
MAKANA MUNICIPALITY

**CUSTOMER CARE, CREDIT CONTROL, DEBT COLLECTION, INDIGENT AND TAMPERING
POLICY**

POLICY NUMBER:	(F) 3
POLICY NAME	Customer Care, Credit Control, Debt Collection, Indigent and Tampering Policy
POLICY STATUS	Draft
VERSION	No. 1
DATE OF APPROVAL	20 June 2014
DATE OF FIRST IMPLEMENTATION	1 July 2014
DATE OF LAST AMENDMENT	
DATE OF NEXT REVIEW	April 2015
PURPOSE	See Policy
AIMS AND OBJECTIVES	See Policy
POLICY CUSTODIAN	Directorate: Budget and Treasury
RELATED POLICIES AND LEGISLATION	<ul style="list-style-type: none"> • Municipal Systems Act No.32 of 2000 • Municipal Finance Management Act No. 56 of 2003 • Municipal Property Rates Act No.6 of 2004 • Municipal Structures Act No.117 of 1998
APPROVING AUTHORITY	Council
APPLICABILITY	This policy applies to staff and the customers of the municipality.
POLICY BENCHMARK AND REFERENCES	
STAKEHOLDERS CONSULTED	Yes

**CUSTOMER CARE, CREDIT CONTROL, DEBT COLLECTION, INDIGENT AND TAMPERING
POLICY**

The policy was adopted by Council on 24 June 2014 and will be effective from 1 July 2014.

Signature : 
Municipal Manager (Accounting Officer)

Date: 11/8/2014

Signature: 
Executive Mayor

Date: 11/08/2014

INDEX

	PAGE
1. INTRODUCTION	5
2. SCOPE OF THE POLICY	5
3. OBJECTIVES OF THE POLICY	5
4. PRINCIPLES	6
5. DEFINITIONS	7
6. DUTIES AND FUNCTIONS OF	15
6.1 Council	
6.2 Executive Mayor	
6.3 Ward Councillors	
6.4 All Councillors	
6.5 Accounting Officer	
6.6 Municipal Staff	
6.7 Community, Ratepayers and Residents	
6.8 Performance Evaluation	
6.9 Income Collection	
6.10 Consumer Service Targets	
6.11 Administrative Performance	
6.12 Reporting	
7. CUSTOMER CARE	20
7.1 Objective	
7.2 Service Delivery	
7.3 Communication	
7.4 Personal Contact	
7.5 Metering	
7.6 Accounts and billing	
7.7 Payment Facilities	
7.8 Incentives for Prompt Payment	
7.9 Enquiries, Appeals and Service Complaints	
7.10 Water Leakages	
7.11 Clients in Correctional Service	
7.12 Temporary Suspension of Actions	
7.13 Restricted Water	
7.14 Disabled Persons	
7.15 Inheritor of Insolvent Estate	
7.16 Rate Rebates	
7.17 Arrangement for Settlement	
7.18 Consumer Categories	
7.19 Priority Consumer Management	

- 7.20 Restrictions of services
- 7.21 Deceased
- 7.22 Tenant Accounts

8. CREDIT CONTROL

28

- 8.1 Allocation for Municipal Services
- 8.2 Property Development
- 8.3 Termination of Services
- 8.4 Payment of Deposit
- 8.5 Recovery of Additional Cost
- 8.6 Payment of Municipal Services
- 8.7 Payment of interest
- 8.8 Accounts and Billing
- 8.9 Disputes, Queries and Complains
- 8.10 Appeal against findings
- 8.11 Agreement for Payment of arrears
- 8.12 Unauthorised Reconnection of Services
- 8.13 Unoccupied Premises
- 8.14 Installation of prepaid meters
- 8.15 Allocation of Prepaid Meters purchases to arrears
- 8.16 Right of Access
- 8.17 Employer Deductions
- 8.18 Rates
- 8.19 Tenderers

9. DEBT COLLECTION

44

- 9.1 Disconnection / Restriction of services
- 9.2 Restoration of Services
- 9.3 Discretion: Negotiable amounts
- 9.4 Arrangements
- 9.5 Arrangement for Residential Debtors
- 9.6 Arrangement for Non-residential Debtors
- 9.7 Listing of Debtors with Credit Bureau
- 9.8 Termination, Limitation and discontinuation of Services
- 9.9 Services not reconnected
- 9.10 Notices and Documentation
- 9.11 Legal Processes

10. INDIGENT

49

- 10.1 Object of the Policy
- 10.2 Principle
- 10.3 Criteria
- 10.4 Application
- 10.5 Local Audit
- 10.6 Subsidy
- 10.7 Water leakages and other problems

10.8 Additional subsidy Categories

11. IRRECOVERABLE DEBT	52
11.1 Conditions	
11.2 Criteria	
12. OFFENCES AND PENALTYS	54
13. TAMPER POLICY	55
13.1 Objective	
13.2 Implementing Authority	
13.3 Unauthorised use of Property	
13.4 Municipal's right of access to Premises	
13.5 Power to restrict or terminate Supply	
13.6 Illegal reconnections and or tampering	
14 PUBLICATION OF THE POLICY	57

**LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT,
2003**

Date of adoption: 20140701

Council resolves in terms of section 111 of the Local Government Municipal Finance Management Act (No. 56 of 2003), to adopt the under-mentioned revised policy as the Customer Care, Credit control, Debt Collection, Indigent and Tampering policy of the municipality.

1 INTRODUCTION

This policy is established in terms of Chapter 9 of the Municipal Systems Act (No.32 of 2000) and section 62(f)(iii) of the Municipal Finance Management Act (56 of 2003) which requires that a municipality establish and maintain a credit control and debt collection policy.

2 SCOPE OF THE POLICY

- (a) This Policy applies to the Makana Municipality and all persons of this administration.
- (b) This Policy as approved by Council has been passed into a municipal bylaw in terms of the Local Government: Municipal Systems Act No 32 of 2000 and such Policy will be binding on the public, officials and Councillors of the Municipality of Makana and no interference in the process will be permitted.
- (c) The Policy is applicable until such time as it is reviewed and Council approves the revisions. All acts performed in terms of the above approved Policy, and the existing municipal bylaw, will not be invalidated due to the timing differences between approval and promulgation.
- (d) All acts performed as mentioned in the previous paragraph will be ratified with the promulgation of the related municipal bylaw.

3 OBJECTIVES OF THE POLICY

The objectives of this Policy are to:

- (a) Define a framework within which the municipality can exercise its executive and legislative authority with regard to credit control and debt collection and to develop an effective procedure to bill and collect its revenues;
- (b) ensure that all monies due and payable to the municipality are collected in full and used to deliver municipal services in the best interest of the community, residents and ratepayers and in a financially sustainable manner as prescribed by the Municipal Systems Act, 2000 (Act No, 32 of 2000), and other applicable

- legislation;
- (c) ensure that the principles applied, as a result of this policy, will enhance and support a healthy working capital position for the Makana Local Authority;
- (d) provide a framework for consumer care and indigent support;
- (e) set realistic targets for credit control and debt collection;
- (f) enable the implementation of this Policy throughout the Makana Local Municipality;
- (g) effectively and efficiently deal with defaulters in accordance with the terms and conditions of this Policy; and
- (h) promote a culture of payment and instil a sense of responsibility towards the payment of municipal accounts and reduction of municipal debt.

4 PRINCIPLES

- (a) The administrative integrity of the municipality must be maintained at all times. 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.
- (b) All customers must complete an official application form, formally requesting municipal services. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager. The most important rights and obligations of the consumer and the Municipality must be included in the service application form.
- (c) A copy of the application form including conditions of services must be handed to every new customer on date of application for services. All customers must be informed of the contents of the council's Credit Control and Debt Collection policy and a copy made available to any customer on request.
- (d) Billing is to be accurate, timeous and understandable.
- (e) The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- (f) 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.
- (g) Enforcement of payment must be prompt, consistent and effective.
- (h) Unauthorized consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will

lead to disconnections, penalties, loss of rights and criminal prosecutions.

- (i) Incentives and disincentives may be used in collection procedures.
- (j) The collection process must be cost effective.
- (k) Results will be regularly and efficiently reported and monitored.
- (l) There must be legal cause between the municipality and its customer, and customer debt must arise out of a legal framework and must be legally collectable.
- (m) Debtors may be referred to third party debt collection agencies and may be placed on the **National Credit Bureau**.
- (n) Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non- performance.
- (o) Consumers that meet council's indigent criteria must be identified and supported.
- (p) The Municipality shall not conduct any business activity with or provide any services to any persons with arrear municipal accounts except as provided for in the policy and as determined by the Municipality from time to time, nor will any refunds of credits be made to any debtor who is in arrears with their Municipal account.

5 DEFINITIONS

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

“account” means a notification by means of a statement of account to a ratepayer or customer who is liable for payments of any amount to the municipality and any authorised service provider in respect of the following:-

- (a) electricity that is consumed by a consumer based on a meter reading or an estimated consumption and any service fee;
- (b) water that is consumed by a consumer based on a meter reading or an estimated consumption or water availability fees;
- (c) refuse removal and disposal;
- (d) sewerage services and sewer availability fees;
- (e) rates;
- (f) interest;
- (g) connection fees;
- (h) collection charges, miscellaneous; (i)

sundry fees;
(j) default administration charges;
(k) housing, rentals and instalments.

“Accounting Officer” means the person appointed by the council as the Municipal Manager of the municipality in terms of section 82 of the Local Government: Municipal Structures Act No. 117 of 1998 and being the head of the administration and accounting officer in terms of section 60 of the Local Government: Municipal Systems Act 200 (Act no 32 of 2000). It will also include any person to whom the Municipal Manager has delegated a power, function or duty but only in respect of that delegated power, function or duty;

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

“actual consumption” means the measured consumption by a customer of a municipal service;

“agreement” means a contractual relationship between the municipality and a customer that arises, either as a result of the municipality's approval of a written application for municipal services, including any subsequent variation that may be made to that agreement in conformity with this policy, or that is deemed to be an agreement;

“applicable charges” means the rate (including assessment rates), charges, tariffs or subsidies determined by the council;

“area of supply” means any area within or partly within the area of jurisdiction of the municipality to which a service is provided;

“arrears” means any amount that is due, owing and payable by a customer in respect of a municipal service provided to such customer that has not been paid on or before the due date reflected on an account rendered in respect thereof;

“arrangements” means a written agreement or an acknowledgement of debt in terms of which a municipality agrees to the payment over a period of time of a debt that is outstanding;

“authorised agent” means:

- (a) any person authorized by the council to perform any act, function or duty in terms of or to exercise any power under this policy;
- (b) any person to whom the council has delegated responsibilities, duties or obligations in respect of the provision of revenue collection services; or
- (c) any person appointed by the council, in a written contract, as a service provider for the provision of revenue collection services or a municipal service to customers on its behalf, to the extent authorized by that contract;

“average consumption” means the average consumption by a customer of a municipal service during a specific period, which consumption is calculated by dividing by four the total measured consumption of that service by that customer over the preceding four months;

“billing” refers to the process of charging for services provided by issuing accounts.

“by-law” means a legislation that is made by a decision taken by the Council of the municipality binding in the municipality on the persons to whom it applies and is published in terms of the Municipal Systems Act;

“Chief financial officer” means the official of the Municipality appointed by council to administer its finances regardless of the designation or title attached to the post. He/she is responsible for the collection of moneys owed to the Municipality and/or any other staff member to whom he/she has delegated specific duties and responsibilities in terms of this Policy;

“collection costs” means an amount that the Municipality can charge with regard to the enforcement of a consumer’s monetary obligations,

“commercial customer” means a customer other than a domestic customer and an indigent customer, including, but not limited to, a business or an industrial, governmental or an institutional customer;

“connection” means the point at which a customer gains access to municipal services;

“consolidated” refers to the combining of all debt in order to establish the total obligation the debtor has to the Municipality;

“consumer” mean any occupier of a property to which the Municipality has agreed to supply services or already supplies services to, or when the occupier is not the responsible person, then the owner of the property;

“continuous service” means the supply for consideration of a municipal service with the intent that so long as the agreement to supply the service remains, the Municipality will make the service continuously available to be used by the consumer;

“Council” means the Council of the Local Municipality of Makana. A structure or person exercising delegated authority and power or carrying out an instruction in terms of these by-laws or a service provider fulfilling the responsibility under these by-laws;

“credit control and debt collection” refers to the action/s required to safeguard revenue including disconnections, reconnections, normalizing installations and follow-up procedures and data integrity;

“customer” means a person with whom the municipality has concluded or is deemed to

have concluded an agreement for the provision of a municipal service;

“default administration charges” means a charge that may be imposed by the Municipality to recover administration costs incurred as a result of a consumer’s default;

“defaulter” means a customer who owes money to the municipality after the due date for payment has expired;

“debt collection” refers to the debt recovery process and includes sanctions (warning, disconnection, adverse credit rating, legal process and/or eviction, etc.) to be applied in the event of non-payment of accounts;

“disconnection” means interrupting the supply of water or electricity to a debtor as a consequence of ignoring a notice for payment;

“domestic customer” means a customer who, primarily for residential purposes, occupies a dwelling, structure or premises;

“due date” means the date on which an amount payable in respect of an account becomes due, owing and payable by a customer, which date shall be the last working day of the month following the monthly debit raising;

“effective disconnection” includes, inter alia, the physical removal of connections and/or equipment as a consequence of unauthorised reconnection (tampering and/or by-passing) of the disconnected service;

“emergency situation” means a situation that would, if allowed to continue, pose a substantial risk, threat, impediment or danger to the present or future financial viability or sustainability of the municipality or to a specific municipal service;

“estimated consumption” means the consumption that a customer, whose consumption is not measured during a specific period, is deemed to have consumed and that is estimated by taking into account factors that are considered relevant by the municipality and which may include the consumption of municipal services by the totality of the users of a service within the area where the service is rendered by the municipality, at the appropriate level of service, for a specific time;

“equipment” means a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

“financial year” means a year ending 30 June;

“household” means all occupants older than 18 years within the jurisdiction of the Council regardless whether the person rents or owns the property. The family unit is determined by the municipality to be traditional by taking into account the number of persons in the unit, the relationship between the members of a household, their ages and any other factor that the municipality considers to be relevant;

“illegal connection” means a connection to any system through which a municipal service is provided and that is not authorized or approved by the municipality;

“Indigent amount” refers to the applicable value of the indigent subsidy as determined by the Council of the Municipality from time to time;

“indigent household” a Household qualify as indigent on the following conditions:

- (a) Total monthly household income must not be more than twice (2x) the monthly State old age pension, and
- (b) The average electricity consumption for the past four months must not exceed 400kwh per month, and
- (c) The average water consumption for the past four months must not exceed 6kl water per month.

“infrastructure” means the facilities, installations or devices required for the rendering of a municipal service or for the functioning of a community including but not limited to facilities, installation or devices relating to water, power, electricity, transport, sewerage, gas and waste disposal;

“interest” means a charge levied on arrear rates, sewerage and availability fees and calculated at a rate, the prime interest rate;

“interest on overdue accounts” is based on a full month and part of a month shall be deemed to be a full month;

“Municipal consumer debt” refers to the non-payment or late payment by consumers of property rates and municipal services (water, electricity, sanitation, refuse removal) traffic fines and rental housing payments , and includes any amounts considered as irrecoverable;

“Municipal Property Rates Act” means the Local Government: Municipal Property Rates Act No. 6 of 2004;

“municipality” means:

- (a) the Municipality of Makana, a local municipality established in terms of paragraph 12 of the Local Government: Municipal Structures Act No. 117 of 1998 and its successors-in-title; or
- (b) subject to the provisions of any other law and only if expressly or impliedly required or permitted by this policy, the Municipal Manager or his/her delegated, in respect of the performance of any function, or the exercise of any duty, obligation, or right in terms thereof or any other law; or

(c) an authorized agent of the municipality;

“municipal services” for purposes of this policy, means services provided by the municipality, including refuse removal, water supply, sanitation, electricity services and rates either collectively or singularly;

“non-residential debtors” are classified as those debtors who do not qualify for or receive free electricity and/or water;

“occupier” means any person who resides on and/or occupies any premises to which municipal services are supplied;

“owner”

(a) the person in whose name the property is legally vested;

(b) in the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, servitude holder or any other legal representative;

(c) in the case where the council is unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon;

(d) in the case of a lease agreement in excess of 30 years was entered into, then the lessee;

(e) regarding:

i. a portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986), without limiting it to the developer or managing body to the communal property;

ii. a portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a “sectional title, including the legally appointed representative of such person;

(f) any legal entity including but not limited to;

i. a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust *inter vivos*, trust *mortis causa*, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984), and any voluntary organization;

ii. any provincial or national government department, local authority;

iii. any council or management body established in terms of any legal framework applicable to the Republic of South Africa; and

iv. any embassy or other foreign entity.

(g) In respect of a property owned by a council and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and

(h) In respect of a property owned by or under the control or management of a council while held under a lease or any express or tacit extension thereof or under any other contract or under servitude or right analogous thereto, the person so holding the immovable property;

“payment” refers to any form of redemption acceptable to the Council of Makana Municipality from time to time towards the balance on an account;

“person” means any person, whether natural or juristic, and includes but is not limited to any local government body or like authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust;

“poor households” means a household which qualify as a poor household on the following conditions:

(a) Total monthly household income must be more than twice (2x) the monthly State old age pension and less than the amount determined by council during approval of the annual budget; and

(b) The average electricity consumption for the past four months must not exceed 400kwh per month; and

(c) The average water consumption for the past four months must not exceed 6kl water per month.

“premises” means any piece of land, the external surface boundaries of which are delineated on-

(a) a general plan or diagram registered in terms of the Land Survey Act No. 9 of 1927 or in terms of the Deeds Registries Act No. 47 of 1937;

(b) a sectional plan registered in terms of the Sectional Titles Act No. 95 of 1986; or

(a) a register held by a tribal authority or in accordance with a sworn affidavit made by a

tribal authority; and, where the text so requires, includes any building, structure or the like erected on such land;

“prescribed tariff or charge” means a charge prescribed by the Municipality;

“principle debt” means a debt that is owed to the municipality in respect of rates and services. It may include interest, collection charges, default administration charges, connection charges and any other charges;

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

“public notice” means publication in the media including one or more of the following:

- (a) publication of a notice, in at least two of the official languages in general use within the Province or area in question and, where possible, the notice shall be published in a newspaper appearing predominantly in the language utilised in the publication of the notice:
 - (i) in any local newspaper or newspapers circulating in the area of supply of the municipality;
 - (ii) in the newspaper or newspapers circulating in the area of supply of the municipality determined by the council as a newspaper of record; or
 - (iii) on the official website of the municipality;
 - (iv) by means of radio broadcasts covering the area of supply of the municipality;
- (b) displaying a notice in or at any premises, office, library or pay-point of either the municipality or of its authorized agent and to which the public has reasonable access; and
- (d) communication with customers through public meetings and ward committee meetings;

“residential debtors” are classified as those debtors who qualify for and receive free electricity and/or water;

“service” means a municipal service rendered by the Municipality and includes the supply of electricity, water, sanitation and refuse removal;

“subsidised service” means:

- (a) a municipal service which is provided to a customer at an applicable rate which is less than the cost of actually providing the service and includes services provided to customers at no cost;
- (b) an area, as determined by the council, within which all customers are provided with

services from the same bulk supply connection; and

(c) the receipt, use or consumption of any municipal service which is not in terms of an agreement or authorized or approved by the municipality;

“sundry debt” refers to any debt other than for rates, housing, metered services, sewerage and refuse removal;

“supply” means any metered supply of water or electricity;

“tampering” means the unauthorised interference with a service rendered by the municipality, or to damage or make unauthorised changes to the equipment or property of the municipality used in connection with the provision of municipal services. Reconnection of a supply that has been disconnected for non-payment, the interference with the supply mains or bypassing of the metering equipment to obtain an un-metered service;

“total household income or household income” refers to the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based;

“unauthorised service” means the receipt, use or consumption of any municipal service which is not in terms of an agreement with or approved by the municipality.

6 DUTIES AND FUNCTIONS

6.1 Duties and Functions of Council

- (a) To approve a budget consistent with the needs of communities, ratepayers and residents, consistent with Council's Integrated Development Plan.
- (b) To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- (c) To facilitate sufficient funds to give access to basic services for the poor.
- (d) To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- (e) To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the implementing authority.
- (f) To approve a reporting framework for credit control and debt collection.
- (g) To consider and approve bylaws to give effect to the Council's policy.

- (h) To revise the budget should Council's targets for credit control and debt collection not be met.
- (i) To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and bylaws, or act improperly in terms of such policies and By-laws.
- (j) To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Executive Mayor and Municipal Manager and Service Provider respectively.
- (k) To provide sufficient capacity in the municipality's Finance Department for credit control and debt collection. Alternatively to appoint a Service Provider as debt collection agent (such service provider must be a registered debt collection agent in terms of legislation).
- (l) To provide funds for the training of staff.

6.2 Duties and Functions of the Executive Mayor

- (a) To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.
- (b) To monitor the performance of the Accounting Officer in implementing the policy and by-laws.
- (c) To review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.
- (d) To report to Council.

6.3 Duties and Functions of Ward Councillors

- (a) To hold regular ward meetings.
- (b) To adhere to and convey council policies to residents and ratepayers and in particular the credit control and debt collection policy and procedure.
- (c) To adhere to the Code of Conduct for Councillors.
- (d) To act in terms of the roles and functions as approved by Council and assist in the dissemination and distribution of information.

6.4 Responsibilities of all councillors

- (a) To always pay amounts that are owed in respect municipal rates, taxes and services as required by section 12A of Schedule 1 of the Municipal Systems Act and not to default on payments for a period longer than 3

- months.
- (b) The Municipality may deduct any outstanding amounts from a councillor's allowance, if the councillor has not paid amounts that are due to the Municipality for more than 3 months.
- (c) The normal credit control procedures shall also apply to any arrear account of a councillor.
- (d) All agreements with councillors must not exceed the expiry date of the term of office
- (e) To report to the Municipal Manager any person who;
 - (i) receives a subsidy and does not qualify;
 - (ii) Is illegally connected to services.

6.5 Duties and Functions of the Accounting Officer

The Municipal Manager as the accounting officer of the municipality must take all reasonable steps to ensure that –

- (a) the municipality has effective revenue collection systems consistent with Section 95 of the Municipal Systems Act and the Municipality's Credit Control and Debt Collection bylaws ensures that;
- (b) good customer care management systems and council's customer care, credit control and debt collection policy are implemented;
- (c) revenue due to the Municipality is calculated on a monthly basis;
- (d) accounts for municipal tax and charges for municipal services are prepared on a monthly basis;
- (e) all money received is promptly deposited into the Municipality's primary and other bank accounts;
- (f) the Municipality has and maintains a management, accounting and information system which recognises revenue when it is earned; accounts for debtors; and accounts for receipts of revenue;
- (g) the Municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;
- (h) the Municipality charges interest and other permissible charges on arrears, except where the Council has granted exemptions;
- (i) all revenue received by the Municipality, including revenue received by any collecting agent on its behalf, is reconciled regularly;
- (j) the accounting officer immediately informs the National Treasury of any

payments due by an organ of state to the Municipality in respect of municipal tax or for municipal services, if such payments are in arrears for periods of more than 30 days.

6.6 Responsibilities of all municipal staff

- (a) To always pay amounts that are owed in respect of municipal rates, taxes and services and not to default on payments for a period longer than 3 months.
- (b) The Municipality may deduct any outstanding amounts from a staff member, if the staff member has not paid amounts that are due to the municipality for more than 3 months.
- (c) The normal credit control procedures shall also apply to any arrear account of an official.
- (d) Keep the municipality informed of his/her correct address

6.7 Duties and Functions of Communities, Ratepayers and Residents

The responsibilities of communities, ratepayers and residents are to;

- (a) fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services;
- (b) pay deposits, service fees, rates on property and other taxes, levies and duties imposed by the Municipality on or before the due date;
- (c) obtain a duplicate account at the municipal help desk if an account is not delivered during the normal billing cycle;
- (d) notify the Municipality in writing when services are no longer required at a particular service delivery point and of address changes;
- (e) safeguard and maintain service meters in a readable condition;
- (f) observe the mechanisms and processes of the Municipality in exercising their rights;
- (g) allow municipal officials reasonable access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials;
- (h) comply with the bylaws and other applicable legislation;
- (i) refrain from tampering with Municipal services and property; (j) maintain

credit and pre-payment electricity and water meters;

(k) not to move any meter without written permission from the municipality.

(l) To keep meters accessible and readable at all times.

6.8 Performance evaluation

The municipal council in consultation with the Accounting Officer must establish a mechanism to set targets for debt collection, customer care and administrative performance, evaluate performances and take corrective actions on a regular basis to enhance credit control and debt collection.

6.9 Income collection targets

Council must create targets that include reductions in present monthly increase in debt in line with performance agreements as determined by council from time to time.

6.10 Consumer Service Targets

Council to create targets that would include:

- (a) Response time to consumer queries;
- (b) date of first account delivery to new consumers;
- (c) reconnection time lapsed;
- (d) meter reading cycle

6.11 Administrative Performance

Council to create targets that will include:

- (a) Cost efficiency of debt collection;
- (b) query and appeal periods;
- (c) enforcement mechanism ratios

6.12 Reporting

(a) The Chief Financial Officer shall report monthly to the Accounting Officer in a suitable format to enable the Accounting Officer to report to the Executive Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on performance against targets agreed to in item 6.8 of this policy document.

(b) If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent to the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with

motivation to the Accounting Officer who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels

- (c) The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 9(c) of the Systems Act.

7 CUSTOMER CARE

7.1 Objective

To focus on the client's needs in a responsible and pro-active way, to enhance the payment for services and to create a positive and cooperative relationship between the persons responsible for the payment for services received, and the Municipality, and where applicable, any service provider.

In terms of Section 95 of the Local Government Municipal Systems Act 2000, in relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a Municipality must, within its financial and administrative capacity to provide for:

7.2 Service Delivery:

Establish a sound Customer Management System that aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality itself;

7.3 Communication:

- (a) Establish mechanisms for users of services and ratepayers to provide feedback to the Municipality or other service provider regarding the quality of the services and the performance of the service provider;
- (b) take reasonable steps to ensure that users of services 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;
- (c) within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which may include targets for credit control and debt collection;
- (d) make available Council's Customer Care, Indigent, Credit Control and Debt Collection Policy by general publication, on specific request, and which will also be available for perusal at Council's offices;

- (e) endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues;
- (f) require Ward councillors to hold regular ward meetings, at which Customer care and debt collection issues will be given prominence;
- (g) encourage the press to give prominence to Council's Customer Care, Credit control and Debt Collection policies, and will be invited to Council or Committee meetings where these are discussed.

7.4 Personal contact

Telephonic contact, agents calling on clients:

- (a) Council will endeavour, within the constraints of affordability and available capacity, to make personal, electronic or telephonic contact with certain arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigent 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.

7.5 Metering

- (a) The municipality will, endeavour, within practical and financial limits, to provide meters to every paying consumer for all services.
- (b) Where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems;
- (c) All meters will be read monthly, if at all possible. If the meter is not read monthly the council will estimate the consumption in terms of council's operational procedures;
- (d) Consumers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- (e) Consumers will be informed of meter replacement.
- (f) 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 consumer is charged for an estimated consumption, the account following the reading of the metered consumption

must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

- (g) If an electricity meter cannot be read due to no access, the meter may be replaced with a pre-paid meter at the cost of the owner.
- (h) The occupier can give the readings through telephonically but at least every three months a true reading must be obtained by the meter reader.
- (i) If no reading on a water meter can be obtained for more than three consecutive months the meter may be moved at the cost of the owner/occupier

7.6 Accounts and billing

- (a) Consumers on the billing system will receive an understandable and accurate bill from the Municipality, which bill will consolidate all rates and service costs for that property.
- (b) Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- (c) Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- (d) It is the consumer's responsibility to ensure that the postal address and other contact details are correct.
- (e) It is the consumer's responsibility to make enquiries and ensure timeous payments in the event of accounts not received.
- (f) Settlement or due dates will be as indicated on the statement.
- (g) Where any payment made to the Municipality or its authorized representative by negotiable instrument and it is later dishonoured by the bank, the Municipality or its authorized agent:
 - (i) May recover an admin fee as determined by Council relating to dishonoured negotiable instruments against the account of the consumer.
 - (ii) Shall regard such an event as a default on payment.
 - (iii) May insist on cash payments for all future accounts.
- (h) The Municipality or its authorised agent must, if administratively possible, issue a duplicate account or any acceptable alternative to a consumer on request, at a cost determined by Council from time to time.

7.7 Payment facilities and methods

- (a) The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all users.
- (b) The Municipality will, at its discretion allocate a payment between service debts. A consumer who has overdue debt, may not specify that the payment is for a specific portion of the account.
- (c) The Municipality may in terms of section 103 of the Systems Act, with the consent of a consumer, approach an employer to secure a debit or stop order arrangement.
- (d) The consumer will acknowledge, in the consumer agreements that the use of consumer agents in the transmission of payments to the Municipality is at the risk of the consumer – also for the transfer time of the payment.
- (e) Cheques and Postal orders must be crossed and be made payable to Makana Municipality. Post-dated cheques will not be accepted unless prior arrangements have been made. Receipts will not be mailed for payment made by cheque. If a receipt is required the words **“RECEIPT REQUIRED”**, must be written on the account.
- (f) Payments will always be appropriated to the oldest account (notwithstanding the kind of service), where after it will be appropriated in order of a predetermined priority as approved by the municipality
- (g) Payments can be made:
 - (i) at the Budget and Treasury Directorate from Mondays to Fridays (public holidays excluded) 08:00 to 15:30 (Main Office) and 08:00 to 15:00 (Alicedale and Riebeeck East Offices)
 - (ii) at any of the Easy Pay or Pay@ pay points as approved by council. Please note that at least 48 hours should be allowed for processing of all third party payments; However payments made at a third party will be done at own risk. It also remains the responsibility of the person making the payment, to ensure that the receipt is correct;
 - (iii) by direct Bank – and/or electronic payments to the municipal bank account using Makana Municipality as beneficiary . The Municipal account number must at all times be used as the reference number;
 - (iv) by way of an automatic debit order. These forms are available at any of the Municipal Offices.

7.8 Incentives for Prompt payment

- (a) During the budget process Council may, to encourage prompt payment and/or to reward regular payers, consider from time to time incentives for the prompt payment of accounts or payment by debit or stop order.
- (b) The cost associated with the incentive scheme, if introduced, will be reflected in annual budgets as additional expenditure.
- (c) Council may consider the use of agents as service providers 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
- (d) Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding customer care, credit control and debt collection.

7.9 Enquiries, appeals and service complaints

Within its administration and financial ability the Municipality will establish:

- (a) A central complaints/feedback office;
- (b) A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with consumers;
- (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- (d) A communication mechanism to give council feedback on the application of the policies on customer care and management, credit control and debt collection and other issues of concern;
- (e) accessible mechanisms for those persons to query or verify accounts and metered consumptions, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;
- (f) mechanisms to monitor the response time and efficiency in complying with the above point;

7.10 Water leakages

- (a) If the leakage is on the consumer's side of the meter, the consumer will be

responsible for the payment of all water supplied to the property.

- (b) The consumer has the responsibility to control and monitor his/her water consumption.
- (c) A consumer may qualify for a percentage reduction as determined by Council on his/her account in the event of a water leakage, if:
 - (i) The leakage was underground and not easily detectable;
 - (ii) The leakage was repaired within 48 hours after detection;
 - (iii) the consumer submits a sworn affidavit by him/herself confirming that his/her insurance(s) does not cover such losses.
 - (iv) A written confirmation from the consumer's insurance also be submitted together with the sworn affidavit in which they confirm that the insurance policy of the consumer indeed does not cover any losses due to leakages.
 - (v) The consumer has not applied for discount within the previous 12 months;
 - (vi) An authentic certificate issued by a registered plumber must reach the municipality within 10 days after completion of repairs done with respect to water leakage and must contain the following:
 - The date of the invoice and repair work as well as the receipt
 - Confirmation that surface leakage was not visible
 - Certify that the leakage originated from pipes listed on the schedule of approved pipes held by the City Engineer
- (d) When the Accounting Officer declares that the dam volume has dropped to below a percentage as determined by council, no water charges in respect of water losses because of leakages will be written off.

7.11 Clients in correctional care or clients who were imprisoned

- (a) Must obtain a letter from correctional services, which indicates the date of release.
- (b) If a lodger occupies the dwelling while the owner is imprisoned, such lodger should accept responsibility for levies.
- (c) If no tenant is occupying the dwelling the services should be terminated

until the owner is released from prison.

7.12 Temporary suspension of actions for special reasons

The written approval of the Chief Financial Officer or his/her delegate to suspend temporary actions must at all times be obtained for special reasons. If the suspension of actions in terms of this policy exceeds 3 months, it must be reported to council.

7.13 Restricted Water

- (a) If a person is in arrears and his/her water has been restricted, such person should negotiate a settlement agreement to redeem the debts.
- (b) The water restriction however cannot be restored until the arrear debt is paid in full.
- (c) Once the account has been paid in full, the water flow can be restored.

7.14 Process regarding disabled persons or persons who are linked to a respirator or life supporting machine.

- (a) The indigent or poor household subsidy of people dependent on life support will not be cancelled if the electricity usage is more than the allowed usage.
- (b) All collection actions can be suspended where needed with the Accounting Officer's consent.
- (c) A medical certificate to confirm the client's health condition must be obtained at regular intervals to qualify for this support.

7.15 Inheritor of an insolvent estate

Where the inheritor of a property, with no, or an insolvent estate, qualifies for an indigent subsidy, the outstanding debt can be written off by council in order for clearance to be given and the property be transferred.

7.16 Rate rebates

Subject to certain criteria the municipal council may grant rate rebates annually to certain categories of ratepayers in accordance to the Municipality's rates policy and By-law.

7.17 Arrangements for settlements

- (a) If required consumers with arrears must convert to a pre- payment meter, and when implemented the cost of the conversion and the arrears total, will be paid off either by-
 - (i) adding the debt to the arrears bill and repaying it over the agreed period; or (ii) adding the debt as a surcharge to the pre-paid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated;
 - (iii) installation of pre-paid meter is free of charge if a person is indigent.
- (b) Council reserves the right to raise the deposit requirement of debtors who seek arrangements.
- (c) If an arrangement is not honoured the arrangement will be cancelled.
- (d) All arrangements for settlements will be in accordance to the processes and guidelines approved by the Accounting Officer or Chief Financial Officer from time to time in pursuance of the credit control and debt collection targets set by council.

7.18 Consumer Categories

Consumers will be categorized according to specific classifications based on *inter alia* the type of entity, applicable tariffs and risk levels. Processes for credit control, debt collection and consumer care may differ from category to category, as deemed appropriate from time to time by the Accounting Officer.

7.19 Priority Consumer Management

- (a) Certain consumers may be classified as priority consumers based on criteria determined by the Accounting Officer from time to time, such as the number of properties owned or volume of consumption.
- (b) A person nominated by the Accounting Officer will be responsible for the on-going management of the consumers so classified and will perform tasks such as the review of monthly accounts to ensure accuracy, the monitoring of prompt settlement of accounts and response to queries.

7.20 Restriction of services

If the municipal manager is of the opinion that the termination of services, in the case of a particular property in respect of which the account is in arrear, is not in the best interests of the community, specifically because of the potential

endangerment of the life of any person, whether resident in or outside the property concerned, the municipal manager may appropriately restrict rather than terminate the services in question

7.21 Deceased

- (a) A death certificate of the deceased should be presented.
- (b) Proof from the Registrar of Estates should be obtained that the deceased estate is not liable for any claims.
- (c) Should the estate however be liable for claims, a claim should be laid against the said estate.
- (d) If a death certificate was obtained while no estate was registered, such debts should be written off with effect from the date of death.
- (e) Should the new owner be an indigent case, the total outstanding amount should be written off.
- (f) However If the new tenant/owner does not qualify for a subsidy, the client shall be obliged to settle the outstanding amount from the date of death up to the current date or to arrange for a settlement agreement.
- (g) Child headed families, where the parents are deceased and only unemployed minor children lives in the dwelling, the debt can be written off.

7.22 Tenant Accounts

A tenant account may be opened without written permission of the owner and without first settling the outstanding account if;

- a) The property has been sold without transfer taking place and the registered owner cannot be traced
- b) The owner is deceased and the property has not yet been transferred to the next of kin. (A letter of authority must however accompany the application.)

The above will however only be allowed for the first tenant application and not for any further service applications unless the account has been paid in full.

8 CREDIT CONTROL POLICY Specific objectives

To implement procedures that will restrict the unauthorised use of municipal services, escalation of debt and limit Municipality's risks.

8.1 APPLICATION FOR MUNICIPAL SERVICES

- (a) All consumers of services will be required to sign an agreement governing the supply and cost of municipal services. Owners (with their written consent) may allow tenants to sign separate agreements with the Municipality, which the Municipality may at its own discretion accept or reject.
- (b) The process must occur at least seven days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken.
- (c) Applicants for municipal services may be checked for creditworthiness including banking details and information from credit bureaus, other local authorities, trade creditors and employers. This will require the provision of, an Identity Document, binding lease agreement, title deed and other supporting documents as required by Council from time to time.
- (d) Applications for services from businesses, including but not limited to trusts, companies, close corporations and partnerships must include a resolution delegating authority to the applicant to apply for the relevant service and furnishing, if applicable, the business entity's registration number or ID number, the names, addresses and all relevant contact particulars of all the business's directors, members, trustees, proprietors or partners.
- (e) An applicant must provide all the information and documentation which the Municipality requires.
- (f) If an applicant for municipal service is an existing customer of the Municipality in respect of any other municipal service and such customer has an outstanding amount that is due and payable to the municipality:
 - (i) the arrears must be paid; or
 - (ii) an agreement for payment of arrears must be concluded with the municipality before an application for services can be approved.
- (g) If a consumer fails or refuses to sign a new service agreement or pay the deposit the municipality may discontinue services until the necessary agreement has been signed or deposit been paid.
- (h) The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.

- (i) Consumers who illegally consume services without this agreement will be subject to punitive action.

8.2 PROPERTY DEVELOPMENTS

- (a) A property developer must inform the municipality of the nature and extent of the municipal services or services that will be provided as well as the measuring devices that will be used.
- (b) A property developer who fails to comply with the provisions of subparagraph (a) shall be liable for the payment of all the applicable charges that would have been payable by customers in respect of municipal services that have been used or consumed by such customers.

8.3 TERMINATION OF SERVICES

- (a) It is the responsibility of the consumer to notify the municipality when municipal services are no longer required due to the sale of the property or other reasons.
- (b) Failure to comply with the provision of sub-paragraph (a) above renders the consumer liable for all service charges and interest thereon accumulated from the date when the premises are vacated to the date when council becomes aware of such vacation.
- (c) A customer may terminate an agreement for the supply of municipal services by giving at least **15 (fifteen) days** written notice to the municipality of such termination.
- (d) The municipality may terminate an agreement for the supply of municipal services by giving at least **30 (thirty) days** written notice to a customer where the premises have been vacated by the tenant concerned and no arrangement for the continuation of the agreement has been made with the municipality provided that, in the event of the customer concerned not being the registered owner of the premise, a copy of the aforesaid notice shall also be served on such registered owner.
- (e) A customer shall remain liable for all arrears and applicable charges that are payable for municipal services rendered prior to the termination of an agreement. With termination of the agreement the services will automatically be transferred to the account of the owner.

8.4 PAYMENT OF A DEPOSIT

- (a) Every consumer must, on application for the provision of municipal services pay a deposit to the municipality prior to the provision of any municipal services. A minimum deposit will be payable equal to twice the largest consumption used during the previous six months or the amount determined by Council from time to time, whichever is the largest.
- (b) The Council may require a consumer to whom services are provided and who was not previously required to pay a deposit, for whatever reason, to pay a deposit on request, within a specified period.
- (c) The Council may from time to time review the sum of money deposited by a consumer in terms of this section and, in accordance with such review require that an additional amount be deposited by the consumer.
- (d) The Municipality shall give the owner or occupier of premises, where municipal services are rendered reasonable notice of any increase of the deposit.
- (e) An aggrieved owner or occupier of property where municipal services are provided may within the prescribed time lodge an objection to any increase of the deposit.
- (f) An amount deposited with the Municipality in terms of this Section shall not be regarded as being in payment or part payment of an account due for services rendered except in the case of a final account where the final amount will first be cleared before the remaining portion of the deposit can be paid back.
- (g) No interest shall be payable by the Municipality on the amount of a deposit held by it in terms of this Section.
- (h) An agreement for the provision of services may contain a condition that a deposit shall be forfeited to the Municipality or its authorised agent if it has not been claimed within twelve months of the termination of the agreement.
- (i) The Municipality will not accept a bank guarantee as a deposit.
- (j) Only 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 or transferred to any other outstanding account of the client.

(k) Commercial, Business and Industrial

- (i) Deposits on businesses may be levied according to the highest bill during the previous 12 months for similar businesses.
- (ii) New connections at new extensions of businesses will be as specified in the tariff list for the current year.
- (l) For any changes requested on the connection type the deposit will be adjusted accordingly and in accordance with the current approved tariff list.

8.5 RECOVERY OF ADDITIONAL COSTS

The municipality may, in addition to any charge, tariff, levy or payment of any kind referred to in this policy, recover from a customer any reasonable costs incurred by it in implementing this policy, including all legal costs, including attorney and client costs incurred in the recovery of arrears which shall be debited against such customer as arrears in his account.

8.6 PAYMENT FOR MUNICIPAL SERVICES PROVIDED

- (a) A customer shall be responsible for the payment of all municipal services accounts rendered to him/her from the commencement date of the agreement until the account have been paid in full and the municipality shall be entitled to recover all payments due to it from the customer concerned.
- (b) Payments will always be appropriated to the oldest account (notwithstanding the kind of service), where after it will be appropriated in order of a priority as determined by the municipality. Post-dated cheques are not acceptable unless prior arrangements have been made.
- (c) If a customer uses a municipal service for a use other than that for which it is rendered by the municipality in terms of an agreement and if he is charged an amount lower than the applicable prescribed charge, the municipality may alter the amount so charged and recover from him/her the difference between the altered charge and the amount initially charged to him/her.
- (d) Discontinuation of services and rendering of a final account will always be between two debit raisings. Thus any request for discontinuation of services after the **16th** of a month (or if on a weekend or public holiday the first working day thereafter) will only be finalised with the next debit raising of the following month and the basic for that period will be payable.

- (e) The basic fee for water or electricity will only be levied on accounts with active meters. This is to ensure that the basic fee is not duplicated where one consumer vacates a property and a new consumer moves in. For example if a final account is requested during a period as mentioned in (d) above, the meter will stay active until the following debit raising when the account will be finalised and transferred to the new consumer. Although the new consumer will be liable for the water usage from date of the final reading the basic fee will only be levied from the following debit raising when the meter becomes active on the new account.
- (f) "Full and final settlement" of an amount: Where an account is not settled in full, any lesser amount tendered to and accepted by the municipality shall not constitute a full and final settlement of such an account despite the fact that the payment was tendered in full and final settlement unless the Municipal Manager or his nominee or the manager of the municipality's authorized agent expressly accepts such payment in writing as being in full and final settlement of the amount reflected on the relevant account.
- (g) Responsibility for payment of amounts due and payable
 - (i) Notwithstanding any other provision in this policy, an owner of premises shall be liable for the payment of any amount that is due and payable to the municipality by a customer who is a lessee or occupier of such premises to which municipal services have been provided, if the municipality, after having taken reasonable steps to recover from such customer any amount due and payable by him/her, could not do so;
 - (ii) Subparagraph (a) must not be construed as absolving the municipality from its responsibility to collect outstanding amounts in respect of municipal services provided to premises from the customer who has benefited there from nor for timeously informing the owner of the premises concerned that the occupying customer has defaulted in making payments due to the municipality in respect of rendered municipal services.

(h) Dishonoured payments

- (i) If the drawer of the cheque, or the consumer who received value from the depositing of the cheque, is an existing consumer of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the consumer. Such fee shall be deemed to be a tariff charge and shall be recovered from the consumer. Council reserves the right to refuse to accept further cheques from the drawer or beneficiary, to place the matter on the National Adverse Credit Listing and also institute legal action which may include criminal charges against the offender.
- (ii) If the drawer of the cheque is not an existing debtor of Council, then a sundry debtor account is opened and the debit and penalty is raised. Once the account is submitted and the debtor fails to honour the cheque and pay the penalty within 14 days of receipt, a final demand is generated and submitted.
- (iii) If the drawer of the cheque, or the debtor who received value from the depositing of the cheque is an existing debtor of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor. Council reserves the right to refuse to accept further cheques from the drawer or beneficiary and also institute legal action which may include criminal charges against the offender.
- (i) The Council may, by resolution, approve incentive schemes to encourage prompt payment of charges for services rendered and to reward customers who pay their accounts regularly and on time.
- (j) The aforementioned incentive schemes may include the conclusion of a written agreement with the employer of a customer in terms of which such employer undertakes to deduct outstanding rates and service charges or to settle regular monthly accounts, through deductions from the relevant customer's salary or wages, in exchange for a monetary reward either by way of payment of a commission or the grant of a rebate on the charges owing by the employer concerned to the municipality in respect of services rendered to such employer.

(k) Pay points and payment methods

- (i) A customer must pay his account at pay points specified by the municipality or by an approved agent of the municipality.
- (ii) The municipality must inform customers of the location of specified pay-points and the identity of approved agents who may receive payments on its behalf in respect of services rendered to customers.
- (iii) Subparagraphs (i) and (ii) must not be construed as prohibiting a customer from paying amounts due to the municipality or its authorized agent by means of electronic payment methods provided that the date of receipt of a payment shall be the date such payment appears on or is reflected in the banking account of the municipality.

8.7 PAYMENT OF INTEREST

- (a) Except where expressly provided to the contrary in this Policy, the Municipality may levy interest on all rates, sewerage and availability arrears at a rate of prime plus 1%, subject to review as part of the budget review process
- (b) Interest on arrear debt shall be calculated for each month for which such payment remains unpaid and part of the month shall be deemed to be a month
- (c) The interest that is payable cannot exceed the capital amount that is owed by the consumer at any time.

8.8 ACCOUNTS AND BILLING

- (a) The Municipality shall provide every person liable to pay for municipal services assessments rates and taxes with an account in respect of every property for which that person is liable and all services rendered in respect of that property at the address last recorded with the Municipality.
- (b) Failure by the Municipality to render an account does not relieve a consumer of the obligation to pay any amount due and payable. The onus shall be on the consumer to obtain a copy of the account before the due date.
- (c) If no account has been received on or before the 1st of the month, a copy should be obtained from the Municipality. The account must at all times be produced when payments are done or enquiries are made.

- (d) An account rendered by the Municipality for services provided to a consumer shall be paid not later than the last date for payment specified in such account which date will not be more than 21 days after the date of the account.
- (e) Accounts will be rendered on a monthly basis in cycles of 30 days and shall be payable on the due date as indicated on the account.
- (f) Payments shall be deemed to be late unless received on or before the due date as determined by the Municipality. Electronic payments and payments made through agents must be received in a municipal bank account by the close of business on the due date.
- (g) The Municipality may consolidate any separate accounts for which a customer is liable for payment.
- (h) Accounts must contain at least the following;
 - (i) the consumption or estimated consumption of water and electricity as determined for the measuring or consumption period;
 - (ii) the erf number
 - (iii) the measuring or consumption period for water and electricity;
 - (iv) the amount due based on the measured or estimated consumption;
 - (v) the amount due and payable for any other municipal service;
 - (vi) the applicable tariff;
 - (vii) the amount due in terms of the consumption;
 - (viii) the amount in arrears, if any;
 - (ix) the interest payable on any arrears, if any;
 - (x) collection charges if any
 - (xi) the final date for payment;
 - (xii) the methods, places and approved agents where payment may be made.

(i) Accounts may be accompanied by a notice stating that –

- (i) the consumer may conclude an agreement with the Municipality for payment of the arrear amount in instalments at the Municipality 5 working days before the final date for payment, if a consumer is unable to pay the full amount due and payable;
- (ii) if no such agreement is entered into, the Municipality may, in accordance with the Policy contained herein, limit the water services to the consumer by installing a water restrictor and disconnection of electricity;
- (iii) legal action may be instituted against any consumer for the

recovery of any arrear amount in terms of the Policy contained herein ;

- (iv) the defaulting consumer's name may be listed with a credit bureau or any other equivalent body as a defaulter;
- (v) the account may be handed over to a debt collector for collection;
- (vi) proof of registration, as an indigent consumer, in terms of the Municipality's indigent Policy must be handed in before the final date for payment

8.9 DISPUTES, QUERIES AND COMPLAINTS

- (a) In this section "Dispute" refers to when a consumer questions the correctness of any account rendered by the Municipality to such consumer and the consumer lodges an appeal with the Council in accordance with this section. A consumer may lodge a query or a complaint in respect of any amount that is due and payable by him/her before or on the due date for payment specified in the account concerned or as soon as reasonably possible thereafter.
- (b) Procedure to be followed. In order for a dispute to be registered with the Municipality, the following procedures must be followed:

By the Consumer:

- (i) The consumer must submit the dispute in writing to the Municipal Manager of the Municipality before or on the due date for payment specified in the account concerned or as soon as reasonably possible thereafter.
- (ii) It must clearly state that it is a dispute
- (iii) No dispute will be registered verbally whether in person or over the telephone.
- (iv) The consumer must furnish his full personal particulars including the account number, direct contact telephone number, fax, e-mail addresses and any other relevant information as may be required by the Municipality.
- (v) The full nature of the dispute must be described in the correspondence referred to above.
- (vi) The onus will be on the consumer to ensure that he receives a written acknowledgement of receipt of the dispute from the Municipality.

- (vii) In the interim the debtor must pay the average of the last four months accounts as calculated by the municipality where such history of the account is available. Where no such history is available, the debtor must pay without prejudice of rights an estimate provided by the Municipality before payment due date until the matter is resolved.

By the Council:

On receipt of the query or dispute, the following actions are to be taken:

- (i) All incoming queries or disputes must be registered on the collaborator system and a reference number obtained. Within 14 days after receipt of a query it must be answered via e-mail, telephonically or by normal mail depending on the contact details available.
- (ii) If the client is not satisfied with the reply or the corrective actions regarding the query and a formal written dispute is received, the authorised official must ensure that the dispute is taken to the Chief financial Officer for a final decision.
- (iii) A written acknowledgement of receipt of the dispute must be provided to the consumer within 7 days.
- (iv) The municipality should not institute enforcement proceedings against the consumer for an amount or an account entry that is in dispute until it has resolved the dispute.
- (v) All investigations regarding disputed amounts must be concluded by Council's Chief Financial Officer or his/her delegate within 21 calendar days from receipt thereof.
- (vi) The consumer shall be advised in writing of the findings.

8.10 APPEALS AGAINST FINDINGS

- (a) A consumer may, in writing, appeal against a finding of the Municipality.
- (b) An appeal shall be in writing and shall clearly state that it is an appeal, set out the reasons for the appeal and be lodged with the Municipal Manager within 21 days from the date the consumer was advised of the findings of the dispute investigation.

- (c) An appeal must be decided by the Council of the Municipality at its first ordinary meeting held after the appeal was lodged.
- (d) The decision of the Council shall be final and the consumer must pay any amounts due and payable in terms of such decision within 14 days from the date of the letter of him/her being advised of the Council's decision.
- (e) The Council may, in its sole discretion, condone the late lodging of an appeal or other procedural irregularity.
- (f) If the consumer is not satisfied with the outcome of the appeal, he may, under protest, pay the amount in dispute and redress his action in a court of law.

8.11 AGREEMENT FOR THE PAYMENT OF ARREARS IN INSTALMENTS

- (a) Only a consumer with positive proof of identity or a person authorised in writing by that consumer, will be allowed to enter into an agreement for the payment of arrears in instalments.
- (b) The offer by the consumer to settle arrear amounts plus accrued interest thereon shall be embodied in a written agreement signed by the parties. The aforesaid agreement shall include an acknowledgement of debt signed by the consumer and a copy of the agreement shall be made available to the consumer. The cost of preparation of the agreement plus any incidental costs associated therewith shall be borne by the consumer.
- (c) A consumer will, in the agreement, assume liability for any administration fees, costs incurred in taking action for the recovery of arrears and any penalties, including the payment of a higher deposit.
- (d) The Municipality may, on an individual basis, allow a longer period than twenty four months for the payment of arrears if special circumstances prevail that, in the opinion of the Municipality, warrants such an extension and which the consumer reasonably could not prevent or avoid. Documentary proof of any special circumstances must be furnished by the consumer on request by the Municipality.
- (e) In concluding an agreement with a consumer, the arrangement criteria referred to in other sections of this policy shall be applied and, as far as possible, be incorporated into the agreement referred to in this Section.
- (f) The Municipality may, in exercising its discretion have regard to a consumer's—
 - (i) credit record;
 - (ii) consumption;
 - (iii) level of service;

- (iv) previous breaches of agreements for the payment of arrears in instalments; and
 - (v) any other relevant factors.
- (g) Should a consumer fail to comply with an agreement for the payment of arrears in instalments, the total of all outstanding amounts, including the arrears, any interest thereon, administration fees, costs incurred in taking relevant action, and penalties, including payment of a higher deposit, will immediately be due and payable, without further notice or correspondence.
- (h) A consumer may, in the sole discretion of the Chief Financial Officer, be allowed to enter into a new agreement for the payment of arrears in instalments where that consumer has failed to honour a previous agreement for the payment of arrears in instalments, entered into after the receipt of a discontinuation notice. In the event of such further agreement being permitted, then the arrangements mentioned in 9.4(f) below shall be applied to such consumer on the basis of primary arrangements.
- (i) Where a body corporate is responsible for the payment of any arrear amount to the Municipality in respect of a sectional title development, the liability of the body corporate shall be extended to the members thereof, jointly and severally and the agreement shall reflect this status accordingly.
- (j) A copy of the agreement will, on request, be made available to the consumer.

8.12 UNAUTHORISED RECONNECTION OF WATER/ELECTRICITY SUPPLY (TAMPERING)

- (a) The unauthorised reconnection of, or tampering with a service supply is prohibited and shall constitute a criminal offence that will result in legal action being taken against the person responsible for such unauthorised reconnection or tampering. Where this has occurred the service reconnected without authorisation or tampered with will be effectively disconnected.
- (b) The full amount of arrears plus any unauthorised consumption, and any applicable reconnection tariffs, will be payable prior to reconnection. Should exceptional circumstances exist, adequate payment arrangements may be permitted at the sole discretion of the Financial Officer with the right to sub-delegate.

8.13 UNOCCUPIED PREMISES

- (a) When a consumer terminates a services agreement and no new service agreement is entered into with the municipality, the property shall be deemed to be unoccupied.

- (b) Whenever water and/or electricity consumption is recorded at a property that is deemed to be unoccupied, an account will be raised and forwarded to the owner of the property for payment.

8.14 INSTALLATION OF PREPAID METER

If required consumers with arrears must convert to a pre-payment meter, and when implemented the cost of the conversion and the arrears total, will be paid off either by-

- (a) adding the debt to the arrears bill and repaying it over the agreed period; or
- (b) adding the debt as a surcharge to the pre-paid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated;
- (d) installation of pre-paid meter is free of charge if a person is indigent.

8.15 ALLOCATION OF PREPAID PURCHASES TO ARREARS

The Municipality will use its pre-payment system to-

- (a) link the provision of electricity by the Municipality to a "pre-payment" system comprising, first prepaid kWh electricity; and
- (b) raise and recover payments in respect of arrear municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewerage via a percentage as determined by Council, of the value of units purchased for electricity allocated to any arrears;
- (c) to enforce satisfactory arrangements with consumers in arrears by blocking the prepaid meter in order to prevent purchasing of electricity;
- (d) Pre-paid electricity tokens must be inserted into the meter within three months after the purchase date as the tokens can expire after three months and no refund or replacement of the tokens are allowed.

8.16 RIGHT OF ACCESS

- (a) An authorised representative of the Municipality must, at all reasonable hours, be given unrestricted access to the consumer's premises in order to read, inspect, install or repair any meter, service or service connection for reticulation, or to disconnect, reconnect, stop or restrict the provision of any service.

- (b) The owner will be responsible for all the cost associated with the relocation of a meter if satisfactory access is not possible.

8.17 EMPLOYER DEDUCTIONS

The Council may, enter into a written agreement with any employer within the Council's area of jurisdiction to deduct outstanding rates and service charges or to settle regular monthly accounts through deductions from salaries or wages of its employees.

8.18 RATES

(a) Rates (and other annual levies)

- (i) Where rates, sewerage and availability fees (on vacant erven) are paid on a monthly basis or annually, such payment must be made before the due date for payment. Failing this, interest at the standard rate of prime will be levied on the outstanding amount.
- (ii) If an account is not paid by the due date as displayed on the account, a notice shall be issued showing the total amount owed to Council.
- (iii) If an account is not settled or there is no response from the consumer to make acceptable arrangements to repay the debt, summons shall be issued and the legal process followed.
- (iv) At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in-execution is avoided or taken only as a last resort. The Council, however, has total commitment to a sale-in-execution should the consumer fail to make use of the alternatives provided for by the Council from time to time.
- (v) All rate payers will be placed on the monthly rates payment arrangement but on request can be changed to an annual rates payment.

(b) Monthly Rates

- (i) Interest will be charged on all overdue accounts at an interest rate of Prime.
- (ii) The monthly amount payable for current annual rates will be calculated to allow the total balance of such amount to be paid in equal instalments by the end of that financial year.

(c) Rates Clearance Certificate:

No rates clearance certificate will be issued by the Municipality contrary to the provisions of Section 118 of the Local Government: Municipal Systems Act, 2000. The Municipality may only issue a rates clearance certificate, valid for 120 days, after the relevant fee for the certificate was deposited in the Municipality's primary account. Debt older than two years that remain unpaid shall remain as a charge against the property and the new owner shall become liable thereof.

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

8.19 PERSONS AND BUSINESSES WHO TENDER TO THE MUNICIPALITY

The Procurement Policy and Tender Conditions of the Municipality will include the following;

reject any bid from a bidder if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Municipality, or to any other Municipality or municipal entity, are in arrears for more than three months, except if an arrangement has been made in terms of the Municipality's Credit Control Policy. This arrangement must already be in place on or before the date and time the bid is advertised;

9 DEBT COLLECTION POLICY

Objective

To provide procedures and mechanisms to collect all the monies due and payable to Council 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.

9.1 DISCONNECTION / RESTRICTION OF SERVICES

- (a) Consumers who are in arrears with their municipal account and who have not made arrangements with the council will have their supply of electricity and water, and other municipal services, suspended, restricted or disconnected.
- (b) Council reserves the right to deny or restrict the sale of electricity to consumers who are in arrears with their rates or other municipal charges.

9.2 RESTORATION OF SERVICES

Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the service will be reconnected as soon as conveniently possible

9.3 DISCRETION: NEGOTIABLE AMOUNTS

- (a) Discretion in terms of the agreement amounts as per this Policy is delegated to the Chief Financial Officer with the right to sub-delegate.
- (b) Officials with delegated powers may use discretion as a final tool by which decisions can be made in accordance with this Policy.
- (c) At all times, and at all levels, discretion will only be used so as to apply the principles embodied in the Policy and to ensure that some form of payment acceptable to Council is forthcoming from negotiations with the consumer.

9.4 ARRANGEMENTS

Principles for Residential Debtors

- (a) Notwithstanding that all debts should be treated the same, certain categories of debt may be subject to category specific repayment parameters.
- (b) Current charges must be paid in full and cannot be negotiated.
- (c) The consumer may be required to prove levels of income and must agree

to a monthly payment towards arrears based on his ability to pay or based on his total liquidity if Council so requires.

- (d) All negotiations with the consumer should strive to result in an agreement that is sustainable and is most beneficial to Council.
- (e) Interest will be charged on arrear rates, sewerage and availability fees at an interest rate of prime or as determined by Council from time to time.
- (f) Debtors, excluding housing debtors, who default on three occasions in respect of arrangements made, will be denied the privilege of making further arrangements and the full amount becomes due and payable.
- (g) All arrangements should be subject to periodic review.
- (h) All services may be disconnected or restricted and legal action will be taken against consumers as provided for in this Policy and/or such debt may be referred to third party debt collectors, for recovery.

9.5 ARRANGEMENT CRITERIA FOR RESIDENTIAL DEBTORS

All consumers who are in arrears and apply to make arrangements to reschedule their debt will, be obliged to make the following minimum payment requirements at the time of entering into such arrangement:

- current account, plus;
- an initial payment towards arrears with the minimum payment being 15% of the arrear amount and a monthly instalment which will liquidate the arrear amount plus accrued interest thereon within a period of 24 months;
- each following month the consumer will be required to pay:
- current account; plus
- an instalment as determined in (b) above.

In all cases, failure to respond to notices will result in normal credit control procedures and/or legal processes being followed.

9.6 ARRANGEMENT CRITERIA FOR NON-RESIDENTIAL DEBTORS

- (a) Non-residential debtors may make arrangements to liquidate their arrears where it would be financially beneficial to the Council for them to do so.
- (b) The final decision to make these arrangements will rest with the Chief

Financial Officer with the authority to sub-delegate.

9.7 LISTING OF DEBTOR WITH CREDIT BUREAU

Where an account rendered to a consumer remains outstanding for more than 90 days:

- (a) the defaulting consumer's name may, at the option of the Municipality, be listed with a credit bureau or any other equivalent body as a defaulter; and
- (b) may be handed over to a debt collector or an attorney for collection

9.8 TERMINATION, LIMITATION AND DISCONTINUATION OF SERVICES

- (a) A consumer may terminate an agreement for the provision of services by giving to the Municipality not less than fifteen calendar days' notice in writing of the consumer's intention to do so.
- (b) The Municipality may, after having given notice, terminate an agreement for services if a consumer has vacated the premises to which such agreement relates.
- (c) The Municipality may, subject to the conditions contained in this Policy, limit or discontinue services provided in terms of this Policy –
 - (i) on failure by the consumer to pay the prescribed tariffs or charges on the date specified and after the final demand referred to in this policy has been issued and there has been no response from the consumer.
 - (ii) on the failure of the consumer to comply with the provisions of any agreement entered into with the Municipality in terms of this Policy.
 - (iii) on failure by the consumer to comply with any other provisions of this policy and after due notice has been given to the consumer.
 - (iv) if the agreement for the provision of services has been terminated and the Municipality has not received an application for subsequent services to the premises after a period of 30 days of such termination, transfer the services to the account of the owner;
 - (v) if the building on the premises to which services were provided has been demolished;
 - (vi) if the consumer has interfered with a limited or discontinued service;

or

- (vii) obstructs the efficient supply of electricity, water or any other municipal services to another customer;
 - (viii) supplies such municipal service to a consumer who is not entitled thereto or permits such service to continue;
 - (ix) causes a situation, which in the opinion of the Municipality is dangerous, or a contravention of relevant legislation;
-
- (d) The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council.
 - (e) The cost of the restriction or disconnection and the reconnection, will be payable as per the tariffs approved by Council.
 - (f) The Municipality will not be liable for any damages or claims that may arise from the limitation or discontinuation of services provided in terms of this Section.

9.9 SERVICES NOT RECONNECTED OR REINSTATED AFTER FOUR WEEKS

If services have been terminated or restricted in the case of a property in respect of which the account is in arrear, and the accountholder has not paid such arrears, including the interest raised on such account, or made an acceptable arrangement with the municipal manager for the payment of the arrear account, including the interest raised on such account, within a period of 28 (twenty eight) calendar days after the date of termination or restriction of the service(s) concerned, the municipal manager or the municipality's debt collection agent shall forthwith proceed with legal actions collection and such further action as is deemed necessary.

Such further action shall include if necessary the sale in execution of such property to recover arrear property rates and service charges (if the accountholder is also the owner of the property). All legal expenses incurred by the municipality shall be for the account of the defaulting accountholder.

9.10 NOTICES AND DOCUMENTATION

- (a) An order, notice or other document issued by the Municipality in terms of this Policy shall be deemed to be duly authorised by the Council of the Municipality if signed by the Municipal Manager or by a duly authorised employee of the Council.
- (b) Any notice or other document served on a person by a Municipality in terms of any other legislation is regarded as having been served by;

- (i) delivering the notice to him/her personally or to his duly authorised agent; or
 - (ii) by delivering the notice at his residence or place of employment to a person apparently not less than sixteen years of age and apparently residing or employed there;
 - (iii) if he has nominated an address for legal purposes, by delivering the notice to such an address; or
 - (iv) if he has not nominated an address for legal purposes, delivering it to the address given by him/her in his application for the provision of water services, for the reception of an account for the provision of water services;
 - (v) sending it by pre-paid registered or certified post addressed to his last known address;
 - (vi) in the case of a body corporate, by delivering it to the registered office or the business premises of such a body corporate;
 - (vii) if service cannot be effected in terms of the aforesaid sub-sections by affixing it to the principal door of entry to the premises, or displaying it on a conspicuous place.
- (c) In the case where compliance with a notice is required within a specified number of working days, such period shall be deemed to commence on the date of delivery or sending of such notice.
- (d) Delivery of a copy of the document shall be deemed to be delivery of the original.

9.11 LEGAL PROCESESS / USE OF ATTORNEYS / USE OF CREDIT BUREAUS

- (a) The Accounting Officer may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, disconnections, restrictions, summonses, judgements, execution of loose assets, garnishee orders and as a last resort, sales in execution of property.
- (b) The Accounting Officer will exercise strict control over this process, to ensure 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.
- (c) Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding debtors.

- (d) Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.
- (e) All steps in the consumer care and credit control procedure will be recorded for Council's records and for the information of the debtor.
- (f) Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus.
- (g) Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters.
- (h) Council may consider the use of agents as service providers 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
- (i) Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding customer care, credit control and debt collection.

10 INDIGENT AND POOR HOUSEHOLD MANAGEMENT POLICY

10.1 The objectives of this policy are to:-

- (a) determine the criteria for qualification of indigent and poor households;
- (b) ensure that the criteria is applied correctly and fairly to all applicants;
- (c) allow the Municipality or its authorised agent to conduct in loco visits to the premises of applicants to verify the actual status of the household;
- (d) allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies;
- (e) ensure the provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council; and
- (f) ensure the provision of procedures and guidelines for the subsidisation of basic service charges to indigent households.

10.2 Principles of policy;-

- (a) The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for making of policy, while it is the responsibility of the Accounting Officer to ensure the execution of this policy;
- (b) All applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy;

10.3 Criteria for indigent or poor households:-

To qualify for a subsidy, a household must comply with the following criteria:

- (a) For an Indigent subsidy the verified gross monthly income of all occupants over 18 years of age may not exceed the sum of two times the amount of state funded social pension and for a Poor household subsidy may not exceed the amount predetermined by Council;
- (b) The average monthly consumption of electricity by the household over the previous four months may not exceed 400kWh;
- (c) The average monthly consumption of water by the household over the previous four months may not exceed 6kl;
- (d) Must be a permanent occupier of the applicable property.
- (e) The registered indigent must be the full-time occupant or owner of the property and may not own any other property within the jurisdiction of the municipality. This includes cases where the occupant rents the property and is a South African Citizen;
- (f) There should be no business activity taking place within the property

10.4 Application for Indigent or Poor household Subsidy;-

The account holder must apply in person at a customer care office of the Municipality on the prescribed application form. The following items must accompany the application:

- (a) The latest municipal account of the household;
- (b) Proof of the account holders identity;
- (c) Proof of income of the total household;
- (d) Sworn statement.

10.5 Local audit (verification)

The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time, with the aim of carrying out a local verification of the accuracy of the information provided by the applicant(s)

The municipality also reserves the right to contact employers in Makana to verify whether a person applying for subsidy is employed by them.

10.6 Subsidy

- (a) Indigent subsidies will be funded from the equitable share contribution made from the national government's fiscus and as provided for in the municipal budget.
- (b) Subsidised services may include water, electricity, and sewerage, refuse removal and assessment rates.
- (c) If a consumer's consumption or use of the municipal service is less than the subsidised service, the unused portion will not be accrued by the consumer and will not entitle the consumer to cash or a rebate in respect of the unused portion.
- (d) In order to assist the subsidised households, who uses more than the qualifying amount of water and electricity, not to lose their subsidy, these services may be restricted to allow only the use of maximum 6kl water and 400kWh electricity.
- (e) All consumers who qualify for a subsidy must agree to the installation of a prepaid electricity meter and will be placed on restricted service levels in order to limit further escalation of debt. Installation of a pre-paid meter is free of charge for indigent households.
- (f) When a household qualifies for a subsidy for the first time, the arrear account will be taken to council to consider writing off the debt.
- (g) Where a qualifying consumer's account is paid in full at the date of application, or regularly maintains a paid up account after receiving the subsidy, the restriction on service levels will be waived. If the account is cleared due to the arrear debts being written off, the restriction on service levels can only be waived after a period of six months during which the account was paid in full every month and after a written request has been received.
- (h) Where the household qualifies for the subsidy but is not the owner or

account holder of the property and the owner cannot be traced, a tenant account can be opened for the occupier without a deposit. If at any stage the situation of this person should change and he is de-registered, a deposit must be paid.

- (i) A subsidised consumer must immediately request deregistration by the Municipality or its authorized agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- (j) A subsidised consumer may at any time request deregistration.
- (k) A list of subsidised consumers will be maintained and audited on a regular basis and the info may be supplied to the general public.

10.7 Water leakages and other problems at Indigent households

Where water leakages occur at indigent households, such leakages must be reported by the occupier in order to be repaired at Councils expense and the cost thereof recovered from the equitable share grant.

10.8 Additional subsidy categories

- (a) Subject to the extent of the equitable share contribution received and affordability levels council may provide, free of charge to consumers, certain basic levels of water and electricity.
- (b) Further rebates may be provided as determined from time to time in council's policies and By-laws.
- (c) The Council adopt the Indigent Management Policy which shall provide for the procedures and guidelines for the provision of indigent benefits to indigent households in its municipal area.

11 IRRECOVERABLE DEBT

The Municipal Council may, on recommendation from the Municipal Manager, or any duly delegated official, write off any debt or portion thereof, provided that the Municipal Council is satisfied that the debt or portion thereof is irrecoverable or that it will be in the best interest of the municipality to accept part payment of the debt in full and final settlement.

The Executive Mayor may recommend to the municipal council that any outstanding debt or portion thereof be written off, if in his/her opinion it would be in the best interest of the municipality, and that the writing off of the debt will not be contrary to the provisions of the Local Government: Municipal Finance Management Act, No. 56 of 2003. The Executive Mayor and Municipal Manager also have the right to authorise write

off, of debt if the amount falls within their delegated power.

11.1 Debt will be regarded as irrecoverable if:

The Accounting Officer has ensured that all avenues were utilized to collect the arrear debt.

Circumstances whereby a municipal Council may validate the termination of debt collection procedures as contemplated in section 109(2) of the Municipal Systems Act:

- (a) All reasonable notifications and cost effective measures to recover a specific outstanding amount have been exhausted; or
- (b) If the amount to be recovered is too small to warrant further endeavours to collect it; or
- (c) The cost to recover the debt does not warrant further action, i.e. to summons in another country; or
- (d) Inactive accounts where all the necessary steps have been taken with no success and/or the debtor has no assets.
- (e) The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate, sequestration, liquidation; or
- (f) A deceased estate has no liquid assets to cover the outstanding amount; or
- (g) Poor household with no liquid assets (nulla bona) to cover the outstanding debt; or
- (h) It has been proven that the debt has prescribed; or
- (i) The consumer is untraceable or cannot be identified so as to proceed with further action; or
- (j) It is impossible to prove the debt outstanding; or
- (k) The outstanding amount is due to an administrative error by Council.
- (l) If the debtor qualifies as an indigent or poor household and are receiving a subsidy;
- (m) Clients in correctional care or clients who are imprisoned and there is no way of recovering the debt.
- (n) Water leakages resulting in high water levies at registered indigent or poor

households.

11.2 Criteria for the determination of the recoverability or non- recoverability of debt

- (a) All cases with the following classification “summons, judgment or execution” should be tested prior to the taking of action, with regard to the following:
 - (i) Asset’s Survey. To undertake a home visit to make a survey of the type of house, its contents and other assets like vehicles registered in the name of the account holder as well as the combined income of the household. The result of this survey will determine whether further action is to be taken.
 - (ii) Consumption. If a consumer has consumption of an average of more than 400kwh electricity or 6kl of water taken over a period of 4 months, this consumption point to the ability of the person to pay or to make an arrangement.
- (b) If the survey however reveals that the debt is still not recoverable after all necessary steps has been taken, it should be tabled together with the “write off compliance report” for consideration by Council to write off the debts.

12 OFFENCES AND PENALTIES

- (a) The Council acknowledges that, in terms of Section 119 of the Local Government: Municipal Systems Act 2000 it is an offence for any person who-
 - (i) fails to give the access required by a duly authorised representative of the municipality in terms of this policy as refers to in clause 8.17 above;
 - (ii) obstructs or hinders a duly authorised representative of the municipality in the exercise of his or her powers or performance of functions or duties in terms of this policy;
 - (iii) unlawfully uses or interferes with municipal equipment or the consumption of services supplied to any customer;
 - (iv) tampers with or breaks any seal on a meter or on any equipment belonging to the municipality, or causes a meter not to register properly the service used;
 - (v) fails, or refuses, to give a duly authorised representative of the municipality such information as he or she may reasonably require for the purpose of exercising or performing his or her powers or

functions in terms of this policy, or gives such representative false or misleading information, knowing it to be false or misleading; or

(vi) contravenes, or fails to comply with, a provision of this policy, shall be guilty of an offence.

(b) Upon conviction in a court, an offender shall be liable for a fine not less than the cost of repairing the damage or any such cost determined by the municipality, or to imprisonment for a period not exceeding 12 (twelve) months, or both such a fine and imprisonment, and may be charged for consumption, as determined by the Chief Financial Officer, and based on average monthly consumption, or as determined by resolution of the municipality from time to time.

13 TAMPERING POLICY

13.1 Objective

- (a) Section 97(1) (h) of the Act stipulates that a municipality's Credit Control and Debt Collection Policy must provide for matters relating to unauthorised consumption of services, theft and damages.
- (b) The objective of this Policy is to provide in this policy an extension of Credit Control and Debt Collection Policy for the matters referred to in that section.

13.2 Implementing Authority:

The Accounting Officer must implement and enforce this policy and any by-laws enacted to give effect to this policy.

13.3 Unauthorised use of property of the Council

- (a) No one may tamper with any municipal equipment or property.
- (b) An authorised officer must inspect the equipment and property of the municipality when he or she suspects tampering.
- (c) that any illegal connections were attached to such equipment or property, or
- (d) that any unauthorised consumption or use of services is taking place, or
- (e) any theft of such equipment or property, or
- (e) any damage to such equipment or property.

13.4 Municipality's right of access to premises

In terms of section 101 of the Act the occupier of premises in a municipality must give an authorised officer access at all reasonable hours to the premises in order to read, inspect, repair; any meter or service connection for reticulation, or to stop or restrict the provision of any service.

13.5 Power to restrict or terminate supply of services

- (a) Where the municipality has suffered any loss or damage as a result of any act contemplated in paragraph 13.3 a penalty equal to the amount of damages or loss may be imposed on the occupier of the premises concerned.
- (b) The occupier must be notified of the amount of damage or loss by means of a notice which is hand delivered, or sent per mail, to the latest recorded address of the occupier, and such notice must also stipulate the date on or before which such amount must be paid to the municipality.
- (c) The Council may in addition to the steps contemplated in paragraph (2) limit or discontinue the supply of water and electricity in terms of the prescribed disconnection procedures or discontinue any other service to any premises.
- (d) The Council may hand deliver or send per mail to the latest recorded address of the consumer a discontinuation notice informing such consumer –
 - (i) that the provision of the service will be, or has been discontinued on the date stated on the discontinuation notice, and
 - (ii) of the steps which can be taken to have the service reconnected.
- (e) The council shall reconnect or restore full levels of supply of any of the restricted or discontinued municipal services only after the full amount of the penalty, including the costs of such disconnection and reconnection, if any, have been paid in full, or any other relevant condition or conditions of the Council's credit control policy as it may deem fit have been complied with.
- (f) The right of the Council or any duty appointed agent to limit or discontinue water to any premises or customer, shall be subject to the provisions of sections 3 and 4 of the Water Service Act 1997 (Act 108 of 1997).

13.6 Illegal reconnections and/or tampering

The Accounting Officer shall, as soon as it comes to the notice of the Accounting Officer that any terminated or restricted service has been irregularly reconnected or reinstated, institute one, some or all of the following enforcement actions;

- (a) disconnect or restrict such service(s),
- (b) permanently remove such service(s),
- (c) require pre-payment technology to be installed,
- (d) not reinstate such service(s) until the arrear account, including the interest raised on such amount, the charges for the notice sent in terms of paragraph 1 and the charges for both the original and subsequent reconnection or reinstatement of the service(s) and the revised deposit and penalty have been paid in full.
- (e) laying criminal charges with the police,
- (f) cancel the contract.

All indigent households shall be visited by a person or firm delegated by council on a regular basis to investigate tampering and illegal connection cases and or to inspect the status of meters connections and restrictions and/or flow limiters.

14 PUBLICATION OF POLICY

The Municipal Manager shall, within 14 days from the date of adoption of this Policy by Council, by public notice draw the attention of the public to its broad contents and method of application.