

DR JS MOROKA LOCAL MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

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1. DEFINITIONS.

- 1.1 Except to the extent to which the context may otherwise require, this Policy shall be construed in accordance with the following provisions of this subparagraph:
- 1.2 Any word or expression importing any gender, or the neuter shall include both genders and the neuter;
- 1.11 Words importing the singular only also include the plural, and vice versa, where the context requires;

1.12 The following words shall have the meanings hereby assigned to them-

(i) "Accounting officer"	means the municipal manager of the municipality for the purpose of Act No. 56 of 2003: Local Government: Municipal Finance Management Act, 2003. (MFMA).
(ii) "Council's Attorney"	means a law firm, including all legal practitioners, correspondents and affiliates of such law firms appointed by the council from time to time through a transparent bidding process, to handle all or specifically nominated legal affairs of the council on request
(iii) "Councilor"	means a member of the municipal Council.
(iv) "Days"	means calendar days unless specifically mentioned otherwise.
(v) "Executive Mayor"	means the councilor elected as the executive mayor of the municipality in terms of section 55 of Municipal Structures Act.
(vi) "Manager"	means a senior manager as referred to in section 56 of the Municipal Systems Act.

(vii) "Month"	means one of the twelve months of the calendar year.
(viii) "Municipality"	means Dr JS Moroka Local Municipality.
(ix) "Municipal Finance Management Act"	means the Municipal Finance Management Act No. 56 of 2003.
(x) "Municipal Manager"	the person appointed in terms of section 82 of the Municipal Structures Act.
(xi) "Municipal Systems Act"	means the Local Government: Municipal Systems Act No. 32 of 2000, as amended.
(xii) "Chief Financial Officer" / "Manager: Finance"	means a person designated in terms of section 80(2)(a) of the MFMA.
(xiii) "Tariff Structure"	means DR JS Moroka Municipality's approved Tariff Structure.
(xiv) "Collection charges"	means collection charges which may be recovered by municipality in terms of the Local Government Laws Amendment Act, 2002;
(xv) "Law"	includes a by-law;
(xvi) "Ratable property"	means property on which municipality is empowered to impose rates.

(xvii) "Special cases"	means indigent as refer to in the Municipal Systems Act.
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2. PREAMBLE

Whereas Section 96(a) of the Local Government: Municipal Systems Act, No 32 of 2000

(hereinafter referred to as the "Systems Act"), obliges the Dr JS Moroka Local Municipality (hereinafter referred to as "MUNICIPALITY") to collect all money that is due and payable to it, subject to the provisions of that Act and any other applicable legislation;

And whereas Section 96(b) of the Systems Act requires the municipality to adopt, maintain and implement a credit control and debt collection policy, which is consistent with its rates and tariff policies and complies with the provisions of the Act;

And whereas Section 97(1) of the Systems Act stipulates what a credit control and debt collection policy must provide for;

Now therefore the following is adopted as the Credit Control and Debt Collection Policy of DRJSM (hereinafter referred to as "this Policy) as set out hereunder.

3. SCOPE OF APPLICATION.

3.1 This policy shall apply only in respect of money due and payable to municipality for

3.1.1 Rates

3.1.2 fees, surcharges on fees, charges and tariffs in respect of the provision of water, refuse removal, sewerage and the removal and purification of sewerage, electricity (hereinafter referred to collectively as "services") in

cases where municipality is responsible for the rendering of accounts in relation to any one or more of the services and for the recovery of amounts due and payable in respect thereof, irrespective of whether the services, or any of them, are provided by municipality itself or by a service provider with which it has contracted to provide a service on its behalf

3.1.3 interest which has or will accrue in respect of any money due and payable, or which will become due and payable to municipality in regard to rates or services;

3.1.4 collection charges.

3.1.5 This Policy shall also apply in respect of services provided through pre-paid meters.

4. POLICY STATEMENT.

In adopting the credit control policy, the municipality recognizes its constitutional obligations to develop the local economy and to provide acceptable services to its residents. The municipality also acknowledges that it cannot fulfil these constitutional obligations unless it receives payment for the services which it provides and for the taxes which it legitimately levies in full from those residents who can afford to pay, and in accordance with its indigency relief measures for those who have registered as indigents in terms of the municipality's approved Free Basic Services and Indigency Support policy.

Services will be supplied to all the residents of Siyabuswa and surrounding areas which fall within the Municipality's area of jurisdiction, once the required administrative procedures are completed at the municipality's offices and the necessary consumer deposit has been paid. The Municipal services provided to residents and communities in the municipal area should:

4.1 be within the municipality's financial and administrative capacity;

4.2 be regularly reviewed with a view to upgrading, extension and improvement,

4.3 be provided in a manner that:

4.3.1 is fair and equitable to all its residents and communities,

4.3.2 ensures the highest quality of service at the lowest cost and the most economical use and allocation of available resources, and

4.3.3 is financially and environmentally sustainable.

Accounts will be rendered on a monthly basis and will indicate details of consumption registered on meters as well as the final date of the payments.

Credit control is the last step in ensuring payment for services rendered. The enforcement of payment for services will be ineffective if it is not based on acceptable principles. The inability for a Municipality to collect money disqualifies the municipality as a going concern and will impede service delivery. It is therefore of utmost importance to collect money owing to the Municipality. "The municipal should ensure that all money that is due and payable to the Municipality is collected," as per section 96 (a) of the Municipal Systems Act. For this purpose, the municipality should adopt, maintain, and implement a Credit Control and Debit Collection policy and by-laws that are consistent with its rates and tariff policies and comply with the provisions of the Municipal Systems Act.

The Municipality should adopt by-laws to give effect to its credit control and debt collection procedure manual and policy, its implementation and enforcement. By-laws may differentiate between different categories of taxpayers, customers, debtor's taxes, services, service standards and other matters.

5. OBJECTIVES

The objectives of this Policy are to –

5.1 ensure that all money due and payable to municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the afore going

- and any collection charges are collected efficiently and promptly;
- 5.2 provide for credit control procedures and mechanisms and debt collection procedures and mechanisms
 - 5.3 provide for indigent debtors;
 - 5.4 provide for the setting of realistic targets consistent with generally recognized practices and collection ratios and also the estimates of income set in the annual budget of municipality less an acceptable provision for bad debts;
 - 5.5 provide for interest on overdue amounts
 - 5.6 provide for collection charges on the payment of any overdue amount
 - 5.7 provide for extension of time for the payment of overdue amounts
 - 5.8 provide for the termination of services or for restrictions on the provision of services when payments are overdue;
 - 5.9 provide for matters relating to the unauthorized consumption of services, theft and damages.

6. PROBLEM STATEMENT

7. LEGISLATIVE FRAMEWORK

This policy has been compiled to address credit control and debt collection, and comply with the requirements and guidelines as set by the following acts and other

documents:

- SALGA – Local Government Financial Best Practice Manual
- The Constitution of the Republic of South Africa, 1996, Act 108 of 1996
- The Municipal Systems Act, Act 32 of 2000
- Municipal Finance Management Act, Act No. 56 of 2003

8. POLICY CONTENTS

RESPONSIBILITIES

Responsibility	Designation	Level of Responsibility / Accountability
CREDIT CONTROL	Municipality's Executive Mayor	• Oversee and monitor: • The implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted: and • The performance of the Municipal Manager in implementing the policy and any by-laws. When necessary, evaluate, review or adapt the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedure, and • Report monthly to a meeting of the Council

	Municipal Manager	• Implement and enforce the municipality's credit control and debt collection policy and any by-laws enacted in terms of the Municipal Systems Act • In accordance with the credit control and debt collection policy and any such by-laws establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality, and; • Report the prescribed particulars monthly to a meeting of the supervising authority.
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8.1 CODE OF ETHICS

All municipality officials shall embrace the spirit of Batho Pele and treat all debtors with dignity and respect at all times. Employees shall execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance with the Access to Information Act.

8.2 CUSTOMER REGISTRATION (Service contract)

The municipality must ensure that the registration of new and existing customers is efficiently performed with regard to the following:

- 8.2.1 New customer registrations must be correctly administered with the fully completed service contracts being duly signed for any property which the municipality shall provide any of the following services:

- 8.2.1.1 Electricity (direct from Eskom)
- 8.2.1.2 Water
- 8.2.1.3 Refuse Collection
- 8.2.1.4 Sewerage

These service contracts must be retained and be readily accessible to authorized persons only.

8.2.2 Full and concise details must be provided on application for a consumer agreement. All staff with customer contact must endeavor to update personal records whenever customers liaise with our offices.

8.2.3 Certified copies of identity documents, company registration and resolutions are necessary for registration purposes and are used to determine, at the time of application, whether:

- 8.2.3.1 Other accounts are currently held and;
- 8.2.3.2 Debts are still outstanding on previous accounts.

8.2.4 Upon registration, new debtors must pay a security deposit and/or lodge additional security, commensurate with risk as determined. The required deposit will be equal to three (3) months' worth of charges at the flat rate stipulated in the municipality's tariff structure.

The security deposit shall be subject to review by council from time to time.

8.2.5 The municipality will verify through its billing system that the prospective account holder/owner/spouse does not have an outstanding account in respect of another property. Should there already be an arrear account, this account will have to be paid before a new account can be opened.

8.3 ACCOUNTS

The municipality may:

- 8.4.1 Consolidate any separate accounts of debtors liable for payments to the municipality,

8.4.2 Credit any payment by such a debtor against any account of that debtor,
and

8.4.3 Implement any of the debt collection and credit control measures provided
for in these regulations in relation to any arrears on any of the accounts of
such a debtor.

8.5 ACCOUNT ADMINISTRATION

8.5.1 MUNICIPALITY will endeavor to ensure:

1.1 Maintain accurate up-to-date customer information.

1.2 Accurate monthly billing with the application of appropriate correct tariffs
and service charges.

1.3 Timely dispatch of accounts.

1.4 Adequate provision and the efficient operation of pay facilities
throughout the municipality.

1.5 Arrangements with third party institutions to accept payments on
behalf of the municipality. Responsibility to ensure that payments are
reflected on the account is vested with the debtor.

1.1.5. Appropriate hours of business to facilitate account payments.

8.5.2 Although the municipality must render an account for the amount due by a
debtor, failure thereof shall not relieve a debtor of the obligation to pay this
amount.

8.6 ACTIONS TO SECURE PAYMENT

8.6.1 The municipality or its duly appointed agents may, in addition to the
normal civil legal procedures to secure payment of accounts that are in arrears,
take the following action to secure payment for municipal rates and services:

8.6.1.1 Termination and/or restriction of the provisions of services: and

8.6.1.2 Allocating a portion of payments or pre-payments to service charges

arrears or future charges.

Credit control will commence from the conclusion of the consumer agreement.

8.6.2 Credit control methods will include, inter alia, the following:

8.6.2.1 Evaluation of Application

8.6.2.2 Reference Checking

8.6.2.3 Credit checks with Credit bureau, Deeds Office and/ or Registrar of Stands

8.6.2.4 Payment of a standard security cash deposit

8.6.2.5 Lodgment of additional security commensurate with the prospective consumer's risk profile.

8.6.2.6 Signing of a Binding Consumer Agreement

8.6.2.7 Dispatch Monthly Statements

8.6.2.8 Dispatch of Statement Messages

8.6.2.9 Telephone Calls

8.6.2.10 Dispatch Final Notices

8.6.2.11 Termination or Restriction of Services for arrear accounts

8.6.2.12 Dispatch of Letter of Demand

8.6.2.13 Action

8.7 INTEREST CHARGES

Interest will be charged on all overdue accounts by due date at the rate determined by the municipality which is effective on the 1st of July of each financial year.

8.8 COST FOR TERMINATION OF SERVICES

Where any service is terminated as a result of non-compliance with the regulations stipulated herein by the debtor, the municipality shall be entitled to levy and recover the standard credit control fees as determined by the municipality, from time to time, from the occupier/owner of the premises where the services were levied.

8.9 POWER TO RESTRICT OR TERMINATE SUPPLY OF SERVICES

8.9.1 The municipality may restrict or terminate the supply of water or discontinue any other service to any premises whenever a user of any service:

- 8.9.1.1 Fails to make full payment on the due date or fails to make acceptable arrangements for the repayment of any amount for services, rates or taxes or other amounts due;
- 8.9.1.2 Fails to comply with a condition of supply determined by the municipality;
- 8.9.1.3 Obstructs the efficient supply of water or any other municipal services to another customer;
- 8.9.1.4 Supplies such municipal service to a customer who is not entitled thereto or permits such service to continue
- 8.9.1.5 Causes a situation which in the opinion of the municipality is dangerous or a contravention of relevant legislation;
- 8.9.1.6 Is placed under provisional sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act no 24 of 1936; and
- 8.9.1.7 If an administration order is granted in terms of section 74 of the Magistrate court Act, 1944 (Act 32 of 1944) in respect of such user.

8.9.2 The municipality shall reconnect and/or restore full levels of supply of any of the restricted or discontinued services only after the full amount outstanding and due, including the costs of such disconnection and reconnection, if any, have been paid in full, or acceptable arrangements have been made for payment of such outstanding amounts in terms of paragraph 16 below, or any other condition or conditions of this credit Policy have been complied with, or the consumer has been registered as an indigent in accordance with the provisions set out in the municipality's Free Basic Services and Indigent

Support policy.

- 8.9.3 The right to restrict, disconnect or terminate service due to non-payment shall be in respect of any service rendered by the municipality and shall prevail notwithstanding the fact that payment has been made in respect of any specific service and shall prevail notwithstanding the fact that the person who entered into agreement for supply of services with the municipality and the owner are different entities or parties, as the case may be.

8.10 RECONNECTION OF SERVICES

The Designated Official shall authorize the reconnection of services or reinstatement of service delivery after satisfactory payment and/or arrangement for payment has been made according to paragraph 16 of the Policy.

8.11 FULL AND FINAL SETTLEMENT OF AN ACCOUNT

8.11.1 Any payments received from debtors for service delivery by the Municipality shall be used to off-set debts to the Municipality in the following suggested order:

- 8.11.1.1 Sundries
- 8.11.1.2 Additional – deposit (if required)
- 8.11.1.3 Rates
- 8.11.1.4 Penalty on arrear rates
- 8.11.1.5 Collection charges on arrear rates
- 8.11.1.6 Interest on arrear sewerage
- 8.11.1.7 Refuse removal
- 8.11.1.8 Sewerage
- 8.11.1.9 Water
- 8.11.1.10 VAT on vatable services will be proportioned among the applicable services.

8.11.2 Where the exact amount due and payable to the municipality has not been

paid in full, any lesser amount tendered to and accepted by a municipality employee, except when duly accepted in terms of a delegation of power, shall not be in final settlement of such an account.

8.11.3 The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or accepted in full settlement.

8.11.4 Only once the Designated Official has, in terms of the powers delegated to him, accepted in writing payment of such lesser amount, shall such payment be regarded as a payment in full and final settlement.

8.12 ARRANGEMENTS TO PAY ARREARS

8.12.1 A debtor may enter into a written agreement with the municipality to repay any overdue amount to the municipality under the following conditions:

8.12.1.1 The outstanding balance, costs and any interest thereon shall be paid in monthly instalment/s and;

8.12.1.2 The current monthly amount must be paid in full on or before due date and;

8.12.1.3 The written agreement has to be signed on behalf of the municipality by a duly authorized official.

8.12.2 The main aim of an agreement will be to promote full payment of the current account and to address the arrears on a consistent basis.

8.12.3 An acknowledgement of debt must be completed and signed by the debtor, and all arrangements for paying off arrear accounts must comply with the provisions of paragraph 16 above. Copies must be handed to the debtor.

8.12.4 Debit orders/stop orders may be completed for the monthly repayment of the agreed amount or any other form of agreed payment by customer. If the arrangement is dishonored, the full balance will immediately become payable.

8.12.5 Only account holders with positive proof of identity or an authorized

agent with a Power of Attorney will be allowed to complete an Acknowledgement of Debt.

- 8.12.6 Where cheques are dishonored after an arrangement has been made the full balance will immediately become payable. Electricity and/or water supply to such clients will immediately be disconnected without notice until the full amount is paid in cash, credit card or debit card at Council offices or via Electronic Funds Transfer.
- 8.12.7 No person will be allowed to enter into a second agreement if the first agreement was dishonored, except in merit cases.
- 8.12.8 Should any dispute arise as to the amount owing, the debtor will continue to make regular payments, based on the average charges for the preceding three months prior to the dispute, plus interest.
- 8.12.9 Payment initiative, a debtor (residential, non-profit organizations and small businesses) may pay as listed below or more on the arrear account as once of payment and the remaining outstanding balance should be written off. The Chief Financial Officer must annually within two months from the end of a financial year table the report for all writes off to council.
- 8.12.10 The debtor may only receive the payment initiative once every 5 years.
- 8.12.11 Payment incentive schemes

The municipality can from time to time decide on an incentive scheme or schemes that will have the purpose to decrease the outstanding debts to the municipality and depending on available funds. This will only be done to the advantage of the municipality and to improve the municipality's cash flow situation. For the financial year 2023/2024 the once off incentive schemes for long outstanding debt are as follows.

Residential and Non-profit organization:

Debt between R15 001 and more - Payable amount
75% Debt between R10 001 and R15 000 – Payable
amount 70% Debt between R5 001 and R10 000 –

Payable amount 60% Debt between R2 000 and R5 000 – Payable amount 50%

Small businesses and others:

Debt between R15 001 and more - Payable amount 80% Debt between R10 001 and R15 000 – Payable amount 70% Debt between R5 001 and R10 000 – Payable amount 65% Debt between R2 000 and R5 000 – Payable amount 50%

Any further discount must be submitted and approved by council.

8.13 INTEREST ON ARRANGEMENTS

1. Once an agreement has been concluded the amount in arrears will be reflected as current and no further interest will be added. In the event of default, interest will again be levied from date of default.
2. Where a debtor is willing to settle his/her account through once off payment for outstanding balance more than R2 500 including interest, all interest amounts may be written off on application.

8.14 UNCOLLECTABLE ARREARS

1. The effective implementation of the credit control policy also implies a realistic review of the Municipality's debtors' book at the conclusion of each financial year. The Municipal Manager shall as soon as possible after 30 June each year present to the Council a report indicating the amount of the arrears which it is believed is

uncollectible, together with the reasons for this conclusion.

2. The Council should then authorize the write off of such arrears, if it is satisfied with the reasons provided. The write-off of amounts owing to the Municipality should only be considered once all other debt collection procedures resulted in negative results.

8.15 AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS

8.15.1 The municipality shall compile a list of all external agents acting on behalf of the municipality which list shall inter alia contain their names, details and contact information. All such agents shall be supplied with a copy of the credit control measures.

8.15.2 Clear instructions to agents and other arrangements must be given for the customer's benefit. Under no circumstances may agents negotiate terms, extend payment periods or accept cash on behalf of the municipality, unless specifically instructed in writing to do so. The agent, on request of the debtor, must produce this instruction.

8.15.3 The cost to the municipality and to the debtor must be detailed for each stage of the credit control measures and for all possible actions. The liability for the costs of legal action and other credit control actions will be for the account of the debtor where appropriate.

8.15.4 Accounts outstanding between 60 days to 9 months will be handed over to the Debt Collector based on customer category .

8.15.5 Should the debt collector not recover/receive cooperation from the debtor within 60 days, the account will have to be brought back to the municipality for it to be handed over to attorneys for collection.

8.15.6 Attorneys are expected to work on the outstanding amount until the attachment of the moveable assets of the defaulters and the sale in execution is performed.

8.15.7 Once the outstanding amount is with attorneys, they should enlist the defaulters with ITC or credit Bureau.

8.15.8 Defaulters, who made payments arrangements in terms of the magistrate court act, their defaulting arrangements will be handed over to attorneys or direct magistrate court for them to be summoned with regard to their outstanding amounts.

8.16 LEGAL FEES

All legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears shall be levied against the arrears account of the debtor and/or recovered directly by the duly appointed agent.

8.17 FRAUD, TAMPERING AND OTHER CRIMINAL ACTIVITY

The municipality shall at its discretion be entitled to withhold the supply of water to a debtor who is found guilty of fraud, theft or any other criminal action relating to the supply of water, or if it is evident that fraud, theft or any other criminal action has occurred relating to such supply, until the total costs, penalties, other fees, tariffs and rates due to the municipality have been paid in full.

8.18 CREDIT CONTROL AND DEBT COLLECTION PROCEDURES FOR ASSESSMENT RATES, REFUSE, SEWERAGE AND SUNDRY DEBTORS AND UNMETERED PROPERTIES

Credit control and debt collection procedures involve systematic steps to recover outstanding debts owed to the municipality. These procedures ensure that the municipality can efficiently pursue overdue payments while adhering to legal and ethical standards.

The following credit control and debt collection procedures will be undertaken by the municipality:

8.18.1 Distribution of Accounts

All accounts must be sent out to consumers by approximately the 25th of the month.

8.18.2 Due Date for Payments

Accounts are payable when levied and the final payment date will be as reflected on the account issued.

8.18.3 Amounts in Arrears

All amounts not received on the final payment date will be reckoned as to be in arrears.

8.18.4 Telephone Warning System

The municipality has a system whereby consumers can be notified that their accounts are in arrears and that supply will be cut if payment is not received prior to the cut-off date. This service is subject to a fee as determined from time to time by the municipality

8.18.5 Final Notice and Legal Action (Accounts in 60 days on age analysis).

Should an active account remain outstanding for a period of between sixty (60) days and 9 months based on their category a final notice will be sent to the ratepayer/consumer wherein they will be given another period of sixty (60) days to pay the outstanding amount or make acceptable arrangements for settling the account.

All accounts between sixty (60) days and 9 months based on their category on the age analysis should be brought to the attention of the Chief Financial Officer.

8.18.6 Amounts not paid after Final Notice issued.

All accounts not paid on the due date stipulated in the Final Notice and for which no arrangements for extensions have been made, services, including water supply, will be terminated on the cut-off date stipulated in Final Notice.

8.18.7 Handing over of Accounts to Debt Collectors (Accounts in sixty (60) days and 9 months based on their category on age analysis)

After the sixty (60) day period the account will be handed to the debt collectors for collection. They will have a period of sixty (60) days for collection of the amount due or a portion there-of.

The ward councilors should be notified of all amounts handed to the debt collectors in order to do the necessary interaction, simultaneously with the action of the debt collectors.

Within the above-mentioned sixty (60) days period another opportunity is

afforded to the consumer to make full payment or arrangements to be entered into.

8.18.8 Handing Over of Accounts to Attorneys

When the sixty (60) day period has lapsed and no or insufficient response was received, the account should be withdrawn from the debt collectors and handed over to the attorneys for collection.

All accounts where the necessary arrangements have not been complied with are also handed over to the attorneys.

The attorneys will exhaust all the legal processes until the property is attached and sold at a sale in execution.

An account handed over for collection may be withdrawn at the municipality's discretion.

8.18.9 Utilization of Deposit

The account will be closed after a further seven (7) days and the deposit held will be utilized.

8.18.10 Opening of a New

Account After the account was closed and the deposit utilized, the full amount due must be paid before a new agreement can be entered into and the necessary deposits paid. This should also be subjected to offering to the consumer the opportunity of enlisting with the free basic services and indigent support scheme.

8.18.11 Cost to remind debtors/arrear accounts.

For any action taken in demanding payment from the debtor or reminding the debtor by means of telephone, fax, email, letter or otherwise, that his/her payments are due, a penalty fee may be levied against the accounts of the debtor in terms of the municipality tariffs provision.

8.18.12 Merit Cases.

Where special circumstances prevail, they must be treated individually and could amongst others include the following categories:

8.18.12.1 Deceased estates

8.18.12.2 Liquidated companies

8.18.12.3 Private persons under administration

8.18.12.4 Outstanding enquiries on accounts, for example, misallocated payments, water leaks, journals, incorrect levies, etc.

8.18.12.5 Pensioners

Any other case not mentioned which can be regarded as merit cases due to the circumstances pertaining to such case.

Payment of arrears in respect of merit cases shall not exceed 60 months (5 years).

8.18.13 When disconnection of electricity and/or water supply takes place due to non- payment, the debtor will be required to provide additional security to the satisfaction of the

designated official.

8.18.14 Where services are illegally restored criminal action will be taken.

8.18.15 Where the consumer has not entered into a service agreement with the municipality, water and/or electricity may be disconnected until such time as a service agreement has been signed, the applicable deposits paid, the account billed to date of occupation and arrears paid in full.

8.18.16 After installation of a prepaid water meter, water will not be sold to debtors, unless an agreement for the arrears has been concluded.

8.19 CREDIT CONTROL POLICY TO BE APPLIED FOR INDIGENT HOUSEHOLD

The Free Basic Service and Indigent Support Policy adopted by the municipality shall apply when implementing credit control and debt procedures.

Credit Control department has a responsibility of ensuring that the debtor's book represents a realistic level of collectable debts. In so doing, the credit control department shall periodically identify residential accounts with long outstanding debts and recommend them for enrolment to the indigent register.

Upon registration of a residential account as an indigent consumer, the full outstanding amount owing, principal debt and interest thereon, on the respective account will be written off in accordance with the provision of the Free Basic Services and Indigent Support Policy. A zero account will be maintained for as long as the consumer remains registered as an indigent consumer on condition

that the services consumed are within the indigent allowance for Free Basic Services.

Any new arrears accumulated by the debtor (i.e. any amounts in excess of the indigent allowance for free basic services) whilst registered as an indigent consumer, will not qualify to be written off and must be dealt with strictly in accordance with the Municipality's Credit Control and Debt Collection Policy, and the Free Basic Services and Indigent Support Policy.

8.20 PROCEDURE FOR THE WRITE OFF OF QUALIFYING DEBTS

8.20.1 Debt owed with balances too small to recover considering the cost for recovery –

8.20.1.1 Where final accounts have been submitted and paid by the respective consumer and the remaining balance after finalization of any final readings and other administrative costs results in a balance of one hundred rand (R100) or less, such account must be forwarded once to the consumer for payment.

8.20.1.2 Where such account is not paid by the respective consumer within a period of sixty (60) days such amounts will automatically be written off.

8.20.2 Debt owed by Insolvent debtor and Insolvent Deceased Estates -

8.20.2.1 Where a debtor becomes insolvent the Municipality must ensure that a creditor's claim is timeously registered. Any amount not being recovered due to insufficient funds or if there is a risk of a contribution being made to an insolvent estate must, after notification, be written off.

8.20.2.2 In case of death of the debtor, a creditor's claim must be

timeously registered against the deceased's estate. Any amount not being recovered due to insufficient funds or if there is a risk of a contribution being made to a deceased estate must, after notification, be written off.

8.20.3 Debt owed by Untraceable Debtors -

8.20.3.1 Where for any reason the forwarding address of a debtor becomes untraceable or the debtor becomes untraceable from the current address, such account must be handed over to a collection agent for recovery of the debt under the following conditions:

8.20.3.2 The collection agent will be paid an all-inclusive fee that will be negotiated.

8.20.3.3 The Terms of Reference for such collection agent must include the appointment of a tracing agent to locate the debtor.

8.20.3.4 Should a debtor be untraceable, the collection agent must report to the Municipality on the actions that were taken to attempt to trace the debtor.

8.20.3.5 Any amount owed by a debtor that has become untraceable must, after notification, be written off or sold to a debt collection agency at a discount.

8.20.3.6 Debt written off in the above instances will automatically result in the debtor being reported to the credit bureau by the Municipality.

8.20.4 Debt owed due to Special Arrangements in order to obtain a Clearance Certificate -

8.20.4.1 In terms of legislation the Municipality will under normal

circumstances not issue a Clearance Certificate on any property unless all outstanding amounts are paid to date.

8.20.5 Debt owed as a result of Special Incentives introduced by Council

8.20.5.1 Balance remaining after the arrear account has been paid in full as per the settlement agreement entered into with the municipality or as per the special incentive introduced in this policy by Council shall be fully written off immediately through the approval of the delegated authority.

8.21 DISHONoured PAYMENTS

8.21.1 No extension of payments will be allowed when dishonored payments are received.

8.21.2 Should no payment be received within fourteen (14) days calendar days from the due date, the water supply will be terminated.

8.21.3 Should three (3) dishonored payments be received in a financial year, the debit order via the ACB debit order system will be cancelled and/or the consumer / ratepayer will not be allowed to make further payment by means of a debit order for at least one year.

8.22 PRESCRIPTION OF DEBTS

8.22.1 A debt shall be extinguished through prescription in accordance with the provisions of Chapter III, section 10 to 16 of the Prescription Act of 1969. The period required for prescription shall be 3 years.

8.22.2 The following conditions shall apply in determining prescription:

8.22.2.1 Prescription shall commence to run as soon as the debt is due.

- 8.22.2.2 If the debtor willfully prevents the creditor from coming to know of the existence of the debt, prescription shall not commence to run until the creditor becomes aware of the existence of the debt.
- 8.22.2.3 The running of prescription shall be interrupted by an express or tacit acknowledgement of liability by the debtor.
- 8.22.2.4 If the running of prescription is interrupted as contemplated above, prescription shall commence to run afresh from the day on which the interruption takes place or, if at the time of the interruption or at any time thereafter the parties postpone the due date of the debt, from the date upon which the debt again becomes due.
- 8.22.2.5 Unless the debtor acknowledges liability, the interruption of prescription in terms of the paragraph shall lapse, and the running of prescription shall not be deemed to have been interrupted, if the creditor does not successfully prosecute his claim under the process in question to final judgment or if he does so prosecute his claim but abandons the judgment or the judgment is set aside.
- 8.22.2.6 If the running of prescription is interrupted as contemplated in the paragraph above and the debtor acknowledges liability, and the creditor does not prosecute his claim to final judgment, prescription shall commence to run afresh from the day on which the debtor acknowledges liability or, if at the time when the debtor acknowledges liability or at any time thereafter the parties postpone the due date of the debt, from the day upon which the debt again becomes due.
- 8.22.2.7 If the running of prescription is interrupted as contemplated in the paragraph and the creditor successfully prosecutes his claim under the process in question to final judgment and the interruption does not lapse in terms of paragraph 24.2.6, prescription shall commence to run afresh on the day on which the judgment of the court becomes executable
- 8.22.2.8 For the purposes of this section, "process" includes a petition, a notice of motion, a rule nisi, a pleading in reconvention, a third-party notice referred to in any rule of court, and any document whereby legal proceedings are commenced.

9. ENFORCEMENT.

This policy shall be implemented by those officials whose duties relate to the rendering of accounts and the collection of money due and payable to municipality on respect of rates and services, and who have contact with members of the public in relation to payments to the MUNICIPALITY for rates and services (hereinafter referred to as Designated Officials).

10.EFFECTIVE DATE.

This policy shall be implemented once approved by council and all future credit control and debt collection measures will be taken in accordance with this policy.

11.RENEWAL DATE.

In terms of section 17(1) (e) of the Municipal Finance Management Act this policy must be reviewed on annual basis and the reviewed policy will be tabled to council for approval as part of the budget processes.

REFERENCE NO.	APPROVAL DATE
FIN:13/P	

NAME OF APPROVER	RESOLUTION NUMBER	SIGNATURE OF THE MUNICIPAL MANAGER
DR. JS Moroka Local Municipality Council		