

ALFRED NZO DISTRICT MUNICIPALITY



ALFRED NZO
DISTRICT MUNICIPALITY

CREDIT AND DEBT COLLECTION POLICY

POLICY APPROVAL

The policy was approved by the Council meeting held on the:

DATE OF REVIEW:

17 MAY 2024

DATE OF NEXT REVIEW:

31 MAY 2025



ACTING MUNICIPAL MANAGER

MRS U.P. MAHLASELA



EXECUTIVE MAYOR

COUNCILLOR V. MHLELEMBANA



SPEAKER

COUNCILLOR S. MEHLOMAKHULU

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1. LEGISLATIVE BACKGROUND

Section 152 (1) of the constitution of the Republic of South Africa Act 108 of 1996 ('the constitution') provides that one of the objectives of local government is to ensure that the provision of services to communities occurs in a sustainable manner.

AND WHEREAS section 153 (a) of the constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

AND WHEREAS section 195 (1) of the constitution provides that the public administration must be governed by the democratic values and principles enshrined in the constitution, including –

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias;
- The fact that people's needs must be responded to; and
- To encourage involvement of communities and community organisations in the matters of local government.

AND WHEREAS section 4(1) (c) of the local Government: Municipal Systems Act 33 of 2000('the systems Act') provides that the council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and to the extent authorised by national legislation, other taxes, levies and duties.

AND WHEREAS section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that the members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties-imposed municipality.

AND WHEREAS section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption, give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive and inform the local community about how the municipality managed, of the costs involved and the persons in charge.

AND WHEREAS Chapter 9, section 95,96,97,98,99 and 100 of the Systems Act provides for Customer care Management, Debt Collection responsibility of the Municipality, contents of the policy, by –laws that give effect to the policy, Supervisory authority and Implementing authority, respectively.

2. DEFINITIONS

In this policy any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act No.32 of 2000, has that meaning, unless the contexts, indicates otherwise-

“Conversion of balances of old dormant accounts” means accounts carried forward from the previous municipalities which now form part of Alfred Nzo District Municipality on which further transactions have been recorded.

“Child –headed household” means a household where all the occupants of a residential property are younger than 18 years old i.e., a child headed household is a household consisting only of children.

“Household income of housing debtor” means the total gross income of both the debtor and the debtor’s spouse or partner and a percentage of the gross income of any other occupants of the property, where applicable;

“Indigent amount” means the applicable indigent subsidy as determined by the Municipality from time to time.

“Prepayment meter” means a meter that can be programmed to allow the flow of pre-purchased amounts of energy in a water meter.

“Arrears” means any amount or services that have not paid by the due date and for which no arrangement has been made.

“Arrangement” means a written agreement entered into between the municipality and the Debtor where specific repayment parameters are agreed to.

“Account” means an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and which account may or may not include assessment of rates.

“Billing date” means the date upon which the monthly statement is generated and debited to the customer’s account.

“Authorised Representative” means a person or instance legally appointed by the council to act or fulfil a duty on its behalf /implement and enforce the provisions of these by laws.

“Tariff policy” means the policy document that govern the tariff setting and implementation within the Alfred Nzo District Municipality.

“Tariff” Means the user charge for the provision of council services, determined or promulgated by the council in terms of tariff policy.

“Water management Device” means a device designed to manage the water flow water consumption or water needs of a residential property or any other property as determined by Council.

“Sundry Debt” means any debt raised for miscellaneous charges for services provided by the municipality or charges that was raised against a person as a result of an action by a person which is raised in terms of Councils policies, by laws and decisions.

“Deposit” means a monetary amount raised by the Municipality in relation to the consumption of a Municipal service and mitigation of credit risk to the Municipality, irrespective of the existence of an agreement;

“Disconnection” means a termination or restriction of a Municipal service supplied to a meter;

“Effective Date” means the date on which this Policy comes into effect which shall be 1 July;

“Fines” means any lawfully determined pecuniary penalty which is payable by a person to the Municipality in terms of applicable legislation, arising from the commission of an act or an omission that is punishable by law.

“Illegal connection” means any connection or reconnection to a system through which Municipal services are provided, which is not authorised or approved by the Municipality or an Authorised Official.

“Municipal service” means a service provided by the Municipality in terms of its powers and functions to or for the benefit of the local community, irrespective of whether or not –
(a) such service is provided by the Municipality itself or by engaging an external mechanism contemplated in section 76 of the Systems Act; or
(b) any fees, charges or tariffs are levied in respect thereof;

“Owner” means:

(a) In relation to a property referred to in paragraph (a) of the definition of "property" in the MPRA, a person in whose name ownership of the property is registered;

(b) The administrator of the body corporate of a sectional title scheme where the common property of a sectional title scheme is at issue and there are no elected trustees of the body corporate;

(c) The administrator, where the owner of a property is a mental health care user as defined in section 1 of the Mental Health Act, 2002 (Act No. 17 of 2002);

(d) The business rescue practitioner, where the owner of a property has been placed under business rescue;

(e) The managing agent, where the owner of a property is absent from the Republic of South Africa or where the Municipality has, after reasonable attempts, not been able to determine his or her whereabouts;

- (f) Trustees and beneficiaries jointly, in the case of property in a trust;
- (g) An executor or administrator, in the case of property in a deceased estate;
- (h) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (i) A judicial manager, in the case of a property in the estate of a person under judicial management;
- (j) A curator, in the case of property in the estate of a person under curatorship;
- (k) A child or children in charge of a property in the case of a child headed household as contemplated in this Policy and the Rates Policy of the Municipality;

“Credit Authority” means any arrangement made by agreement between the Municipality and a Customer for the payment of any arrears in instalments. Such arrangement may take the form of an agreement or an acknowledgment of debt

“Acknowledgement of debt” means an admission of liability and written undertaking by a debtor to repay an amount owing to the Municipality, and includes a consent to judgement and for the purposes of this policy it also means a Credit Authority;

“Agent” means a person authorised by the Customer to act on his or her behalf .**“CFO”** means a person employed by the Municipality in terms of section 57 of the Systems Act as the Chief Financial Officer of the Municipality, and includes any person to whom the Chief Financial Officer has delegated or sub-delegated a power, function or duty in accordance with the system of delegation developed by the Municipal Manager in terms of section 79 of the Municipal Finance Management Act and section 59 of the Systems Act;

“Service Agreement” means an agreement entered into between the Customer and the Municipality for the provision of a Municipal service which includes but is not necessarily limited to water and electricity.

3. OBJECTIVE

The objective of this policy is to-

- (a) Focus on all outstanding debts as raised on the debtor's account;
- (b) Provide for a common credit and debt collection policy;
- (c) Promote culture of good payment habits amongst debtors and instill a sense of responsibility towards the payment of accounts and reducing municipal debt;
- (d) Subject to the principles provided for in this policy, use innovative, cost effective, efficient and appropriate methods to collect as much of the debts in the shortest possible time without any interference in the process.
- (e) Effectively and efficiently deal with defaulters in accordance with terms and conditions in this policy.

4. PRINCIPLES

This policy supports the following principles:

- (a) Human dignity must be upheld at all times;
- (b) This policy must be implemented with equity, fairness and consistency;
- (c) Details related to the debt and the account of the debtor should be correct at all times and indicate the basis of calculating the amounts due.
- (d) Consumers must pay their accounts regularly by the due date.
- (e) Consumers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- (f) Debt collection action should be instituted promptly, consistently and effectively without exception and with the intention of proceeding until the debt is collected.
- (g) Debts and arrangements to repay debts will be treated holistically, but different repayment periods or methods may be determined for different types of services, debtors or areas within the general rule that the repayment period should be in sympathy with the instalments and the affordability of the debtor be proved;
- (h) The implementation of this policy is based on sound business practices and applicable legislation;
- (i) New applications for services will be subject to prescribed credit information and outstanding amounts may be transferred to the new account. All information furnished on the application form may be verified by the municipality with any or all data information institutions, credit information bureaux and any financial institutions, as may be deemed necessary by the municipality in determining the applicant's credit worthiness. The Municipality reserves the right to share bad payment behaviour as determined from time to time.

- (j) Where alternatives are available the municipality may provide reduced levels of service to manage debt growth;
- (k) Debtors may be referred to legal Advisors i.e., 3rd party collection agencies and may be placed on the National Credit Rating list;
- (l) For the purposes of an arrangement a debtor may be required to co-operate with any reasonable measures that might be required to reduce their level of use of consumable services to affordable levels;
- (m) The suspension of any debt management action, when interrupted for whatever reason, shall, where practical, continue from the previous action taken.
- (n) Service of documents and processes may be in accordance with section 115 of Systems Act.
- (o) All legal costs, including attorney-and-own client costs incurred in the recovery of arrears, shall be levied against the debtors' account.

4. EMPLOYER DEDUCTIONS

MUNICIPAL STAFF AND COUNCILLORS-PAYMENT OF ARREARS

Section 10 of schedule 2 of the local Government Municipal Systems Act, No32 of 2000 provides the following: -

- (a) "A staff member of a municipality may not be in arrears to the municipality for rates and services charges for a period longer than three months and a municipality may deduct any outstanding amounts from a staff member's salary after this period."
- (b) Arrear debt relating to service charges will be collected from staff and Councillors in terms of collection arrangements approved by the Municipal Manager from time to time.

In accordance with schedule 1, item 12A of the Systems Act, a Councillor of the Municipality may not be more than 3(three) months in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the municipality. The municipality shall deduct any outstanding amount from such Councillor's remuneration after this 3 (three) month period.

- (c) If the staff member or Councillor cannot afford to repay the debt over six months the debt be spread over twelve months or the repayment instalment will not be greater than 50% of the staff member's net salary. The size of the debt and the net salary may be considered. In accordance with the NCR act.
- (d) Arrear debt relating to water and sanitation service charges will be collected from staff and Councillors in terms of collection arrangements approved by the Municipal Manager from time to time.

5. SUPERVISORY AUTHORITY

(1) The Executive Mayor oversees and monitors:

- The Implementation and enforcement of the municipality's credit and debt collection policy.
- The performance of the Municipal Manager in implementing the credit control policy.

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

(3) The Municipal Manager shall submit a report to council regarding the implementation of the credit control policy at such intervals as Council may determine.

(4) The Municipal Manager:

- Implements and enforces the credit control policy
- Is accountable to the Executive Mayor for the enforcement of the policy and shall submit a report to the Executive Mayor regarding the implantation and enforcement of the credit control policy at such intervals as may be determined by council.
- Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the municipality.
- Where necessary propose to the Executive Mayor with the aim of improving the efficiency of the control and debt collection mechanisms, processes and procedures.
- Establish effective communication between Council and account holders with aim of keeping account holders abreast of all decisions by Council that may affect account holders.
- Establish customer care centres, which are allocated in such communities as determined by the council.
- Convey to account holder's information relating to the costs involved in service provision, the reasons for payment of services are utilized, and may where necessary; employ the services of local media to convey such information.

(5) 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 by law to the Chief Financial Officer.

(6) A delegation in terms of subsection (5)-

- Is subject to any limitations or conditions that the Municipal manager may impose;
- May authorise the Chief Financial Officer to in writing, sub-delegate the power to another official of the municipality;
- Does not divest the municipal Manager of the responsibility concerning the exercise of the delegated power.

(7) The Chief Financial Officer shall be responsible to the Municipal Manager for the implementation, enforcement and administration of this policy, and the general exercise of his power in terms of this policy.

6. CREDIT CONTROL

6.1. APPLICATION FOR PROVISION OF MUNICIPAL SERVICES

- 6.1.1 All new applications for the provision of a service may be subject to the payment of a deposit.
- 6.1.2 A consumer who requires the provision of municipal services must apply for the services from Municipality.
- 6.1.3 The application for provision of municipal services must be made by the registered owner of an immovable property.
- 6.1.4 The municipality will not entertain an application for the provision of municipal services from a tenant of a property, or any person who is not owner of the property.
- 6.1.5 The only exception to above is that individuals and businesses/sole proprietors with lease agreements who lease properties from the Owners will be allowed to open an account in the name of the lessee of the property. Registered indigent tenants will be allowed in terms of Deceased Estate to open accounts in their name in order to benefit from the rebates offered by the municipality. A tenant account may be opened in the name of the government departments who lease properties to their tenants.
- 6.1.6 The application for the provision municipal services must be made in writing on the prescribed application form that is provided by the municipality.
- 6.1.7 The applicant may be required to undergo a full credit check in an endeavour to trace all debt inclusive of municipal debt owed by the applicant. This will require the provision of inter alia, acceptable means of identification and if applicable, binding lease agreement, title deed and other supporting document as required by the municipality from time to time. The relevant application form as approved by the municipality from time to time

forms an integral part of this policy in so far as the contents of such application form are not in conflict with any provisions of this policy.

6.1.8 The Consumer enters into an agreement with the municipality by completing the standard application form.

6.1.9 The agreement with municipality makes provision for the following: -

6.1.9.1 An understanding by the owner that he or she will be liable for collection costs including administration fees, interests, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date

6.1.9.2 An acknowledgement by the owner that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account.

6.1.9.3 The onus will be on the owner to ensure that he or she is in possession of an account before the due date.

6.1.9.4 The municipality shall do everything in its power to deliver accounts timeously.

6.1.9.5 On receipt of the application for provision of municipal services, the municipality will cause the reading of the metered services linked to the property to be taken on the working day preceding the date of occupation.

6.1.9.6 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.

6.1.9.7 Some business may be required to sign surety form on application of services

7. DEPOSITS

7.1 On application for the provision of municipal services the prescribed consumer deposit shall be paid.

7.2 Existing Consumers moving to a new address are required to pay the prescribed consumer deposit on application for the provision of municipal services at the new address.

7.3 The minimum deposit payable is determined annually by the municipality and is contained in the tariff structure produced annually.

7.4 The Consumer deposit paid on application for the provision of the municipal services may be increased upon written notice to consumers, if found that the deposit is not equal to the estimated charges for the supply of water and sanitation.

- 7.5 The municipality may increase the amount of the deposit required from the owner of a property where the water supply has been disconnected at least twice during the preceding period of twelve months, after the owner of the property was given notice of the municipality's intention to increase the deposit.
- 7.6 On termination of supply of services, the amount of deposit less any payment due to the municipality will be refunded to an account holder, provided that the payments due are less than the paid deposit, and that the account holder has provided a forwarding address.
- 7.7 No interest will be credited on account as a result of deposit held on account.
- 7.8 No Deposit will be raised on property where there is no meter connection. However, the Municipality will have the right to raise an availability fee in accordance with a tariff approved in terms of section 75A of the Systems Act.
- 7.9 The Municipality may utilise the consolidated Deposit as security for any or all of the charges or amounts owed by the customer as included in the statement of account
- 7.10 No Deposit will be raised on prepaid meter application.
- 7.11 Deposit on hall hire will be paid on application and will be used as surety.

8. QUERY, VERIFY OR DISPUTES

8.1 QUERY OR VERIFY

- a) In this sub-item to query or verify an account refers to the instance when a debtor queries any specific amount or any content contained in any account as rendered by the Municipality to that person per the process contained herein;
- b) any query can be raised orally in person at any walk-in centre, via the Municipality Call Centre or by way of correspondence;
- c) when a debtor queries an account, such debtor must furnish full personal particulars including any acceptable means of identification, all account numbers held with the Municipality, direct Contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the Municipality;
- d) a debtor may be represented by a duly appointed nominee or agent; and
 - (i) such nominee or agent shall, upon request, produce sufficient proof of such appointment;

- e) All queries shall be acknowledged and dealt with as promptly and efficiently as possible by the Municipality; and
 - (i) where required an outcome shall be conveyed to the debtor; and
 - (ii) where an account query has arisen, the amount queried shall not be subject to debt collection by the Municipality until the query has been resolved and the outcome has been communicated to all parties, where relevant;
- f) the Municipal Manager or the delegated official may suspend any debt collection action, pending the outcome of any query;
- g) notwithstanding any query on any account, the account must still be paid, in terms of the provisions contained in this policy, once any queries have been resolved, where relevant; or
 - (i) Subject to any other legislation, payment must be based on the normal average of past accounts rendered until the query is resolved by the Municipal Manager; and
 - (ii) That portion of the account which is not subject to the query must still be paid; and
- h) should a debtor not be satisfied with the outcome of the query, a debtor may lodge an appeal in terms of section 62, as read with section 95 (f), of the Systems Act;
- i) the onus will be on the debtor to ensure that a written acknowledgment of receipt is received for any correspondence lodged with the Municipality; and
- j) the onus will be on the debtor to ensure that a suitable response to any query is received.

8.2 DISPUTE

- a) In this sub-item a "dispute" refers to the instance when a debtor disputes any specific amount claimed by the Municipality from that person.
- b) any person who has a dispute with this has a right, in terms of section 34 of the Constitution, to have any dispute that can be resolved by application of law decided in a fair public hearing before a court or, where appropriate, another independent or impartial tribunal or forum;

- c) where the dispute process has been implemented in terms of sub-item (2) (b), section 102 (2) of the Systems Act will be applicable;
- d) the Municipal Manager has a right to declare a dispute on any specific amount claimed by the Municipality from any person as may be considered necessary; and
- e) disputes lodged with the Municipality prior to the implementation of this policy, in terms of any previous policy, shall continue to be dealt with in terms of that policy

8.3 GENERAL

- (a) The Municipal Manager may require that any official attend any meeting in order to assist with the investigation relating to the facts surrounding any query, verification of any account or any dispute; and
- (b) the Municipal Manager has the right to call for and verify any document, book, computer data or record which in his or her sole discretion is deemed necessary to assist in attempting to deal with any issue referred to in this policy.

In order for a dispute to be registered by the municipality, the following procedures must be followed:

BY THE DEBTOR

- The dispute must submit in writing or dictated to the official who will record it in writing and have it read, and if necessary, corrected, it must be signed by the disputant as correct. The document must then immediately be lodged with the relevant authorised official.
- The debtor must furnish full personal particulars including all their account numbers held with the municipality, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the municipality.
- The full nature of the dispute must be described in the correspondence referred to above.
- The onus will be on the debtor to ensure that he receives a written acknowledgement of the receipt of the dispute.
- Payment of the account at due date cannot be withheld where an account is in dispute.

BY THE MUNICIPALITY

- On receipt of the dispute the following actions are to be taken:
- All disputes received are to be recorded in a register kept for that purpose. The following information should be entered into this register:
 - (i) Debtors account number;
 - (ii) Debtors Name;
 - (iii) Debtors address;
 - (iv) Full particulars of the dispute;
 - (v) Name of the official to whom the dispute is given to investigate and resolve in accordance with the provisions contained in this policy;
 - (vi) Actions that have, or were, taken to resolve the dispute;
 - (vii) Signature of the controlling official.
 - (viii) An authorised controlling official will keep custody of the register and conduct a daily or weekly check or follow –up on all disputed as yet unresolved.
 - (ix) A written acknowledgement of receipt of the dispute must be provided to the debtor.
- a) The following provisions apply to the consideration of disputes:
 - All disputes must be concluded by the Municipal Manager or Chief Financial Officer;
 - The Municipal Manager or Chief Financial Officer may require any official or disputant to attend any meeting in order to assist with the investigation relating to the facts surrounding the dispute;
 - The Chief Financial Officer has the right to call for any document, book, and computer data or record which in his /her sole discretion is deemed necessary to assist in determining the facts surrounding the dispute.
 - The Chief Financial Officer's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in this policy after the debtor is provided with the outcome of the dispute.
 - The same debt will not again be defined as a dispute in terms of this paragraph and will not be reconsidered as the subject of a dispute.
 - Should a debtor not be satisfied with the outcome of the dispute, a debtor may lodge an appeal in terms of section 62 of the Systems Act.
 - The Municipality reserves the right to declare a dispute on any account as may be deemed necessary.

9. ACCOUNTS AND BILLING

- 1) In terms of section 102 (a) of the Municipal Systems Act this municipality deems all separate accounts of a person liable for payment to this Municipality, to be consolidated, regardless of the fact that separate accounts for such debtor may be rendered, and includes all pre-paid services for which no account is rendered.
- 2) All separate debtors owed to this Municipality by debtors shall be deemed to be consolidated.
- 3) Accounts are produced on a monthly basis in cycles of approximately 30 days.
- 4) All accounts are payable by the due date regardless of the fact that the person responsible for the payment of the account has not received the account. The onus is on the account holder to obtain copy of the account before the due date
- 5) The owner of the property shall be liable for charges incurred in connection with such property and all monies due to the municipality must be paid by the owner of such property without any claim or right of recovery which the Municipality may have against another person
- 6) Where the property is owned by more than one person, each owner shall be jointly and severally liable, the one paying the other to be absolved, for all municipal debts charged on the property
- 7) The owner of the property may be held liable for tampering with the water metering equipment on the property as well as charges that arise from such property

10. SEWERAGE AND WATER CHARGES

- (i) Consumption of water are billed in terms of metered consumption.
- (ii) Monthly accounts are rendered for sewerage and water consumption and the due date for the payment of the accounts will be date as indicated on the account.
- (iii) The tariffs to calculate the sewerage and water are determined annually and approved by the municipality and are contained in the Tariff model produced by council.

11. REGISTRATIONS OF BOREHOLES

- 1) All borehole must be registered to the municipality.
- 2) Before a new borehole can be drilled, an application must be lodged with the Municipal Managers' office for approval.
- 3) A water availability fee will be charged with effect according to the tariffs in the tariff policy.

12. FIRE LEVY

(i) Property owners within Alfred Nzo District Municipality area are charged in a fire levy instead of being charged when the Fire Department responds to fire calls in respect of dwellings, businesses and vacant land.

(ii) The fire levy is charged on the account produced by the municipality.

13. SUNDRY DEBTOR ACCOUNTS, OTHER DEBT

13.1 SUNDRY DEBTOR

Sundry debtor accounts are raised for miscellaneous charges for services provided by the municipality or charges that are raised against a debtor as a result of an action by a debtor or person which necessitates a charge to be raised by the municipality against the debtor or person in terms of council's policies, by-laws and decisions.

The sundry debtor account is included in the monthly consolidated account produced by the municipality.

13.2 OTHER DEBT

Dishonoured payments: water and sanitation and general services

- 1) Where a cheque, debit order, credit card or EFT payment is dishonoured and where the customer who received value from such payment, is an existing debtor of the Municipality, the reversal; and
- 2) any penalty fee, which may be raised by the Municipal Manager as contained in the Tariff Policy, may be debited to an account of such payer and a letter of notification must be sent to the debtor.
- 3) Such fee shall be considered to be a tariff charge and shall be recovered from the debtor. The Municipality reserves the right to refuse to accept or to cancel such

further payment methods from such person, to place the matter on the relevant adverse credit rating lists, or take any steps as contained in this policy, which may include criminal charges, if applicable, against the offender; and

- 4) where a payment referred to in sub-item (2) was tendered and any debt management action, in terms of this policy, was suspended, and such payment was not honoured, such debt management action shall continue without further notice to such debtor.

Dishonoured payments sundry services

- 5) Where a cheque, debit order, credit card or EFT payment is dishonoured and where the payment is not from an existing debtor of the Municipality, then a *sundry* debtor account will be opened and a debit raised; and
- 6) any penalty fee, may be raised by the Municipal Manager as contained in the Tariff Policy, and debited to the account and a letter of notification must be sent to the debtor. Once the account is submitted and the debtor fails to honour the debt by due date, a final demand will be generated and dispatched to the last known address of that debtor. If there is still no response, then the matter may be handed over for placement on the relevant adverse credit rating lists, or any steps as contained in this policy which may include criminal charges, if applicable, against the offender may be taken; and
- 7) where a payment referred to in sub-item (3) was tendered, and any debt management action, in terms of this policy, was suspended, and such payment was not honoured, such debt management action shall continue without further notice to such debtor.
- 8) Where a cheque, debit order, credit card or EFT payment is dishonoured and where the customer who received value from such payment method, is an existing debtor of the Municipality, the reversal; and
- 9) any penalty fee, which may be raised by the Municipal Manager as contained in the Tariff Policy, may be debited to an account of the drawer, or the person or entity who made the payment or the beneficiary and a letter of notification must be sent to the debtor. Such fee shall be recovered from the debtor. The Municipality reserves the right to refuse to accept such further method of payment from such payer and or

beneficiary and may take any steps as contained in this policy which may include criminal charges, if applicable, against the offender.

- 10) The Municipality may attach the rental or any other payments due to debtors who are in arrears with their municipal accounts:
- 11) if any debt levied in respect of a property is unpaid by the owner of the property the Municipal Manager may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier.
- 12) the Municipal Manager may recover an amount only after a written notice may have been served on the tenant or occupier as provided for in section 115 of the Systems Act; and
- 13) the amount the Municipal Manager may recover from the tenant or occupier of a property in terms of sub-item (a) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property; and
- 14) any amount the Municipal Manager recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner; and
- 15) the tenant or occupier of a property must, on request by the Chief Financial Officer, furnish the Municipal Manager with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the Municipal Manager.
- 16) the Municipal Manager may recover the amount due for debt on a property in whole or in part from the agent of the registered owner, if this is more convenient for the Municipal Manager; and
- 17) (g) the Municipal Manager may recover the amount due for debt from the
- 18) agent of the registered owner only after a written notice which
- 19) may have been served on the agent as provided for in section
- 20) 115 of the Systems Act; and
- 21) (h) the amount the Municipal Manager may recover from the agent is

- 22) limited to the amount of any rent or other money received by the
- 23) agent on behalf of the registered owner, less any commission
- 24) due to the agent; and
- 25) (i) the agent must, on request by the Manager, furnish the Municipal
- 26) Manager with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the Municipal Manager; and
- 27) the Municipal Manager may take any action as provided for in this policy or any other relevant legislation, against the tenant, for not more than the amount as determined by this sub-item; and
 - (i) where such tenant fails to respond to the notice as referred to in sub-item (5) (b); or
 - (ii) fails to comply with any notice or fails to adhere to any terms, conditions or undertakings in terms of this subitem; or
 - (iii) fails to make any agreed or required payments.

Clearance certificates

- 28) All debt, inclusive of any advanced collection shall be deemed to be due and payable, to issue any clearance certificate in terms of section 118, of the Systems Act and must be paid in full:
- 29) no interest shall be paid in respect of any payment made in terms of this sub-item unless permitted in terms of any other legislation or policy;
 - (b) all payments will be allocated to the registered seller's municipal in terms of this policy;
 - (c) prior to any refund this payment will be dealt with as follows:
 - (i) the advanced collection shall be used to offset any debt that accumulated against the property as follows –
 - (aa) any tenant debt; and
 - (bb) any of the seller's debts: -

(d) any refund, in respect of any credit remaining after registration of transfer has been registered in the Deeds Office, shall be refunded to such seller subject to Chapter 6 of this policy;

(e) no certificate, in terms of section 118 of the Systems Act, will be issued where the registered owner (and, in this instance, the seller) has not complied with any relevant legislation, policy or agreement relating to the property in question;

(f) the Municipal Manager may require the purchaser to apply for all services at the property as part of the application for a clearance certificate; or

(i) by virtue of registration of the property, the registered owner accepts liability for all services rendered by the Municipality to the said property, except as provided for in other legislation or policy;

(g) all figures issued in terms of section 118 of the Systems Act will only be valid for the validity period attached to such figures and only payments made within the validity period will, for the purpose of issuing the certificate, be offset against these figures; and

(h) should any certificate be issued in respect of any payment made in sub-item (h) above and should such certificate lapse then any payment so made will be regarded as a payment on account and may be offset against any debt of such debtor.

13. FINAL ACCOUNTS

On receipt of an application for termination of services the final readings of metered services will be taken, the accounts finalised, the consumer deposit will be appropriated and if a debit balance remains the balance will be payable by the consumer and if a credit balance remains the balance will be refunded to the consumer, on condition that the consumer has provided the municipality with a forwarding address.

At least fourteen (14) days' written notice is required from the Customer upon termination of an account, to enable the Municipality to take final meter readings and process account adjustments.

Settle all amounts owing to the Municipality in full

Before account terminated, any credit arrangement active get cancelled and the whole amount becomes due immediately and it must be paid on termination date.

The Municipality may exercise its right where a tenant on a property is in breach of his or her contract with the Municipality and link the debt to the owners' account. The tenant shall forfeit his or her deposit to the owner where the outstanding debt is paid by the owner.

The due date for payment of account is 15 days after billing date.

14. BACK CHARGES

The municipality may, if it is found that the relevant consumer of services has been undercharged for a period as a result of incorrect tariff application, low estimations etc, charge the consumer for the period as determined but not exceeding the current financial year, from the date that the consumer is made aware of the back charge in writing by the municipality.

If found that the consumer is back charged due to meter tampering, then the municipality must recover the consumption for the period, not exceeding three years from the date that the consumer is made aware of the back charge in writing by the municipality. The back charge must be settled in full and no repayment terms will be entertained by the municipality and the services will remain suspended until the back charge is settled.

15. BILLING OF RDP (GOVERNMENT FUNDED PROPERTIES)

The municipality will only commence to raise charges in respect of services charges once the meter has been installed and yard connection is done.

A flat rate will be charged where water services are available but no meter is installed.

16. IMPAIRMENT OF DEBTORS

Amounts owing by account holders to a municipality meet definition of financial asset as defined in GRAP 104. These amounts represent a contractual right of the municipality to receive cash from account holders. GRAP 104 requires a municipality to assess at each reporting date whether there is any objective evidence that the amount owing may not be paid. The assessment considers events that occur after the initial recognition of the asset (debt), and events that have an impact on the collection of the amount owed.

General impairment principles in terms of GRAP

Amounts owing by account holders to a municipality meet the definition of a financial asset as defined in GRAP 104 Financial Instruments (GRAP 104). These amounts represent a contractual right for the municipality to receive cash from the account holders.

GRAP 104 requires a municipality to assess at each reporting date whether there is any objective evidence that the amount owing may not be paid. The assessment considers events that occur after the initial recognition of the asset (debt), and events that have an impact on the collection of the amount owed.

The objective evidence that the municipality should consider includes the following:

- Significant financial difficulty of the account holder
- Breach of contract, such as a default or delinquency in principal payments
- In respect of a business account holder, where it is probable that the account holder will enter sequestration
- Increases in the unemployment rate in the geographical area where the account holder resides, etc.

The above assessment should be done per the following categories:

- **Individual assessment:** this relates to accounts that are determined to be individually significant. For this, the municipality shall determine what it would consider to be individually significant. This could be based on the percentage of the amount owing relative to the total amount owed to the municipality. This category also

includes debtors that are known as not paying their outstanding amounts (these accounts are included in this category even if they are not significant).

- **Collective assessment:** this relates to accounts that are not determined as individually significant (per above). Accounts allocated into this category shall be grouped according to their credit risk characteristics. For example, accounts may be grouped according to area of residence within the municipality of the account holders (which may have the same characteristics in terms of employment rate as an example); commercial or industrial types of account holders, other government entities etc.

If the municipality establishes that there is objective evidence that an amount owing to the municipality may not be paid, the municipality must recalculate the carrying amount of the debtor. The recalculated carrying amount shall be recalculated by:

- estimating amounts that will be collected from the account holder,
- estimating timing of when the amounts estimated to be collected will be collected, and
- discount the above amounts using the effective interest rate computed at initial recognition of the debtor.

The difference between the recalculated carrying amount and the carrying amount recognised in the statement of financial position should be recognised as an expense in surplus or deficit.

If in a subsequent period, the situation of an account holder has improved such that the account holder will now be able to pay the amount owed, the municipality shall recalculate the carrying amount of the debtor. The carrying amount shall be recalculated using the guidance provided above. The difference between the recalculated carrying amount and the carrying amount in the statement of financial position shall be recognised as income in surplus or deficit.

Impairment of debt

Policy statements:

The Municipality shall calculate annual debt impairment based on the GRAP accounting framework.

Procedures – calculation of debt impairment

The calculation of the debt impairment will be based on an extract of the debtor's book as at the last day of the financial year. The debtors book must reflect detailed ageing of the debt within the following debt categories:

- Debt per service
- Debt per type of debtor

Perform a calculation of the provision for debt impairment in terms of each of the abovementioned categories and submit to the Chief Financial officer for consideration and approval.

Guidance:

When calculating the provision for bad debt in terms of the debt per service category the following should be considered:

- The probability of the ageing of the debt.
- The sliding scale percentage that will be applied on the age of the debt commencing with debt that is 30 days old. The percentage must be increased when progressing to the oldest debt occurrence. The probability of collecting the debt in the oldest occurrence will be zero, therefore the provision must be 100%.
- The probability of recovery between the different types of services.
- The payment trend of each of the services billed.

When calculating the provision for bad debt in terms of the debt per type of debtor the following must be considered: -

- The probability of the ageing of the debt.
- The debt as per the debtor groups identified, including:
 - Domestic
 - Business
 - Government departments
 - Municipal official, staff and Councillors
 - Other debtors.

Note: The types of debtor that make up the above groups should be those as detailed in the financial system at the time of the date of extraction.

- The debt on the following debt groups are to be fully provided for in the provision calculation, as the debt is deemed to be not collectable:

- Indigent debtors (refer to Indigent Policy)
- Debtors under administration
- Insolvent and liquidated estates
- Deceased indigent estates
- Informal settlements
- Debt that has prescribed
- "RDP" houses
- Uncollectable business debt after legal action, and
- Uncollectable domestic debt after legal action.

• The sliding scale percentage that will be applied on the age of the debt commencing with debt that is 30 days old. The percentage must

be increased when progressing to the oldest debt occurrence. The probability of collecting the debt in the oldest occurrence will be zero; therefore the provision must be 100%.

- When determining the provision percentages on domestic debtors the demographics of the city must be taken in to account, as the probability of recovery of debt will be higher for the high income consumers as compared to the recovery of debt for the lower income consumers.

OR

Apart from above, the provision for impairment may be calculated based on the information provided by any of the information management agents such as Trans Union, Credit Expert, XDS, CPS or CompuScan.

Procedures – calculation of debt impairment

Procedure	Responsibility
<p>The calculation of the debt impairment will be based on an extract of the debtor's book as at the last day of the financial year. The debtors book must reflect detailed ageing of the debt within the following debt categories:</p> <ul style="list-style-type: none"> • Debt per service • Debt per type of debtor 	<p>Assistant Manager/Manager Revenue</p>
<p>Perform a calculation of the provision for debt impairment in terms of each of the abovementioned categories and submit to the Chief Financial officer for consideration and approval.</p> <p>Guidance:</p> <p>When calculating the provision for bad debt in terms of the debt per service category the following should be considered:</p> <p>All customers are profiled into the following categories:</p> <ul style="list-style-type: none"> • Commercial entities • Government related institutions. • Household (Individuals) • Churches <p>Impairment risk factor</p> <p>This risk factor used to determine or calculate the impairment provision of each debtor.</p> <p>The impairment factor is made up of two components:</p> <ul style="list-style-type: none"> • Type risk score; and • Payment risk score. <p>Total type risk score is determined</p>	<p>Assistant Manager /Manager: Revenue</p>

Total type risk score is the sum of the status risk score and Account type risk score

Status risk score

Each customer is given a status risk which is measured in terms of whether the customer is still active or not. The scores is assigned as follows:

- Active accounts have a score of Zero (0)
- Inactive accounts have a score of Two (2)

Account type risk score

Each account type has risk score assigned and these are as follows:

- Commercial entities - 0.4
- Government related institutions - 0.75
- Household (Individuals) - 1.5
- Churches - 1.5

Total type risk score

Total type risk score and total status risk score are summed up to obtain account type score.

Total payment risk score

The payment risk score is determined through the assignment of risk factors based on the aging of the debtor. The scores are allocated as follows:

- 30 days - 0.5
- 60 days - 0.5
- 90 days - 0.5
- 120 days - 0.75
- 150 days - 0.75
- 180 days - 3.7

If there is not outstanding amount in any of the above aging category then the assigned score is zero (0).

The total payment risk for each customer is the sum of the individual scores

Provision factor

The provision factor equals to total type risk score multiplied by total payment risk multiplied by ten (10) limited to 100%.

17. IRRECOVERABLE DEBT

Criteria for irrecoverable debt

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

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

- (b) Any amount equal to or less than R500.00 or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it, or
- (c) The cost to recover the debt does not warrant further action; or
- (d) A deceased estate has no liquid assets to recover the outstanding debts following the final distribution of the estate or
 - (i) Where the estate has not been reported to the Master and there are no assets of value to attach; or
- (e) It has been proven that the debt has prescribed; or
- (f) The debtor is untraceable or cannot be identified so as to proceed with further action; or
- (g) The debtor has emigrated leaving no assets of value to cost effectively recover Council claim; or
- (h) It is not possible to prove the debt outstanding
- (i) The outstanding amount is due to an irreconcilable administrative error by the Municipality; or
- (j) Maintain their water consumption within affordable levels
- (k) Conversion of old dormant account balances of debtors, inherited from the previous municipalities which now form part of Alfred Nzo District Municipality, and where reasonable steps have been taken to recover these debts.
- (l) Council's approval must be obtained prior to writing off of any amounts owed to the municipality.

18. METERING OF MUNICIPAL SERVICES

The municipality may introduce various metering equipment and may encourage consumers to convert to a system, which is preferred by the municipality when the municipality considers this to be beneficial to its functioning and operations. Water consumption is measured with credit and prepayment water meters. The following applies to the reading of Credit meters: -

- In the instance where there is a credit meter and the consumer's account is in

arrears, the consumer must apply for the conversion of the credit meter to the prepayment meter and then the supply may be restored once the debt is settled in terms of the Credit Control Policy.

The following applies in reading of credit meters:

- Credit water meters are read at in cycles of approximately 30 days.
- If for any reason the credit water meters cannot be read, the municipality will render an account based on estimated consumption.
- The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
- The consumer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purpose
- If any calculation, reading or metering error is discovered in respect of any error is discovered in respect of any account rendered to a consumer the error shall be corrected in subsequent account,
- Any such correction shall only apply in respect of account for a period of three years preceding the date on which the error in the account was discovered,
- The correction shall be based on the tariffs applicable during the period, and
- The application of this section shall not prevent a consumer from claiming overpayment for any longer period where the consumer is able to prove the claim in the court of law.
- When a consumer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered consumption may be made and the final account rendered accordingly.

The following applies to prepayment metering: -

- Prepayment water is purchased at prepayment vending points for consumption after the date of purchase.

- Amounts tendered for the purchase of prepayment water will not be refunded after the prepayment meter token has been produced.
- On request of the consumer copies of the previous prepayment meter tokens will be produced.
- Credits remaining in the prepayment meter will not be refunded when a premise is vacated by a consumer.
- Council shall not be liable for the reinstatement of credit in a prepayment meter lost due to tampering with, or the incorrect use or the abuse of prepayment meters.
- The municipality will apply all the debt collection functions available on the prepayment system to collect all arrear debt on the account of the debtor.

WATER LEAKS ON PROPERTIES

- Water leaks in the reticulation system on a property and after the water meter is the responsibility of the owner of the property.
- If the water leak is on the owner's side of the meter, the municipality may repair the leak to prevent further water losses and charge the cost of the repair to the account of the owner.
- When a water leak is discovered on a property which resulted in excessive water charges on the account of the consumer, the consumer will be entitled to a water leak rebate if: -
- The Consumer submits a certificate from a registered plumber or sworn affidavit from any other person who has repaired the leak within 10 days of the leak.

- The said certificate must clearly state the date on which the leak was repaired.
- It is confirmed that the leak was not discernible from the surface
- It is certified that the leak occurred on a pipe listed on the schedule of approved pipes and fittings prescribed by the Executive Manager Engineering services.
- The leak must have been repaired within 48 hours after detection.
- The cost of repairs shall be for the account of the consumers.
- The excess charge for water on the account of the consumer due to a water leak will only be adjusted after three monthly readings, following the repair of the water leak, to determine the average consumption during the period the leak occurred.
- During the period that the water leak occurred the charge for water will be based on average consumption of water.

9. PAYMENT OF ACCOUNT

- All accounts rendered by the municipality are due and payable on or before the due date as indicated on the account.
- All payments, made by cash, cheque, and stop order must be receipted by the municipality.
- Accounts rendered by the municipality can be paid at any Municipal cashier's office, bank, and any other pay point as determined by the municipality from time to time.

Arrangements

Principles for residential debtors

- (1) Current accounts must be paid in full on or before due date.
- (2) The debtor may be required to prove levels of income and must agree to a monthly payment towards arrears based on such debtor's ability to pay or based on such debtor's total liquidity if the Municipal Manager so requires.
- (3) All negotiations with the debtor should strive to result in an agreement

that is in the interests of both parties and is sustainable.

(4) interest will be charged on arrears amount

(5) All arrangements may be subject to periodic review in accordance with the terms and conditions contained in this policy; and

(a) no arrangement except item (b) below, in terms of the conditions contained in this policy, will be made for a period longer than 12 (twelve) months, where after, such arrangement shall cease and the debtor shall be required to enter into a new arrangement for the remainder of the debt; and

(b) Where any debt has arisen as a result of a faulty meter or the Municipality having applied an incorrect charge tariff or bill is too high, the Customer may arrange to pay the debt over a maximum period and override interest at the discretion of the CFO.

(c) failure to enter into a new arrangement after the expiry of the arrangement period referred to in sub-item (5) (a) and (b) shall result in the debt becoming due and payable forthwith; and

(d) all the credit control and debt collection measures as contained in this policy may be enforced.

(6) All services may be restricted, disconnected or discontinued and legal action may be taken against debtors who default on any arrangement and such debt may be referred to third party debt collectors, for recovery.

Arrangement Criteria for Residential Debtors

(7) In cases where residential debtors wish to make arrangements to liquidate their arrears, the following payment criteria, inter alia, will apply:

(a) Current account; and

(b) an agreed payment towards arrears based on the principles contained in this policy and sub-items (2) and (3) –

(c) with a minimum upfront payment as agreed;

(d) this minimum payment must be paid in order for the arrangement to be considered; and

(e) the Municipal Manager has the sole discretion to determine the amount to be paid in terms of sub-item (6) (c).

(8) Each following month the debtor will be required to pay:

(a) Current account; and

(b) an instalment as determined in sub-item (6) (b) above.

(9) Should the debtor default, the following will apply:

(a) The debtor must pay the shortfall of the arrangement and

thereafter continue with the terms and conditions of the arrangement; or

(b) enter into a new arrangement in terms of this policy.

(10) In all cases failure to respond to notices will result in normal credit control procedures and all debt collection processes as provided for in this policy may be taken.

Principles for non-residential debtors

(11) In cases where non-residential debtors wish to make arrangements to liquidate their arrears, the following criteria, amongst other things, will apply-

(a) debtors may be required to furnish the municipality with their latest audited financial statements and other supporting documentation relevant to their financial position in order to negotiate a settlement arrangement acceptable to the municipality;

(b) all negotiations with debtors should strive to result in an agreement that is in the municipality's best interests and is sustainable;

(c) all arrangements shall be subject to item 13 (7); and

(d) the final decision to make these arrangements will rest with the Municipal Manager.

Arrangement criteria for non-residential debtors

(12) If the non-residential debtor wishes to make an arrangement, interest may be charged or suspended on any outstanding amount and such arrangement will be subject to approval of the official as delegated in terms of sub-item (13) (f); and

(a) all arrangements may be subject to periodic review in accordance with the terms and conditions contained in this policy; and

(b) no arrangement, in terms of the conditions contained in this policy, will be made for a period longer than 12 (twelve) months, where after, such arrangement shall cease and the debtor shall be required to enter into a new arrangement for the remainder of the debt except if debt is too high/incorrect charge at discretion of CFO, the arrangement may exceed 12 months; and

(c) failure to enter into a new arrangement after the expiry of the arrangement referred to in sub-item (6) (a) shall result in the debt becoming due and payable forthwith; and

(d) all the credit control and debt collection measures as contained in this policy may be enforced.

(13) Should the debtor default on any arrangement, all services may be restricted, disconnected or discontinued and, any agreement may be terminated and legal action may be taken and such debt may be referred to a third party for recovery.

14 INTEREST ON ARREAR DEBT

No interest shall be on amounts owing past due, as the interest charge is hereby waived by the Council, owing to the special circumstances facing the district within its jurisdiction, such as high rate of unemployment and social challenges. If no interest is raised on outstanding consumers debtors' accounts ensure that outstanding balances at year end are discounted.

15. INDIGENT RELIEF FOR RESIDENTIAL PROPERTIES.

1. TARIFF STRUCTURE

The tariff structure for water and sanitation services are designed to enable those consumers who meet the criteria as defined in the tariffs to obtain free basic services.

2. EXCESS CONSUMPTION

Any consumer who uses in excess of the free allocation of services, will be charged for those services in accordance with the tariff and will be subject to standard debt management procedures if this amount is not paid in accordance with this policy.

3. ARREARS

- (a) All debtors who qualify and are registered as indigent will have their arrears written off once during ownership of the property, and thereafter will be subject to item 2 above, provided that, where possible;
- A water restriction device and a prepayment meter for water have been installed at the property.
- (b) Notwithstanding item 2 and 3 (a) above and irrespective of whether consumers receive a current account for water and sanitation services, consumers who are in arrears are still required to make an arrangement with the municipality to pay off their arrears in accordance with the principles and conditions in this policy.

3.1 HOUSING:

Interest is not charged on overdue accounts as per sec64g of the MFMA.

A debt rescheduling arrangement requires the payment of the current monthly charges plus a mutual agreed amount towards the arrears each month.

If debt rescheduling arrangement is not honored, the debt collection process or legal action will resume from where it was suspended and not restart at the beginning of the debt management processes.

The Ward Councilors' will be reasonably sent notification of defaulting debtors following the issuing of the letter of demand and when judgment is granted against the occupant.

Home visits may be undertaken by officials or representatives on behalf of the municipality following the issue of the letter of demand to the debtor. The visiting official or representative will make every effort to encourage defaulting customers to pay their current debt and make arrangement for arrears.

The Municipal Manager may recover from the debtor the following costs in instances where such costs are incurred by or on behalf of the Municipality:

- (a) Legal and administration costs, including attorney and client costs, and tracing fees incurred in the recovery of debt.
- (b) Any collection commission.

3.2 COLLECTION PROCESS: HOMEOWNERSHIP

Current debts are paid within 30 days. If payment is not received, a first contact letter requesting payment and offering the debtor an opportunity to make an arrangement within 30 days from the date of the letter, is sent to the defaulting debtor,

If no response to the first contact letter, a letter of demand is sent, allowing the defaulter 30 days, from the date of the letter, a further opportunity to make arrangement.

If the debtor fails to respond to this letter of demand within 30 days, the debtor may, within 30 days, receive a house visit.

Failure to respond after the house visit will be followed by legal proceedings.

The legal collection process will start with a letter demanding payment within a prescribed period.

If the debtor fails to respond within the allowed time, summons will be issued, followed by default judgment and ultimately, sanctions of eviction.

Arrangement agreement on arrear debt shall be as determined by the municipality from time to time.

4. INDIGENT RELIEF FOR RESIDENTIAL CUSTOMERS

4.1 TARIFF STRUCTURE

The tariff structure for water services is designed to enable those consumers who meets the criteria as defined in the tariffs to obtain free basic services

EXCESS CONSUMPTION

Any Indigent Consumer who uses in excess of the free allocation of services, will be charged for those services in accordance with tariff. Monthly reconciliations of Indigent register to ITC, Valuation rolls and eliminate all customers who are no longer qualify as indigent customer

4.2 ARREARS

All debtors who qualify and are registered as Indigents, will have their arrears written off once during ownership of the property, and thereafter will be subject to item above.

4.3 INDIGENT RELIEF: WATER

1. Indigent Residential consumers may receive their first 6kl or 6000L, or as determined by the Council from time to time, of consumption on a zero-based tariff.
2. The Municipal Manager shall grant authority that a water restriction device be inserted in properties qualifying for indigent relief so as to reduce consumption to affordable levels.

4.4 WATER PURCHASE DEDUCTIONS

A person whose account is in arrears, may apply to the Municipal Manager on a prescribed form for the 50/50 pre-payment debt recovery facility, and, subject to the section below, for the 60:40 pre-payment debt recovery facility.

- In order to qualify for debt incentives offered by the Municipality from time to time pre-payment debt recovery facility, the following minimum criteria must be met: - A customer's account must be in arrears in an amount exceeding R500; and
- The Municipality valuation of the customer's property must not exceed R280 000, save that in the case of a Senior Citizen, the Municipal property valuation must not exceed R460 000:

- A Customer must be a resident customer. A customer must sign an acknowledgement of debt in favor of the Municipality in respect of the total outstanding indebtedness;
- The Municipal Manager is not obliged to grant an application for the 50/50 pre-payment debt recovery facility.

4.5 INCENTIVES

Incentives could be used to encourage customers to pay on time by offering discounts on long outstanding debts when the Municipality foresee that the long outstanding debts could be written off due to non-payment. Prepaid meter customers could consent for deductions in the water purchase through the following;

- Customers may be encouraged to pay certain percentage % of the outstanding debts with the remaining percentage waived. The discount percentage will be approved by the Council from time to time.

No customer should benefit from the above incentive more than once.

Debt incentives % will be approved by the Council from time to time.

DEBT MANAGEMENT ACTIONS

1.No disconnections and legal action will be instituted against any debtor, who has registered for and been accepted as an indigent for a period of twelve months, or while they still qualify as indigent for a period of twelve months, or while they still qualify as indigent, and meet all the criteria during this twelve-month period.

2. An application for registration as indigent is only valid for a period of twelve months from date of acceptance.

3. It is a requirement of this policy that should the personal circumstances of a debtor improve to such an extent that such debtor no longer qualifies as an indigent, then such

Person must notify the Municipality immediately of this change in order for such person's name to be removed from the indigent register.

5. If it is found that a debtor no longer qualifies as an indigent, and they have not informed the Municipality, then this debtor will be de-registered as indigent, and all suspended steps, as referred to in sub-item (1) above, will be lifted, from the time to time the debtor's circumstances were found to be improved, and no interest will be payable on any outstanding amounts.
6. Prepaid Customers will service their old debt in what is termed 60:40. The residential and commercial customers are going to finance old debts by paying 40 percent at the point of purchase.
7. Customers will not be allowed to open new accounts whilst still owing the municipality on old accounts.

MISREPRESENTATION

Debtors found to have misrepresented themselves to benefit from the Municipality's indigent relief will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Municipality from time to time, and all benefits that have been received, in terms of indigent relief, will be reversed.

The Municipal Manager shall report any misrepresentation in terms of this policy to the South African Police Services.

22. PROPERTY MANAGEMENT

General Principles

PROPERTY LEASES COLLECTION PROCESS

- Rental is payable by the due date every month.

- The Property Management Debt Management process begins when a lessee falls into arrears in respect of rental which constitutes a breach of the lease contract.
- The Property Management may contact a property leases debtor either in writing or telephonically noting the requirement to make payment against an overdue property leases account.
- No response to the initial contact may (where applicable) lead to restriction (residential) / disconnection (commercial) of the water supply for the property.

23 CREDITS, REFUNDS AND TRANSFERS

23.1 Credit

- (1) In this chapter any reference to the word 'refund' includes the word 'transfer' unless the context indicates otherwise.
- (2) The Municipal Manager shall have the right to claim any credits due to this municipality or any of its predecessors-in-law.
- (3) No interest shall be paid in respect of any credit on any account unless permitted in terms of any other legislation, policy or as determined by Council from time to time.

23.2. Requests for refunds or transfers

- (1) All requests for refunds or transfers must be in writing; and
 - (a) the Municipal Manager shall only refund or transfer credit amounts in terms of this Chapter.
 - (2) A "Request for Refund Form" must be completed, or dictated to an official who will record it in writing and have it read, and if necessary, corrected, and
 - (a) all the applicable supporting documentation must be supplied; and
 - (b) the form must be signed by the person requesting the refund.
 - (3) The form must then immediately be lodged with the relevant authorised official.
 - (4) Consideration for a refund or transfer will only be given where credits appear on the account.
 - (5) Refunds will only be made:
 - (a) To an account holder; or

(b) notwithstanding anything else to the contrary contained in this policy, to the conveyancer, of the relevant property, after registration of transfer in the Deeds Office.

(6) Notwithstanding sub-items (4), (5) and (7) any payment made on an account by a third party will only be considered for a refund or transferred, by the Municipal Manager, to such third party, after the latter submits proof of the payment and such refund or transfer will be subject to any law and policy of the municipality.

By the claimant

(a) The claimant will be required to produce the original proof of the payment which includes but does not limit same to any of the following:

- (i) Original receipt;
- (ii) Proof of payment method;
- (iii) Original cheque as processed by the bank, if applicable;
- (iv) Affidavit in support of the refund or transfer; and
- (v) Proof of the account intended to be paid, if applicable.

By the Municipality

(b) Before making any refund or transfer the Municipal Manager may –

- (i) try to establish the whereabouts of the accountholder and thereafter;
- (ii) write to such accountholder, at the last known or established address, giving such accountholder 14 (fourteen) days to show cause why such refund or transfer should not be proceeded with; and (iii) no refund or transfer shall take place until any objection

to the refund or transfer by the accountholder, as referred to in sub-item (ii), has been resolved to the satisfaction of the Municipal Manager; and

(iv) the Municipal Manager shall notify both the claimant and the account holder, of any final decision to either:

- (aa) Proceed with the refund or transfer; or
- (bb) to reject the request for the refund or transfer.

By the Accountholder

(c) Any accountholder objecting to such refund or transfer must comply with the following:

(i) Submit such objection in writing showing cause as to why the refund or transfer should not take place; and

(ii) may be required to submit such objection in the form of an affidavit.

(7) Except for refunds in terms of section 55, of the Property Rates Act, where there are two or more account holders all of the accountholders must complete and sign the "Request for Refund or Transfer Form" as per sub-item (2).

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23.3. Deceased estates, insolvent estates, judicial management and curatorship

Deceased estates

(1) Refunds and requests for transfers will only be considered upon receipt of the duly completed form referred to in item 34, signed by a duly appointed executor or executrix, and such application shall be subject to relevant conditions contained in item 34; and

(a) refunds will only be made payable to the deceased estate's bank account.

(2) Notwithstanding sub-item (1) if an estate is wound up in terms of section 18 (3) of the Administration of Estates Act, then such refund or transfer can be made as per the directions as given by the Master by applying the same or similar principle; and

(a) the Masters direction as referred to in sub-item (2) must be attached to the request for the refund or transfer.

Insolvent estates including any entity in the process of liquidation

(3) Refunds and requests for transfers will only be considered upon receipt of the duly completed form referred to in item 34, signed by a duly appointed trustee or liquidator, and such application shall be subject to relevant conditions contained in item 34; and

- (a) refunds will only be made payable to the bank account of either the insolvent or an entity in liquidation; or
- (b) to an unrehabilitated insolvent; or
- (c) Notwithstanding anything else to the contrary contained herein to any nominee, subject to the conditions contained in this policy.

(4) Despite anything to the contrary contained in this policy the right to offset any debt against any credit is subject to the Insolvency Act.

Judicial management

- (5) Refunds and requests for transfers will only be considered upon receipt of the duly completed form referred to in item 34, signed by a duly appointed judicial manager, and such application shall be subject to relevant conditions contained in item 34; and
- (a) refunds will only be made payable to the bank account of a company which has been placed under judicial management.

(6) Despite anything to the contrary contained in this policy the right to offset any debt against any credit is subject to the Insolvency Act.

Curatorship

(7) Refunds and requests for transfers will only be considered upon receipt of the duly completed form referred to in item 34, signed by a duly appointed curator, and such application shall be subject to relevant conditions contained in item 34; and

- (a) refunds will only be made payable to the bank account of a person under curatorship.

23.4. Refunds and transfers generally

(1) Subject to sub-item (2) refunds shall take the form of electronic bank transfers only unless catered for elsewhere in law or any of the applicable policies of the Municipality.

(2) Subject to sub-item (3) the Municipal Manager shall have the right to offset any credit against any debt of the same debtor.

- (a) Notwithstanding sub-item (2) the amount referred to in item 24

(2) shall not be offset except as provided for in item 24 (3).

(3) The right to offset any debt against any credit is subject to the Insolvency Act, or any court order prohibiting such set-off.

(4) In the case of a refund or transfer to a partnership no set-off against any debt of the individual partner may take place; but

(a) any credit due to a partner may be offset against the debt of a partnership.

23.5. Clearance certificates

(1) Any payment for a clearance certificate, which results in a credit on the sellers account, shall be refunded to such seller, after registration, and after finalisation, to the satisfaction of the Municipal Manager, of the respective account.

(2) Where a sale does not result in registration taking place no refund shall be made, unless there is a credit on the account, and such refund shall be limited to the total of the amount in credit which shall not exceed the credit placed to the account in order to obtain the clearance certificate.

(3) The sheriff of the court who sold the property shall be the seller when a property has been sold in execution

24. GENERAL

RIGHT OF ACCESS TO PROPERTY

The Owner or occupier of premises in this Municipality must give an, official of this Municipality or any representative of a service provider, authorized by the Municipal Manager, access at all reasonable hours to the premises in order to inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict the provision of any service.

COMPROMISING OR COMPOUNDING ANY ACTION, CLAIM OR PROCEEDINGS.

In terms of section 109 of the systems Act the Municipal Manager may compromise or compound any action, claim and proceedings where applicable.

REVIEW OF THIS POLICY

This policy shall be reviewed annually as part of the budget process and approval.