors
- (b) Sending out demand letters
- (c) Making arrangement with debtors to pay off debt in terms of Council's credit control and debt collection policy.
- (d) Making follow-ups with debtors on unpaid arrangements.

21.9.3 **Handover of debt to Attorneys for legal collection**

21.9.3.1 Debt that could not be collected by the debt collectors, and debt that requires urgent legal attention will be handed over to attorneys for legal collection.

21.9.3.2 The following types of debt will be handed over to attorneys: -

- (a) Debt that is 150 days or older.
- (b) The amount of the debt per debtor to be handed over is the amount that will be determined from time to time.
- (c) Debt for which no payment arrangements were made.
- (d) Debt that relates to non-indigent debtors living in RDP houses. The legal process will be preceded with as far as sale of movable property.

21.9.3.3 The following types of debt will not be handed over to attorneys: -

- (a) Debt of indigent debtors that are registered as indigent at the date of handover.
- (b) Debt that is being paid off as per arrangement with the debtor.
- (c) Debt that is under query.

21.9.3.4 The process of legal collection includes: -

- (a) Final demands for payment to debtors.
- (b) Emolument attachment orders on debtor's salaries.
- (c) Summons issued for debt to be paid.
- (d) Default judgement be obtained against a debtor.

- (e) The attachment of moveable properties and sale in execution of moveable property.
- (f) The attachment of immovable property and the sale of immovable property, in the case of business property.
- (g) Only Council will hand debt over to attorneys for legal collection and the same debtor will not be handed over to more than one Attorney irrespective of the period that the debt relates to.

21.9.4 **Withholding or offsetting payment on contracts**

Institutions or individual persons, who are in contract with Council to provide a service, and who are in arrear with their services account, will have payments to them withheld by Council until the arrear debt with Council is settled or the payment will be offset against the arrear debt with Council.

21.9.5 **Withholding approval of building plans**

Institutions or individual persons, who apply to Council for the approval of a building plan, and who are in arrears with their services account, will have approval of the building plan withheld by Council until the arrear debt with Council is settled.

21.9.6 **Other debt collection methods**

The debt collection methods mentioned in paragraph 21 above are not an exhaustive list of methods that can be applied to collect debt and any other methods that can be initiated, will be implemented with the consent of Council, to collect debt.

23. **Debt Collection Cost**

Any costs, which include:

- Collection costs,
- Delivery of disconnection notices charges,
- Disbursements and legal thing, to any of the debt collection methods applied to collect the debt, will be debited to the account of the defaulting debtor.

The “**reconnection fee**” charged is due and payable irrespective of whether the supply was disconnected or not.

23.1. **ARRANGEMENTS TO PAY ARREAR DEBT**

23.2. A consumer who cannot pay their arrear debt may enter into an arrangement to pay the account over an extended period of time, as per the payment arrangements in paragraph 13.6 below

23.3. During the time of the debt collection process, but before debt is handed over to the attorneys a consumer may enter into an arrangement to pay off arrear debt.

23.4. No arrangements will be entertained by attorneys on debt that has been handed over for legal collection.

23.5. Council will entertain only one arrangement with a consumer to pay off the arrear debt.

23.6. The consumer, by signing the arrangement agreement to pay off arrear debt acknowledges the following: -

23.6.1. That debt is owed to Council.

23.6.2. That on default to honour the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the consumer or the consumer will be blocked from the purchase of electricity on the prepayment system and/or the water supply to the property of the consumer will be restricted and legal proceedings will be instituted to collect debt.

23.6.3. That the consumer will be liable for all cost, which includes legal costs, incurred to collect the debt.

22.3. Arrangements

22.3.1. Non-Indigent low-income consumers (up to total household monthly income of R13 000)

22.3.1.1. Income R5 201 – R7 000 pm

10% of the existing debt to be paid immediately – balance over 24 months and each time a customer purchase electricity 10% of the money will be allocated to the outstanding debt until 24 months or the account is paid in full whichever comes first. (provided the monthly account is up to date)

22.3.1.2. Income R7 001 – R9 000 pm

15% of the existing debt to be paid immediately – balance over 24 months plus current account

15% of the existing debt to be paid immediately – balance over 24 months and each time a customer purchase electricity 15% of the money will be allocated to the outstanding debt until 24 months or the account is paid in full whichever comes first. (provided the monthly account is up to date if not then the arrangement will fall off and the outstanding money will become payable in full before the consumer/owner can purchase electricity)

22.3.1.3. Income R9 001 – R11 000 pm

20% of the existing debt to be paid immediately – balance over 24 months plus current account

20% of the existing debt to be paid immediately – balance over 24 months and each time a customer purchase electricity 20% of the money will be allocated to the outstanding debt until 24 months or the account is paid in full whichever comes first. (Provided the monthly account is up to date; if not then the arrangement will fall off and the outstanding money will become payable in full before the consumer/owner can purchase electricity)

22.3.1.4. Income R11 001 – R13 000 pm

25% of the existing debt to be paid immediately – balance over 24 months plus current account

25% of the balance account to be paid immediately – balance over 24 months and each time a customer purchase electricity 25% of the money will be allocated to the outstanding debt until 24 months or the account is paid in full whichever comes first. (Provided the monthly account is up to date if not then the arrangement will fall off and the outstanding money will become payable in full before the consumer/owner can purchase electricity)

22.3.1.5 Income R13 001 – R15 000 pm

30% of the existing debt to be paid immediately – balance over 24 months plus, current account

30% of the balance account to be paid immediately – balance over 24 months and each time a customer purchase electricity 25% of the money will be allocated to the outstanding debt until 24 months or the account is paid in full whichever comes first. (Provided the monthly account is up to date if not then the arrangement will fall off and the outstanding money will become payable in full before the consumer/owner can purchase electricity)

22.3.2. Non-Indigent consumers (above total household income of R15 000)

35% of the existing debt to be paid immediately – balance over 24 months plus current account.

35% of the existing debt to be paid immediately – balance over 24 months and each time a customer purchase electricity 35% of the money will be allocated to the outstanding debt until 24 months or the account is paid in full whichever comes first. (Provided the monthly account is up to date if not then the arrangement will fall off and the outstanding money will become payable in full before the consumer/owner can purchase electricity)

This can only be implemented if the arrangement is made by the consumer/owner.

If none of the allocated arrangements the consumer can prove beyond reasonable that is not affordable then we will enforce the 70/30 principle where 70% of the electricity purchase money will be allocated toward the debt and 30% towards the electricity until such time that the account is cleared but this arrangement can only be kept if the current account is kept up to date if not then the outstanding monies become payable immediately and the consumer/customer will not be able to purchase electricity until payment is done

22.3.3. Business

50% of the existing debt to be paid immediately – balance over 12 months plus current account

22.3.4 Interim Measures

In the interim all the debtors must be encouraged to honour their arrangements and consumers should be monitored to keep them up to date with the arrangements they made. Follow ups should be made through using communication channels like sms, phone calls and notices.

23. Broken arrangements

23.3.1. Residential Customers

In the event that an arrangement has been broken by a residential consumer, Council may entertain one more arrangement on the same capital debt which was entered into in point 13(1) above, and the debt may be settled over a period of time as set out hereunder:

23.3.2. Non-Indigent low-income consumers (up to total household monthly income of R15 000)

23.3.2.1. Income R5 201 – R7 000 pm
15% of the existing debt to be paid immediately – balance over 24 months plus current account

23.3.2.2. Income R7 001 – R9 000 pm
25% of the existing debt to be paid immediately – balance over 24 months plus current account

23.3.2.3. Income R9 001 – R11 000 pm
30% of the existing debt to be paid immediately – balance over 24 months plus current account

23.3.2.4. Income R11 001 – R13 000 pm
40% of the existing debt to be paid immediately – balance over 24 months plus current account

23.3.2.5 Income R13 001 – R15 000 pm
45% of the existing debt to be paid immediately – balance over 24 months
Plus current account

23.3.2.5. Non-Indigent consumers (above total household income of R15 000)

60% of the existing debt to be paid immediately – balance over 12 months plus current account

23.3.2.6. No further arrangements will be entertained after the concession on the first broken arrangement as mentioned in paragraph 13.7.1.1, - 13.7.1.2 above, and the debt will become due and payable in full and the services will only be restored once the full outstanding debt (including amounts handed over for collection) has been settled.

23.3.3. Business

In the event that an arrangement has been broken by a business consumer, no further arrangements will be entertained; and the debt will become due and payable in full and the services will only be restored once the full outstanding debt (including amounts handed over for collection) has been settled.

23.4. The Council or its delegate reserve the right to negotiate the discounting of interest charges if the account will be settled in full on the date of agreement for the benefit of the Municipality.

24. RECONNECTION/ RE-INSTATEMENT OF TERMINATED OR RESTRICTED SERVICE

Services which have been terminated or restricted shall be reconnected or reinstated by the municipality only when all the following conditions have been met:

- The payment as required by this policy has been paid as set out in section 22.3 above and an acceptable arrangement has been entered into with the municipality for the payment of the arrear account, including the interest raised on such account; approved by the Chief Financial Officer have been concluded.

- A fee for reconnection/tamper paid as per the approved budget/tariffs of Council.
- Instructions for the reconnection of electricity may only be done by the Credit Control Section or as delegated from time to time by the Chief Financial Officer.

25. PERIOD FOR RECONNECTION OF TERMINATED SERVICE

- The municipality shall endeavour to reconnect or reinstate terminated or restricted services within 48 hours, after the date on which the conditions set out in Section 24 of this policy have been met, unless unable to do so because of circumstances beyond the control of the municipality

26. INDIGENT DEBTORS

26.1. An account holder (consumer) may apply, for Indigent support as prescribed in the Indigent Policy of this Municipality.

26.1.1. Debt of deceased indigent estates-

26.1.2. Until the property is transferred from the deceased estate to the new owner all the services from the account for the deceased owner as at the date of death will be transferred to the account of the occupant for property rates.

26.1.3. The occupant of the property must sign an agreement in which the occupant agrees to pay all the rates and service charges that are to be raised on the property that is occupied.

26.1.4. The following circumstances must prevail to transfer the services to the account of the occupant: -

26.1.4.1. The occupant of the house must be a registered indigent consumer with Council and be receiving an indigent subsidy from Council.

26.1.4.2. Council will, on approval of the “Affidavit: Deceased Estate” agreement, proceed with the transfer of the property from the deceased indigent estate to the name of the appointed heir of the property at Council’s cost.

26.1.4.3. Once transferred, the debt of the Deceased Indigent Estate will be dealt with in terms of the Writing Off Bad Debt and the Impairment of Debtors Policy.

26.2. Debt of absconded owners

26.2.1. The occupant of the property must sign an agreement in which the occupant agrees to pay all property rates and service charges that are to be raised on the property of the absconded registered owner’s property.

26.2.1.1. The occupant of the house must be a registered indigent consumer with Council and be receiving an indigent subsidy from Council.

26.2.1.2. Once transferred, the debt of the absconded Indigent owner will be dealt with in terms of the Writing Off Bad Debt and the Impairment of Debtors Policy.

27. MUNICIPAL STAFF AND COUNCILLORS – PAYMENT OF ARREARS

27.1. Section 10 of schedule 2 of the Local Government: Municipal Systems Act, No32 of 2000 provides the following: -

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

27.2. The financial situation of each applicant will be assessed.

27.3. If the staff member or Councillor cannot afford to repay the debt over six months, the debt be spread over twelve months or the repayment instalment will not be greater than 50% of the staff member’s net salary. In each case, the size of the debt and the net salary may be considered.

27.4. Municipal staff and Councillors are not entitled to benefit from the Indigent Support subsidy whilst employed and if it is discovered that a staff member or councillor has benefitted from the Indigent Support subsidy after the date of their employment with the municipality, this will result in disciplinary action being taken against the relevant staff member or councillor.

27.5. Municipal councillors and employees' accounts will have deductions made without prior notification. Any outstanding amounts owed will be automatically deducted.

27.6. After termination of employment, any outstanding municipal debts will be deducted first. The honour rest on the councillor or employee to update personal details with HR.

28. THEFT AND FRAUD

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

28.2. Water and electricity metering and connection equipment remain the property of the municipality and anyone involved in instances of tampering, damaging or theft thereof will be liable for a tampering fee and/or criminal prosecution.

28.3. With regard to electricity services, if tampering of any nature or theft of such services is identified, the electricity supply to the property must be discontinued by the removal of the cable and the water supply may be restricted and/or discontinued.

28.4. If the restricted water supply is tampered with or any variable flow-restricting device removed, the water supply may be discontinued, the service connection removed and the consumer’s service agreement with the Council may be cancelled. The consumer’s deposit may be offset against any amounts owed to the Council, should the service be required a new application will be made.

28.5. Once Council becomes aware that any terminated or restricted service has been irregularly reconnected or reinstated, the necessary action to remedy the situation, which could include the Municipal Manager reporting such action to the South African Police Service, will be implemented.

28.6. All outstanding amounts, including all metered consumption since the date of the illegal reconnection, or the estimated consumption if a reliable meter reading is not possible, shall be paid in full together with the required deposit, before any reconnection/reinstatement and new services agreements are considered. However, the receipt of payment will not necessarily impact on nor prejudice any legal or criminal proceedings against the consumer.

28.7. Cost related charges, as reflected in the applicable Tariff Registers will be imposed where illegal use of water and electricity is detected.

28.8. If the Council is of the reasonable opinion or is in possession of prima facie evidence indicating alleged tampering/illegal use, the Council may publish the names of the consumer, person or entity responsible for such activity

28.9. The council may approve specific penalties and distinguish between cases of theft and fraud. Amounts pertaining to the fines will be determined by Council on an annual basis

28.10. Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.

29. BY-LAWS TO BE ADOPTED

- By-laws shall be adopted to give effect to the Council's Credit control and debt collection policy.
- The by-laws are to comply with the requirements of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Water Services Act, 1997 (Act No. 108 of 1997), the Electricity Act, 1987 (Act No. 41 of 1987) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
- The by-laws deal severely with defaulters, and their application requires a considerable degree of commitment from the Municipal Manager and his or her administration, as well as from the municipality's political structures. For the by-laws to ensure the avoidance of financial misfortunes for the municipality, and to lead to sustained financial stability, their application will have to receive the constant attention of all the municipality's key role-players and decision makers. If the by-laws are not constantly and consistently applied, from "month to month" and from "year to-year", the municipality's political and administrative credibility will be severely impaired, and it may not be able to ensure financial sustainability in the long run.
- Although the by-laws envisage even the termination of basic services for defaulting account holders this will not, in itself, no matter how harsh it may seem to those councillors and officials who are disposed to greater leniency, prevent the accumulation of arrears. The monthly billing for property rates, sewerage charges and refuse removal fees will continue in respect of defaulting account holders, even though their consumption of electricity and water may have been terminated or restricted. The termination or restriction of services must therefore be seen merely as a vital first step in the credit control program, and the commitment by the municipality to follow up such actions with the full force of the law at the municipality's disposal is an essential further step if the accumulation of debts is to be meaningfully curtailed

30. WATER LEAKS

Where a water leak has occurred on a property the following should be applied:

- The consumer will be liable for the total water consumption should the leak occurred on the pipeline towards the property or after the incoming point on the Meter.

31. APPLICATION OF THE POLICY

31.1. The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution. No debtor may be exempted from credit control action as a sign of goodwill for any period of time as this is in contravention of the action applied in this policy and the Credit Control principles contained in the Municipal Systems Act No. 3 of 2000.