

**11.
AMENDMENT TO THE 2021/2022 CUSTOMER CARE, CREDIT CONTROL AND
DEBT COLLECTION POLICY**

5/B

**S Reyneke-Naude
16 August 2021**

Director : Finance

(028) 313 8040

1. Executive Summary

The purpose of this report is to present Council with amendments to the Customer Care, Credit Control & Debt Collection Policy.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance
Department: Finance

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA)
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

6. Background/Discussion/Evaluation/Conclusion

To conform to the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the budget related policies of the Municipality must accompany the annual budget.

The budget related policies were tabled with the budget for 2021/2022 and presented for approval and implementation on 1 July 2021.

The following amendment to the Customer Care, Credit Control and Debt Collection Policy, in updating the meaning of *interest* in this policy is recommended:

Original reading: Customer Care, Credit Control and Debt Collection Policy:

<i>"interest"</i>	a levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.
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Amendment Recommended:

[] Words in bold in square brackets indicate omissions from existing enactments

Words underlined with a solid line indicate insertions in existing enactments

<i>"interest"</i>	a levy with the same legal priority as service fees and calculated on [all amounts] <u>the first day of the new month on all arrear amounts older than the most recent monthly service account</u> [in arrears] in respect of assessment rates and service levies at a standard rate as approved by Council.
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7. Financial Implications

Levying of interest will be in accordance with the new meaning.

8. Staff Implications

N/A

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: Customer Care, Credit Control and Debt Collection Policy

RECOMMENDATION TO THE COUNCIL:

that the amended Customer Care, Credit Control & Debt Collection Policy be approved and implemented with effect from 1 October 2021.

RESPONSIBLE OFFICIAL :

**S REYNEKE-NAUDE
E HOONEBERG**

TARGET DATE FOR IMPLEMENTATION :

1 OCTOBER 2021

OVERSTRAND MUNICIPALITY



CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

P R E A M B L E

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

And whereas section 97 of the Systems Act prescribes what such policy must provide for;

Now therefore the Municipal Council of the Municipality of Overstrand adopts the Customer Care, Credit Control and Debt Collection Policy as set out in this document:-

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1. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

"Act"	The Local Government Act, Municipal Systems Act 2007 (Act No 32 of 2007) as amended from time to time.
"arrear"	means any amount which is due, owing and payable and which remains unpaid by the due date;
"authorised representative"	the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
"basic service"	the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.
"Chief Financial Officer"	an officer of the Municipality appointed as the Head of the Finance Department and includes any person:- (a) acting in such position; and (b) to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty.
"child-headed household"	a household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children.
"Council" or "municipal council"	a municipal council referred to in section 18 of the Local Government, Municipal Structures Act, 1996 (Act No 117 of 1996), and for purposes of this policy, the municipal council of the Municipality of Overstrand.
"Credit control" and "debt collector"	the functions relating to the collection of any monies due and payable to the Municipality.
"Closely connected person"	any immediate relative of the person namely spouse, child, parent, parent-in-law, life partner.
"customer"	any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).
"default"	a person who owes money to the Municipality in respect of a municipal account after the due date for payment has expired.
"Director"	the person in charge of the civil and/or electrical component(s) of the Municipality and includes any person:- (a) acting in such position; and (b) to whom the Director has delegated a power, function or duty in respect of such a delegated power, function or duty.
"equipment"	a, structure, pipe, pump, wiring, cable, meter, machine or any fittings.
"household"	all persons who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.
"Income"	Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by every person residing on the property.
"indigent"	a household which is not financially capable of paying for the delivery of basic services and meeting criteria determined by Council from time to time – this also includes poor households.
"interest"	a levy with the same legal priority as service fees and calculated on (all amounts) the first day of the new month on all arrears amounts older than the most recent monthly service account (in arrears) in respect of assessment rates and service levies at a standard rate as approved by Council.

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"Municipality"	the institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand.
"municipal account" or "billing"	the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to:- (a) show the levies for assessment rates and/or building clause; and (b) "monthly account" rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, surcharges, housing rentals and instalments, as well as the monthly instalment for annual services paid monthly.
"Municipal Manager"	the accounting officer appointed in terms of section 82 of the Local Government Municipal Structures Act, 1998 (Act No 117 of 1998) and being the head of administration and accounting officer in terms of section 55 of the Local Government Municipal Systems Act, 2000 (Act No 32 of 2000) and includes any person:- (a) acting in such position; and (b) to whom the Municipal Manager has delegated a power, function or duty in respect of such a delegated power, function or duty.
"municipal services"	those services provided by the Municipality such as, amongst others the supply of water and electricity, refuse removal, sewerage treatment, and for which payment is required by the Municipality or not.
"occupier"	any person who occupies any property or part thereof, without any regard to the title under which he/she so occupies the property - in process of phasing out from 01/07/2010.
"owner"	(a) the person in whom the legal title to the property is vested; (b) a person mentioned below may for the purposes of this Policy be regarded by a municipality as the owner of a property in the following cases: (i) A trustee, in the case of a property in a trust excluding state trust land; (ii) an executor or administrator, in the case of a property in a deceased estate; (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation; (iv) a judicial manager, in the case of a property in the estate of a person under judicial management; (v) a curator, in the case of a property in the estate of a person under curatorship; (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude; (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by the lessee; (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer; (c) in the case where the Council is unable to determine the identity of such person, the person who is entitled to the benefit of such property or any building thereon; (d) in the case of a property for which a lease agreement of 30 years or more has been entered into, the lessee thereof; (e) regarding:- (i) a portion of land delineated on a sectional title plan registered in terms of the Sectional Titles Act, 1996 (Act No 95 of 1996), and without restricting the above mentioned stipulations, the developer or body corporate of the communal property; or (ii) a portion as defined in the Sectional Titles Act, the person in whose name that portion is registered under a sectional title deed, including the legally appointed representative of such person; (f) any legal entity, including but not limited to:-

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(i)	a company registered in terms of the Companies Act, 2008 (Act No 71 of 2008), a trust (other than a trust moris causa, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act No 69 of 1984), and any voluntary organisation;
(ii)	any local, provincial or national government;
(iii)	any council, board or entity established in terms of any legislation applicable to the Republic of South Africa; and
(iv)	any embassy or other foreign entity.
(ii)	in the case of property owned by the Council and which has been alienated, but which has not been transferred to the person to whom it has been alienated, such person from the date of the alienation concerned; and
(iii)	in the case of property owned by or under the control or management of the Council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the right to the immovable property.
"premises" or "property"	any portion 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, 1927 (Act No 9 of 1927) or in terms of the Deeds Registry Act, 1937 (Act No 47 of 1937); or (b) a sectional plan registered in terms of the Sectional Titles Act, 1996 (Act No 95 of 1996); which is situated within the area of jurisdiction of the Municipality.
"Residential"	means improved property that is:- (a) used predominantly (60% or more) for residential purposes, with not more than two dwelling units per property; (b) a unit registered in terms of the Sectional Titles Act 95 of 1996, used predominantly (60% or more) for residential purposes, and includes any unit in the same Sectional Title Scheme registered in the name of the same owner which is used together with the residential unit as if it were one property, for example a garage or store room (Any such grouping shall be regarded as one residential property for rate rebate or valuation purposes.) or (c) owned by a share-block company and used predominantly (60% or more) for residential purposes, or (d) a residence used for residential purposes situated on property used for or related to educational purposes.

2. GENERAL OBJECTIVES:

The objectives of this Policy are to:-

- 2.1 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.2 ensure that all monies due and payable to the Municipality are levied and collected in a financially sustainable manner;
- 2.3 provide a framework for customer care and indigent support;
- 2.4 describe credit control measures and sequence of events;
- 2.5 outline debt collection and credit control procedures and mechanisms; and
- 2.6 set realistic targets for credit control and debt collection.

3. PRINCIPLES

- 3.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of the policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy.
- 3.2 All customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.

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- 3.3 Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Western Cape.
- 3.4 A copy of the application form, conditions of services and extracts of the Council's Customer Care, Credit Control and Debt Collection Policy and By-Laws must be handed to every customer on request at such fees as may be prescribed by Council.
- 3.5 Billing is to be accurate, timely and understandable as far as possible.
- 3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods which will include cash, cheque, debit or credit card, electronic fund transfer, debit order and bank order payments.
- 3.7 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.
- 3.8 Enforcement of payment must be prompt, consistent and effective.
- 3.9 Unauthorised 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, charges, penalties, loss of rights and/or criminal prosecutions. A certificate reflecting the nature and extent of the unauthorised activity must be issued by a duly qualified person to substantiate the claim.
- 3.10 Incentives and disincentives may be used in collection procedures.
- 3.11 The collection process must be cost-effective.
- 3.12 Results will be regularly and efficiently reported and monitored.
- 3.13 Application forms may be used to, amongst others, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 3.14 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.15 Where practicable possible the Customer Care and Debt Collection Policies will be handled independently of each other and the organisational structure will reflect the separate functions.
- 3.16 The principle of providing services instead of payment for arrear accounts is supported.
- 3.17 Customers that meet council's indigent criteria must be identified and supported.

4. PERFORMANCE EVALUATION

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

5. REPORTING

- 5.1 The Chief Financial Officer (Director: Finance) shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor, as supervisory authority in terms of section 99 of the Act, read with section 100(c). This report shall contain particulars on:-
- Cash collection statistics, showing high-level debt recovery information (number of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
 - Performance on all areas against targets agreed to in paragraph 5 of this policy document.
- 5.2 If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 5.3 The Executive Mayor, as supervisory authority, shall report at intervals of 3 months to Council as contemplated in section 99(c) of the Act.

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6. CUSTOMER CARE

- 6.1 **Objective**
To focus on the customer's need 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, the service provider.
- 6.2 **Communication and feedback**
- The Municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control and debt collection. This process will include the effort to ensure that the residents and customers understand the costs involved in the service provision, the reasons for payment of service tariffs and the manner in which monies raised from the customers are utilised.
 - Council will endeavour to distribute a regular newsletter (also available on the website), which will give prominence to customer care and debt collection issues.
 - Ward councillors will give feedback at ward meetings, at which customer care and debt collection issues will be given prominence.
 - The press will be encouraged to give prominence to Council's customer care, credit control and debt collection issues, and may be invited to council or committee meetings where these are discussed.
 - The residents and users of services will be encouraged to give feedback through the established mechanisms to the Municipality regarding the quality of services and the performance of service providers.
- 6.3 **Metering**
- The Municipality will endeavour, within practical and financial constraints, to provide meters to every paying customer for all measurable services.
 - All meters will be read monthly, as far as possible. If the meter is not read monthly, the consumption may be estimated in terms of Council's operational procedures. If any meter is not accessible for meter reading, the customer must apply and pay to have the meter moved out to the borderline and convert the electricity meter to a pre-paid meter.
 - Customers must-
 - safeguard and maintain service meters in a readable condition;
 - notify the Municipality when services are no longer required at a particular service delivery point;
 - maintain credit and pre-payment meters; and
 - supply the Municipality with accurate information with regard to the supply of services or applications for indigent cases.
 - Customers are entitled to request verification of meter readings at the prescribed tariff.
 - Customers are entitled to request testing of meters for accuracy within reason. If the test reveals the meter to register outside the norm as prescribed for the service in question (Electricity or Water), the meter will be replaced and the customer's account will be adjusted accordingly. The adjustment may not exceed a period of six (6) months, preceding the date on which the metering equipment was found to be inaccurate. If the outcome shows that the meter was not defective, the consumer is liable for payment for the cost of the test at the prescribed tariff as well as for other amounts outstanding.
 - Customers must give notice of at least 48 hours to the Municipality should a final reading or discontinuation of service be required. When a customer vacates a property and a final reading of the meter is not possible due to no access, an estimated consumption will be used by the Municipality and the final account rendered accordingly.

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- 6.3.8 If a service is metered but it cannot be read due to financial and/or human resource constraints or circumstances beyond the control of the Municipality or its authorised agent, and the customer 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.
- 6.3.9 The Municipality may apply debt collection as a percentage (at least 60%) on the pre-payment electricity system, to ensure collection of all arrears due on the account of the customer.

6.4 Accounts and billing

- 6.4.1 The Municipality will as far as possible render to its customers on the billing system an understandable and accurate statement, which will consolidate all service costs and subsidies granted in terms of this Policy for that property.
- 6.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 6.4.3 The customer's municipal account shall be credited for energy generated by the embedded generator and exported to the network in the amounts reflected in the annual tariff relating to the import and export of electrical energy for embedded generation. Small scale embedded generator customers (SSEG) will be billed as follows:
- (a) The service charge and all energy and maximum demand charges, as applicable, will be billed on the monthly electricity account.
- (b) A credit will be passed for export of energy monthly against the normal monthly electricity account.
- (c) Customers will not be compensated if the monthly export reflects a credit balance. A credit balance for export will be carried forward to the following month.
- (d) In the instance where an export credit exists on 30 June, this credit will be forfeited.
- (e) At the time that the customer ceases to be on the small scale embedded generation tariff, any remaining credit balance for export, will not be refunded to the customer.
- (f) The municipality shall not be obliged to grant credit to the customer for export not received onto the electrical grid due to unavailability of the grid or for any other reason.
- 6.4.4 If no official complaint in writing is received by the 15th of the month it will be considered that the account delivered is correct.
- 6.4.5 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- 6.4.6 It is the customer's responsibility to ensure that his/her postal address and all other required details are correct.
- 6.4.7 Should an owner have an e-mail address stated on the clearance application form, during and subsequent to the transfer of the property into his or her name, said e-mail address shall take preference over a postal address provided on the said application. The email address shall be regarded as the default address for all correspondence inclusive of the monthly account sent to that owner until otherwise advised in writing.
- 6.4.8 (a) Accounts are delivered monthly. It is the customer's responsibility to enquire from the Municipality should an account not be received in order to ensure timely payment and to obtain a duplicate account when the account is not delivered during the normal billing cycle.
- (b) Customers residing outside the borders of the Republic of South Africa will receive only electronic accounts, unless a local address is supplied.
- 6.4.9 Settlement or due dates will be as indicated on the statement and are normally as follows:-

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- (e) Monthly accounts are payable before or on the due date in accordance with the specific account billing (invoicing) cycle as indicated on the account, or the first working day thereafter should it fall on a weekend or public holiday, of the month following the month of the statement of the account.
- (b) Large Power and Time of Use electricity customer accounts are payable on or before the 15th of each month, or the first working day thereafter should the 15th be on a week-end.
- (c) Annual accounts are payable on or before the 30th of September of each year.
- (d) Accounts of councillors and employees may be deducted from their salaries/allowances on a monthly basis; alternatively, they may sign a debit order for deduction of the monthly account off their bank account.
- (e) Staff arrears will be dealt with in accordance with Schedule 2(10) of Local Government: Municipal Systems Act 32 of 2000 and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this 3 (three) month period. Outstanding arrears will be settled out of any annual bonus due to the staff member.
- (f) All staff joining the Municipality must, within 30 days, sign an agreement to pay arrears.
- (g) Where the Municipality provides temporary employment to members of the community who are in arrears with payments for municipal rates and services, they will be required to enter into a written agreement to pay up to a maximum of 30% of their gross remuneration towards the arrears due. In accordance with Schedule 1(12A) of the Local Government: Municipal Systems Act 32 of 2000, a Councillor of the Municipality may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillors' remuneration after this 3 (three) month period.
- 6.4.10 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- 6.4.11 Where any payment made to the Municipality, or its authorised representative, by negotiable instrument is subsequently dishonoured by a bank, the Municipality or its authorised agent:-
- (a) may recover the average bank charges incurred relating to dishonoured negotiable instruments, together with an administration fee, against the account of the customer;
- (b) shall regard such an event as a default on payment and services may be discontinued should a valid payment by cash, a bank-guaranteed cheque or electronic fund transfer not be made by the date provided by the authorized official;
- (c) may insist on cash, debit order or electronic fund transfer payments for all future accounts;
- (d) may only consider application for re-instatement of debit order/cheque after twelve months, except in instances where the Senior Manager: Revenue, or delegated official, authorises otherwise.
- 6.4.12 The Municipality must issue a duplicate account or any acceptable alternative to a customer on request, at a cost determined by Council from time to time.
- 6.4.13 The registered owner of a property being leased is at his/her own cost entitled to obtain a copy of the account of a lessor and to be informed if a lessee is in arrears with his/her service charges within 60 days.
- 6.4.14 All contracts for service delivery with tenants will be phased out over a period of time and all new service contracts will only be with the owners of the property.
- 6.4.15 Opening of tenant accounts will only be allowed when :

- (a) the customer is an indigent household and the property is registered in the name of another person;
- (b) the customer is a contractor for municipal projects
- When tenants are in default, the service contract with the tenant will be cancelled and services transferred to the owner.
- 6.4.16 The amount which the Municipality may recover from the tenant or occupier of a property where there exists only an owners account, is limited to the amount of rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property
- 6.4.17 The tenant or occupier of a property must, on request from the Municipality, furnish the Municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipality.
- When owners are in default, no building plans will be accepted.
- 6.4.18
- 6.4.19
- 6.5 Payment facilities and methods**
- 6.5.1 The Municipality will operate and maintain suitable payment facilities, which facilities will be accessible to all customers.
- 6.5.2 The Municipality will, at its discretion, allocate a payment between service debts. A debtor does not have the right to indicate that the payment is for a specific portion of the account.
- 6.5.3 The Municipality may, in terms of section 103 of the Act and with the consent of a customer, approach an employer of the customer to secure a debit or stop order arrangement.
- 6.5.4 The Municipality will endeavour to appoint a variety of agents (super markets, SA Postal Service, etc.) for the receipt and transfer of payments to the Municipality. The customer will acknowledge in the customer agreement that the use of customer agents in the transmission of payments to the Municipality is at the risk of the customer – also the time lapse for transfer of the payment.
- 6.5.5 The Municipality will, in the event of notices sent to customers, as well as in the instance of services having been disconnected or restricted, only accept cash or electronic fund transfer / direct deposit into the Municipality's bank account, or payment at any one of the nominated cash receiving points or agents of the Municipality. Documented proof must be sent via e-mail to the sender, as stated on the Overstrand Municipality's notice document, during office hours, not later than 16:00.
- 6.6 Incentives for prompt payment (Annexure "A")**
- 6.6.1 The Council may, to encourage prompt payment and/or to reward regular payers, from time to time, consider incentives for the prompt payment of accounts or payment by debit or stop order.
- 6.6.2 If introduced, the cost associated with the incentive scheme will be reflected in the operational budget as additional expenditure.
- 6.7 Feedback, enquiries, appeals and service complaints**
- 6.7.1 Within its administration and financial ability the Municipality will establish:-
- (a) Decentralised complaints/feedback offices;
- (b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- (d) The introduction of a regular article in the newsletter to inform customers on the safe and economic use of services.
- 6.7.2 If a customer is convinced that his/her account is inaccurate, he/she can lodge a query, together with supporting documentation and proof, with the Municipality before due date for investigation of this account, and where necessary the relevant alterations.

- 6.7.3 In the interim the debtor must pay an average based on previous consumption where such history of the account is available. Where no such history is available, the debtor is to pay an estimate provided by the Municipality before payment due date until the matter is resolved.
- 6.7.4 The relevant department will investigate and endeavour to inform the debtor within 14 days of the outcome of the investigation and the measures that have been or will be taken to correct the situation.
- 6.7.5 Failure to make such agreed interim payment or payments will result in the customer forming part of the normal credit control procedures.
- 6.7.6 A customer may appeal against the finding of the Municipality in terms of sub clause (6.7.4).
- 6.7.7 An appeal and request in terms of sub clause (6.7.6) must be made and lodged with the Municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in sub clause (4) and must:-
- (a) set out the reasons for the appeal;
- (b) be accompanied by any security determined for the testing of a measuring device, if applicable.
- (c) Appeal deposits in accordance with approved tariffs for the review of water rebate applications, will be levied to the customer's municipal account, in the instance of a dismissal of the appeal.
- 6.8 Customer assistance programs**
- 6.8.1 Water leakages.
- (a) if the leakage is on the customer's side of the meter, the customer will be responsible for payment of the full account.
- (b) Water leakage discount will not be considered in the instance of irrigation systems.
- (c) A customer will qualify for a Water Leakage Discount upon application on the prescribed form within 30 days after the leak has been repaired, which application will only be regarded as a valid application if complete information and documentation as prescribed is received and:-
- (i) the leak was repaired within 10 working days since its detection; or any further leakages was prevented effectively after detection, with reference to the subsequent consumption patterns;
- (ii) the customer applied only once in a cycle of 30 months for a discount; and in the instance where a customer experience a second leak within the 30 months period as mentioned in above, the customer may apply on the prescribed form within 60 days after the leak has been repaired, which application will only be regarded as a valid application if the customer is prepared to convert to a flow restrictor meter at cost of the customer;
- (iii) proof of repair and costs as well as the date of repair, or a sworn affidavit from any person who has repaired the leak, has been submitted, or where the leak was repaired through the client's insurance, all of the following must be submitted:
- (1) proof of claim submitted to the insurance;
- (2) confirmation letter from the plumber who was appointed by the insurance to repair the leak.
- (d) Discount for consumption over the period that the leak was present will be calculated by comparing the average consumption over a corresponding period. Any consumption above the average will be charged at the rebate tariff applicable, subject to a maximum period of 3 months.
- (e) A discount will be applicable on the excess sewer consumption charge as calculated.
- (f) It is the responsibility of the customer to control and monitor his/her consumption.

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CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

- 6.8.2 Rate rebates:
- (a) The municipal council may grant rate rebates annually to certain categories of ratepayers in accordance to the Municipality's Property Rates Policy and By-Laws.
 - (b) Rate rebates will be subject to certain criteria as determined by Council from time to time.
- 6.8.3 Arrangements for payment of arrears (Annexure "B"):
- (a) Customers whose municipal accounts become in arrears may enter into a written arrangement for settlement of the arrears with the Municipality. Such customers may be requested to complete a new application and agreement for Municipal Services.
 - (b) If required, customers with arrears must agree to the conversion to a pre-payment electricity meter and a flow limiter water meter. If and when implemented, the cost of which, 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 at a percentage rate (at least 60%), until the debt is liquidated.
 - (c) In the case of the customer who is not a natural person, an organ of state, a local authority, a public company or a public corporation, the major shareholder or member will be obligated to guarantee the debt of the customer.
 - (d) Council reserves the right to raise the deposit/security requirement of debtors who seek arrangements and/or other stipulations it may deem necessary.
- 6.9 Subsidy for indigent households
Please refer Overstrand Municipality, Indigent Policy
- 6.10 Additional subsidy categories
- 6.10.1 Subject to an equitable share contribution received from National Treasury, Council may provide, free of charge to a customer, basic services as determined from time to time.
- 6.10.2 Rebates on property rates may be granted to categories of properties or owners in accordance to Council's Property Rates Policy.
- 6.11 Customer categories
- 6.11.1 Customers will be categorised according to specific classifications based on amongst others the type of entity, applicable tariffs and risk levels of the provision of services. Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

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CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

CREDIT CONTROL POLICY

- 7.1 Objective
- 7.1.1 To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.
 - 7.1.2 To facilitate financial assistance and basic services for the community's poor.
 - 7.1.3 To provide incentives for prompt payment.
 - 7.1.4 To limit risk levels by means of effective management tools.
- 7.2 Service applications and agreements
- 7.2.1 All customers of services will be required to sign an agreement governing the supply and cost of municipal services. On default by a tenant, the owner will be the debtor of last resort except where the Municipality is the owner of the property. Prior to signing these agreements, customers will be entitled to access the policy documents. Also available on the official website at: www.overstrand.gov.za
 - 7.2.2 On the signing of the agreement when requested thereto, customers will receive a copy of the agreement for their records.
 - 7.2.3 Customers will accept responsibility in the agreement for administration costs of collection, interest and penalties in the event of delayed and/or non-payment.
 - 7.2.4 The Municipality may refuse to supply services to an applicant should such applicant owe monies to the Municipality regarding a previous period when he/she was rendered services by the Municipality, until such debt has been settled in full. Should the applicant prove to the Chief Financial Officer that he/she is unable to pay, the application will be dealt with in terms of Council's Indigent Subsidy Scheme.
 - 7.2.6 The Municipality will read the meters within the period stipulated in the agreement after notification of change in ownership or application for the supply of services and render an account within the normal cycle applicable to the property. Existing customers may be required to sign new agreements in the following instances:
 - (a) Any change of service profile;
 - (b) With any instruction given or actual disconnection or restriction of services or any legal action taken;
 - (c) Any form of tampering with service networks or meters etc (as mentioned in Section 7.5.1 below);
 - (d) As determined by the Municipal Manager from time to time.
 - 7.2.8 Should a customer fail to enter into such agreement with Council or to provide the security described in clause 7.6, Council may:-
 - (a) hold the customer liable for all outstanding debt on services for the property; and/or
 - (b) restrict or discontinue the supply of Municipal services.
 - 7.2.9 The Municipality shall open only one account per property for the rates, fixed levies and service charges.
 - 7.2.10 All arrangements may be subject to periodic review.
 - 7.2.12 Debtors who default on two occasions in respect of arrangements, will be denied the privilege of making further arrangements, and the full amount will be payable. Interest will be calculated from the original due date of the debt, taking any payments into consideration.
 - 7.2.13 An amount of at least the monetary value of the most recent 3 months accounts must be settled before a recommendation by the Manager. Revenue can be made for further arrangements in excess of the two occasions mentioned above, to be considered by the Senior Manager, Revenue, based on current circumstances.
- 7.3 Right of access to premises
- 7.3.1 The owner and/or occupier of a property is to allow an authorised representative of the Municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for recalculation, or to disconnect, stop or restrict, or reconnect the provision of any service.

- 7.3.2 The owner is responsible to ensure that all meters installed on his/her property are easily accessible.
- 7.3.3 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 7.3.4 If a person fails to comply to any requirements, the Municipality or its authorised representative may:-
- (a) by written notice require such person to restore access at his/her own expense within a specified period.
 - (b) without prior notice restore access and recover the cost from such person if it is the opinion that the situation is a matter of urgency.

7.4

Enforcement mechanisms

- 7.4.1 Interest may be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.
- 7.4.2 The Municipality shall restrict or discontinue the supply of services or implement any other debt collection actions necessary due to late or non-payment of accounts, relating to any customer, owner or property.
- 7.4.3 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- 7.4.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payments, the service will be reconnected as soon as conveniently possible.
- 7.4.5 The administration cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- 7.4.6 If a person is indigent a pre-paid electricity meter must be installed and a flow limiter water meter may be installed free of charge.
- 7.4.7 The deposit(s) of any defaulter will be adjusted in terms of paragraph 7.2.2 and brought into line with relevant policies of Council.
- 7.4.8 Defaulters' deposits will be reviewed annually, based on the debtor's Municipal payment record, indicating no default, over the preceding 12 (twelve) months, excluding customers with current arrangements. The deposit will be adjusted to the minimum deposit required in terms of the approved Tariff Schedule.
- 7.4.9 Defaulters deposits will be reviewed immediately, where the account was settled in full and a debit order is signed to prevent late payments.
- 7.4.10 In accordance with Section 102 of the Municipal Systems Act, the Municipality may Consolidate any separate accounts of persons liable for payments to the municipality;
- (b) Credit a payment of such a person against any account of that person; and
 - (c) Implement any of the debt collection and credit control measures provided for in Chapter 9 of the Act in relation to any arrears on any of the accounts of such a person.

7.5 Theft and fraud

- 7.5.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time.
- 7.5.2 The Municipality has the right to obtain authorisation from the Magistrate for the imposition of fines for the offences as mentioned in paragraph 7.5.1 above.
- 7.5.3 The Municipality may terminate and/or remove the electricity supply of services to a customer should such conduct as outlined above, be detected and certified.

- 7.5.4 The Municipality may install a water flow restrictor meter to a customer should such conduct as outlined above, be detected and certified.
- 7.5.5 The total bill owing, including administration cost, assessment of unauthorised consumption and disconnection and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
- 7.5.6 Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.
- 7.5.7 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
- 7.5.8 Any person failing to provide information or providing false information on his application for or other document pertaining to the supply of services to the Municipality may face immediate disconnection of services.

7.6 Customer screening and securities

- 7.6.1 Security deposits, may be required. The minimum deposit being the equivalent of amounts fixed from time to time by the Municipality.
- 7.6.2 Security deposit in respect of electricity will be adjusted annually, which will be equal to twice the average consumption during the preceding 12 months.
- 7.6.3 Applicants who are not natural persons, organs of state, local authorities, public companies or public corporations must supply details of their directors, members, partners or trustees and at least the main shareholder must in his/her personal capacity guarantee the payment of the applicant's municipal account and in the case of a trust, all the trustees in their personal capacity.
- 7.6.4 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the customer.

7.7 Contractors who tender to the Municipality

- 7.7.3 The Supply Chain and Procurement Management Policy and Tender Conditions of the Municipality will include the following:-
- (a) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
 - (b) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears has been made. No further debt may accrue during contract period.
 - (c) Tender Conditions will include a condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.
 - (d) A tenderer will be required to declare all the municipal account numbers for which it is responsible and/or partially responsible.

7.8 Pre-payment metering system

- 7.8.3 The Municipality will use its pre-payment metering system to:-
- (a) link the provision of electricity by the Municipality to a 'pre-payment' system comprising, pre-payment of electricity units; and
 - (b) a payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs and charges in respect of services such as water, refuse removal, sanitation and sewage.
 - (c) To load an auxiliary on the "pre-payment" system in order to allocate a portion of the rendered amount to the customers arrear account for other services.

- (d) To enforce satisfactory arrangements with customers in arrears by blocking access to pre-payment electricity purchases.
- (e) Amounts tendered for the purchase of pre-payment electricity will not be refunded after the pre-payment meter voucher has been issued or in case of purchasing against an incorrect meter number.

8. DEBT COLLECTION

- 8.1 **Objective**
 - 8.1.1 To provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.
- 8.2 **Personal contact**
 - 8.2.1 **Personal and Telephonic contact / Agents calling on customers:-** Council, or its agent, may make personal contact with arrear debtors to encourage their payment via electronic, SMS, telephonic or any other officially recognised communication method.
 - (b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.
 - (c) Services as contemplated in 8.2.1(a) will be rendered at a charge as determined during the annual budget process.
- 8.3 **Interruption of service**
 - 8.3.1 Customers who are in arrears with their municipal accounts and who have not made arrangements with the Municipality will have their supply of electricity, water and other municipal services, suspended, restricted or disconnected.
 - 8.3.2 Customers who have submitted mobile phone numbers can be notified via SMS at the applicable tariff, if their accounts are not settled on or before the due date.
 - 8.3.3 The disconnection or restriction of services, as mentioned in section 7.4.2, may be enforced should the account remain in arrears after the expiring of the 14 (fourteen) days' notice of restriction of services.
 - 8.3.4 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges, or who do not honour their arrangements.
 - 8.3.5 Upon the liquidation of arrears, including the additional levies in terms of clauses 8.3.6 and 8.3.7, or the conclusion of acceptable arrangements for term payments, the services will be reconnected as soon as conveniently possible.
 - 8.3.6 The cost of notice of restriction or disconnection and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
 - 8.3.7 The deposit of any defaulter will be adjusted, and brought into line with relevant policies of Council (refer to Annexure "B").
- 8.4 **Legal process (Annexure "A") - (Use of attorneys/Use of credit bureaux)**
 - 8.4.1 The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and, as last resort, sales in execution of property.
 - 8.4.2 The Municipality will exercise strict control over this process to ensure accuracy and legality within it and will require regular reports on progress from staff responsible for the process or outside parties, be they attorneys or any other collection agents appointed by Council.
 - 8.4.3 The Municipality will establish procedures and codes of conduct with such outside parties.
 - 8.4.4 In the case of employed debtors, garnishee orders, are preferred to sales in execution, but both are part of the Municipality's system of debt collection procedures.
 - 8.4.5 All steps in the credit control procedure will be recorded for the Municipality's records and for the information of the debtor.
 - 8.4.6 All administration costs of this process will be for the account of the debtor.
 - 8.4.7 Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit

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bureaus and the property owner in respect of his/her lessee(s). This release will be in writing or by electronic means and will be covered in the agreement with customers.

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

8.4.9 Upon recommendation from the Municipal Manager, Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers.

8.4.10 Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct. Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute termination of the contract.

8.4.11 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the tenant or occupier of the property, after it has served written notice on the tenant or occupier. The Municipality may recover the outstanding amount despite any contractual obligation to the contrary on the tenant or occupier.

8.4.13 If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the agent of the owner, if this is more convenient for the Municipality, after it has served written notice on the agent. The agent must on request from the Municipality, provide a statement reflecting all payments made to the agent for the owner during a period determined by the Municipality.

8.4.14 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 as a last resort. Overstrand Municipality, however, has total commitment to a sale-in execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time. This is also applicable to all debt and includes all debt which is a charge against a property as referred to in this policy.

As part of the recovery process the Chief Financial Officer may determine a reserve price to be recovered in terms of arrears, equal to the municipal property value or outstanding debt, whichever is the lowest. In the instance that sales statistics / prices of properties sold in the past 12 months, in the immediate area of the particular property prove that there is no market demand for similar properties, that the reserve price, to be recovered in terms of arrears as mentioned, may be lowered with up to 50%. The remaining outstanding debt in excess of the net proceeds of the auction will be written off, in terms of the prescriptions of this policy.

8.4.15 Adjustments on the accounts will only be calculated for three years. (Prescription Act, 1969 (Act 68 of 1969).

8.5 Cost of collection

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

Collection costs on indigent clients, will be kept to a minimum by re-setting the pre-paid electricity debt collection [ratio] percentages to 90%.

8.6 Clearance Certificate

8.6.1 On the sale of any property in the municipal jurisdiction, Council will cause the delay of the registration of transfer until all rates, service and sundry charges and any estimated amounts for the duration of a certificate in connection with the property are paid, by withholding a clearance certificate. The municipality will

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issue such clearance certificate on receipt of an application on the prescribed form from the conveyancer.

8.6.2 All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.

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

8.6.4 The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyancer has been received.

8.6.5 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount has been paid.

8.7 Irrecoverable debt

8.7.1 Debt will only be considered as irrecoverable if it complies with the following criteria:-

(a) all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or

(b) any amount equal to or less than R1 500,00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or

(c) the cost to recover the debt does not warrant the further action; or

(d) the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or

(e) (i) there is a danger of a contribution; or
(ii) no dividend will accrue to creditors; or
a deceased estate has no liquid assets to cover the outstanding amount; following the final distribution of the estate; or

(f) where the estate has not been reported to the Master and there are no assets of value to attach; or

(g) it has been proven that the debt has prescribed; or
the debtor is untraceable or cannot be identified so as to proceed with further action; or

(h) the debtor has emigrated leaving no assets of value to cost effectively recover Council's claim; or

(i) it is not possible to prove the debt outstanding; or
a court has ruled that the claim is not recoverable; or

(j) the outstanding amount is due to an irreconcilable administrative error by the Municipality.

8.7.2 All debtors who qualify and are registered as indigent, will have their arrears written off once during ownership of the property.

8.8 Abandonment of claims

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

8.8.2 There are some circumstances, as contemplated in section 109(2) of the Act, that allow for the valid termination of debt collection procedures, such as:-

(a) The insolvency of the debtor, whose estate has insufficient funds.

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

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

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

9. SHORT TITLE

This Policy shall be called the **Customer Care, Credit Control and Debt Collection Policy of the Overstrand Municipality**.

CUSTOMER CARE AND DEBT COLLECTION – ANNEXURE "A"

10.1. INCENTIVE MEASURES

- 10.1.1. Incentive measures may be implemented as per Council resolution.
- 10.1.2. Where a customer is prepared to pay off the capital amount on an outstanding account, older than two (2) years, in one payment, the Municipal Manager will approve the write off of all interest charged with regard to above-mentioned period;
- 10.1.3. An agreement to pay off the debt not older than (2) years, must be signed at the time of the implementation of the incentive referred to in 10.1.2;
- 10.1.4. In the instance where a customer is prepared to pay off the total amount of an outstanding account in one payment, then the Municipal Manager will approve the write off of all interest charged to date for the total period.

10.2. DEBT COLLECTION

- 10.2.1. Should annual accounts remain unsettled after 30 September of the applicable year, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which it will be handed over for collection, including legal proceedings.
- 10.2.2. Should monthly accounts remain unsettled after the due date, notice will be given to the owner/customer that the amount owed must be settled within fourteen (14) days, failure of which will lead to restriction/disconnection of services, including legal proceedings.
- 10.2.3. All debtors regarding houses in rental, selling and self-build schemes, without any capital debt, which are still registered in the name of the Municipality, should be notified in writing that if satisfactory arrangements for transfer of the property into his/her name are not made within one (1) month, the property concerned will be put up for sale by Council at a public auction.
- 10.2.4. Upon handing over of accounts for collection, details of employers and work addresses of the debtors should be made available to the attorneys as far as possible for the purposes of garnishee orders.
- 10.2.5. Attorneys should report to the Revenue Department on a monthly basis on the progress made and the cost aspect regarding each debtor.
- 10.2.6. Attorneys should pay monies collected over to the Municipality monthly.

11. ARRANGEMENTS FOR PAYMENT – ANNEXURE "B"

11.1. DEBT FOR WHICH ARRANGEMENTS CAN BE MADE

Arrangements for the payment of outstanding debt can be made according to the procedures described hereafter.

11.2. CONCLUSION OF AGREEMENT

Regardless of the stipulations of sections 11.3.1. and 11.3.2, if a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment, only the Chief Financial Officer may consider and approve any extension on these arrangements, on receipt of a written recommendation by the Senior Manager: Revenue.

11.2.2. The customer must:-

- (a) sign an acknowledgement of debt;
- (b) sign a consent to judgement;
- (c) in the case of a company, trust or closed corporation, supply the guarantee as prescribed in clause 6.8.3(c) of the Policy;
- (d) submit proof of income on the prescribed form;
- (e) pay the current portion of the account in cash;
- (f) customer deposits may be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule
- (g) acknowledge liability of all costs incurred; and

11.3. ARRANGEMENTS THAT CAN BE ENTERED INTO:

11.3.1. Residential Customers:

- (a) 1st default within a 12-month period:
 - (i) 10% of the outstanding amount plus cost of the credit control actions together with the current account is payable immediately.
 - (ii) The balance is payable over a maximum period of twelve months.
 - (iii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
 - (iv) Customer deposits may be adjusted to the higher of the sum of twice the average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (b) 2nd default within a 12-month period:
 - (i) An amount of at least the monetary value of the most recent 3 months accounts must be settled before a recommendation by the Manager: Revenue can be made for further arrangements to be considered by the Senior Manager: Revenue, based on current circumstances of the customer.
- (c) 3rd default within a 12-month period:
 - (i) Metered services will be discontinued or restricted and the account will be handed over for legal proceedings.
- (d) An amount of at least 20% of the arrears, plus the current account (the monetary value of the most recent 3 months accounts must) be settled before a recommendation by the Senior Manager: Revenue can be made for further consideration of arrangements in excess of the (three) two occasions mentioned above, to be considered by the Chief Financial Officer, based on current circumstances of the customer.

11.3.2. Non-residential Customers:

- (a) 1st default within a 12-month period:-

- (i) 50% of the outstanding amount plus cost of the credit control actions.
 - (ii) The balance is payable over a maximum period of three months.
 - (iii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
 - (iv) Customer deposits will be adjusted to the higher of the sum of three times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.
- (a) 2nd default within a 12-month period:-
- (i) Full outstanding amount plus cost of credit control actions.
 - (ii) No arrangements will be allowed.
 - (iii) Customer deposits will be adjusted to the higher of the sum of four times average consumption during the preceding 12 months or the minimum deposit required in terms of the approved Tariff Schedule.

11.3.3. Government Departments – Customer Accounts:

- (a) 1st default within a 12-month period:-
 - (i) 3 weeks' notice – no arrangements
 - (ii) First offence in 2 years – no deposit increase will be applicable and if already charged, will be reversed on application.
 - (iii) Customer deposits will be adjusted to the sum of three times average consumption during the preceding 12 months.
- (b) 2nd default within a 12-month period:-
 - (i) 2 weeks' notice – no arrangements.
 - (ii) Customer deposits will be adjusted to the sum of four times average consumption during the preceding 12 months.

11.3.4. Government Departments – Rates & Taxes:

- (a) 1st default within a 12-month period:-
 - (i) Final demand and legal action in terms of "The Institution of Legal Action against Certain Organs of State Act, 2002 (Act No 40 of 2002)".

11.3.5. Administration:

- Where a person has been placed under administration the following procedures will be followed:-
 - (a) The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
 - (b) The administrator is to open a new account on behalf of the debtor. No account is to be opened or operated in the debtor's name as the debtor is not entitled to accumulate debt.
 - (c) Until such time as this new account is opened, the debtor is to be placed on limited services levels. The customer will be compelled to install a pre-paid electricity meter and flow limiter water meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the pre-paid meter.
 - (d) Should there be any default on the current account, the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.

11.3.6. Indigent:

All customers (including any other occupants), qualifying as indigent and who accumulated any arrear debt after any relief has been granted, will repay that debt as follows:-
 By instalments over 24 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.

There are no limitations on debtors at any time to pay amounts in excess of arrangements towards outstanding debt, than prescribed above.

12. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on 1 October 2021 and will be reviewed at least annually or when required by way of a Council resolution.

POLICY SECTION:	SENIOR MANAGER: REVENUE
CURRENT UPDATE:	24 AUG 2021
PREVIOUS REVIEW:	26 MAY 2021
PREVIOUS REVIEW:	30 SEPT 2020
PREVIOUS REVIEW:	27 MAY 2020
PREVIOUS REVIEW:	29 MAY 2019
PREVIOUS REVIEW:	30 MAY 2018
PREVIOUS REVIEW:	31 MAY 2017
PREVIOUS REVIEW:	25 MAY 2016
PREVIOUS REVIEW:	28 MAY 2015
PREVIOUS REVIEW:	28 MAY 2014
PREVIOUS REVIEW:	25 SEPT 2013
PREVIOUS REVIEW:	29 MAY 2013
PREVIOUS REVIEW:	30 MAY 2012
PREVIOUS REVIEW:	04 MAY 2011
PREVIOUS REVIEW:	26 MAY 2010
PREVIOUS REVIEW:	27 MAY 2009
PREVIOUS REVIEW:	30 MAY 2007
APPROVAL BY COUNCIL:	30 JUN 2006