

*EMNAMBITHI/LADYSMITH
MUNICIPALITY*



CUSTOMER CARE,
CREDIT CONTROL,
AND
DEBT COLLECTION POLICY

PREAMBLE

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

AND WHEREAS section 97 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) prescribes what such policy must provide for;

NOW THEREFORE the municipal Council of the Emnambithi//Ladysmith Municipality adopts the policies as set out in this document.

OBJECTIVES

1. Customer Care: ----->
Is to create a positive relationship and co-operation between persons liable for any payment and the Municipality, and where applicable, a service provider, and
To provide a pro-active way to enhance the payment of services and in response to clients' needs.
2. Credit Control: ----->
Is to implement procedures, which ensure the collection of debt, meeting service targets and the prevention of escalation in arrear debt, and
To provide incentives for prompt payment, as well as ensuring limited risk levels by means of effective management tools.
3. Debt Collection: ----->
Is to provide procedures and mechanisms to collect all monies due to Council arising out of services and annual levies in order to ensure financial sustainability and delivery of municipal services in the interest of the community.
4. Indigent Subsidy: ----->
Is to facilitate and provide funding (financial assistance) for a basic level of services that is linked to the tariff policies to qualifying households that are poor.

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1. DEFINITIONS

For the purpose of these by-laws, any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in these by-laws and unless the context indicates otherwise.

“Account“ means any account rendered for municipal services provided;

“Act” means the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), as amended from time to time;

“Authorised agent” means-

- (a) Any person authorised by the Municipal Council to perform any act, function or duty in terms of, or exercise any power under these By-laws; and/or
- (b) Any person to whom the Municipal Council has delegated the performance of certain rights, duties and obligation in respect of providing revenue services; and/or
- (c) Any person appointed by the Municipal Council in terms of a written contract as a service provider to provide revenue services to customers on its behalf, to the extent authorised in such contract;

“Chief Financial Officer” means a person designated by the Accounting Officer of the Municipality.

“Customer” means a person with whom the Municipality or its authorised agent has concluded an agreement for the provision of municipal services;

“Defaulter” means a customer who owes arrears;

“Household” means a traditional family unit consisting of a maximum of eight persons (being a combination of four persons over the age of eighteen and four persons eighteen years or younger);

“Municipality” means-

- (a) the Emnambithi/Ladysmith Municipality or its successors-in-title; or
- (b) the Municipal Manager of the Emnambithi/Ladysmith in respect of the performance of any function or exercise of any right, duty, obligation or function in terms of these By-laws;

“Municipal Council” means the municipal Council as referred to in section 157910 of the Constitution, 1996 (Act 108 of 1996);

“Municipal Manager” means the person appointed by the Municipal Council as the Municipal Manager of the Municipality in terms of section 82 of the Local Government: Municipal Structures Act, (Act No. 117 of 1998) and included any person-

- (a) acting in such position; and to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty;

“Municipal services” means for purpose of these By-laws, services provided by the Municipality or its authorised agent, including refuse removal, water supply, sanitation, electricity services and rates

or any one of the above;

“Occupier” includes any person in actual occupation of the land or premises without regard to the title under which he/she occupies, and, in the case of premises sub-divided and let to lodgers or various tenants, shall include the person receiving the rent payable by the lodgers or tenants whether for his/her own account or as an agent for any person entitled thereto or interested therein;

“Owner” means-

- (a) the person in whom from time to time is vested the legal title to premises;
- (b) in the case where the person in whom the legal title to a premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, 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) in any case where the Municipality or its authorised agent is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such premises or a building thereon;
- (d) in the case of premises for which a lease agreement of thirty (30) years or longer has been entered into, the lessee thereof;
- (e) in relation to:
 - (i) a piece of land delineated on a sectional plan registered in terms of the Sectional Title Act, 1986 (Act No.95 of 1986), the developer or the body corporate in respect of the common property; or
 - (ii) a section as defined in the Sectional Title Act, 1986 (Act No. 95 of 1986), the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person; or a person occupying land under a register held by a tribal authority;

“Property” means any portion of land, of which the boundaries are determined within the jurisdiction of the Municipality;

2. PRINCIPLES

- 2.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected Councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- 2.2 All customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines.
- 2.3 A copy of the application form, conditions of services and extracts of the relevant Council’s credit control and debt collection policy and by-laws must be handed to every customer on request at such fees as may be prescribed by Council.

- 2.4 Billing is to be accurate, timeous and understandable.
- 2.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 2.6 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 2.7 Enforcement of payment must be prompt, consistent and effective.
- 2.8 Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and fraudulent activity will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- 2.9 Incentives and disincentives may be used in collection procedures.
- 2.10 The collection process will be cost effective.
- 2.11 "Best Practices" collection processes will be pursued.
- 2.12 Performance results will be regularly and efficiently reported to Council.
- 2.13 Application forms will be used to categorise customers and to determine whether the customer qualifies for indigent subsidy, pre-payment or credit meters.
- 2.14 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 2.15 Although customer care and debt collection are inter-related, two separate sections must handle them on an independent basis.
- 2.16 The customer's debt must arise out of a legal framework and must be legally collectable. The principle of providing service in lieu of payment for arrear accounts is supported.

3. **DUTIES AND FUNCTIONS**

- 3.1 **Duties and Functions of the Municipal Council** are to-
 - 3.1.1 Approve a budget consistent with the needs of communities, ratepayers and residents,
 - 3.1.2 Impose rates and taxes and to determine service charges, fees and penalties to finance the budget;
 - 3.1.3 Provide sufficient funds to give access to basic services for the poor;
 - 3.1.4 Provide for bad debt, in line with the payment record of the community, ratepayers and residents, as reflected in the annual financial statements of the Municipality;
 - 3.1.5 Set an improvement target for debt collection, in line with acceptable accounting ratios and the abilities of the Municipal Manager;
 - 3.1.6 Approve a reporting framework for credit control and debt collection;
 - 3.1.7 Consider and approve By-laws to give effect to Council's policy;

- 3.1.8 Monitor the performance of the Executive Committee and the Municipal Manager regarding credit control and debt collection;
- 3.1.9 Revise the budget should Council's targets for credit control and debt collection not be met;
- 3.1.10 Take disciplinary action against officials who do not execute Council policies and By-laws;
- 3.1.11 Approve a list of attorneys that will act for Council in all legal matters relating to debt collection;
- 3.1.12 Delegate the required authorities to monitor and execute the credit control and debt collection policy to the Executive Committee and the Municipal Manager respectively;
- 3.1.13 Approve an appropriate staff structure for credit control and debt collection;
- 3.1.14 Appoint debt collection agents to assist the Municipal Manager in the execution of his/her duties, if required, and
- 3.1.15 Provide funds for the training of staff

3.2 Duties and Functions of the Executive Committee are to-

- 3.2.1 Ensure that the Council's budget, cash flow and targets for the debt collection are met and executed in terms of the policy and relevant by-laws;
- 3.2.2 Monitor the performance of the Municipal Manager in implementing Council's policy and By-laws;
- 3.2.3 Review and evaluate the policy and By-laws in order to improve the efficiency of the Council's credit control and debt collection procedures, mechanisms and processes, and
- 3.2.4 Report to the Council.

3.3 Duties and Functions of the Municipal Manager are to-

- 3.3.1 Implement good customer care management;
- 3.3.2 Implement the Council's credit control and debt collection policy;
- 3.3.3 Install and maintain an appropriate accounting system;
- 3.3.4 Bill consumers appropriately;
- 3.3.5 Demand payment on due date;
- 3.3.6 Raise penalties on defaulter's accounts;
- 3.3.7 Ensure that appropriate payment is received;
- 3.3.8 Collect outstanding debt;
- 3.3.9 Implement "Best Practices" procedures
- 3.3.10 Provide different payment methods;
- 3.3.11 Determine customer care, credit control and debt collection measures;
- 3.3.12 Determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, wring off of debts, sundry debtors and legal processes;
- 3.3.13 Appoint firm/s of attorneys to complete the legal process (i.e. attachments and sale in execution of assets, emolument attachment orders etc.);
- 3.3.14 Set performance targets for staff;
- 3.3.15 Appoint staff to execute Council's policy and By-laws in accordance with Council's staff policy;

- 3.3.16 Delegate certain functions to Heads of departments;
- 3.3.17 Determine control procedures;
- 3.3.18 Monitor contracts with Service Providers in connection with credit control and debt collection; and
- 3.3.19 Report to the Executive Committee and Council.

3.4 **Duties and Functions of Communities, Ratepayers and Residents** are to-

- 3.4.1 Fulfil certain responsibilities, as brought about by the privilege to use and enjoy public facilities and municipal services;
- 3.4.2 Pay service fees; rates on property and other taxes, levies and duties imposed by the Municipality;
- 3.4.3 Observe the mechanisms and processes of the Municipality in exercising their rights;
- 3.4.4 Allow municipal officials reasonable access to their property to execute municipal functions;
- 3.4.5 Comply with the by-laws and other legislation of the Municipality;
- 3.4.6 Refrain from tampering with municipal services and property.

3.5 **Duties and Functions of Ward Councillors and Political Parties** are to-

- 3.5.1 Hold regular ward meetings;
- 3.5.2 Adhere to and convey Council's policies to residents and ratepayers; and
- 3.5.3 Adhere to Council's Code of Conduct for Councillors.

4. **CUSTOMER CARE POLICY**

4.1 **Customer Feedback**

- 4.1.1 The Municipality will, within its financial and administrative capacity, conduct annual process of compiling its budget, which will include revised targets for credit control.
- 4.1.2 Council's Customer Care, Credit Control and Debt Collection Policy, will be available in Zulu, English and Afrikaans, and will be made available by general publication and on specific request, and will also be available at Council's offices for perusal.
- 4.1.3 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues.
- 4.1.4 Ward Councillors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.
- 4.1.5 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.

4.2 **Handling of Complaints**

- 4.2.1 Council aims to establish:
 - 4.2.1.1 A customer care unit;

- 4.2.1.2 A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- 4.2.1.3 Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- 4.2.1.4 A communication mechanism to give Council feedback on service, debt and other issues of concern.

4.3 **Metering**

- 4.3.1 The Emnambithi/Ladysmith Municipality reserves the right to supply electricity to any consumer by means of a pre-paid or conventional meter.
- 4.3.2 The Municipality or its authorised agent must in respect of municipal services that can be metered, endeavour to meter all customer connections.
- 4.3.3 All meters will be read on a quarterly (three months) basis. If a service is not measured, the Municipality or its authorised agent may, determine the amount due and payable by a customer for municipal services supplied to him/her in the following manner:
 - 4.3.3.1 Shared consumption, or if not possible
 - 4.3.3.2 Estimated/average consumption.
- 4.3.4 Customers are entitled to request verification of meter readings and accuracy, but may be held liable for the cost thereof.
- 4.3.5 Customers will be informed of meter replacements
- 4.3.6 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the Municipality or its authorised agent, and the customer is charged for an average consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustment
- 4.3.7 Customers are entitled to apply to phone in their electricity meter readings under the following conditions:
 - 4.3.7.1 The electricity meters will be read on an agreed upon date.
 - 4.3.7.2 The reading will be reported in the following manner:
Either telephonically on 036- 637 6905 or
By fax on 036-637 2592or
By e-mail to electricity@ladysmith.co.za.
- 4.3.8 The following information must be reflected on the reading that is given :
 - a) the account number/s
 - b) the meter number/s
 - c) the meter reading/s.

- 4.3.9 The Emnambithi/Ladysmith reserves the right to audit any meter reading that is taken.
- 4.3.10 Should any reading/s reported prove to be grossly inaccurate or clearly adjusted, the customer will be held liable for tampering in terms of the current by laws. This would result in penalty charges being raised against the account and the electricity service being removed. A new service (prepaid) will be installed upon the completion of a new service application form and payment of the prescribed fees.
- 4.3.11 The right to read and report meter readings may be withdrawn at any stage by the Emnambithi/Ladysmith Municipality.
- 4.4 **Accounts and Billing**
- 4.4.1 The customer may receive more than one account for different municipal services if they are accounted for separately.
- 4.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates are linked to the statement date.
- 4.4.3 Accounts will be rendered monthly to customers at the address last recorded with the Municipality or its authorised agent.
- 4.4.4 Failure to receive or accept an account does not relieve a customer (client's responsibility) of the obligation to pay any amount that is due and payable.
- 4.4.5 Accounts must be paid not later than the last date for payment specified in such account.
- 4.4.6 Where an account is not settled in full, any lesser amount tendered to and accepted shall not be deemed to be in final settlement of such an account.
- 4.4.7 Where any payment made to the Municipality or its authorised agent by negotiable instrument, is later dishonoured by the bank, the Municipality or its authorised agent:
- 4.4.7.1 may recover the average bank charges incurred relating to dishonoured negotiable instrument against the account of the customer; and
- 4.4.7.2 shall regard such an event as default on payment.
- 4.4.8 The Municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request on the condition that the average costs incurred for issuing the duplicate account may be recovered from the customer.
- 4.4.9 Every refuse tariff will be consolidated with the respective rates account per erf, and provided to owners of properties and not tenants – CONSOLIDATED ACCOUNTS WILL NOT BE UNCONSOLIDATED.

4.5 Enquiries, Appeals and Service Complaints

- 4.5.1 If a customer is convinced that his or her account is inaccurate, he/she can lodge a query with the Municipality for investigation of this account on the prescribed format, as set by the Municipality. Where necessary the relevant alterations will be effected if valid within 30 days.
- 4.5.2 A query or complaint must be accompanied by the payment of the average of the last three months' accounts where history of the account is available or an estimated amount provided by the Municipality before payment due date until the matter is resolved.
- 4.5.3 The Municipality or its authorised agent will:
- 4.5.3.1 investigate or cause the query or complaint to be investigated;
 - 4.5.3.2 and, must inform the customer in writing, of its finding within one month after the query or complaint was registered.
- 4.5.4 Failure to make such agreed interim payment would make the customer liable for disconnection, other normal credit control procedures, together with the applicable fees.
- 4.5.5 A customer may appeal against a finding of the Municipality or its authorised agent in terms of section 4.5.1 in writing, on the prescribed form.
- 4.5.6 An appeal and request in terms of subsection 4.5.5 must be made in writing and lodged with the Municipality within (twenty-one) 21 days after the customer became aware of such finding referred to in section 4.5.2 and must:
- 4.5.6.1 Set out the reasons for the appeal; and
 - 4.5.6.2 Be accompanied by any security determined for the testing of a measuring device, if applicable.

4.6 Payment Facilities and Methods

- 4.6.1 The Municipality or its authorised agent will operate and maintain suitable pay-point facilities, and which facilities will be accessible to all users for payment of accounts and pre-payment of services.
- 4.6.2 The Municipality will, at its discretion allocate a payment made by a debtor of an amount less than the total amount due between service debts. A debtor may not specify that a payment is for a specific portion of the account.
- 4.6.3 The Municipality may, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- 4.6.4 The customer will acknowledge, in the customer agreement form that the use of customer agents in the transmission of payments to the Municipality is at the risk of the customer. This is also applicable for the transfer time of the payment.

4.7 **Performance Targets**

Council will create a mechanism wherein these targets are assessed. Council's performance is evaluated and remedial steps are taken.

4.7.1 **Income Collection Targets**

Council must create targets that include:

4.7.1.1 Reduction in present monthly increase in debt in line with the performance agreements as determined by Council.

4.7.2 **Customer Service Targets**

Council must create targets that would include:

4.7.2.1 Response time to customer queries.

4.7.2.2 Date of first account delivery to new customers.

4.7.2.3 Reconnection time elapse.

4.7.2.4 Meter reading cycle.

4.7.3 **Administrative Performance**

Council must create targets that will include:

4.7.3.1 Cost efficiency of debt collection.

4.7.3.2 Query and appeal periods.

4.7.3.3 Enforcement mechanism ratios.

5. **CREDIT CONTROL POLICY**

5.1 **Service Application & Connection**

5.1.1 All customers of service will be required to sign an agreement governing the supply and cost of municipal services. The Municipality will strive to consolidate all service accounts to the owners account. On default by a tenant, the owner will be the debtor of last resort. Pre-Paid meters will be installed for all new connections if the ratepayer is the tenant and a new contract entered into with the owner.

All identified Government properties will be required to enter into a service contract for rates and refuse. The contract will only be entered into in the name of the registered owner by the identified authorised official. Pre-paid electricity will be compulsory and attached to the owner's rates and refuse account.

5.1.2 Prior to the signing of these agreements, customers will be entitled to receive the policy document of the Council on a request at a cost as determined by Council.

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

5.1.4 In the agreement customers will acknowledge liability for costs of collection, interest, penalties and any other cost contained in the By-laws to collect outstanding monies, in the event of late payment.

5.1.5 Existing customer will be required to sign new agreements as determined by the Municipal Manager from time to time.

5.2 Customer Screening and Securities/Deposits

5.2.1 All applicants will be checked for credit-worthiness. This will include checking information from banks, credit bureaus, local authorities, trade creditors, employers and references as supplied by consumers.

5.2.2 Security deposits/guarantees either in cash or any other security acceptable to the Municipality will be required, and may vary according to the risk. Deposits will be determined annually as part of the budget process.

5.2.3 Deposits can vary according to the credit-worthiness or legal category of the applicant subject to the paragraphs contained in 5.2.

5.2.4 The Municipality can increase deposits at any time and at the sole discretion of the Municipality not to be more than two and half times the monetary value of the most recent consolidated accounts of the premises for which an application is made.

5.2.5 No interest shall be payable by the Municipality or its authorised agent on any deposit held.

5.2.6 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. A deposit shall be forfeited to the Municipality if the customer has not claimed it within 12 (twelve) months of termination of the agreement.

5.3 Consolidated Accounts

5.3.1 Customers will receive an accurate bill from the Municipality. Such bill will consolidate all service costs for that property, and the Municipality may credit all payments received from such a person to any service and order of preference as determined by Council from time to time.

5.4 Arrears

5.4.1 The Municipality shall have the right to restrict or discontinue the supply of services or to implement any other debt collection action necessary due to late or non-payment of accounts, relating to any consumer, owner or property.

5.4.2 Interest – refer to section 6.1.2

5.4.3 Any dispute, concerning any amount charged between the Municipality and the person referred to, will result in the same procedures being applied as indicated in section 4.5.

5.5 Incentives for Prompt Payments

5.5.1 The Municipal Council may institute incentive schemes to encourage prompt payment and to reward customers who pay accounts on a regular and timeous basis.

5.5.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

5.6 Right to Access Premises

5.6.1 The owner and /or occupier of property is to allow an authorised representative of the Municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.

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

5.6.3 If a person fail to comply with 5.6.1 the Municipality or its authorised representative may:

5.6.3.1 By written notice require such person to restore access at his/her own expense within a specified period.

5.6.3.2 If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

5.7 Business who Tender to the Municipality

5.7.1 The Supply Chain Management Policy and Tender Conditions provide the following:

5.7.1.1 When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tenderer 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.

5.7.1.2 A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated account or overdue in terms of the contract or any other due date that has passed.

5.7.1.3 Tender conditions may contain a condition allowing the Municipality to deduct moneys owing to the Municipality from contract payments in terms of a reasonable arrangement made with the debtor.

5.8 Different Categories of Debtors

- 5.8.1 Customers will be categorised according to certain classifications based on the type of entity, use of services, levels of services, infrastructure requirements and applicable tariffs and risk levels.

6. DEBT COLLECTION POLICY

6.1 Enforcement Mechanisms

6.1.1 Interruption of Service

- 6.1.1.1 Customers who are in arrears with their municipal account and who have not made arrangements with Council will have their supply of electricity and other municipal services suspended or disconnected. A pre-paid electricity meter will be installed at the owner's expense based on the tariffs as set by Council at the beginning of the financial year.
- 6.1.1.2 Council reserves the right to deny, restrict, or block the sale of electricity to customers who are in arrears with their rates or other municipal charges.
- 6.1.1.3 The disconnection of services may happen when the municipal account is one (1) day overdue.
- 6.1.1.4 Upon liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the service will be reconnected as soon as possible.
- a) If paid before 13:00 reconnection will be on the same day.
 - b) If paid after 13:00 reconnection will be on the next working day.
 - c) If the electricity service has been removed, it will be treated as a new connection after full payment is received, and reconnected as soon as possible.
- 6.1.1.5 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- 6.1.1.6 The deposit of any defaulter will be adjusted to bring into line with relevant policies.
- 6.1.1.7 If the tenant of any property fall in arrears for sixty (60) days or more with their accounts, the electricity and refuse account will be consolidated with the owners account to limit arrears on final accounts and the cable or meter (conventional or pre-paid) will be removed. Reconnection will only take place after settlement of the arrears and a new contract entered into by the owner. The reinstating of the service will be added to the waiting list for services.

6.1.2 Interest, Penalties and Collection Charges

Interest, penalties and collection charges will be charged on all accounts not paid by the due date in accordance with applicable legislation.

Collection charges will be charged in terms of Local Government Municipal Systems Act No. 32 of 2000 (75 A (1) (b)).

6.1.3 **Personal Contact**

6.1.3.1 Telephonic contact (*fax, e-mail, SMS's or otherwise*)

6.1.3.2 Agents calling on clients

6.1.3.3 Council will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and inform them of their arrears state, and their 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.

6.1.3.4 Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.

6.1.3.5 All cost incurred will be debited to each customer/owner.

6.1.4 **Legal Process/Use of Attorneys/Use of Credit Bureaus**

Council may, when a debtor is thirty (30) days in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, warrant of execution judgements, garnishee orders and/or sales in execution of movable and immovable property.

6.1.4.1 Council will exercise strict control over this process, to ensure the accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by Council or the in-house legal section.

6.1.4.2 Council will establish procedures and codes of conduct with these outside parties.

6.1.4.3 Garnishee orders, in the case of employed debtors, are preferred to sale in execution, but both are part of Council's system of debt collection procedures.

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

6.1.4.5 All costs of this process are for the account of the debtor.

6.1.4.6 Individual debtor accounts are protected and are not subject of public information. However Council may release debtor information to credit bureaus. This release will be in writing or by electronic means.

6.1.4.7 Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.

- 6.1.4.8 Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council
- 6.1.4.9 Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.
- 6.1.4.10 Any agreement concluded with an agent, product vendor or service provider, shall include a clause whereby breaches of the code of conduct by the agent or vendor constitute a breach of a contract.

6.2 **Cost of Collection**

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

6.3 **Rates Clearance**

On the sale of property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges are paid by withholding a rates clearance certificate.

6.4 **Arrangements for Settlement**

- 6.4.1 If a customer cannot pay his/her account with the Municipality, he/she may enter into an extended term of payment with the customer after submitting a Surety form, acknowledgement of debt, a copy of their I.D, new contract form, and any other information set or required by the Municipality.
- 6.4.2 He/she must pay the current portion of the account and 50% of the arrear debt in cash and set periods for the outstanding amounts to be paid as may be determine by accounting officer. He/she must sign an acknowledgement that, in the event of arrangements previously negotiated later being defaulted on, no further arrangements will be possible. Under such circumstances further credit control procedures will be followed.
- 6.4.3 Consumers who make application to pay their arrears in instalments and whose application is acceptable must pay 50% in cash on application and if:-
 - a) The resulting balance owing is less than R10 000.00 then the balance including interest and penalties, must be settled in three equal instalments over three months.
 - b) The resulting balance owing is more than R10 000.00 then the balance including interest and penalties, must be settled in six equal instalments over six months with permission from the accounting officer.

c) The arrangement will be a once-off arrangement.

6.4.4 In either case, any default in meeting an instalment on time will result in the cancellation of the agreement and the full amount, including interest and penalties, will become immediately due and payable.

6.4.5 Customers with consumption arrears must agree to the conversion to prepayment meter, if and when implemented the cost of which, and the arrears total, will be paid off either by:

6.4.5.1 adding the debt to the arrears bill and repaying it over the arranged period.

6.4.6 Council reserves the right to raise the deposit requirement of debtors who seek arrangements.

6.5 **Abandonment of Claims**

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

6.5.2 There are some circumstances that allow for the valid termination of debt collection procedures:

6.5.2.1 The insolvency of the debtor, whose estate has insufficient funds.

6.5.2.2 A balance being too small to recover, for economic reasons considering the cost of recovery.

6.5.2.3 Where Council deems that a customer or group of customers are unable to pay for services rendered.

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

7. **CUSTOMER ASSISTANCE PROGRAMMES**

7.1 **Rate Rebates**

7.1.1 Property used exclusively for residential purposes may qualify for a rebated rate determined annually by Council.

7.1.2 A rate rebate may be granted according to certain qualifying criteria to social pensioners or the receiver of a state disability grant and /or any category of customer, as determined by Council from time to time.

7.2 **Rates by Instalments**

Customers will pay the property rates account monthly, over eleven (11) months at no interest, on the condition that there are no rates outstanding in respect of previous period and that the rates are paid in full prior to the next rates cycle.

7.3 **Indigent Subsidy**

- 7.3.1 Qualification for registration as an indigent customer:
A household, where the combined gross income of all the members of the household over the age of 18 years old (excluding foster care grant monies) is less than an amount/criteria as determined from time to time per month by the Council, qualify for registration as indigent customers
- 7.3.2 The source of funding of the indigence subsidy is that portion of the equitable share contribution to the Municipality made from the national government's fiscus and as provided for in the budget. In exceptional circumstances this can be supplemented from other revenues as determined by Council in the annual budget process.
- 7.3.3 For electricity, indigents will be required to install a pre-payment electricity meter. When implemented, the cost of which can be met either by:
 - 7.3.3.1 The equitable share fund, if sufficient
 - 7.3.3.2 A surcharge on the electricity coupon cost; or
 - 7.3.3.3 Cash payment by the household.

Note: No connection fee will be charged in Council's electricity control areas.

- 7.3.4 No household will qualify as an indigent customer if:
 - 7.3.4.1 The residents jointly or severally own more than one property.
 - 7.3.4.2 False information in the application form and/or any other documentation and information in connection with the application was provided.
 - 7.3.4.3 Audits suggest improvements/changes in the circumstances of the household.
 - 7.3.4.4 Applicants will have to renew the application on an annual basis.
- 7.3.5 All existing arrears will be written of subject to the necessary bad debt provision; applied as a surcharge to prepaid electricity coupons; and recovered through extended term arrangements. Arrears suspended for a period of two (2) years or longer shall be recovered from a customer on de-registration.
- 7.3.6 Customers who qualify for an indigent subsidy will be placed on restricted service levels of usage.
- 7.3.7 Council may undertake regular random audits to visit indigent households to;
 - 7.3.7.1 Verify the information provided by indigent customers;
 - 7.3.7.2 Record any changes in the circumstances of indigent customers; and
 - 7.3.7.3 Make recommendations on the granting or de-registration of the indigent customer.

- 7.3.8 If a customer's consumption or use of municipal service is less than the subsidised services, the unused portion may not be accrued by the customer and will not entitle the customer to cash or be given a rebate in respect of the unused portion.
- 7.3.9 An indigent customer may at any time request de-registration.
- 7.3.10 An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his/her circumstances has changed to the extent that he/she no longer meets the qualifications set out in section 7.3.1
- 7.3.11 An indigent customer shall automatically be de-registered if an audit or verification concludes that the financial circumstances of the indigent customer has changed to the extent that he/she no longer meets the qualifications set out in 7.3.1.

7.4 Additional Subsidies

- 7.4.1 Council may provide grants in lieu to certain categories of owners of domestic properties to alleviate poverty.
- 7.4.2 Rebates may be granted to pre-paid electrical consumers using national guidelines. The above will only be allowed if Council can afford the rebate within budget constraints.
- 7.4.3 Council will annually decide if properties with a land and building value less than a certain amount will qualify for indigency. The same benefits will apply as for application indigency.

8. REPORTING

- 8.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council. This report shall contain particulars on:
 - 8.1.1 Cash flow information for capital and operating accounts, and the combined situation, showing Council's actual performance against its cash flow budgets.
 - 8.1.2 Cash collection statistics, showing high level debt recovery information (numbers of customers; enquires; default arrangements; growth or reduction of arrear debtors; ideally divided into wards, business (commerce and industry) domestic, state, institutional and other such divisions.
 - 8.1.3 Council's ongoing income and expenditure statements, comparing both billed income and cash receipt income, against ongoing expenditure in both the capital and operating accounts.
- 8.2 If in 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 will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

9. **PERFORMANCE EVALUATION**

Refer – Performance Targets, section 4.7

10. **TERMINATION OF SERVICE OR RESTRICTION**

Refer – Interruption of services, section 6.1.1

11. **UNAUTHORISED CONSUMPTION, TAMPERING &/ THEFT OF SERVICES**

11.1 Any person (natural or juristic) found to be illegally connected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised services associated with the supply of municipal services, as well as theft and damage to Council property/infrastructure, will be prosecuted and/or liable for penalties as contained in the Municipal By-laws.

11.2 Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.

11.3 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned. No arrangements will be entered into unless authorised by the Municipal Manager or his delegate.

11.4 Council will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.

11.5 Council may distinguish in its penalties between cases of vandalism and/or cases of theft.

11.5.1 Council reserves the rights to lay charges and/or to take legal action against both vandals and thieves

11.5.2 Any person failing to provide information or providing false information to the Municipality may face immediate disconnection.

12. **ENFORCEMENT OF OTHER LEGISLATIONS & INCONSISTENCIES**

12.1 When interpreting a provision of these By-laws, any reasonable interpretation that is consistent with the purpose of the Act as set out in Chapter 9 on Credit Control and Debt collection, must be preferred over any alternative interpretation, which is inconsistent with that purpose.

12.2 The provisions of any By-laws relating to the control of credit by the Municipality are hereby repealed insofar as they relate to matters provided for in these by-laws, provided that such provisions shall be deemed not to have been repealed in respect of any such Bylaw

which has not been repealed and which is not repugnant to these By-laws on the basis as determined by the relevant By-laws.

- 12.3 If there is any conflict between these By-laws and any other By-laws of the Council, these By-laws will prevail.
- 12.4 Municipal support of the Policy.
Each department of the Municipality will support this policy in terms of their powers and functions.