



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

DEBT COLLECTION AND CREDIT CONTROL MANAGEMENT POLICY

1 July 2024 – June 2025

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1. INTRODUCTION

This policy is applicable to Victor Khanye Local Municipality only. In terms of section 80 of the Local Government: Municipal Systems Act, 32 of 2000, the Municipality may enter into service delivery agreements with service providers to provide municipal services to customers. In such instances the internal credit control and debt collection policies of those entities may differ from this policy, but shall always be subject to the promulgated Credit Control and Debt Collection By-Laws in terms of Article 9. Section 96 of the Local Government: Municipal Systems act, 32 of 2000 further stipulate that “A municipality – (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and (b) for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of the Act”, Thus the existence of this policy which is reviewed annually.

2. PURPOSE

This policy has been compiled as required in terms of Section 97 of the Local Government: Municipal Systems Act 32 of 2000 (hereinafter referred to as the Act) and is designed to provide for credit control and debt collection procedures and mechanisms. It also aims to ensure that the Municipality’s approach to debt recovery is sensitive, transparent and is equitably applied throughout the Municipality’s geographic area with the objectives of sustainable service delivery, which contributes towards the fulfillment of the following constitutional mandate as required by Section 152 (1) & (2) of Act no 108 of 1996 (Constitution of the Republic of South Africa).

1. (a) To provide democratic and accountable government for local communities
- (b) To ensure the provision of services to communities in a sustainable manner
- (c) To promote social and economic development
- (d) To promote a safe and healthy environment
- (e) To encourage the involvement of communities and community organizations in the matters of local government.

2. A Municipality must strive, within its financial and administrative capacity to achieve the above-mentioned objectives.

3. DEFINITION

Account:-

Any account rendered for municipal taxes, services and other charges. This includes charges raised as a result of damages to Municipal property.

Act:-

Means the local government: Municipal System act, act no.32 of 2000

Arrangement:-

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

Arrears:-

Any amount due, owing payable in respect of municipal services not paid by due date.

Credit Control:-

Means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

Consolidated account:-

A monthly account reflecting municipal service fees, charges, surcharges on fees, property rates and other municipal taxes, levies and duties and all consolidations in terms of Section 102 of the Act

Council:-

Means the Victor Khanye Local Municipality, a municipal council as referred to in chapter 7 of the Constitution of the Republic of South Africa, act no 108 of 1996.

Customer: -

Means any person to whom a service is rendered and levied or charged in terms of the tariff structure of the council.

Debtors: -

A person who owes the municipality money for services consumed and to whom an account was rendered.

Debt Collectors: -

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

Debtor's socio-economic status: -

It is the situation within which a debtor is perceived to be living in, which will assist in assessing how much income does the debtor generate thus how much can the debtor be able to pay for arrears.

Defaulter: -

Any customer in arrears.

Deemed owner: -

Means a person, who is not the registered owner of the property, in occupation of such property by virtue of the Black Administration Act.

Employer: -

Means an employer as defined in paragraph 1 of the seventh schedule of the Income tax act, act no 58 of 1962;

Illegal tempering: -

It is the unauthorized handling of municipal infrastructural assets, with the intention to distort information that can be accessed from such machinery or with the intention to consume services in a fraudulent manner.

Indigent: -

A person who is needy and furthermore who generates no income or generates income which is so minimal that he can't make a worthwhile contribution towards the payment of municipal services.

Level 1 cut-off: -

The electricity supply to the property will be discontinued at the meter box and a seal will be installed. In respect of water supply a washer will be installed in the supply pipe to reduce the supply to a minimum basic supply of not more than six kiloliter per month. A notice to this effect will be delivered to the property requesting the occupier to contact the debt collection unit in order to make arrangements for the payment of the outstanding amount. Arrangements for longer than 12 months should be approved by the Municipal Manager.

Level 2 cut-off:-

The electricity supply to the property will be discontinued at the pole outside the property and a seal will be installed. In respect of water supply a washer or a

pre-paid water meter will be installed to reduce the supply to a minimum basic supply of not more than six kiloliters per month and a locking device will be installed over the main tap to ensure limited supply. A notice to this effect will be delivered to the property requesting the occupier to pay the outstanding amount in full before the supply to the property will be restored.

Monthly average consumptions: -

Means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.

Occupier: -

Includes any person in actual occupation of premises without regard to the title under which they occupy, if any;

Owner: -

In relation to premises means the person, natural or legal, who from time to time is registered as such in a deeds registry as defined in the Deeds Registries act, act no 47 of 1937.

Person: -

Means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, a public utility body, voluntary association or a trust.

Prescribed debt: -

Means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969

Service: -

Means any service rendered by the council, in respect of which an account may be rendered, excluding any service rendered by the council as an agent for another principal.

Standard rate of interest: -

Means the interest rate as determined by the council from time to time.

Tariff: -

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

Tariff Policy: -

Means a Tariff Policy adopted by the council in terms of section 74 of the Local Government: Municipal system act 32 2000

4. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- Ensure that all monies due and payable to the municipality are collected;
- Provide for credit control procedures and mechanisms and debt collection procedures and mechanisms;
- Provides for indigents in a way that is consistent with rates and tariff policies and any national policy on indigents subject to the indigent Policy of the municipality.
- Set realistic targets consistent with generally recognized accounting practices and collection ratios and the estimates of income set in the budget less an acceptable provision for bad debts;
- Provide for the interest charge on arrears, where appropriate; and provide for extension of time for payment of an account;
- Provide for disconnection of services or the restriction of the provision of services when payment is in arrears; and also, provide for matters relating to unauthorized consumption of services, theft and damage;

Victor Khanye Local Municipality would like to give priority to the basic needs of the municipality, promote the development of the local community, ensure that all members of the municipality have access to at least the minimum level of basic municipal service, which are equitable, accessible, and are provided in an economically & environmentally sustainable manner.

This policy aims to stimulate and maintain cost recovery measures in the provision of services so that the level, standard and quality of municipal services can be reviewed and improved over a period of time.

5. PRINCIPLES

- 5.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected officials (councilors) are responsible for policy-making, while it is the responsibility of the Municipal Manager to execute these policies.
- 5.2 All consumers must complete an official application form formally requesting the municipality to connect them to service supply lines
- 5.3 Billing is to be accurate, timeous and understandable
- 5.4 Enforcement of payment must be prompt, consistent and effective
- 5.5 By completing the prescribed application form for the provision of municipal services the customer of services enters into an agreement with the municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit act(NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.
- 5.6 Application forms will be used to categories consumers, to determine the amount of the deposit payable by the consumer and whether the customer qualifies for indigent support, pre-payment of credit meters
- 5.7 Depending on Credit Rating Council may provide reduced levels of services to manage the debt growth
- 5.8 Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution
- 5.9 Incentives and disincentive may be used in collection procedures
- 5.10 The policy must be implemented with equity, fairness and consistency
- 5.11 The level of services provided to consumers who regularly defaults will be reduced
- 5.12 Debts and arrangement to repay debts shall be treated holistically

6. CREDIT CONTROL MEASURES

6.1 Important and Final Notice

- All customers must pay their current accounts in full as per date stated on the monthly statement.
- Failure to pay the amount payable (current charge) on or before the due date indicated on the statement, the Municipality will disconnect electricity or reduce the supply of water without any further notice after seven (7) days from the due date.
- Prepaid electricity: in the event that the current account or amount is not paid on or before the due date, the Municipality will block the purchase of electricity on the vending system after

seven (7) days from the due date, until the amount is settled in full.

- No arrangements will be accepted for the current amount charged.

6.2 Registration

Residential

- Consumers who require a service must enter into a written service agreement with the municipality.
- Connection application can only be made by a legal title holder of the property or a nominated proxy.
- Tenant registrations currently in place will continue until the tenant vacates, the account is closed or the Municipality cancels the contract or the tenant in default in terms of this clause
- On the death of a partner married in terms of the applicable marriage legislation of South Africa, the surviving spouse may have the account transferred together with the outstanding debt and deposit into their name by completing a service agreement.
- Upon the death of a parent, the above will not apply to the siblings. Siblings will be required to complete a service agreement with written consent from the executor or letter of authority issued by the Magistrate Court of the estate and the necessary deposit will need to be paid.

Business – The municipality must not open any new accounts for tenants on business except when the business is on property where the municipality is the owner. All municipal services must be charged to the business owners only.

Government – the Municipality will continue to register tenants for services. The tenants will be held liable for the services charged on the the Government property, however the respective Government Departments shall then be held liable for the property rates debts on the property.

Sundry accounts – The customer must provide the Municipality with a Municipal account number or rate account number. If the customer does not have an existing Municipal account, then a new account must be created.

The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.

The Municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the Municipality, into one consolidated account.

Failure by the Council to render an account does not relieve a customer of the obligation to pay any amount that is due and payable.

If there is an outstanding debt on the property, this debt must be settled in full, or suitable payment arrangements must be made by the owner of the property, before any customer / owner is registered for services.

Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.

Where the purpose for or extent to which any municipal service used is changed the onus and obligation is on the customer / owner to advise the Municipality of such change.

6.3 Deposits payable

All deposits will be adjusted annually with a rate to be determined by council and will be charged before a new connection to electricity or water supply is made.

No interest shall be payable by the Municipality or its authorized agent on any deposit held.

In cases where a service provider is already connected to council's supply without a deposit paid, such services will be terminated until the connection is registered and a deposit is paid into the name of a new service debtor.

Deposits should be paid in cash, however in the instances of a bulk services consumer, a bank guarantee in favor of council can be presented and safe guarded by council until the services are terminated.

The amount of a deposit in respect of new service agreements will be determined based on the type of service, Date of service agreement application will determine applicable deposit amount payable.

On the termination of the agreement the amount of the deposit less any outstanding amount due to the municipality will be refunded to the consumer. A deposit shall be forfeited to the Municipality if the customer has not claimed it within 12 (twelve) months of termination of agreement.

6.3.1 Consumer categories

The following deposits will be applicable:	2024/25
Low voltage: single phase	9900
Three phase	14300
0 – 199 KVA	35200
High voltage: 200 – 499 KVA	44000
> 500 KVA	68200
House Hold Consumer Conventional Meter - Delmas	1650
House Hold Consumer Pre-paid Meter - Delmas	880
House Hold Consumer Botleng/Eloff/Sundra	605

6.4 ACCOUNTS AND BILLING

Customers will receive one consolidated bill for all services to a property, which is situated within the boundaries of the Municipality.

Accounts are produced in accordance with the meter reading cycles.

An account will be rendered each month in cycles of approximately 30 days.

The Municipality will undertake to have the accounts delivered to all consumers. However non-receipt of an account does not prevent interest charges, penalties and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the account, before the due date.

Accounts must be paid on or before the due date as indicated on the account.

Interest on arrears will accrue after due date if the account remains unpaid irrespective of the reason for non-payment.

Payments for accounts must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via third party agents, the money must be received in the municipal bank account on or before the due date and not later than the close of Business.

Consumers will be issued with a 7 (seven) working day notice of their unpaid accounts prior to the commencement of the debt collection process.

Non-payment of the account will result in debt collection action taken against defaulters.

6.5 RIGHT TO ACCESS

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

The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.

If a person fails to comply with the request for reasonable access the municipality or its authorized representative may:

- (a) By written notice require such person to restore access at his/her own expense within a specified period.
- (b) Should access be prohibited, the municipality will serve a notice to the consumer to allow such access, failure to comply with the notice will result in municipality taking all action necessary to gain entry or access.

6.6 INTEREST ON ARREARS

Interest will be levied on all arrears at a rate of % per annum

The interest rate will be determined at Prime plus 2% at the start of the municipality's financial year and will remain fixed for the financial year

Council reserves the sole right to amend the above rate as it deems necessary to improve revenue and service delivery

Interest is levied on all accounts in arrears in excess of 30 days. Interest levied but not paid is included in the arrear amount of such a debtor.

Specific categories of customers, services and debtor groups as determined by the council from time to time, may be excluded from interest on arrear charges.

6.7 Responsibility for amounts due

In terms of Section 118 (3) of the Municipal Systems Act 32 of 2000 an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.

The municipality reserves the right to cancel a contract with the occupier in default and register the owner only for services on the property.

No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.

Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to be absolved, for all Municipal debts charged on the property.

Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.

Directors of Companies, members of Close Corporation and Trustees of Trusts shall sign personal surety ships with the Municipality when opening service accounts. If they are unable to sign the personal surety, then a deposit equivalent to twice the usual deposit shall apply.

- For so long as a tenant or an occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing, then the Municipality may recover from such tenant, occupier or agent such monies as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner.

- The Municipality may recover the amount in whole or in part despite any contractual obligation to the contrary on the tenant / occupier / agent.
- The amount the Municipality may recover from the tenant, occupier or agent is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent.
- Should the tenant, occupier and / or agent refuse to pay as above, to the Municipality, the services of the tenant, occupier and / or agent may be disconnected.

Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute.

Pre-paid meters shall not be installed until all outstanding debt has been paid in full, subject to clause 6.3 hereto.

The owner of the property may be held liable for tampering with the electricity metering equipment or the water metering equipment on the property as well as charges that arise therefrom.

Rates Clearance

Issuing of rates clearance figures and rates clearance certificates on transfer of property in the municipalities jurisdiction must be done in accordance with section 118 of the Local Government: Municipal Systems Act, Act No. 32 of 2000, as amended, as well as any other policy and legislative requirement.

The municipality will issue a certificate required for the transfer of immovable property in terms of Section 118 of the Systems Act, which is lodged with the municipality in the prescribed manner.

This is subject to all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

Debt older than two years on the property irrespective of whether the owner of the property accumulated the debt will also have to be paid.

If the owner refuses to pay the debt which is older than two years then the municipality will apply to a competent Court for an order in the following terms: -

- a. In the case where there is already a judgment for the payment of the amount, an order that the judgment debt be paid out of the proceeds of the sale, before the mortgage debt is settled.

b. In the case where there is no judgment debt, for an order staying transfer of the property pending the finalisation of a civil action to be instituted against the person who is in law liable for the payment of the outstanding debt.

c. The above action must be taken before the property is transferred as the statutory lien created by Section 118(3) of the Act only endures until the property has been transferred.

Conditions for approval of section 118.

Specific conditions that must be met before a Section 118 will be granted. The conditions are as follows:

Compliance with Section 118(1) of the Municipal Systems Act.

- Submission of an acknowledgment of debt letter on the attorney's letterhead. This letter must state that the outstanding amount will be paid as soon as the property transfer is completed.
- The acknowledgment of debt letter must be signed by both the attorney and the client.

6.8 Allocation of payments

Payments from debtors will be allocated in priority sequence as follows to the various municipal services:

- Property tax
- Refuse services
- Sewerage services
- Other miscellaneous charges
- Water supply
- Electricity supply

6.9 CUSTOMER ASSISTANCE PROGRAMMES

These are programs that the Municipality will design to assist customers meet their obligations, such as:

- Rates rebates;
- Arrangements for settlement;
- Indigent assistance scheme.
- Incentive Debt Repayment Scheme

6.10 Debt collection process

The debt collection process will be maintained by the Debt Collection Unit and will be under the supervision of the Assistant Manager (Revenue services).

In respect of the collection of debts owed to the municipality the following process will be followed:

1. All water and electricity meters will be read on a monthly basis and captured on the financial system before the monthly billing cycle. Meters are read and captured manually however the use of electronically systems need to be encourage with the aim to reduce human error to the minimum. Exception reports to be generated to detect incorrect readings and corrections to be made.
2. Billing cycle to be performed after all meter readings are captured. Data submitted to service provider for the posting of municipal accounts.
3. The following facilities to be maintained for the payment of municipal accounts:
 - a. Cashier points at the municipality EFT payments direct into the bank primary bank account,
 - b. Direct deposits into the bank account at any Standard Bank branch.

If the account is not paid by the due date it will be handed over to the debt collection unit to recover the arrear debt.

6.11 Arrear debt collection

The municipality shall have the right to restrict or discontinue the supply of services or to implement any other debt collection action necessary due to late or non-payment of accounts, relating to any consumer, owner or property

If the customer fails to pay any account within a period of seven (7) working days after the expiry of the due date then:-
The steps mentioned above in the first paragraph (6.1) of credit control measures will prevail.

After the notice is issued and the time frame has lapsed the following process commence:

- (i) If the debtor pays the account in full no further action is necessary.

- (ii) The interest on outstanding amounts will be applicable at the standard interest rate as determined by council, being prime rate plus 2% at the start of the financial year and will remain fixed for the financial year. The outstanding accounts of households registered in terms of council's Indigent policy will not be charged with interest.
- (iii) With regards to properties where electricity is not supplied by council and in the absence of the required reaction as mentioned above in respect of the final notice, the water supply to the property is restricted by the installation of a trickier washer which will only allow access to the basic water supply being six kiloliters per month.
- (iv) Once the debtor enters into a payment arrangement with council or pay his account in full the service to the property will be restored.
- (v) In the circumstances of no further reaction from the debtor after the services were restricted to the property, the debt collection unit will, via the field workers, revisit the property after 14 days to ensure that the service is still discontinued. If it is found that the property is reconnected, a tamperproof disconnection, (level 2 cut-off) will be performed to ensure a more tamperproof disconnection. The cost hereof will be charged against the account of the debtor.
- (vi) In the case of a level 2 cut-off the services to the property will only be restored once the arrear account is paid in full.
- (vii) If consecutive follow-up actions due to no reaction by the debtor reveal that a disconnection has been tampered with, another level 2 disconnection, will take place in the case of electricity, or the installation of a trickier in the case of water, are done. The account of the debtor is once again charged with the cost of these actions and the legal steps are taken to collect arrears where the cut-off actions yielded not satisfactory results.
- (viii) Accounts which are less than R3,000, will not be handed over for legal action due to the legal costs exceeding the capital amount. All legal and related costs will be charged to the account of the property debtor. Legal actions will not be instituted against households registered in terms of council's Indigent policy.
- (ix) In circumstances when a property owner intends to sell his/her property and applies for a clearance certificate in terms of Section 118 of the Systems Act, No 32 of 2000, such property owner will be liable for the payment of all outstanding amounts on the same property for the preceding two years, regardless of the fact if it is his/her own debts or those of a tenant or any other occupier of the property. A clearance certificate, certifying that

all outstanding amounts for the immediate past two years in respect of a property are paid in full, will only be issued by the municipality once proof of such payment can be presented by the registered owner of the property.

One of the following measures will be used by a Municipality to enforce section 118(3) of the Local Government: Municipal Systems Act, 32 of 2000:

- i. Attempting to obtain full payment of all municipal debt from the seller.
- ii. Requesting the seller to authorise the conveyancer to provide an undertaking that payment will be made of any unpaid debt, out of the proceeds of the sale of the property, if sufficient, upon registration of transfer in preference to any bond holder.
- iii. Informing the purchaser that should there be any municipal debt outstanding against the property, such debt is a charge against the property, and that such purchaser shall be liable for such debt which is still owing after registration and that the continued supply of municipal services to the property may be affected while the debt remains outstanding.
- iv. Interdicting the transfer of the property until the municipal debt is paid in full.
- v. Interdicting the distribution of the proceeds of the sale.

7. ARRANGEMENTS FOR SETTLEMENT

Arrangements are permissible for debtors who experience difficulties in paying their accounts.

No interest will be levied on accounts with arrangements if those arrangements are kept up to date.

DURATION OF ARRANGEMENT

The maximum period of arrangement will not exceed periods as stipulated in this policy.

DEFAULT REPAYMENT ARRANGEMENT

Debtors who default on their third payment arrangement are required to pay full settlement of their outstanding arrears

- That the consumer pays the current account plus the repayment instalments monthly.
- That the debtor should not default on their payment. Should the debtor fail to honor the arrangements, the municipality may terminate the services without any further notification.

Residential Consumers

Outstanding Balance (arrears 30 days and above)	Minimum Deposit	Maximum Duration of repayment
R1 – R1 000	Full Settlement	
R1001 -2000	50%	1 month
R2001 – 5000	30%	3 months
R5001 – 10 000	25%	5 months
R10 001 -20 000	15%	8 months
R20 001 and more	10%	Maximum of 24 months

Any variation for the above terms must be approved in writing by the CFO or his/her nominee.

No arrangements will be made on the current amount charged to the consumer,

Before arrangement can be done the following should be presented:

1. Copy of the ID
2. Arrangement by any other person except the owner of the property or account holder; a Sworn commissioned affidavit acknowledging debt owed to municipality and providing mandate to the proxy to sign acknowledgement on their behalf.

3. If applicant is a tenant on a property, sworn commissioned consent/affidavit by owner of the property (Including copy of Owner' ID) issued in favour of the tenant is required whereby owner acknowledges debt and granting approval for the tenant to enter into such agreement on their account with council.
4. The approved minimum deposit payable may not be lesser than the clients' current month bill plus first instalment of the repayment agreement.
5. The CFO or his/her nominee, may at his/her discretion; grant approval for the repayment term of the arrangement to be extended beyond the terms as stipulated above

Businesses

Outstanding Balance (arrears 30days and above)	Deposit	Maximum Duration of repayment
R1 – 5000	Full Settlement	None
R5001 – 10 000	50%	1 month
R10 001 – R30 000	35%	3 months
R30 000 – R50 000	25%	6 months
R50 000 and more	15%	Maximum of 12 months

Any variation for the above terms must be approved in writing by the CFO or his/her nominee.

Before arrangement can be done the following should be presented:

1. Copy ID of company representative
2. Certified copies of company registration
3. Proxy letter or resolution on company letterhead authorizing company representative to acknowledge debt on behalf of company/entity.
4. If applicant is a tenant on a property, written consent by owner to Debt Repayment Arrangement by tenant is required whereby owner acknowledges debt and approves entering into debt repayment arrangement
5. The CFO or his/her nominee, may at his/her discretion; grant approval for the repayment term of the arrangement to be extended beyond the terms as stipulated above.

Deceased Estates

In accordance with the provisions of Administration of Estates Act the executor of a Deceased Estate shall be liable for payment of all debts on the property.

It remains the sole responsibility of the occupiers to inform the Municipality that the property forms part of a deceased estate and the Municipality may refuse services until an executor has been appointed

Occupiers of property in a deceased estate where neither an executor nor administrator has been appointed, may be required to sign a service level agreement.

7. CUSTOMER CARE AND MANAGEMENT

Councilors are responsible for policy making and officials are responsible for executing policies which will be agreed upon within council, so that they can be implemented and supported by councilors and officials equally. There will be a report on areas of weakness identified and achievement gained.

- Consumers will be treated according to the Batho Pele Principles – Consultation, access, value for money, openness and transparency, accountability, redress, courteous, be supplied with all the necessary information. Various forms of communication with the community within the municipal area will be created and utilized.
- There will be means of communicating with the community about the level of services that they will be receiving, the cost involved in the provision of the service, the reason for the payment of the service fees and the manner in which monies raised from service are used.
- Consumers/users will be provided with different mechanisms to measure the performance, and to provide feedback to the municipality about the type of service received including its quality and value for money. (The mechanisms will be stated in the municipality's communication strategy).

The consumers will also be informed about the system, which will be used for measuring and billing, their consumption of various services in an accurate and verifiable manner.

Communication Strategy

The community will at all times be made aware of the Credit Control and Debt Collection measures that council is implementing through various means which, are possible and accessible to the existing and potential debtors of the municipality

- (a) Considering the fact that the Municipality is legally compelled to implement its credit control and debt collection policy, ward committees may be requested to submit positive executable proposals to support the matter, and make it more acceptable to the community.
- (b) That the Municipal Manager could be requested to draw-up a notice regarding the Policy, and or that the policy be published in Public Places and be distributed to all households in the Municipality's area of jurisdiction

8. DISPUTES

- In this policy "dispute" refers to the instance when a debtor questions the correctness of any account rendered by the Municipality with the Municipal Manager as per the process in sub-item (2) below.
- In order for a dispute to be registered with the municipality, the following procedures must be followed:
 - By the debtor
 - (a) The dispute must be submitted in writing (in a form that will be provided by the municipality or retrieved from the municipalities website)
 - (b) No dispute will be registered verbally whether in person or over the telephone.
 - (c) The debtor must furnish full personal particulars including ALL account numbers held with the Municipality, direct contact telephone number, fax-

number, postal and e-mail addresses and any other relevant particulars required by the municipality.

(d) The full nature of the dispute must be described in the correspondence referred to above.

(e) The onus will be on the debtor to ensure that he receives a written acknowledgement of the dispute.

(f) The debtor will be liable for the amount due except for the dispute amount on or before due date for the account rendered.

• By the Municipality:

(a) On receipt of the dispute the following actions are to be taken:

- A written acknowledgement of the receipt of the dispute must be provided to the debtor.

- The amount payable by the debtor for the specific month of the dispute and inform the debtor that all accounts thereafter must be paid in full.

- Specify the time to resolve the dispute- disputes must be solved within 3 (three) months

- The dispute must be registered in a dispute register

- Inform the Debtors Department and the Debt Collection Department of the dispute

- Ensure that all relevant information received is rectified accordingly on the finance system

- Conduct checks or follow-ups on all disputes as unresolved

7.3 The following provisions apply to the consideration of disputes:

(a) All disputes must be concluded by the Municipal Manager or delegated official

(b) The Municipal Manager's or the delegated official'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 appeal.

(c) 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.

(d) Should the 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.

7.4 The Municipality reserves the right to declare a dispute on any account as may be deemed necessary.

Account collection agreements

The municipality may enter into account collection agreements for the payment of services with various employers or agents who will act on behalf of council to recover outstanding amounts.

9. CREATION OF A DATA BASE

- (1) Credit control and debt collection starts when the customer applies for municipal Services and every customer must complete an application form.
- (2) The application form will be used to get credit information on customers. It will also assist with the identification of those who qualify for indigence support and those who should only have access to restricted consumption, such as prepaid meters.
- (3) The application form will be a binding contract between the council and the customer and will inform the customer of the conditions on which the service is rendered.
- (4) A copy of the application form, the conditions on which the service is rendered, the council's credit control and debt collection policy and the credit control and debt collection by-law will be handed to every customer who might request it from time to time.

10. CREDIT CONTROL & DEBT COLLECTION PROCEDURES AND MECHANISMS

- (1) Reasonable access to pay points and various forms of payment will be provided.
- (2) Enforcement of payment will be prompt, consistent and cost-effective.
- (3) Criminal conduct will result in prosecution in court.
- (4) Non-payment by debtors of their accounts has a direct negative impact on the ability of service delivery to other consumers.
- (5) Current account levied not paid by the indicated due date are in arrears and all debtors with arrears are subject to credit control measures.
- (6) Credit control measures are applied with pro-active reminder or warning. Account statements are regarded as reminders of the arrears status of the account as well as stating the intention to take credit control measures.
- (7) No metered services can continue to be delivered to any unknown consumer, who is not registered with the municipality as a consumer.

- (8) Client who make no further use of any service but still owe an amount, are inactive debtors who, after the submission of a second inactive account statement to their latest known postal addresses are handed for legal action or alternative Credit Control and Debt Collection procedures.

11. IRRECOVERABLE DEBTS

The Municipal Manager must ensure that all avenues are utilized to collect the municipality's debt.

There are some circumstances that allow for the valid termination of debt collection procedures (Council approval required)

- The insolvency or demise of the debtor, whose estate has insufficient funds
- A balance being too small to recover, for economic reasons considering the cost of recovery (R3 000.00)
- Prescription
- When the debtor relocates and two tracing agents are unable to trace the current whereabouts of the debtor
- All reasonable notifications and cost effective legal avenues to recover the outstanding amount have been exhausted.
- The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate
- It is impossible to prove the debt outstanding
- The outstanding amount is due to an administrative error by council or by Council resolution, on good cause shown
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With the exclusion of approved indigent applicants, outstanding amounts of debtors be submitted from time to time to Council for considering the writing off thereof should circumstance requires it. With each submission to council, the circumstances will also be reported to council for consideration.

Should money be received from debtor after the debtor's account was written off then the amount should be paid into the Provision for Bad Debts.

12. INDIGENT CONSUMERS

Please refer to the Victor Khanye Local Municipality's indigent Policy.

Households are subsidized with 6kl of water and 50kWh electricity per month. Should this be exceeded the debtor will be held liable for the account.

The subsidy for the indigents will be funded from the equitable share / intergovernmental grant.

Electricity as well as the water consumption in excess of 6kl will be levied separately on the municipal account if applicable.

13. DISCOUNT SERVICES

From time-to-time the municipality will issue announcements on the categories of people deserving discount.

14. ILLEGAL TAMPERING AND DISCONNECTION

Should a meter of a consumer / user be found to be tampered with, **a penalty** will apply according to the amount approved by Council in the tariff structure. A new meter will only be installed after the payment has been made in full or acceptable arrangements have been made. The penalty must be paid in full and no arrangements may be made for the payment of the penalties.

If a consumer tampers with the supply of electricity/water, the supply will be terminated and the consumer will receive a notice about the illegal connection, and that his/her action constitutes a criminal offence.

If a municipal employee has been found to have assisted in the tampering of electricity and/or water meter, such employee will be subjected to disciplinary action.

An average consumption will be levied on an account for the period the consumer ceased purchasing electricity before any reconnection can be authorized. The calculated average as per the municipal tariff policy will be debited to the consumer's account.

15. INCOME TARGETS

Income as set in the budget less on acceptable provision for bad debt.

16. Staff and Councilors in arrears

- I. Item 10 of Schedule 2 to the Act states that – “A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period.”
- II. In the case where an official is in arrears for a period of sixty (60) days a written notice will be issued to that official and given a period of fourteen (14) working days to pay the outstanding amount or make arrangements.

- III. Failure to pay the outstanding amount or to make acceptable arrangements for repayment will result in the deduction of the outstanding amount, the terms will be determined by the Accounting Officer / CFO.

- IV. 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. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillor's remuneration after this 3 (three) month period.
