



GREATER LETABA MUNICIPALITY

GREATER LETABA LOCAL MUNICIPALITY CREDIT CONTROL AND DEBT COLLECTIONS BY – LAWS

PREAMBLE

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;

Whereas the Municipal Council of the Municipality of Greater Letaba Local adopts the Credit Control and Debt Collection Policy as set out in this document:-

For the purposes 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:-

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1. DEFINATIONS

ACT	The Local Government Act: Municipal System 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.
Arrears	Amount due, owing and payable in respect of fees, charges, surcharges on fees, property rates and other municipal taxes and services, levies, penalties and duties.
Agreement	Means the contractual relationship between the municipality and a consumer whether in writing or not.
Account/ Municipal Accounts	<p>Account in the name of customer held with the Greater Letaba Local municipality.</p> <p>a. 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 account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to:-</p> <ul style="list-style-type: none"> • Show the levies for property rates and services. <p>b. Monthly account rendered monthly and shows the levies for property rates and/ or building clause, availability charge, sewage, refuse removal, electricity, water,</p>

	sundries, housing rentals and instalments, as well as monthly instalments for annul services paid monthly.
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 electricity, refuse, sewerage and water services.
Chief Financial Officer	An officer of the municipality appointed as the Head of the Finance Department (Budget and Treasury) and includes any person:- <ul style="list-style-type: none"> a. Acting in such position; and b. To whom the Chief Financial Officer has delegated a power, function or duty in respective 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 and household income of below the indigent threshold.
Council or Municipal Council	A municipal council referred to in section 18 of the Local Government: Municipal Structure Act, 1998 (Act No. 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Polokwane.
Credit Control	The functions relating to and aimed at the collection of any monies due and payable to the Municipality.
Debt	The functions relating to and aimed at the collection of any

Collection	monies due and payable to the Municipality after due date has passed or not paid on due date.
Closely connected person	Any immediate relative of the person namely spouse, child, parent, pare-in-law, life partner, siblings (brother or sister from same parents) and in laws.
customer	Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or there is occupier, then the owner of the property (including registered indigent households)
Customer	Means “customer”
Due date	Means the date on which the amount payable in respect of an account becomes due, owing and payable by the customer, which date shall be determined by council from time to time.
Defaulter	A person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired.
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 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 receives electricity and/or 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 the criteria determined by Council from time to time – this also includes poor households as per the Municipality's Indigent Policy.
Interest	A levy with the same legal priority as a service fees and calculated on all amounts in arrears in respect of assessment rates and service levies or any other sundry services or surcharge at a standard rate as approved by Council from time to time.
Municipality	Means Greater Letaba Local Municipality established in terms of the Local Government Structures Act, 1998 as amended from time to time.
Municipal Manager	<p>The accounting officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998) as amended from time to time 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) as amended from time to time and includes any person:-</p> <ul style="list-style-type: none"> 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 in respect of such a delegated power, function or duty.
Municipal Services	Those services provided by the Municipality such as, amongst others the supply of water and electricity, refuse removal,

	sewerage treatment, and for which payment is required by the Municipality or not.
Occupier	Any person who occupies any property or part thereof, without any regard to the title under which he/she so occupies the property.
Premises or property	<p>Any portion of land, the external surface boundaries of which are delineated on:-</p> <ul style="list-style-type: none"> a. A general plan or diagram registered in terms of the Land Survey Act, 1927 (Act No. 9 1927) as amended from time to time or in terms of the Deeds Registry Act, 1937 (Act No. 47 of 1937; as amended from time to time or b. A sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986); as amended from time to time which is situated within the area of jurisdiction of the Municipality.
Owner	<ul style="list-style-type: none"> 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 property in the following cases:- <ul style="list-style-type: none"> 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 deceased estate; iii. A trustee or liquidator, in the case of a property in

	<p>an insolvent estate or in liquidation;</p> <p>iv. A judicial manager, in the case of a property in the estate of a person under judicial management;</p> <p>v. A curator, in the case of a property in the estate of a person under curatorship;</p> <p>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;</p> <p>vii. A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or</p> <p>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.</p> <p>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 thereof;</p>
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2. GENERAL OBJECTIVES

The objectives of this policy are to:-

- 2.1. Provide 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 collected and 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;
- 2.7. Provide for actions that may be taken by the Municipality to ensure payment of accounts that are in arrears including and not limited to the termination or restriction of services and legal actions;
- 2.8. Provide for alternative debt repayment arrangements in accordance with the terms and conditions of this policy;
- 2.9. Create an environment which enables a customer to repay the outstanding debt and establish culture of payment for services rendered by the municipality;
- 2.10. Effectively and efficiently deal with defaulters in accordance with the terms and conditions of this policy;
- 2.11. Provide for procedures and mechanisms to ensure that all monies due and payable to the Municipality are collected.

3. **PRINCIPLES**

The credit control and debt collection policy is based on the following:-

3.1. **GENERAL**

- i. The administrative integrity of the Municipality must be maintained at all costs.
- ii. The democratically elected councillors are responsible for making the policies, while it is the responsibility of the Municipal Manager to ensure execution of these policies.
- iii. The policy and its application provides for the specific circumstances of the community to which it relates.
- iv. The credit control and debt collection procedures must be understandable, uniform, fair and consistently applied.
- v. Credit control must be effective, efficient and economical.
- vi. The measures taken must be sustainable in the long term.

3.2. **COUNCIL**

- i. To enable the Council to differentiate between those customers that cannot pay from those that simply do not want to pay, the "indigent Policy" will be applied.
- ii. The Credit Control and Debt Collection Policy may be supported by procedure manual(s) and/or Revenue Enhancement strategies that may be put in place by the Chief Financial Officer and Revenue Manager.
- iii. The Credit Control and Debt Collection Policy shall supersede all other policies aimed at achieving the same purpose to which the current credit control policy seeks to achieve.

3.3. CUSTOMERS

- i. All new customers must complete an official application form formally requesting the Municipality to connect them to the service supply lines. Existing customers may be required to complete new forms to update their information from time to time as determined by the Municipal Manager.
- ii. Application forms, agreements and documents relating to this policy must be available in English. Officials designated to control and manage these documents may be able to explain the contents thereof in other four languages dominant in Limpopo.
- iii. A copy of the application form, conditions of services and extracts of the Council's Customer Care Policy, Credit Control and Debt Collection Policy and By-Laws may be handed to every customer on request at a fee prescribed by council from time to time.
- iv. Application forms may be used to, amongst others, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- v. Unauthorised consumption, connection and reconnection, the tempering with or theft of meters, service supply equipment and reticulation network and fraudulent activity in connection with the provision of Municipal services will lead to disconnections, charges, penalties, loss of rights and/ or criminal prosecutions.
- vi. The Council shall not conduct any business activity with or accept new services application to any customer who is in arrears with the Municipality except if a suitable payment arrangement for repayment of arrears is made.

vii. The Council shall not refund any credit/deposit to any customer or customer's nominee who is in arrears with the Council.

3.4. COUNCILOR SERVICES ACCOUNTS

In accordance with the provisions of Schedule 1 of the Municipal Systems Act 32 of 2000, an elected councillor residing within the demarcated are of the Council and is individually or jointly responsible for account, may not be in arrears for municipal service fees, surcharges on fees rates or any other municipal taxes, levies and duties levied by the Council for more than 3(three) months.

Notwithstanding any relevant procedure, method or action that may be taken in terms of this policy, the Municipal Manager may deduct amounts due for more than 3(three) months from such councillor's remuneration.

3.5. STAFF/OFFICIALS SERVICES ACCOUNTS

In accordance with the provisions of Schedule 2, of the Municipality Systems Act 32 of 2000, an official of council, residing within demarcated area of the Council an is individually or jointly responsible for account, may be in arrears for municipal service fees, surcharges on fees rates or any other municipal taxes, levis and duties levied by the Council for more than 3 (three) months.

Notwithstanding any relevant procedure, method or action that may be taken in terms of this policy, the City Manager may deduct amounts due for more than (three) months from such official's remuneration.

4. PERFORMANCE EVALUATION

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

5. REPORTING

- 5.1. The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Mayor as supervisory authority in terms of the Systems Act. This report shall contain particulars on:-
- a. Cash Collection statistics, showing high-level debt recovery information (number of consumers; enquiries; arrangements; default arrangements, growth or reduction of arrear debt).
 - b. Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, government, institutional and other such divisions.
 - c. Performance of all areas against targets agreed to in section 4 of this policy document.
- 5.2. If the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who may immediately move for a revision of the budget according to realisable income levels.
- 5.3. The Mayor as Supervisory Authority shall report quarterly to Council as contemplated in section 99(c) of the Systems Act.

6. CUSTOMER CARE MANAGEMENT

In relation to the levying of rates and other services by a municipality and the charging of fees for municipal services, a municipality must, within a financial and administrative capacity-

- a. Establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality, and where applicable, a service provider;
- b. Establish mechanisms for customers to give feedback to the municipality or other service provider regarding the quality of the services and the performance of the service provider;
- c. Take reasonable steps to ensure that customers are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilised;
- d. Where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual customers is measured through accurate verifiable metering systems;
- e. Ensure that persons liable for payments, receive regular and accurate accounts that indicate the basis for calculating the amounts due;
- f. Provide accessible mechanisms for customers to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for in accurate accounts;

- g. Provide accessible mechanisms for dealing with complaints from customers, together with prompt replies and corrective action by the municipality;
- h. Provide mechanisms to monitor the response time and efficiency in complying with paragraph (g); and
- i. Provide accessible pay points and variety of reliable payment methods which will include cash, debit or credit card swiping facilities, electronic fund transfer, debit order, bank order payments and bank guaranteed cheque.

7. ACCOUNTS ADMINISTRATION

7.1. ACCOUNTS AND BILLING

- 7.1.1. Accounts must be rendered and administered in accordance with the policy, other prescribed requirements and any other law.
- 7.1.2. Failure by the Council to render an account does not relieve a customer of the obligation to pay any amount that is due and payable in terms of these By-laws.
- 7.1.3. The customer is entitled to accurate, timeous and understandable bill as far as possible.
- 7.1.4. The Council may, in accordance with the provisions of section 102 of the Act:-
 - a. Consolidate any separate accounts of a customer liable for payments in terms of these Policy to the Council;

- b. Credit any payment by such customer against any account of that customer; and
 - c. Implement any of the debt collection and credit control measures provided for in these By-laws in relation to any arrears on any of the accounts of a customer.
- 7.1.5. The amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less than the total amount due, will be allocated in reduction of the consolidated debt in the order prescribed by the Municipality.
- a. Any amount paid by a customer in excess of an existing debt may be held in credit for the customer in anticipation of future rates and fees for municipal services.
 - b. No interest is payable on any amount contemplated in paragraph(s).

7.2. **ACCOUNT QUERIES**

- a. Account query refers to the instance when a customer queries any specific amount or any content contained in any account as rendered by the Council;
- b. Query can be raised verbally or in writing at any of the Council's administrative offices;
- c. Customer to furnish in writing full personal particulars including acceptable means of identification, contact details and account number in respect of which amount owing is queried;

- d. Customer may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment;
- e. Pending the outcome of query , customer may apply for temporary payment extension in terms of provisions of this policy;
- f.The customer shall, pending the resolution and outcome of the query, continue to make regular payments as per account statement;
- g. Should a customer not be satisfied with the outcome of the query, a customer may lodge an appeal in terms of section 62, as read with section 95(f), of the Local Government: Municipal Systems Act 32 of 2000.

7.3. **DISPUTES**

- a. A customer may lodge an appeal in terms of section 62, as read with section 95(f) of the Local Government: Municipal Systems Act 32 of 2000.
- b. Customer to furnish in writing full personal particulars including acceptable means of identification, contact details and account number in respect of which amount owing is disputed.
- c. Only dispute lodged by registered account holder will be considered.

- d. Customer may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment.
- e. Should any written dispute arise as to the amount owing on the account in respect of all services by a customer, the customer shall, pending the resolution and outcome of that dispute, continue to make regular minimum payments based on the average charges for the preceding three months prior to the arising of the dispute, plus interest, until the resolution of that dispute.
- f. Should any written dispute arise as to the amount owing on part of the account or service by a customer, the customer shall, pending the resolution and outcome of that dispute, continue to make regular payments on services that are NOT in dispute PLUS the average charges for the preceding three months prior to the arising of the dispute in respect of remaining part of account or disputed service until the resolution of that dispute.

8. INTEREST CHARGES

Interest will be levied on all accounts not paid by due date at a rate prescribed by council from time to time and in accordance with section 97€ of the Municipal Systems Act 32 of 2000.

9. ACCOUNT DUE DATE

- a. Monthly account due date represents the date on which the customer's account becomes due and payable, the due date shall

be on the **25th of each month** and may change from time to time as determined by the Council.

- b. Account due date will be reflected on customer account statement.
- c. Only payments receipted through the Municipal financial system on or before account due date will be deemed to have been duly received.
- d. Payments by customers through 3rd party vendors, will only be deemed to have been received when receipted through the Municipal financial system.

10. **CREDIT CONTROL**

10.1. **OBJECTIVE**

10.1.1. To provide procedures and mechanisms to collect all 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;

10.1.2. To limit risk levels by means of effective management tools.

10.1.3. To provide for restrictions, limitations, terminations.

10.2. **SERVICE APPLICATION, AGREEMENTS, CUSTOMER SCREENING AND SECURITIES**

10.2.1. All consumers (owners) of services will be required to sign an agreement governing the supply and cost municipal services. On default by a tenant, the owner will be the debtor of last resort and

is responsible for payment unless where the Municipality is the owner of the property.

10.2.2. Applicants for Municipal services may be checked for credit worthiness, which may include checking information from banks, credit bureaus, other local authorities, trade creditors and employers.

10.2.3. The consumer applying for services must bring proof of ownership or consent from the owner, proof of residential address and physical address.

10.2.4. Where the applicant is a legal entity, being a company, close corporation, trust, etc:

- a. Sureties must also be signed by the directors, members, trustees, etc.
- b. Must supply details of their director, 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 case of a trust, all the trustees in their personal capacity.

10.2.5. On the signing of the agreements, customers will be entitled to access the policy document, which are available on municipal website or on request at any Municipal office service centre at a fee prescribed by the council from time to time.

10.2.6. On the signing of the agreement, customers will receive a copy of the agreement for their records.

- 10.2.7. The municipality reserves the right to refuse supplying services should such applicant owe monies to the Municipality until such debt is paid in full or an acceptable arrangement to settle has been made with the Municipality. 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 the Municipality' indigent Policy and arrangements may be granted to exceptional cases.
- 10.2.8. The Municipality reserves the right to the application for services if any of the tenants or previous tenants or owner is in arrears or 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 or accepted arrangement has been made. The Municipality may also reject the application for services of 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.
- 10.2.9. The Municipality will read the meters within the period stipulated in the agreement after notification of change of ownership or application for the supply of services and render an account within the normal cycle applicable to the property.
- 10.2.10. All new customers shall pay a deposit as determined from time to time the Municipality council which may be increased by the CFO in the event of non-payment. Councillors and officials of the Municipality are not exempted from paying security deposit.

10.2.11. Deposits can vary according to the credit worthiness or legal category of the applicant, subject to minimum requirement as outlined in this policy.

10.2.12. The Municipality will not pay any interest on deposits.

10.2.13. 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.

10.3. RIGHT OF ACCESS TO PREMISES

10.3.1. The owner and/ or occupier of property must allow an authorized 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 municipal service as stipulated in section 101 of Municipal Systems Act, 32 of 2000.

10.3.2. The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.

10.3.3. If a person fail to comply, 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.

10.4 ENFORCEMENT MECHANISM

- 10.4.1. The municipality will issue a credible and understandable statement of account reflecting all services charge, units of water & electricity consumed (where applicable), due date and monies payable where the municipality fails to render the account subsection 7.1.2 of this policy shall apply.
- 10.4.2. The municipality may prints message on statement of account to remind customers to pay before or on due date to avoid interest charges and other credit control measures
- 10.4.3. The municipality may remind the customer to pay the account before or on due date by using and not limited to SMS, MMS, email and Telephone call
- 10.4.4. In the event of queries and disputes section 7.2 and 7.3 of this policy shall apply
- 10.4.5. The customer may apply /request payment extension is writing before the due date starting reasons for such request and proposed date payment.
- 10.4.6. The municipality shall have the right to discontinue or restrict the supply of services due late or non-payment of accounts relating to any consumer and or owner of property.
- 10.4.7. All debtors who are in areas for more than 60 days will have their water and electricity meters converted to prepaid at municipality's sole discretion.

10.5. PRE-PAYMENT SYSTEM

10.5.1 The municipality will use its pre-payment metering system to:-

- a) Link the provision of electricity by the municipality to a “pre-payment” system comprising, pre-payment of electricity units; and
- b) A payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs and charges in respect of services such as water, refuse removal sanitation and sewage.
- c) To load an auxiliary on the “pre-payment” system in order to allocate a portion of the rendered amount to the customers arrear account for other services.
- d) To enforce satisfactory arrangements with consumers in arrears by blocking access to pre-payment meters.
- e) 60/40% pre-payment debt recovery, the municipality may allocate 60% of payment to the arrears and 40% to the purchase of electricity to customer who purchases prepaid electricity with other services in arrears.

10.6. CONTRACTORS WHO TENDERED TO THE MUNICIPALITY

10.6.1. 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 tender obtain from the municipality a certificate or account 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.
- c) Tender conditions will include a condition allowing the municipality to deduct any money owing to the municipality from contract payments.
- d) A tender will be required to declare all the municipal account numbers for which it is responsible and/or partially responsible.

11. DEBT COLLECTION

11.1. OBJECTIVE

- 11.1.1. To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.

11.1.2. **THE PRINCIPLE:** The money owed to the Municipality for more than 30 days after due date would be classified as debt to be collected following the procedures as outlined in this section of the policy.

11.2. ACTIONS TO SECURE PAYMENTS

11.2.1. The Municipality and/or service provider may take the following actions in secure payments of arrears in respect of Municipal services.

11.2.2. The Municipality may issue a letter of demand on all accounts in arrears.

11.2.3. The Municipality or service provider may contact the customer telephonically and/or physically.

- a. Council will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payments, and to inform them of their arrears state, other rights (if any) to conclude arrangements or to indigence subsidies, other related matters and will provide information on how and where to access such arrangements or subsidies.
- b. Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings may continue in the absence of such contact for whatever reason.

- 11.2.4. Council reserves the right to deny or restrict the sale of electricity or water to consumer and or the owners who are in arrears with their rates and or other service charge.
- 11.2.5. 60/40% prepayment debt recovery, the municipality may allocate 60% to arrears and 40% of the purchase of electricity to customer who purchases prepaid electricity with other services in arrears or allow the customer to purchase 40% of the amount paid.
- 11.2.6. If a person is indigent a prepaid electricity meter and a flow limiter water meter may be installed free of charge.
- 11.2.7. Then deposit of any defaulter will be adjusted and brought into line with relevant policies of Council (Consumer Deposit Policy) and this deposit may be charged into the account.

11.3. THE POWER TO RESTRICT OR DISCONTINUE SUPPLY OF MUNICIPAL SERVICES.

- 11.3.1. The Council or Duly appointed agent may terminate and/ or restrict the supply of water, electricity or in the case of pre-paid electricity withhold the selling of electricity in terms of the prescribed disconnection procedures, or discontinue any other service to any premises associated with the customer, whenever a customer of any service.
- 11.3.2. After the expiry of the period for payment in terms of the final demand/ final notice referred to in section 11.2.1.1. Fails to make full payment on the due date or fails to make acceptable arrangements for the repayment of any amount for municipal services, property rates or taxes or other amounts due in terms of this policy.

- 11.3.3. No proof of registration as an indigent was furnished within the period for in the final demand/ final notice referred to in section.
- 11.3.4. No payment was received in accordance with an agreement for payment of arrears.
- 11.3.5. Fails to comply with a condition of supply imposed by the council.
- 11.3.6. Obstructs the efficient supply of electricity, water or any other municipal services to another customer.
- 11.3.7. Supplies such municipal service to a consumer/ owner who is not entitled thereto or permits such service to continue.
- 11.3.8. Causes a situation, which in the opinion of the council is dangerous, or a contravention of relevant legislation.
- 11.3.9. In any way bridges the supply or illegally reconnect previously disconnected municipal services;
- a. The Council shall hand deliver, per mail or per electronic means available to the physical address of property or most recent recorded address or electronic contact address and/or number of such customer, a discontinuation notice informing such consumer-
- (i) That the provision of the service will be or has been discontinued on the date sated on the discontinuation notice;
 - (ii) Of the steps which can be taken to have the service reconnected;
 - (iii) Of the minimum amount payable to restore service.

- b. The right of the Council or any duly appointed agent to restrict or discontinue water and electricity to any premises, owner of property, tenant on property, customer or occupant of property, shall be subject to the relevant legislature.

11.4. RECONNECTION OF SERVICES

11.4.1. Upon paying the full amount owed or the conclusion of acceptable arrangements as prescribed in terms of section 11.6 of this policy the service will be reconnected and soon as conveniently possible.

11.4.2. The cost of the restriction or disconnection and reconnection will be determined by tariffs approved by Council and will be determined by tariffs approved by Council and will be payable by the consumer.

11.5. DEBT FOR WHICH AN ARRANGEMENTS CAN BE DONE

Arrangements for the payment of outstanding debt can be made according to the procedure described hereunder.

11.6. CONCLUSION OF AGREEMENT

11.6.1. If a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment no exceeding 12 months, stipulating that the debt will be paid together with the monthly and/or annual accounts, with the customer.

11.6.2. The customer must"-

- a. Complete a new application form;
- b. Sign an acknowledgement of debt;
- c. Sign a consent to judgement;
- d. Sign an emolument or stop order if he/she is in employment;
- e. Submit proof of income on the prescribed form;
- f. Pay the current portion of the account in cash;
- g. Pay an adjusted security deposit equal to the sum of two times average consumption during the preceding 12 months 12 months; (conditional)
- h. Sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible and that disconnection of water and electricity will follow immediately will follow immediately, as will legal proceedings;
- i. Acknowledge liability of all costs incurred; and
- j. Annually, no later than 28 February, submit new proof of income.

11.7. **ARRANGEMENTS THAT CAN BE ENTERED INTO.**

11.7.1. **Domestic Customers:**

- a. First (1st) default is financial year:

- (i) 50% or minimum of 10% on exceptional circumstances 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 minimum period of twelve months.
 - (iii) First offence in 5 years- no deposit increase will be applicable.
 - (iv) Consumer deposits may 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 is the highest.
- b. On second(2nd) default in one financial year the Municipality May Demand:
- (i) Full arrears amount plus the costs of credit control actions, together with the current account.
 - (ii) Deny arrangements or provide monthly extensions.
 - (iii) Consumer deposits may be adjusted to sum of three time's average consumption during the preceding 12 months or at least adjusted to the minimum deposit required in terms of the Tariff Schedule whichever the highest.
- c. Third (3rd) default in one financial year:

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

11.7.2. **Business and other Institutions:**

a. First (1st) default in financial year:-

- (i) 60% of the outstanding amount plus cost of the credit control actions may be required.
- (ii) The balance is payable over a maximum period of six months.
- (iii) First offence in 5 years- no deposit increase will be applicable.
- (iv) Consumer deposits may be adjusted to the 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.

b. Second(2nd) default in financial year:-

- (i) Full outstanding amount plus cost of credit control actions may be required.
- (ii) No arrangements may be allowed.
- (iii) Consumer deposits may 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.

c. Third (3rd) default in financial year:-

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

11.7.3. **Government Departments.**

a. Default.

- (i) Services will be discontinued or restricted.
- (ii) Report same to National Treasury where applicable (section 64 (3) MFMA).

11.7.3. **Owners Accounts.**

a. the owner's accounts without services will be handed over to the debt collectors to instigate legal proceedings. The owner's accounts in arrears may be consolidated in terms of section 102 of the Municipal System Act in order to affect credit control and debt collection.

11.8. **DEBT COLLECTION PROCEDURE**

11.8.1. Council may handover accounts that are 90 days and old in arrears after all internal processes has been exhausted and there is no positive respond.

- 11.8.2. The handover will be done through creation of child account linked to the main account. The child account will be closed when it is paid up or balance cleared. The debt collector will not be responsible for collection on the debt on the main account where child account is created.
- 11.8.3. Annual accounts: should accounts remain unsettled three (3) months after it became due and payable, notice will be given to the owner/ consumer that the amount owed should be settled within fourteen (14) days of which it would be handed over for collection.
- 11.8.4. Should there be no reaction on the notices accounts are forthwith handed over for collection, which may include legal proceedings.
- 11.8.5. All debtors regarding houses in rental, selling and self-build schemes, without any capital debt, which are still registered in the name of the municipality should be notified in writing that if satisfactory arrangement for transfer of the property into his/her name are not made within one (1) month, the property concerned will be put up for sale by Council at a public auction.
- 11.8.6. Upon handing over of accounts for collection, details of employers and work addresses of the debtors should be made available to the attorneys as far as possible for the purposes of garnishee orders.
- 11.8.7. Attorneys should report to Council on a monthly basis on the progress made and the aspect regarding each debtor.

11.9. INDIGENT

11.9.1. Consumers that meet council's indigent criteria must be identified advised to apply and be supported.

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

- a. By instalments over 12 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.
- b. There are no limitations on debtors at any time to pay bigger amounts towards outstanding debt, than prescribed above.

11.10. THEFT AND FRAUD

11.10.1. Any person (natural or juristic) found to be illegally connect 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 damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time.

11.10.2. The Municipality has the right to obtain authorisation from the Magistrate for the imposition of fines for the offences.

11.10.3. The Municipality may terminate and/or remove the supply of services to a customer should such conduct as outlined above, be detected and certified.

11.10.4. The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.

11.10.5. Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.

11.10.6. Council reserves the right to lay criminal charges and/ or take any other legal action against both vandals and thieves.

11.10.7. 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.

11.11. INCENTIVES

Incentives and disincentives may be used in collection procedure as approved by council.

11.12. LEGAL PROCESS (USE OF ATTORNEYS/USE OF CREDIT BUREAUS)

11.12.1. The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final

demands, summons, court trials, judgements, garnishee orders and, as last resort, sales in execution of property.

11.12.2. 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.

11.12.3. The Municipality will establish procedures and codes of conduct with such outside parties. 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.

11.12.4. All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.

11.12.5. All costs of this process will be for the account of the debtor.

11.12.6. 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 electric means will be covered in the agreement with customers.

11.12.7. The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant on relevant matters and report to the Executive mayor.

11.12.8. 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 such agreement Council might conclude with such agents and products will be part of the agreement council might conclude with such agents or service providers.

11.12.9. Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.

11.12.10. 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.

11.12.11. If after the due date an amount due for rates 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.

11.12.12 If after the due date an amount due for rates is unpaid by the owner of the property the Municipality may recover the amount, in whole or 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 determined by the Municipality.

11.13. COST COLLECTION

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

11.14. CLEARANCE CERTIFICATE

11.14.1. In terms of section 118(3) of the Act an amount due for municipal service fees, surcharges 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.

11.14.2. All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller unless advised otherwise.

11.14.3. No interest shall be paid in respect of these payments.

11.14.4. The Municipality will only issue a clearance certificate once a completed prescribed application from the conveyer has been received.

11.14.5. 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. Should the certificate

be issued on payments for three months preceding the date of clearance, the outstanding balance will be due and against the property or any owner thereof with or without their knowledge on transfer.

11.14.6. 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.

11.14.7. On application for clearance any arrangements, acknowledgement of debt shall be cancelled, and all debts on the property shall become due, owing and payable.

11.14.8. The payments of clearance certificate must be made in cash or by irrevocable bank guaranteed cheque, or attorney's trust cheque, there shall be no funds on cancellation of sale, and the certificate shall be valid for a period 60 days from date of issue.

11.14.9. Certificate may be issued on production of an undertaking or bank guarantee certifying payment on registration.

11.15 IRRECOVERABLE DEBT

11.15.1. 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 time to time, will be considered too small, after having following 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 I the rand from an insolvent estate; or
 - 1. There is a danger of a contribution; or
 - 2. 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
 - a. 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;
 - 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 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.

11.16. ABANDONMENT OF CLAIMS

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

11.16.2. 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.
- c. Where Council deems that a debtor or group of debtors are unable to pay for services rendered.

11.16.3. 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.

12. SHORT TITLE.

This policy will be called Credit control and debt collection policy of Greater Letaba Local Municipality.