



Vaal River City, the Cradle of Human Rights

**DRAFT CREDIT CONTROL, DEBT
COLLECTION AND CUSTOMER CARE
POLICY**

[2017/2018]

EFFECTIVE 1 JULY 2017

PREAMBLE

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

AND WHEREAS section 97 of the said Act prescribes what such policy must provide for;

And in terms of the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) as amended sections 62 and 64 require the effective management of the municipality's revenue;

NOW THEREFORE the Municipal Council of the Municipality of Emfuleni adopts the policies as set out in this document.

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CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

1. DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:-

"account" means an account rendered specifying charges for municipal services provided by the municipality, or any authorised and contracted service provider, and which account may include assessment rates levies and municipal rentals

"Act" means Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended.

"actual consumption " means the measured consumption of any customer for any given period.

"applicable charges" means the rate (including assessment rates), charge, tariff or subsidy determined by the municipal Council.

"agreement" means the contractual relationship between the municipality and a customer whether in writing or not.

"arrangement" means a written agreement entered into between the municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

"arrears" means those rates, levies, consumed services, service charges and municipal rentals that have not been paid in full by the due date and for which no arrangement has been made.

"average consumption" means the average consumption by a customer of a municipal service during a specific period, which consumption is calculated by dividing the total measured consumption of that municipal service by that customer over the preceding three months by three.

“Authorized Representative” means a Person or agent or instance legally appointed or authorized by the Council to act or to fulfil a duty on its behalf.

“Council” means the municipal Council of the Municipality of Emfuleni.

“Chief Financial Officer” means the person appointed by Council to administer its finances.

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

"consolidated account" means an account which is a consolidation of any separate accounts of a customer who is liable for payment to the municipality.

“customer” means the occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if no occupier can be identified or located, then the owner of the premises and includes any customer of the municipality.

"debt Collectors" means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the conditions contained herein.

“defaulter” means a customer who owes any arrears to the municipality.

"Due date" in relation to -

- (a) rates due in respect of any immovable property, means:-
 - (i) the seventh (7th) day of October of the financial year for which such rate is made, in the case where rates are levied on an annual basis;
 - (ii) the date for payment indicated on the account, in the case where rates are levied on a monthly basis; or
 - (iii) any other date determined by Council in terms of a public notice in the Provincial Gazette, and
- (b) service charges due in respect of any immovable property, means the date for payment indicated on the account, provided that the due date for any service charges means the seventh (7th) day of October in the case where service charges are levied annually; and
- (c) should such day fall on a Saturday, Sunday or public holiday the due date shall be the next working day.

“engineer” means the person in charge of the civil and/or electrical component of the municipality.

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

“household” means a traditional family unit, as determined by the municipality from time to time taking into account the number of persons comprising a household, the relationship between the members of a household, the age of the persons who are members of the household and any other relevant factors.

“illegal connection” means a connection to any system through which municipal services are provided that is not authorized or approved by the municipality.

“indigent customer” means a domestic customer qualifying approved and registered with the municipality as an indigent in terms of the municipality’s indigent policy.

“interest” means the charge levied on arrears, calculated at the prime rate charged by the bank which holds the municipality’s primary bank account, plus a percentage as may be determined by Council from time to time.

“municipal account” means an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies as well as municipal rentals.

“municipality” means the institution that is responsible for the collection of funds and the provision of services to the customers of Emfuleni.

“municipal manager” means the person appointed as Municipal Manager in terms of section 82 of the Local Government:- Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated.

“municipal services” means those services provided by the municipality, such as, inter alia the supply of water, electricity, refuse removal and sewerage treatment and for which services charges are levied.

“occupier” means any customer who occupies, controls or resides on any premises, or any part of any premises without regard to the title under which he or she so occupies it.

“owner” means:-

- (a) the customer in whose name the property is legally vested;
- (b) in the case where the customer 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, or any other legal representative;
- (c) in the case where the Council are unable to establish the identity of such person, the person who are 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 van 1986), without limiting it to the developer or managing body to the communal property;
 - (iv) 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;

“customer” 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 entity body, voluntary association or trust;

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

"public notice" means publication in terms of the relevant Legislation in an appropriate media that may include one or more of the following:-

- (a) publication of a notice, in the official languages determined by the municipal Council:-
 - (i) in any local newspaper or newspapers circulating in the area of supply of the municipality;
 - or
 - (ii) in the newspapers circulating in the area of the municipality determined by the Municipal Council as an newspaper of record; or
 - (iii) by means of radio broadcasts covering the area of supply of the municipality; or
- (b) displaying a notice at appropriate offices and pay-points of the municipality or its authorized agent; *or*
- (c) communication with customers though public meetings and ward committee meetings;

"rates" means a municipal rate on property envisaged In section 229 (1) of the Constitution read with the Local Government: Municipal Property Rates Act 6 of 2004 and the Local Government: Municipal Finance Act 56 of 2003.

"revenue clearance certificate" the certificate referred to in Section 118(1) of the Municipal Systems Act 32 of 2000.

"service charges" means the fees levied by the municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied *or* imposed in terms of this policy.

"service delivery agreement" means an agreement between the municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.

"subsidized service" means a municipal service which is provided to a customer at an applicable rate which is less than the cost of actual providing the service provided to customers at no cost;

"sundry customer accounts" means accounts raised for miscellaneous charges for services provided by the municipality or charges that were raised against a customer as a result of an action by a customer, and were raised in terms of Council's policies, bylaws and decisions.

"supervisory authority" means the Executive Mayor of the municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.

"supply zone" means an area, determined by the municipality, within which all customers are provided with services from the same bulk supply connection.

"tariff" means the scale of rates, taxes, duties, levies or other fees which may be imposed by the municipality in respect of immovable property or for municipal services provided.

"unauthorized services" means receipt, use or consumption of any municipal service which is not in terms of an agreement, or authorized or approved by the municipality;

2. GENERAL OBJECTIVES

2.1 The objectives of this policy are to:-

- 2.1.1 provide a framework within which the municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- 2.1.2 ensure that all monies due and payable to the municipality are collected and utilised to deliver services in the best interests of the community, residents and consumers and in a financially sustainable manner;
- 2.1.3 provide a framework for customer care;
- 2.1.4 describe credit control measures and sequence of events;
- 2.1.5 outline debt collection procedures and mechanisms; and
- 2.1.6 set realistic targets for debt collection.

3. PRINCIPLES

- 3.1 The administrative integrity of the municipality must be maintained at all costs.
- 3.2 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.
- 3.3 In line with the National Credit Act all customers must complete an official application form, formally requesting the municipality to connect them to service supply or network lines.
- 3.4 Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- 3.5 A copy of the application form, conditions of services and extracts of the relevant

Council's customer care, credit control and debt collection policy and by-laws must be handed to every customer on request and paid for at such fees as may be prescribed by Council.

- 3.5 Billing must be accurate, timeous and understandable.
- 3.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 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 Authorized 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.
- 3.10 Incentives and disincentives approved by council may be used in collection procedures.
- 3.12 The collection process must be cost-effective.
- 3.13 Actions and results on the enforcement of payment processes must be regularly and efficiently reported by the Municipal Manager to the Executive Mayor.
- 3.14 Application forms will be used to, *inter alia*, and categorize customers according to credit risk and to determine relevant levels of services and consumer deposits required.
- 3.15 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.16 Where practically possible, the debt collection and customer care policies (Items 6 and 7) would be handled independently of each other and the organisational structure should reflect the separate functions.
- 3.17 The principle of providing services in lieu of payment for arrear accounts is supported.

4. DUTIES AND FUNCTIONS

4.1 Duties and Functions of the Supervisory Authority

- 4.1.1 The Executive Mayor oversees and monitors:-
 - a. The implementation and enforcement of the municipality's credit control and debt collection policy.
 - b. The performance of the Municipal Manager in implementing the credit control and debt collection policy.

4.1.2 The Executive Mayor shall at least once a year cause an evaluation or review of the credit control and debt collection policy to be performed, in order to improve the efficiency of the municipality's credit control and debt collection mechanisms, processes and procedures, as well as the implementation of this policy.

4.1.3 The Executive Mayor shall submit a report for Council regarding the implementation of the credit control and debt collection policy at such intervals as Council may determine.

4.2 Duties and Functions of the Implementing Authority

4.2.1 The Municipal Manager:-

- a. Implements and enforces the credit control and debt collection policy.
- b. Is accountable to the Executive Mayor for the enforcement of the policy and shall submit a report to the Executive Mayor regarding the implementation and enforcement of the credit control and debt collection policy at such intervals as may be determined by Council.
- c. Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the municipality.
- d. Where necessary make recommendations to the Executive Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.
- e. Establish effective communication between the municipality and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.
- f. Establish customer service centres, located in such communities as determined by the Municipal Manager.
- g. Convey to account holders information relating to the costs involved in service provision and how funds received for the payment of services are utilised, and may where necessary employ the services of local media to convey such information.

4.2.2 The Municipal Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of Council's credit control and debt collection policy to the Chief Financial Officer.

4.2.3 A delegation in terms of subsection (2):-~

- a. Is subject to any limitations or conditions that the Municipal Manager may impose;
- b. May authorise the Chief Financial Officer in writing, to sub-delegate duties and responsibilities to the Manager income.
- c. The delegation does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power.

4.2.4 The Chief Financial Officer is accountable to the Municipal Manager for the implementation, enforcement and administration of this policy, and the general exercise of his powers in terms of this policy.

4.2.5 The Manager Income shall be accountable to the Chief Financial Officer for the sections of this policy delegated to the Manager Income in terms of the MFMA section 82.

4.3 Duties and Functions of Communities, Ratepayers and Residents

4.3.1 To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.

4.3.2 To pay service fees, rates on property and other taxes, levies, duties and municipal rental imposed by the municipality on or before due date.

4.3.3 To observe the mechanisms and processes of the municipality in exercising their rights.

4.3.4 To allow municipal officials reasonable access to their property to execute municipal functions.

4.3.5 To comply with the by-laws and other legislation of the municipality.

4.3.6 To refrain from tampering with municipal services and property.

4.4 Duties and functions of Councillors

4.4.1 To hold regular ward meetings (Ward Councillors).

4.4.2 To adhere to and convey Council policies to residents and ratepayers.

4.4.3 To adhere to the Code of Conduct for Councillors.

5 REPORTING

5.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor as supervisory authority in terms of the Systems Act. This report shall contain particulars on:-

5.1.1 Cash collection statistics, showing high-level debt recovery information (number of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt).

- 5.1.2 Where possible, all statistics on actions and results regarding the enforcement of payment processes should highlight the information per ward and per debtor category, for example, residential consumers, business consumers, etc.
- 5.1.3 Performance of all areas against targets agreed to in paragraph 5 of this policy document.
- 5.2 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager may immediately move for a revision of the budget according to realistically realisable income levels.
- 5.3 The Executive Mayor as Supervisory Authority shall report quarterly to Council as contemplated in section 99(c) of the Systems Act.

6. CUSTOMER CARE POLICY

6.1 Specific Objective

- 6.1.1 To focus on the client'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 customers responsible for the payment for services received, and the municipality, and where applicable, any service provider.

6.2 Communication

- 6.2.1 The municipality will, within its financial and administrative capacity, conduct **community communication programs as well as** an annual process of compiling and communicating its budget, which will include targets for credit control.
- 6.2.2 Council's Customer Care, Credit Control and Debt Collection Policy or relevant extracts thereof, will be available in English and will be made available by general publication **(official website of the municipality)** and ~~on specific request~~, and will also be available for perusal at Council's offices, at **a cost as determined by Council from time to time.**
- 6.2.3 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care, **credit control** and debt **collection** issues.
- 6.2.4 Ward Councillors will be required to hold regular ward meetings, at which customer care, **credit control** and debt collection issues will be given prominence.
- 6.2.5 The media will be encouraged 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.

6.3 Metering

- 6.3.1 The metering process must be read in conjunction with the meter reading business process document approved by Council on 30 May 2008 under Item A1010, resolution 3.6 and **all other metering processes and programs** which may change or be amended from time to time.
- 6.3.2 The municipality will endeavour, within practical and financial limits, to provide meters to every paying client for all consumed services.
- 6.3.3 **The municipality will endeavour to** ~~All meters will be read~~ **meters on a** monthly **basis**, if at all possible. If the meter is not read monthly the Council will do an estimation for billing purposes based on the consumption for a period of 3 months.
- 6.3.4 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof if it is found that the readings are correct or the difference is less than ten percent, up or downwards.
- 6.3.5 Customers will on request be informed in writing of a meter replacement.
- 6.3.6 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, the customer is charged for an estimated consumption based on any consecutive three months consumption.
- 6.3.7 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.

6.4 Accounts and Billing

- 6.4.1 Customers on the billing system will receive an understandable and accurate bill from the municipality, which bill will consolidate all service costs for that property.
- 6.4.2 **The municipality may consolidate any separate accounts of a person liable for payments to the municipality.**
- 6.4.3 **The municipality may credit a payment by such a person against any account of that person.**
- 6.4.4 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 6.4.5 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorized agent.
- 6.4.6 It is the customer's responsibility to ensure that the postal address and other contact details are correct and in the case of any changes the municipality be notified in writing.

- 6.4.7 It is the customer's responsibility to ensure timeous payment in the event of accounts not received on or before the due date.
- 6.4.8 Settlement or due dates will be as indicated on the statement.
- 6.4.9 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.
- 6.4.10 Where any payment made to the municipality or its authorised representative by negotiable instrument is later dishonoured by a bank, the municipality or its authorised agent:-
- a. May recover the average bank charges incurred relating to dishonored negotiable instruments against the account of the customer.
 - b. Shall regard such an event as a default on payment.
 - c. Disconnect the service to such applicable property.
- 6.4.11 The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request, at a cost determined by Council from time to time.

6.5 Payment Facilities and Methods

- 6.5.1 The municipality will operate and maintain suitable payment facilities, and which facilities will be accessible to all users.
- 6.5.2 The municipality will, at its discretion, allocate a payment between service debts and a debtor who has overdue debt may not specify that the payment is for a specific portion of the account.
- 6.5.3 Any payments received from debtors for service delivery by the Council shall be used to off-set debts to the Council in the order as highlighted hereunder_or any other order as may be approved by Council from time to time:-
- a. Arrears;
 - b. Interest;
 - c. Installment – dwelling;
 - d. Installment – stand;
 - e. Sundries;
 - f. Additional – deposit;
 - g. Rates;
 - h. Penalty on arrear rates and services;
 - i. Collection charges on arrear rates;
 - j. Refuse removal;
 - k. Water;

- l. Sewerage;
- m. Electricity; and
- n. VAT on vatable services which will be the proportionate amount for the applicable services.

6.5.4 The municipality may in terms of section 103 of the Municipal Systems Act, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.

6.5.5 The customer will acknowledge, in the customer agreements that the use of customer agents in the transmission of payments to the municipality is at the risk of the customer – also for the transfer time of the payment.

6.6 Incentives for Prompt Payment

6.6.1 The 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.

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

6.7 Enquiries, Appeals and Service Complaints

6.7.1 Within its administration and financial ability the municipality will establish:-

- a. A centralized customer/complaints/feedback office;
- b. A centralized 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. A communication mechanism to give Council feedback on service, debt and other issues of concern.

6.7.2 If a customer is convinced that his/her account is inaccurate, he/she can lodge in writing a query with the municipality for investigation of this account, and where necessary the relevant alterations.

6.7.3 In the interim the debtor must pay the average of the last three months accounts 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 **or any other authorize person/s** will investigate and inform the debtor within the period specified herein, as determined by the Municipal Manager from time to time.
- 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 or its authorised agent.
- 6.7.7 An appeal and request must be made and lodged in writing with the municipality within 21 (twenty-one) days after the customer became aware of the finding 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.

6.8 Customer Assistance Programmes

6.8.1 Water Leakages

- a. The customer has the responsibility to control and monitor his/her water consumption.
- b. If the leakage is beyond the meter on the customer's side of the meter, the customer will be liable for the payment of all water supplied to the property.

6.8.2 Rate Rebates

- a. The Council may grant properties owners rebates, exemptions and reductions based on the criteria set out in Council's approved Property Rates Policy.

6.9 Arrangements

6.9.1 Customers with arrears and who cannot afford to pay his/her account in full must:-

- a. Enter into arrangements with the Municipality by signing an acknowledgement of debt agreement;
- b. Sign a consent to judgment;
- c. Submit as proof a garnishee order or debit order (if he/she is in employment)
- d. Acknowledge that as an incentive measure no interest will be charged on arrear amount as from the date of the agreement;
- e. Pay the current portion of the account as per signed acknowledgement of debt agreement.
- f. Sign an acknowledgement that, if an arrangement being negotiated is later defaulted on, no further arrangements will be allowed and that the supply of services will immediately be disconnection and legal proceedings instituted;
- g. Acknowledge liability of all costs incurred.

- h. Submit any documents or information as required by the municipality to assist in determining the conditions of such an arrangement with customer.

6.9.2 Council reserves the right to raise the consumer deposit requirement of debtors who default on arrangements.

6.10 Annual Rates

6.10.1 Customers may elect to pay the property rates account annually on or before the 7th of October of each year, in which case a rebate to be determined annually by Council may be applicable. This section must be read together with Council's approved Property Rates Policy.

6.11 Indigent Subsidy

This section must be read together with Council's approved Indigent Policy

6.11.1 The purpose of the indigent subsidy is to provide funding for a basic level of services to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria as determined by Council from time to time.

6.11.2 The source of funding of the indigence subsidy is that portion of the equitable share contribution to the municipality made from the national government's fiscus and as provided for in the budget. As such, the subsidy can only be credited to the qualifying customers' accounts until the amount received by the Municipality from National Government for this purpose has been exhausted, whereupon no further credits will be made, or the level of the credits reduced, until further national funds are received.

6.11.3 Subsidized services may include municipal rental, electricity, water, sewerage, refuse removal and assessment rates and any consumption service charges.

6.11.4 If a consumer's consumption or use of the municipal service is less than the subsidised service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.

6.11.5 If a customer's consumption or use of a municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable charges.

6.11.6 All consumers who qualify for an equitable share subsidy may be placed on restricted service levels in order to limit further escalation of debt.

6.11.7 Where applicable, these consumers may be exonerated from a portion of their arrear debt.

- 6.11.8 Where a qualifying customer'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 may be waived on request by such a customer.
- 6.11.9 An indigent customer must immediately request de-registration by the municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- 6.11.10 An indigent customer may at any time request de-registration.
- 6.11.11A register of indigent customers will be maintained and may be made available to the general public in line with legislation.

6.12 Additional Subsidy Categories

- 6.12.1 Council may provide, free of charge to a customer, certain basic levels of water and electricity, as determined from time to time.
- 6.12.2 Council may provide grants in lieu of rates to certain categories of owners of domestic properties to alleviate poverty.
- 6.12.3 Rebates may be granted to sporting or any other determined bodies for consumption but tariffs must at least cover the cost of the service.
- 6.12.4 Rebates may be granted to large customers to attract business to Emfuleni that would benefit the community of Emfuleni but tariffs must at least cover the cost of the service.

6.13 Customer Categories

- 6.13.1 Customers will be categorised according to specific classifications based on inter alia the type of entity and applicable tariffs and risk levels. 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.

6.14 Priority Customer Management

- 6.14.1 Certain customers may be classified as priority customers based on criteria determined by the Municipal Manager from time to time, such as the number of properties owned or volume of consumption.
- 6.14.2 A Priority Customer Liaison Officer or person nominated by the Municipal Manager will be responsible for the ongoing management of the customers 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. CREDIT CONTROL POLICY

7.1 Specific 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 and provide incentives for prompt payment as well as ensuring limited risk levels by means of effective management tools.

7.2 Service Application and Agreements

- 7.2.1 A customer who requires the provision of municipal services must apply for the service from the municipality.
- 7.2.2 **All applicants for municipal services may be checked for credit-worthiness including checking information from banks, credit bureaus, other local authorities, trade creditors and employers.**
- 7.2.3 Any new application for the provision for the supply of municipal services must be made by the registered owner of an immovable property.
- 7.2.4 The municipality will only entertain an application for the provision of municipal services from existing tenants of a property, or any existing customer who is not the owner of the property with the permission of the owner of the property. Such permission from the owner must be in writing and the services to the tenant or occupier will be terminated should the permission be revoked by the owner. Existing tenants of a property will be requested over a period of time to obtain the permission of the owner in order to maintain their existing service agreement.
- 7.2.5 If there is an outstanding debt on the property, this debt must be settled in full before any new application on the same property will be allowed.
- 7.2.6 If an existing tenant is guilty of non-payment the owner is liable for the outstanding debt, except where the property concerned is owned by the municipality. In terms of section 102(3) of the **Local Government: Municipal Systems Act, Act No. 32 of 2000, as amended** the municipality may provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to such a property if the owner requests such accounts in writing from the municipality.
- 7.2.7 An agent with a proxy may open an account in the name of the owner.

- 7.2.8 The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by the municipality.
- 7.2.9 By completing the prescribed application form for the provision of municipal services the customer of services enters into an agreement with the municipality and the application form should be signed by both the parties. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act (NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.
- 7.2.10 The agreement with the municipality makes provision for the following:-
- a. An undertaking by the occupier that he or she will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other **penalties**, legal costs occasioned by his or her failure to settle accounts by the due date on an attorney/ client basis;
 - b. An acknowledgement by the occupier that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and
 - c. That the onus will be on the occupier to ensure that he or she is in possession of an account before the due date.
 - d. An undertaking by the municipality that it shall do everything in its power to deliver accounts timeously.
- 7.2.11 The application for the provision of municipal services shall be made at least fourteen (14) days or any other lesser period as may be agreed with the applicant on prior to the date on which the services are required to be connected.
- 7.2.12 On receipt of the application for provision of municipal services, the municipality will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation.
- 7.2.13 The first account for services will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.

7.3 Right of Access to Premises

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

7.3.2 The property owner may be held responsible for the cost of relocating a meter if satisfactory access is not possible or if the access to the meter is denied to the municipality.

7.3.3 If a customer fail to comply, the municipality or its authorised representative may:-

- a. By written notice require such customer to restore access at his/her own expense within a specified period.
- b. If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such customer.

7.4 Enforcement Mechanisms

7.4.1 Interest will be raised as a charge on all arrear accounts up to 180 days, at a rate determined by Council from time to time, in accordance with applicable legislation.

7.4.2 The municipality shall have the right to restrict **the flow of water** or discontinue the electrical supply of services to any consumer or owner of property or to implement any other debt collection action as required if the municipal account is not paid by the due date as reflected on the statement.

7.4.3 The municipality shall have the right to charge an administrative or penalty fee as determined by Council from time to time for administrative actions taken such as processing of disconnections lists, instructions for disconnections/reconnections irrespective if the **supply of electricity to the** property owner was disconnected or not if the municipal account is not paid by the due date as reflected on the account.

7.5 Liability for payment

7.5.1 The occupier, if a person other than the owner, will be liable for payment of the Municipal Account.

7.5.2 In case of existing tenants or existing customers who are not the owner of the property, the owner will be the liable debtor.

7.5.3 The occupier will remain liable for payment of the Municipal account up to and including the date which the occupier terminates the Service agreement as indicated in the Notice of Termination of Services, whether the occupier was in actual occupation of the property or premises during the currency of the Service Agreement or otherwise.

7.5.4 An occupier, who fails to enter into a Service Agreement, will despite such failure, be liable for the payment of the Municipal account.

7.5.5 Nothing containing in this policy will prohibit the Council to collect payment of any amount from the owner or any other person, in terms of applicable legislation.

- 7.5.6 The Chief Financial Officer or delegated person may consolidate separate municipal accounts, or portions thereof, of customers liable for payment to the Council.
- 7.5.7 A copy of the identity document, marriage certificate and electricity compliance form, must be submitted with the service agreement.
- 7.5.8 The Chief Financial Officer or duly authorized person may on written request consider extensions of ~~time~~ for payment **period** of current accounts **of property owners** to a maximum of three months.

7.6 Theft and Fraud

- 7.6.1 Any customer (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 penalties as determined **by Council** from time to time.
- 7.6.2 Council will immediately terminate **or reduce** the supply of services to a customer should such conduct as outlined above, be detected.
- 7.6.3 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
- 7.6.4 Council will maintain monitoring systems in order to identify customers who are undertaking such illegal actions.
- 7.6.5 Council reserves the right to lay criminal charges at the SAPS and/or to take any other legal action against both vandals and thieves.
- 7.6.6 Any customer failing to provide information or providing false information to the municipality may face immediate disconnection and/or legal action.

7.7 Customer Screening and Securities

- 7.7.1 All applicants for municipal services may be checked for credit-worthiness including checking information from banks, credit bureaus, other local authorities, trade creditors and employers.
- 7.7.2 Deposits either in cash or any other security acceptable to the municipality may be required, and may vary according to the risk as determined by the Municipality.
- 7.7.3 A minimum deposit of the equivalent of one month's average consumption will be required.
- 7.7.4 Deposits can be increased by the municipality at any time and at the sole discretion of the municipality to a maximum of three months average consumption.

- 7.7.5 Deposits can vary according to the credit-worthiness or legal category of the applicant.
- 7.7.6 The municipality will not pay any interest on any deposits.
- 7.7.7 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.

7.8 Customers and Business who Tender to the Municipality

- 7.8.1 The Procurement Policy and Tender Conditions of the Municipalities 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 customer/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period.
 - c. A condition allowing the municipality to deduct (set off) any moneys owing to the municipality from contract payments.
- 7.8.2 The municipality reserves the right not to consider and or disapprove any applications for subdivision, consolidation and development of land if the owner, partner or director(s) of such an application owes the municipality for rates and/or services.

7.9 Cost of Collection

- 7.9.1 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.

7.10 The Pre-payment Meter System

- 7.10.1 The municipality may use its pre-payment system to allocate up to 20% of the purchase of pre-paid electricity as a payment towards the arrears of accrued municipal taxes and other municipal levies, tariffs and duties.
- 7.10.2 The municipality may discontinue or block the electrical supply on any pre-payment system if the municipal account is in arrears and where no formal suitable arrangement to settle the arrears is made with the municipality

8 DEBT COLLECTION POLICY

8.1 Specific Objective

8.1.1 To provide procedures and mechanisms to collect all the monies due and payable to Council arising from 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 Telephonic contact, agents calling on clients

- a. Council will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigence subsidies, other related matters and will provide information on how and where to access such arrangements or subsidies.
- 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.

8.3 Interruption of Service

8.3.1 Customers 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 or disconnected.

8.3.2 The disconnection of services should be done in line with the Credit Control and Debt Collection by-laws.

8.3.3 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.

8.3.4 Council reserves the right to levy an administrative fee if the process to disconnect services/ take legal action has been completed after the due date and the customer only pays the arrear amount before the action has been executed.

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

8.3.6 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.

8.3.7 The deposit of any defaulter will be adjusted to bring into line with relevant policies.

8.4 Limitation, Disconnection or Discontinuation of Supply

8.4.1 An account rendered to a customer by the municipality in respect of rates or municipal services, including the collection and disposal of refuse, electricity, water and sewerage services shall be paid by the due date.

8.4.2 If the customer fails to pay any account within a period of fourteen (14) days after the expiry of the due date, then:-

- a. the municipality may limit, disconnect or discontinue the supply of electricity or water to the immovable property in question; and
- b. the Chief Financial Officer or any duly authorised person may instruct attorneys to recover the outstanding amounts owed.

8.4.3 The limitation, disconnection or discontinuation of the supply of electricity or water shall be effected in the manner that is customarily used or by taking such reasonable and lawful steps as may be necessary.

8.4.4 Any disbursements or charges incurred or raised in respect of the limitation, disconnection or discontinuation of the supply of electricity or water shall be paid by the customer.

8.4.5 Prior to the limitation, disconnection or discontinuation of the supply of electricity or water, the municipality shall:-

- a. provide the customer with adequate notice, including:-
 - (i) the date and time of the proposed limitation, disconnection or discontinuation of supply;
 - (ii) the reason for the proposed limitation, disconnection or discontinuation;
 - (iii) the place at which the customer can challenge the basis of the proposed limitation, disconnection or discontinuation; and
- b. allow the customer fourteen (14) days within which to challenge or make representations.

8.4.6 The limitation, disconnection or discontinuation of the supply of water shall not result in a customer being denied access to basic water services for non-payment, where the customer proves, to the satisfaction of the municipality, that he or she is unable to pay for basic water services.

8.4.7 If a customer unlawfully reconnects or attempts to reconnect a supply of electricity or water that has been limited, disconnected or discontinued, then -

- a. the municipality may disconnect or discontinue the supply entirely by removing the service connection from the premises; and

- b. any disbursements, penalties or reconnection charges, together with any outstanding amounts owed in respect of rates or municipal services, must be paid in full before a reconnection can be made.

8.4.8 Subject to the provisions of this policy, the Chief Financial Officer or any person duly authorised thereto may enter into an arrangement with a defaulter for the payment of an outstanding account, in which event -

- a. payment may be made by way of installments; and
- b. the normal supply of electricity and water to the premises shall be resumed.

8.4.9 Any defaulter who enters into a bona fide arrangement with the municipality for the settlement of arrears, and who fails to honour the terms of such arrangement, shall not be allowed to enter into any further arrangement with the municipality, except on receipt of motivated reasons that are submitted in writing and accepted by the Chief Financial Officer or duly authorized person.

8.4.10 In the case of a customer where the supply of electricity or water has been limited, disconnected or discontinued at least twice during the preceding period of twelve (12) months, the municipality may review the amount of the customer deposit required from such customer.

8.4.11 The municipality must provide an owner of a property in its jurisdiction with copies of accounts rendered to the occupier of the property for municipal services supplied to the property if the owner requests such accounts in writing from the municipality.

8.4.12 The municipality must provide an owner of a property in its jurisdiction with copies of any agreement entered into with the occupier of the property for the payment of an outstanding account if the owner requests such agreement in writing from the municipality.

8.5 Legal Process/Use of Debt Collectors/ Use of Attorneys/Use of Credit Bureaus

8.5.1 Handover of debt to debt collectors

- a. Debts which have been outstanding for more than 60 days from due date shall be handed over to debt collectors appointed by the municipality for the purposes of collecting such debt. The relevant debt collectors must ensure that the stipulations contained in the NCA with respect to incidental credit are duly complied with.
- b. If the debt collectors are unsuccessful in collecting the debt within 90 days of same being handed over, the debt may be handed over to attorneys for legal action.
- c. Only the Chief Financial Officer may hand over debts to attorneys for collection, and the Chief Financial Officer shall hand such debts over to attorneys for

collection if they have not been collected by debt collectors within the aforementioned period of ninety (90) days, unless the Chief Financial Officer is of the opinion that it shall not be cost effective to do so.

- d. If the Chief Financial Officer is of the opinion that it is appropriate to do so (such as in cases of urgency), he or she may hand over debts for collection to attorneys at any time prior to the expiration of any of the periods referred to above and without first handing them to debt collectors.
- e. The following types of debt will not be handed over to debt collectors.
 - (i) Debts of indigent customers that are registered as indigent at the date of handover.
 - (ii) Government debt.
 - (iii) Debt that is being paid off as per an arrangement with the customer.
 - (iv) Debt that has not been subject to internal credit control actions for at least two months.
- f. The process of collecting debt by debt collectors includes:-
 - (i) The phoning of customers.
 - (ii) Sending a sms to customers.
 - (iii) Sending out demand letters.
 - (iv) Making arrangements with customers to pay off debt in terms of the Council's credit control and debt collection policy.
 - (v) Making follow-up contact with customers on unpaid arrangements.

8.5.2 Handover of debt to Attorneys for legal collection

- a. Debt that could not be collected by the debt collectors and debt that requires urgent legal attention will be handed over to attorneys for legal collection.
- b. The following types of debt will not be handed over to attorneys:-
 - (i) Debt of approved indigent customers that has not yet been written off by the council.

- (ii) Debt that is being paid off as per an arrangement with the customer.
 - (iii) Debt that has not been subject to internal credit control actions for at least two months.
- c. The process of legal collection includes:-
- (i) Final demands for payment to customers.
 - (ii) Emolument attachment orders on customer's salaries.
 - (iii) Summons issued for debt to be paid.
 - (iv) Default judgment be obtained against the customer.
 - (v) The attachment of moveable properties and sale in execution of moveable property, only if such action is approved by Council
- and
- (vi) Attachment of immoveable property and the sale of immoveable property only if such action is approved by Council.

8.6 Rates Clearance

- 8.6.1 Issuing of rates clearance figures and rates clearance certificates on transfer of property in the municipalities jurisdiction must be done in accordance with section 118 of the Local Government: Municipal Systems Act, Act No. 32 of 2000, as amended, as well as any other policy and legislative requirement.
- 8.6.2 The municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Systems Act, which is lodged with the municipality in the prescribed manner.
- 8.6.3 This is subject to all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.
- 8.6.4 Debt older than two years on the property irrespective of whether the owner of the property accumulated the debt will also have to be paid.
- 8.6.5 If the owner refuses to pay the debt which is older than two years then the municipality will apply to a competent Court for an order in the following terms:-

- a. In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.
- b. In the case where there is no judgment debt, for an order staying transfer of the property pending the finalisation of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.
- e. The above action must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred.

8.6.6 Rates Clearance Certificates:-

- a. will be valid for up to 60 days;
- b. no extension on a certificate will be granted. If it expires a new application for clearance must be made;
- c. if the valid period surpasses 30 June, the total annual debit for the following financial year will be payable; and

8.7 Staff and Councillors – Payment of Arrears

- 8.7.1 All existing staff and Councillors who have not entered into an agreement to pay arrears must do so within thirty days of the approval of this policy by council.
- 8.7.2 All staff joining the municipality must within thirty days sign an agreement to pay arrears.
- 8.7.3 The repayment period for both Councillors and staff is not to exceed twelve months **accept if authorized by the Accounting Officer or delegated person.**
- 8.7.4 All agreements with Councillors must not exceed the expiry date of the term of office.

8.8 Abandonment of Claims

- 8.1 The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt.
 - 8.1.1 There are certain circumstances that allow for the valid termination of debt collection procedures as contemplated in section 109(2) of the Systems Act, 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.
 - 8.1.2 Where Council deems that a customer or groups of customers are unable to pay for services rendered.
 - 8.1.3 The municipality will maintain audit trials in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

8.9 Writing off of Debt

- 8.9.1 Council may appoint a committee in terms of its delegations to review and approve all debt write off cases which may include prescribed debt regulated by the Prescriptions Act, Act No. 68 of 1969, as amended as well as bad debt write offs. This must be done in line with Council's approved Principles and Policy on Recoverable Debt and Writing Off of Irrecoverable debt **or any other write off initiative as approved by Council.**
- 8.9.2 The Municipal Manager or duly authorised person be delegated to approved all **written** applications for write off of interest charges, warning and penalty fees in full and final settlement of any arrears.

9. IMPLEMENTATION AND REVIEW OF THIS POLICY

- 9.1 This policy shall be implemented once approved by Council, effective date 1 July 2017. All future credit control and debt collection arrangements should be dealt with in accordance with this policy.
- 9.2 In terms of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.