



**CONSUMER 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 32 of 2000) requires a municipality to adopt, maintain and implement a credit control-, debt collection and consumer care policy;

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

NOW THEREFORE the Municipal Council of the Amajuba District Municipality adopts the policy as set out in this document.

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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:

“Act” - The Local Government Act: Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

“Authorized Representative” - Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;

“Chief Financial Officer” - the person appointed by Council to administer its finances regardless of the designation or title attached to the post;

“consumer” - any occupier of any property to which the municipality has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property;

“council” -the municipal council of the Amajuba District Municipality;

“credit control and debt collection” - means the functions relating to the collection of any monies due and payable to the Municipality;

“defaulter” - a consumer who owes money to the municipality after the due date has expired;

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

“households” - all matured persons older than 18 years that occupied a property within the jurisdiction of the Council regardless whether the person rents or owns the property;

“interest” - a charge levied, with the same legal priority as service charges, on arrear amounts calculated at a standard rate equal to a interest rate which is

one percent higher than the interest rate payable by council for bank overdrafts;

“municipality” – for the purpose of this policy it means the Amajuba District Municipality

“municipal account” - shall include levies or charges in respect of the following services and taxes:

- (a) water consumption,
- (b) sewerage services,
- (c) interest and/or surcharges,
- (d) miscellaneous and sundry charges.

“Municipal Manager” - 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” - those services provided by the municipality, such as, inter alia the supply of water and sewerage treatment, and for which services charges are levied;

“occupier” - any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property,

“owner” –

- (a) the person in whose name the property is legally vested;
- (b) in the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, servitude holder or any other legal representative;
- (c) in the case where the council is unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon;
- (d) in the case of a lease agreement in excess of 30 years was entered into, then the lessee;
- (e) regarding:

- (i) a portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 van 1986), without limiting it to the developer or managing body to the communal property;
- (ii) a portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a “sectional title, including the legally appointed representative of such person;
- (f) any legal entity including but not limited to:
 - (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust inter vivos, trust mortis causa, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984), and any voluntary organisation;
 - (ii) any provincial or national government department, local authority;
 - (iii) any council or management body established in terms of any legal framework applicable to the Republic of South Africa; and
 - (iv) any embassy or other foreign entity.
- (g) owned by a council and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and
- (h) owned by or under the control or management of a council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the immovable property.

“property” - any portion of land, of which the boundaries are determined, within the jurisdiction of the municipality.

“water services provider” – the entity contracted by the municipality to perform various water services provision duties, including sanitation, where in such a contract certain duty that would normally be performed by the municipality may be performed by the entity in terms of the Water Service Provision Contract.

2. GENERAL OBJECTIVES

2.1 The objectives of this policy are to: -

- a) provide a framework within which the municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- b) ensure that all monies due and payable to the municipality are collected and used to deliver services in the best interests of the community, residents and consumers and in a financially sustainable manner;
- c) provide a framework for consumer care and indigent support;
- d) describe credit control measures and sequence of events;
- e) outline debt collection and credit control procedures and mechanisms;
and
- f) 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 policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- 3.2** All consumers must complete an official application form, formally requesting the municipality to connect them to service supply lines. The most important rights and obligations of the consumer and municipality must be included in the service application form.
- 3.3** A copy of the application form, conditions of services and extracts of the relevant council's consumer care, credit control and debt collection policy and by-laws must be handed to every consumer on request at such fees as may be prescribed by Council.
- 3.4** Billing is to be accurate, timeous and understandable.
- 3.5** The consumer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.6** The consumer is entitled to efficient, effective and reasonable responses to enquiries and appeals, and should suffer no disadvantage during the processing of such requests.
- 3.7** Enforcement of payment must be prompt, consistent and effective.
- 3.8** 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, penalties, loss of rights and criminal prosecutions.
- 3.9** Incentives and disincentives may be used in collection procedures.

- 3.10** The collection process must be cost-effective.
- 3.11** Results will be regularly and efficiently reported and monitored.
- 3.12** Application forms will be used to, inter alia, categorise consumers according to credit risk and to determine relevant levels of services and deposits required.
- 3.13** Targets for performance in both consumer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.14** Where practically possible the debt collection and consumer care policies would be handled independently of each other and the organisational structure will reflect the separate functions.
- 3.15** Consumers that meet council's indigent criteria must be identified and supported.

4. DUTIES AND FUNCTIONS

4.1 Duties and Functions of Council

- 4.1.1 To approve a budget consistent with Council's Integrated Development Plan.
- 4.1.2 To impose rates and service charges to finance the budget.
- 4.1.3 To facilitate sufficient funds to give access to basic services for the poor.
- 4.1.4 To provide for a bad debt provision, in line with the payment record of consumers as reflected in the financial statements of the municipality.
- 4.1.5 To set an improvement target for debt collection, in line with acceptable accounting ratios and resources available to the Municipal Manager.
- 4.1.6 To approve a reporting framework for consumer care, credit control and debt collection.
- 4.1.7 To consider and approve by-laws to give effect to the Council's policy.
- 4.1.8 To revise the budget should Council's targets for consumer care, credit control and debt collection not be met.
- 4.1.9 To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies and by-laws.
- 4.1.10 To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- 4.1.11 To delegate the required authorities to monitor and execute the consumer care, credit control and debt collection policy and by-law to the Executive Committee and Municipal Manager.

- 4.1.12 To provide sufficient capacity in the Municipality's Financial Department for consumer care, credit control and debt collection. Alternatively, to appoint a Service Provider, or debt collection agent.
- 4.1.13 To assist the Municipal Manager in the execution of his duties, if and when required.
- 4.1.14 To provide funds for the training of staff.

4.2 Duties and functions of Councillors

- 4.2.1 To hold regular ward meetings.
- 4.2.2 To adhere to and convey council policies to consumers and ratepayers.
- 4.2.3 To adhere to the Code of Conduct for Councillors.
- 4.2.4 To give inputs regarding indigent applications.

4.3 Duties and functions of Executive Committee

- 4.3.1 To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.
- 4.3.2 To monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- 4.3.3 To review and evaluate the policy and by-laws in order to improve the efficiency of Council's consumer care, credit control and debt collection procedures, mechanisms and processes.
- 4.3.4 To report to Council.

4.4 Duties and functions of the Municipal Manager

- 4.4.1 To implement good consumer care management systems
- 4.4.2 To implement council's consumer care, credit control and debt collection policy.
- 4.4.3 To install and maintain appropriate accounting and credit control systems.
- 4.4.4 To bill consumers
- 4.4.5 To demand payment on due dates
- 4.4.6 To raise interest and collection fees for payment defaults.
- 4.4.7 To appropriate payments received
- 4.4.8 To collect outstanding debt
- 4.4.9 To provide different payment methods
- 4.4.10 To determine consumer care, credit control and debt collection measures.

- 4.4.11 To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- 4.4.12 To instruct attorneys to proceed with legal processes
- 4.4.13 To set performance targets for staff.
- 4.4.14 To appoint staff to execute council's policy and by-laws in accordance with council's appointment policy
- 4.4.15 To delegate certain functions to heads of departments
- 4.4.16 To determine control procedures
- 4.4.17 To monitor contracts with Service Providers in connection with credit control and debt collection
- 4.4.18 To report to the Executive Committee

4.5 Duties and functions of communities, ratepayers and residents

- 4.5.1 To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- 4.5.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality on or before due date.
- 4.5.3 To obtain a duplicate account at the municipal help desk if an account is not delivered during the normal billing cycle.
- 4.5.4 To notify the municipality when services are no longer required at a particular service delivery point and of address changes.
- 4.5.5 To safeguard and maintain service meters in a readable condition.
- 4.5.6 To observe the mechanisms and processes of the municipality in exercising their rights.
- 4.5.7 To allow municipal officials reasonable access to their property to execute municipal functions.
- 4.5.8 To comply with the by-laws and other legislation of the municipality.
- 4.5.9 To refrain from tampering with municipal services and property.
- 4.5.10 To maintain credit and pre-payment meters.

5. PERFORMANCE EVALUATION

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

5.2 Income Collection Targets

- a) The Chief Financial Officer in consultation with the Municipal Manager shall determine the realistic income collection target for each financial year, taking into account the amount of indigent relief provided by the Municipality in terms of its Indigent Policy. The income collection target shall be the percentage of the current consumer account.
- b) All service connections are to be metered to enable better control and to facilitate collection.

5.3 Consumer Service Targets

- a) Response time to consumer queries.
Response time to queries reported by consumers shall not exceed a period of two weeks if the query is not concluded by them, the customer shall be updated on the progress made towards resolving that query.
- b) Date of first account delivery to new consumers.
Following the finalisation of service connections and payment of applicable deposits, new consumers shall receive their accounts in the next billing cycle.
- c) Reconnection time lapse.
Reconnections after disconnections as a result of non-payments shall be done within 4 days of payments made to rectify the account status
- d) Meter reading cycle.
Meters shall be read monthly.

5.4 Administrative Performance

- a) Council to create targets that will include:
 - (i) Cost efficiency of debt collection.
 - (ii) Query and appeal periods.
 - (iii) Enforcement mechanism ratios.

6. REPORTING

- 6.1** 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 section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on:

- a) Cash collection statistics, showing high-level debt recovery information (numbers of consumers; 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.
 - b) Performance of all areas against targets agreed to in item 5 of this policy document.
- 6.2** If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 6.3** The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

7. CONSUMER CARE AND INDIGENT POLICY

7.1 Objective

- 7.1.1 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 persons responsible for the payment for services received, and the municipality, and where applicable, any service provider.

7.2 Communication

- 7.2.1 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.
- 7.2.2 Council's Consumer Care, Credit Control and Debt Collection Policy or relevant extracts thereof, will be available in isiZulu and English, and will be made available by general publication and on specific request, and will also be available for perusal at Council's offices.
- 7.2.3 Ward councillors will be required to hold regular ward meetings, at which consumer care and debt collection issues will be given prominence.

- 7.2.4 The press will be encouraged to give prominence to Council's Consumer Care, Credit control and Debt Collection policies, and will be invited to Council or Committee meetings where these are discussed.

7.3 Metering

- 7.3.1 The municipality will endeavour, within practical and financial limits, to provide meters to all consumer for all services.
- 7.3.2 All meters will be read monthly, if at all possible. If the meter is not read monthly the council will estimate the consumption in terms of council's operational procedures;
- 7.3.3 Consumers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 7.3.4 Consumers will be informed of meter replacement.
- 7.3.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the consumer is charged for an estimated consumption the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

7.4 Accounts and billing

- 7.4.1 Consumers on the billing system will receive an understandable and accurate bill from the municipality, which bill will consolidate all service costs for that property.
- 7.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 7.4.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality or its authorised agent.
- 7.4.4 It is the consumer's responsibility to ensure that postal address and other contact details are correct.
- 7.4.5 It is the consumer's responsibility to make enquiries and ensure timeous payments in the event of accounts not received.
- 7.4.6 Settlement or due dates will be as indicated on the statement.
- 7.4.7 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.

- 7.4.8 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 dishonoured negotiable instruments against the account of the consumer.
 - b) Shall regard such an event as a default on payment.
 - c) May insist on cash payments for all future accounts.
- 7.4.9 The municipality or its authorised agent must, if administratively possible, issue a duplicate account or any acceptable alternative to a consumer on request, at a cost determined by Council from time to time.

7.5 Payment facilities and methods

- 7.5.1 The municipality will operate and maintain suitable payment facilities, and which facilities will be accessible to all users.
- 7.5.2 The municipality will, at its discretion allocate a payment between service debts and a consumer who has overdue debt, may not specify that the payment is for a specific portion of the account.
- 7.5.3 The municipality may in terms of section 103 of the Systems Act, with the consent of a consumer, approach an employer to secure a debit or stop order arrangement.
- 7.5.4 The consumer will acknowledge, in the consumer agreements that the use of consumer agents in the transmission of payments to the municipality is at the risk of the consumer – also for the transfer time of the payment.

7.6 Incentives for prompt payment

- 7.6.1 During the budget process Council may, to encourage prompt payment and/or to reward regular payers, consider from time to time incentives for the prompt payment of accounts or payment by debit or stop order as contemplated in section 103 of the Municipal System Act.
- 7.6.2 The cost associated with the incentive scheme, if introduced, will be reflected in annual budgets as additional expenditure.

7.7 Enquiries, appeals and service complaints

- 7.7.1 Within its administration and financial ability, the municipality will establish:
- a) A central complaints/feedback office;

- b) A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with consumers;
 - c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - d) A communication mechanism to give council feedback on the application of the policies on consumer care and management, credit control and debt collection and other issues of concern.
- 7.7.2 If a consumer is convinced that his or her account is inaccurate, he or she can lodge a query with the municipality for investigation of this account, and where necessary the relevant alterations.
- 7.7.3 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 must pay without prejudice of rights an estimate provided by the municipality before payment due date until the matter is resolved.
- 7.7.4 The relevant department will investigate and inform the debtor within one month of the outcome of the investigation.
- 7.7.5 Failure to make such agreed interim payment or payments will result in the consumer forming part of the normal credit control procedures.
- 7.7.6 A consumer may appeal against the finding of the municipality or its authorized agent in terms of 7(30).
- 7.7.7 An appeal in terms of 7(32) must be made and lodged with the municipality within 21 (twenty-one) days after the consumer became aware of the finding and must:
- a) Set out the reasons for the appeal.
 - b) Pay any security determined for the testing of a measuring device, if applicable.
- 7.7.8 After the appeal has been investigated by the Chief Financial Officer it must be submitted with comments to the Executive Mayor for a final ruling where after the consumer must be informed.

7.8 Consumer assistance programmes

7.8.1 Water leakages

- a) If the leakage is on the consumer's side of the meter, the consumer will be responsible for the payment of all water supplied to the property.

- b) Where suitable proof of repair costs is provided, the municipality may provide relieve.
- c) The consumer has the responsibility to control and monitor his/her water consumption.

7.8.2 Arrangements for settlements

- a) Council reserves the right to raise the deposit requirement of debtors who seek arrangements.
- b) The full amount of all debts outstanding will become due with immediate effect should any consumer's monthly instalments become overdue for more than three months.
- c) All arrangements for settlements will be in accordance to section 9.4 below of the credit control and debt collection targets set by council.

7.8.3 Indigent subsidy

- a) Customers may apply for an indigent subsidy on the conditions as stipulated in the Municipality's Indigent policy.

7.8.4 Additional subsidy categories

- a) Subject to the extent of the equitable share contribution received and affordability levels council may provide, free of charge to consumers, certain basic levels of water and sanitation.
- b) Further grants may be provided as determined from time to time in council's policies and by-laws.

7.9 Consumer Categories

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

7.10 Priority Consumer Management

- 7.10.1 Certain consumers will be classified as priority consumers based on criteria determined by the Municipal Manager from time to time, such as the number of properties owned or volume of consumption.
- 7.10.2 A Priority Consumer Liaison Officer or person nominated by the Municipal Manager will be responsible for the ongoing management of

the consumers so classified and will perform tasks such as the review of monthly accounts to ensure accuracy, the monitoring of prompt settlement of accounts and response to queries.

8. CREDIT CONTROL POLICY

8.1 Specific Objective

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

8.2 Service application and agreements

- 8.2.1 All consumers of services will be required to sign an agreement prior to taking occupation governing the supply and cost of municipal services. Owners may allow tenants to sign separate agreements with the municipality, which the municipality may at its own discretion accept or reject.
- 8.2.2 All consumers shall pay a deposit as determined from time to time by Council and which may be increased by the Municipal Manager in the event of non-payment.
- 8.2.3 Prior to signing these agreements, consumers will be entitled to receive the policy document of the Council on request at a cost determined by Council.
- 8.2.4 On the signing of the agreement, consumers can insist on a copy of the agreement for their records if required.
- 8.2.5 Consumers are responsible for costs of collection and interest in the event of delayed and/or non-payment.
- 8.2.6 Existing consumers of services may be required to sign new agreements as determined by the Municipal Manager from time to time.
- 8.2.7 If a consumer fails or refuses to sign a new service agreement or pay the deposit stipulated in subsection 8.2.3, the municipality may discontinue services until the necessary agreement has been signed or deposit been paid.
- 8.2.8 The consumer will also be held accountable for services already provided, costs incurred, and any other costs associated with the collection of service fees and cost incurred.
- 8.2.9 The service agreement shall indicate that transfer of the property may not be registered until the Municipality issues a certificate which

certifies that all amounts due in connection with that property for municipal service fees and other levies, has been fully paid.

8.3 Right of access to premises

- 8.3.1 The owner and or occupier of property is to allow an authorised representative of the municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.
- 8.3.2 The owner is responsible for all the cost associated with the relocation of a meter if satisfactory access is not possible.
- 8.3.3 If a person fails to comply with the provisions set out in 8.3.1 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) If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

8.4 Interruption of Service

- 8.4.1 Consumers who are in arrears with their municipal account and who have not made arrangements with the council will have their supply of water, and other municipal services, suspended, restricted or disconnected.
- 8.4.2 The restriction of service may happen when the Municipal account is one day overdue.
- 8.4.3 Council reserves the right to restrict the sale of water to consumers who are in arrears with their municipal charges.
- 8.4.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the service will be reconnected as soon as conveniently possible.
- 8.4.5 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the consumer.
- 8.4.6 The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council.
- 8.4.7 Interest shall be raised at the prevailing prime interest rate plus 1% as a charge on all accounts not paid by the due date.

8.5 Theft and fraud

- 8.5.1 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.
- 8.5.2 The Municipal Manager will immediately terminate the supply of services to a consumer should such conduct as outlined above, be detected.
- 8.5.3 The total bill owing, including interest and collection fees, assessment of unauthorised consumption, discontinuation and reconnection fees, and increased deposits as determined by the Municipal Manager, if applicable, will be due and payable before any reconnection can be sanctioned.
- 8.5.4 The Municipal Manager will maintain monitoring systems in order to identify consumers who are undertaking such illegal actions.
- 8.5.5 Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.

8.6 Consumer screening and securities

- 8.6.1 Deposits will be required and may vary according to the risk.
- 8.6.2 At the discretion of the municipal manager deposits can be increased to a maximum of three months' average consumption when the account falls into arrears.
- 8.6.3 Deposits can vary according to the service or user category of the applicant.
- 8.6.4 The municipality will not pay any interest on deposits.
- 8.6.5 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the municipality, will be credited to the consumers final account.

8.7 Persons and Business who tender to the Municipality

- 8.7.1 The Procurement 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) A condition allowing the municipality to deduct any moneys owing to the municipality from contract payments.

9. DEBT COLLECTION POLICY

9.1 Objective

- 9.1.1 To provide procedures and mechanisms to collect all the monies due and payable to Council arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.

9.2 Personal contact

- 9.2.1 Telephonic contact, agents calling on clients:
 - a) Council will endeavour, within the constraints of affordability, to make personal, electronic 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 restriction of services and other collection proceedings may continue in the absence of such contact for whatever reason.

9.3 Legal Process/Use of attorneys/Use of credit bureaus

- 9.3.1 The Municipality may, when a debtor is in arrears and all other credit control actions have been exhausted, commence legal process against that debtor, which process could involve final demands, restrictions,

summonses, judgements, garnishee orders and as a last resort sales in execution of property.

- 9.3.2 Municipal Manager will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.
- 9.3.3 Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding debtors.
- 9.3.4 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.
- 9.3.5 All steps in the consumer care and credit control procedure will be recorded for Council's records and for the information of the debtor.
- 9.3.6 Individual debtor accounts are protected and are not the subject of public information.
- 9.3.7 Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters.
- 9.3.8 Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council
- 9.3.9 Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding customer care, credit control and debt collection.

9.4 Arrangements for settlements / Acknowledgement of debt

- 9.4.1 The Accounting Officer is authorized to enter into agreements with consumers in arrears with their accounts and grant such person extensions of time for settlement of the amounts due to Council
- 9.4.2 Where a consumer in arrears is a business concern, a maximum of 50% of the total overdue amount, as an initial payment, shall be paid, and the balance of the account shall be paid in equal instalments over a maximum period of twenty-four months. Such an arrangement shall

automatically include a condition that any future monthly current account shall be paid on or before their respective due dates.

9.4.3 In respect of domestic consumers, 10% of the total overdue balance or the current account, whichever is the greater, as an initial payment, and the balance of the account shall be paid in equal instalments over a maximum period of twenty-four months. Such an arrangement shall automatically include the condition that any future monthly accounts are paid by due date.

9.4.4 Only debtors with positive proof of identity or an authorized agent with a power of attorney shall be permitted to enter into an Acknowledgement of debt agreement with the Council.

9.4.5 An Acknowledgement of Debt agreement shall contain all arrangements for paying off arrear accounts, which include interest. One copy of the agreement shall be handed to the customer and another filed with the Chief Financial Officer.

9.4.6 In instances where a customer is employed, the Council may obtain a voluntary garnishee order or emolument attachment order.

9.5 Incentive Discounts

9.5.1 Council may have approved a 1/3 write-off on consumer/household accounts as follows"-

- 1/3 of the total debt to be paid up front.
- 1/3 to be paid over 12 months' maximum period plus current charges (arrangement to be signed between Council and customer).
- 1/3 to be written off by council, and
- Should the customer default in the 12-month arrangement, 1/3 written off by council will be reversed.

9.5.2 Post Covid-19 Incentive, Council may approve a 50% write -off on consumer/household account as follows:

- 50% of total debt owing as at 30 June 2022 to be written off by council (arrangement to be signed between Council and customer to settle the balance for the next 3 years) and be up to date during the current year and going forward.

NB: The above incentives cannot be applied concurrently

9.6 Cost of collection

9.6.1 All costs of legal process, including interest, service discontinuation costs and costs associated with consumer care or credit control, where ever applicable, are for the account of the debtor.

9.7 Refunds

9.7.1 Provided all the customers' accounts are paid, credits on accounts shall be refunded on application as follows:

- To the account holder.
- To the owner, where the owner pays the tenants accounts.
- To the conveyancer to pay the purchaser or seller, on transfer of a property.
- A refund shall be forfeited after three years if it remains unclaimed.

9.8 Abandonment of Claims

9.8.1 The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt from arrear debtors.

9.8.2 Circumstances whereby a municipal council may validate the termination of debt collection procedures as contemplated in section 109(2) of the Act, are as follows:

- 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 a consumer or groups of consumers are unable to pay for services rendered.

9.8.3 The Municipal Manager must maintain audit trails in such instances and document the reasons for the abandonment of the actions or claims in respect of debts.

9.9 Uncollectable Arrears

9.9.3 The effective implementation of the present policy also implies a realistic review of the Municipality's debtor's book at the conclusion of each financial year. The Municipal Manager shall as soon as possible after 30 June each financial year present to the Council a report indicating the amount of the arrears which it is believed is uncollectable, together with the reasons for this conclusion.

9.9.4 The Council shall then approve the write off of such arrears, if it is satisfied with the reasons provided.

10 COMPLIANCE AND ENFORCEMENT

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken.
- b) It will be the responsibility of Accounting Officer to enforce compliance with this policy.

11 EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

12 POLICY ADOPTION

This policy has been considered and approved by the **COUNCIL OF AMAJUBA DISTRICT MUNICIPALITY** as follows:

Resolution No:.....

Approval Date: