

Credit Control & Debt Collection Policy

Theewaterskloof Municipality

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1. Aim of the policy

- 1.1 This policy aims to address the key issues and challenges of credit control and debt collection. The strategic aim is to create an enabling environment in which the objectives of credit control and debt collection can be realised.

2. Background and concept

- 2.1 Local government in South-Africa has undergone an unprecedented change. This includes socio-economic issues in the wake of socio-political reform. The Municipal Systems Act, the Municipal Structures Act, the Municipal Finance Management Act (MFMA), and other legislation created a new dispensation for local government in South-Africa. This policy is aimed at guiding officials in the legislative implementation processes necessary to ensure optimal revenue generation and collection.
- 2.2 Increased revenue forms the base for effective service delivery, infrastructure development, and economic growth. It also contributes to poverty alleviation, the eradication of unemployment, and the redistribution of resources including economic empowerment.
- 2.3 In line with the objective of creating a vibrant and growing Theewaterskloof Municipality (hereinafter referred to as municipality), the credit control and debt collection policy is also aligned to the principles of Batho-Pele.

Service delivery is one of Government's eight priorities as set out in the White Paper on the Transformation of the Public Service. To this effect, government has launched an initiative in South Africa under the banner of Batho-Pele – meaning 'People First' in Sesotho – aimed at improving the delivery of public services. Batho-Pele further aims to ensure that attitudes, systems and procedures are capable of delivering enhanced public services. Batho-Pele is also about ensuring that the resources available are used to the best possible extent, eliminating wasteful and expensive procedures and reducing unnecessary expenditure on inefficient processes and systems.

3. Structure of the policy document

- 3.1 This policy is divided into (2) chapters, excluding the aim, background and the structure of the document. The first chapter provides an overview of credit control and debt collection. The second chapter outlines the credit control and debt collection policy.

Chapter 1: Credit control and debt collection overview

1. Introduction

- 1.1 The municipality, in adopting this policy on credit control and debt collection, recognises its constitutional obligations to develop the local economy and to provide acceptable services to its residents. The municipality cannot fulfil these constitutional obligations unless it extracts payment for the services which it provides and the taxes which it legitimately levies in full from those residents who can afford to pay, and in accordance with its indigent relief measures for those who have registered as indigents in terms of the municipality's approved indigent policy.
- 1.2 It is vital to the long term financial viability of any municipality that it collects the revenues (such as levies, tariffs, rates and taxes) due to it for services rendered. In terms of Section 96 of the Local Government Municipal Systems Act 2000, a municipality
 - 1.2.1 must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
 - 1.2.2 for this purpose, must adopt, maintain and implement a credit control and debt collection policy, which is consistent with rates and tariff policies and complies with the provisions of this Act.
- 1.3 For these reasons, the implementation of the credit control and debt collection policy cannot be compromised.

2. Objective

- 2.1 The objective of a credit control and debt collection policy is to define a framework within which effective procedures could be developed to identify defaulters. A further objective is to ensure that their failure to meet their financial obligations towards the municipality would be treated in a consistent, fair and effective manner.
- 2.2 In terms of Section 97 of the Local Government Municipal Systems Act 2000, a credit control and debt collection policy must provide for
 - 2.2.1 credit control procedures and mechanisms
 - 2.2.2 debt collection procedures and mechanisms
 - 2.2.3 indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents
 - 2.2.4 realistic targets consistent with
 - 2.2.4.1 generally recognised accounting practices and collection ratios;
and

- 2.2.4.2 the estimates of income set in the budget less an acceptable provision for bad debts.
 - 2.2.5 interest on accounts in arrears, where appropriate
 - 2.2.6 extensions of time for payment of accounts
 - 2.2.7 termination of services or the restriction of the provision of services when payments are in arrears
 - 2.2.8 matters relating to unauthorised consumption of services, theft and damages; and
 - 2.2.9 any other matters that may be prescribed by regulation in terms of section 104 of the Local Government Municipal Systems Act, 2000.
- 2.3 A credit control and debt collection policy differentiates between different categories of ratepayers, users of services, debtors, tax services, service standards and other matters as long as the differentiation does not amount to unfair discrimination.
- 2.4 The effective and efficient implementation of this policy will improve the recovery rate of the municipality's debtors. In turn, this will contribute to the realisation of the constitutional objective of providing basic services for human dignity. Increased revenue forms the basis for effective service delivery, infrastructure development, and economic growth.

3. Municipal responsibility/accountability

- 3.1 Section 62 of the Municipal Finance Management Act, 2003 states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality, and must for this purpose take all reasonable steps to ensure that the municipality has and implements a credit control and debt collection policy.
- 3.2 Section 64 of the Municipal Finance Management Act, 2003 states that the accounting officer of a municipality is also responsible for the management of revenue of the municipality.
- 3.3 The accounting officer and his/her designate must take effective and appropriate steps to collect all money due to the institution including as necessary
- 3.3.1 maintenance of accurate accounts and records for all debtors, including amounts received in part payment; and
 - 3.3.2 referral of a matter to the State Attorney, where economical, to consider a legal demand and possible legal proceedings in a court of law.
- 3.4 Should an accounting officer and his/her designate experience undue interference or influence by a municipality or councillor that prohibits the execution of his/her responsibilities with regard to this policy, he/she should report this to the relevant MEC.

- 3.5 In terms of section 173 of the MFMA, the accounting officer is guilty of an offence if he/she contravenes or fails to comply with credit control and debt collection provisions in terms of the MFMA.
- 3.6 A person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years or to an appropriate fine determined in terms of applicable legislation.

4. Governments responsibility/accountability

- 4.1 The principle of co-operative government forms the basis of the municipality's request for payment. In terms of section 34 (2) of the MFMA, 2003 the national and provincial governments must support the efforts of municipalities to identify and resolve their financial problems.
- 4.2 In accordance with Chapter 3 of the Constitution, national and provincial departments and public entities must promptly meet their financial commitments towards municipalities.
- 4.3 According to schedule 8 of the amended Treasury Regulations, in terms of the Public Finance Management Act, 1999 [section 38(1) (f) and 76 (4) (b)] unless determined otherwise in contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice or, in the case of civil claims, from the date of settlement or court judgement. Government therefore has an obligation to settle its municipal debt within 30 days.
- 4.4 In case of any dispute between the municipality and an organ of state the matter must be reported to National Treasury for intervention in line with the principles of co-operative governance.

5. Principles of credit control and debt collection

- 5.1 Inherent in the credit control and debt collection policy is the municipality's vision of driving the right behaviour. The aim is to get municipal officials to adhere to acceptable standards of performance. The policy is also built on the principles of good corporate governance which can be defined as the system by which the municipality is directed and controlled. The policy is therefore based on the following principles
 - 5.1.1 discipline
 - 5.1.2 transparency
 - 5.1.3 independence
 - 5.1.4 accountability
 - 5.1.5 responsibility
 - 5.1.6 fairness; and
 - 5.1.7 social responsibility.
- 5.2 This policy will not make allowance for unacceptable behaviour of any party.

- 5.3 Considering the socio-economic conditions such as the level of unemployment and poverty amongst other conditions presently prevalent in South Africa, the enforcement of payment for services will only be effective if based on acceptable principles. Furthermore, the ability to pay has to be separated from indigent members of the community.
- 5.4 The following principles should be considered
- 5.4.1 The municipality should at all times be aware of the national credit control and debt collection initiatives. There are also numerous support mechanisms that the municipality need to be aware of.
 - 5.4.2 The municipal manager should report any challenges that officials are experiencing to enforce credit control and debt collection to the municipal council. Reporting frameworks to the municipality for credit control and debt collection should be decided upon by the municipality.
 - 5.4.3 Credit control and debtors procedures must be understandable, uniform, fair and consistently applied. Members of the community must understand these procedures to lessen possible disputes when applied. A fair, uniform system would ensure that any two community members in exactly the same situation would be treated in exactly the same way. This will enhance the community's perception of the municipality and aid in the acceptance of the procedures.
 - 5.4.4 Credit control must be effective, efficient and economical. To be effective the credit control policies and procedures must result in the improvement of the recovery rate of the municipality's debtors.
 - 5.4.5 The measures taken must be sustainable in the long term. Policies and procedures that are adopted should not be "quick fix" solutions but should lay the foundations for a system that can continuously and effectively address credit control issues.
 - 5.4.6 A proper indigent policy must be in place. Such a policy will enable the municipality to differentiate between community members that cannot pay and those that simply don't want to pay.
 - 5.4.7 The implementation of this policy requires the full cooperation of all sections within the municipality. The cooperation of the finance, engineering, and corporate service divisions are particularly important for the implementation of this policy.
 - 5.4.8 Inherent in the credit control and debt collection policy is the Municipality's vision of driving the right behaviour. The municipality will not utilise service providers (including directors and owners) who have not settled their municipal accounts.

6. Customer Care

- 6.1 In terms of Section 95 of the Local Government Municipal Systems Act 2000, in relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, the municipality must, within its financial and administrative capacity
 - 6.1.1 establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality itself
 - 6.1.2 establish mechanisms for users of services and ratepayers to provide feedback to the municipality or other service providers regarding the quality of the services and the performance of a particular service provider
 - 6.1.3 take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the way in which monies raised from the service are utilised
 - 6.1.4 where the consumption of services have to be measured, take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems
 - 6.1.5 ensure that persons liable for payments receive regular and accurate accounts and indicate the basis for calculating the amounts due
 - 6.1.6 provide accessible mechanisms for those persons to query or verify accounts and metered consumptions, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts
 - 6.1.7 provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the municipality
 - 6.1.8 provide mechanisms to monitor the response time and efficiency in complying with the above point; and
 - 6.1.9 provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for services.

Chapter 2: Credit Control and Debt Collection Policy

1. Debtors from services rendered

- 1.1 The municipality will raise a debtor for all services delivered in line with the tariff and rate policy. The municipality will also raise a debtor for all other services where income is due to the municipality.
- 1.2 A service agreement shall be entered into with the municipality for each new application to which the municipality is expected to provide all or any of the following services
 - 1.2.1 water;
 - 1.2.2 electricity (to be determined);
 - 1.2.3 refuse collection;
 - 1.2.4 sewerage; and
 - 1.2.5 sundries and other debt.
- 1.3 Such contract shall set out the conditions on which services are provided and shall require the signatory to note the contents of the municipality's credit control and debt collection policy, a copy of which shall be provided to such signatory, as well as the provision of the Municipal Systems Act no. 32 of 2000 in regard to the municipality's right of access to property.
- 1.4 All new agreements, for the rendering of services, with consumers will only be entered into with the owner of the property. (Section 118 of the Municipal Systems Act, Act 32 of 2000, should be brought under the attention of the owner or his duly authorised agent).
- 1.5 Other service level agreements could be entered into with various role-players to implement the socio-economic objectives of Government.
- 1.6 Where no Service Level Agreement exists for functions rendered from other spheres of Government, Service Level Agreements need to be concluded.

2. Accounts for services rendered

- 2.1 Accounts should be rendered promptly on a monthly basis to all consumers or owners of properties. Accounts must be prepared by the last working day of the month and must be posted to the consumers immediately thereafter as the consumer must settle the account on or before the 25th of every month.
- 2.2 The account/invoice must be printed on a standard form which must contain the following details

- 2.2.1 consumer name
 - 2.2.2 consumer account no
 - 2.2.3 consumer postal address
 - 2.2.4 residence/erven details to where the service(s) have been supplied
 - 2.2.5 all details of services that have been supplied i.e. electricity, water, rates, refuse removal, etc.
 - 2.2.6 any outstanding balance from the previous month;
 - 2.2.7 amount paid;
 - 2.2.8 any accrued interest or fines
 - 2.2.9 VAT registration
 - 2.2.10 Date of meter reading
- 2.3 Owners of property will be assured that accounts are accurate, and metered services are being read on a monthly basis. Where it is impractical to read meters, alternative control mechanisms will be used to prepare a fair account.

3. Receipts and debtors collections

- 3.1 All funds due to the municipality must be collected timeously and banked on a daily basis. Apart from not earning interest, cash left in the safe could result in higher insurance premiums to cover the additional risk. Cheque payments in excess of R 100 000 must be deposited into the bank account on the same day when necessary.
- 3.2 All moneys collected by the municipality must be banked in the primary bank account of the municipality. Traffic money collected and deposited into traffic bank account must be transferred into the primary bank account daily.
- 3.3 Moneys collected by some other agency on behalf of the municipality shall be paid over to the municipality or deposited in the bank account of the municipality in a manner prescribed by the municipal manager [Section 64(2)(d)].
- 3.4 The receipt of all monies collected by the municipality shall be acknowledged forthwith by the issue of a numbered official receipt. Cash payment should not be made without a receipt being issued.
- 3.5 The person responsible for receipting of monies received from debtors must not be the debtor's clerk. The two positions must be kept separate and filled by different people. This is done to reduce the risks of fraud within the municipality.
- 3.6 All receipts must be correctly allocated to the relevant debtor's account. Further more, the amount must be correctly allocated to the services that are being paid for. A principle of oldest debt first will be followed. On current accounts credits will be allocated as follows

- 3.6.1 first, to any unpaid costs incurred by the municipality in respect of notices, legal expenses and reconnections or reinstatements of services of the account or property concerned
 - 3.6.2 second, to any unpaid interest raised on the account
 - 3.6.3 third, to any unpaid sewerage charges
 - 3.6.4 fourth, to any unpaid refuse collection charges
 - 3.6.5 fifth, to any unpaid water charges
 - 3.6.6 sixth, to any unpaid electricity charges; and
 - 3.6.7 last, to any unpaid property rates.
- 3.7 Any unknown receipts will be left temporarily in a debtor's receipts clearing or suspense account. These amounts must be traced to deposits or remittances and must be followed up without delay by contacting the payee or bank where applicable, to verify for what or whom the payment was received.
- 3.8 The debtor's receipts clearing or suspense accounts must be cleared at least on a weekly basis.
- 3.9 All payments by cheques should reflect the ID number, account number and telephone number of the drawer.
- 3.10 Cashier must ensure that cheque amount correspond to digits and that the dates are correct, cheque signed and that no alterations are effected on the cheque.
- 3.11 Consumers who pay electronically or by direct deposit must clearly specify the details of payment and / or send such details to the municipality.
- 3.12 Review debt collection performance by comparing the debtors outstanding in relation to total turnover. The outcome is then compared with previous financial years to determine the status of the debt collection process.

4. Accuracy of customer billings

- 4.1 The debtors system must correctly reflect all monies owed to the municipality. Furthermore, a well-managed debtors and banking control system must be implemented to ensure that funds owed to the municipality are correctly determined, received and banked.
- 4.2 If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible through any act or omission of the accountholder or owner of the property concerned, the municipal manager shall estimate the consumption of the service concerned by determining the monthly average of the metered consumption recorded on the three most recent accounts for which meter readings were obtained (or a longer period, if justifiable). The accountholder will then be billed for the monetary value of such estimated consumption until the meter is again rendered accessible.
- 4.3 Payment of consumption by contractor.

5. Arrear accounts

- 5.1 The following must be implemented in terms of section 96 of the Local Government Municipal Systems Act 2000
 - 5.1.1 An age analysis must be printed on a regular basis. Any amounts outstanding over 30 days must be followed up immediately. Consumers must settle the account on or before the 25th of every month.
 - 5.1.2 When accounts are printed at the end of each month, the total of the accounts printed must agree to the age analysis. Any difference must be reconciled immediately and corrected.
 - 5.1.3 Any amounts over 30 days must be reported to the Chief Financial Officer. The consumer must be notified that should the account not be paid in 24 hours the service(s) will be disconnected / restricted or prepaid water meter may be installed. It is the Finance Department's responsibility to notify the Engineering Department thereafter to the Town Manager of the relevant cut-offs (subject to compliance with Water & Service Electricity Acts).
 - 5.1.4 The consumer will be held liable for all disconnection and reconnection charges.
 - 5.1.5 A consumer's supply may not be reconnected until such time as the consumers account is settled in full or with appropriate in terms of Section 7 including any reconnection/disconnection charges and interest that may have been accrued.
 - 5.1.6 Should a consumer fail to pay their account even once the service has been terminated, the credit control and debt collection policy must be implemented to recover the outstanding amount due.

6. Interest on arrears

- 6.1 Interest at the rate as determined by the municipality (normally one percent higher than the prime rate) in accordance with the Municipal Systems Act 32, 2000 will be charged on arrears on the day following the final date for payment as indicated on the account. For this purpose, part of a month will be treated as a full month. Interest rate determined as at end of April and may be adjusted at end of December annually.

7. Debtor arrangements

- 7.1 Extensions for payment will only be granted for
 - 7.1.1 administrative or calculation errors on accounts, however this is applicable to the disputed amount only and the undisputed amount must be paid in full
 - 7.1.2 the finalisation of a late estate; and

- 7.1.3 any other request for extension subject to the guideline laid down by this policy.
- 7.2 Extension will be handled on the merit of the case and the term of extension should be handled on merit in a fair, unbiased and practical manner. Relevant documentation may be required to substantiate the arrangement.
- 7.3 The municipal manager or his/her designate will use his/her discretion whether defaulting accountholders are allowed to make arrangements for the payment of arrears. Each defaulting accountholder shall be allowed a reasonable maximum period within which to pay an account in arrears, together with the interest accrued on such an account. A condition for such an arrangement shall be that the accountholder is bound to pay every current municipal account in full and on time during the period over which such an arrangement extends. If an accountholder breaches any material term of an arrangement, the balance of the arrear accounts, together with the balance of interest raised on such account, shall immediately become due and payable to the municipality. Moreover, if the accountholder defaults on such payment, the municipal manager or his/her designate shall terminate/restrict water and or electricity services to the property in question and shall forthwith institute legal action. An accountholder who has breached an arrangement as set out above shall not be allowed to make any further arrangements for the account(s) in arrears. Instead, after dispatching the initial notice of default as stipulated in the actions against defaulters and the failure by the accountholder to pay the accounts in arrears, including the interest raised on such an account, the defaulting accountholder shall be proceeded against as required in terms of such notice, as though such accountholder had breached a material term of an arrangement.

- 7.4 The following arrangements for the payment of accounts in arrears (for debt incurred before the policy) should be considered

- 7.4.1 If the overdue balance contains amounts which have been outstanding for longer than twelve months, there should be a $\frac{1}{12}$ amount of the total overdue balance that will be accepted as an initial payment. The municipal manager may decide on an arrangement to settle the balance in equal instalments. The maximum period is twelve months within the financial year.
- 7.4.2 If the overdue balance contains amounts which have been outstanding for less than twelve months, there should be a $\frac{1}{6}$ for 12 months, $\frac{1}{8}$ for 8 months of the total overdue balance that will be accepted as an initial payment. The balance should be settled in equal instalments over a maximum period of six months.
- 7.4.3 A debtor who, without notifying the municipal manager or his/her designate, fails to comply with any arrangements, is automatically excluded from the right to be considered for a further extension. The Municipal Manager or his/her designate is not obliged to notify the debtor of the failure.
- 7.4.4 If after continuation, the debtor again applies for arrangement, the municipal manager or his/her designate may consider this. However, if services have been discontinued or restricted, such further arrangement will exclude the continuation of the service until full payment has been received by the municipality.
- 7.4.5 **Alternative payment arrangements may be negotiated under set conditions, which the municipal manager or his/her designate may determine.

** Written confirmation of alternative payment arrangements will specify the due dates, the disconnection process, the reconnection processes, penalties, etc. The condition that any future monthly accounts are paid by the standard due date will be automatically included.

8. Unauthorised consumption of services

- 8.1 A debtor who reinstates his/her full water and electricity capacity will be regarded as illegal and unauthorised.
- 8.2 The connection will be removed at the owners cost and will not be reinstated until such time the full outstanding cost is paid to the municipality and the penalties, additional service connection, and consumer deposit will be levied in accordance with the municipality's tariff of charges and by-laws.
- 8.3 All current illegal connections will have five (5) working days to declare and legalise their connection from the date of the implementation of this policy.

- 8.4 After the period of five (5) working days, all users of illegal connection will be prosecuted.
- 8.5 The municipal manager shall, as soon as it comes to his notice that any terminated or restricted service has been irregularly reconnected or reinstated, report such action to the South African Police Service (to criminally prosecute), disconnect or restrict such service(s), and not terminate or reinstate such service(s) until the accounts in arrears, including the interest raised on such account, the charges for the notice sent and the charges for both the original and subsequent reconnection or reinstatement of the service(s) and the revised deposit have been paid in full, together with such penalty as may be determined by the municipality from time to time.

9. Action against non-payment or defaulters

- 9.1 As the accrual system is used to record income it requires that all income must be collected to finance expenditure. The principle is accepted that recurring income must finance recurring expenditure within the budget cycle of twelve months. The debtors turnover rate should not at any time exceed the national norm of forty two days.
- 9.2 Letter of demand
- 9.2.1 A Letter of Demand will be sent to every owner or consumer who is in arrears with his account with the municipality.
- 9.2.2 Where the consumer is not the owner of the property, the owner will be informed on the default of the consumer.
- 9.2.3 However, within seven (7) calendar days after each monthly due date for payment of municipal accounts for property rates and/or service charges, the municipal manager shall send out to every defaulting accountholder, that is, every accountholder who as at the date of the notice not paid the monthly account in full or has not made an acceptable arrangement with the municipal manager for partial or late payment, a notice stating that unless full payment is received or an acceptable arrangement made with the municipal manager for partial or late payment, the municipal water and electricity supply of the property to which the account in arrears relates, shall be terminated or restricted seven (7) calendar days after the date of the notice concerned. Disconnections/restrictions will not be effected on Friday to Sunday or any day on / before a Public Holiday.
- 9.3 Restriction/discontinuance of service
- 9.3.1 Water

- 9.3.1.1 Services will be restricted with immediate effect if payment arrangements are not adhered to. Alternative arrangements need to be in place. Should it be noted that consumption is registered after disconnection, the connection will be removed at the owners cost and will not be reinstated until such time the full outstanding cost is paid to the municipality including the additional service connection and consumer deposit required. There must be no political interference in the process being followed by the municipal manager in the collection of tariffs (Municipal Finance Management Act).
- 9.3.1.2 If the municipal manager is of the opinion that the restriction of water services, in the case of a particular property in respect of which the account is in arrears, is not in the best interest of the community – specifically because of the potential endangerment of the life of any person, whether a resident in or outside the property is concerned – he/she may appropriately restrict rather than terminate the water and electricity services in question, provided that such restricted services shall not exceed 6 kl per month in the case of water.
- 9.3.1.3 If a debtor's account is in arrears for more than 30 days, water and electricity will be restricted (or disconnected where appropriate) to the minimum level (where appropriate) as approved by municipality in the budget for the year.

9.3.2 Rates, Refuse Removal, Sewerage, and sundries

- 9.3.2.1 The municipality will institute legal action and take steps to attach or dispose of the applicable properties in lieu of outstanding rates and charges.

9.3.3 Land and rental instalments

- 9.3.3.1 The deed of a sale or a lease agreement will be cancelled and eviction orders will be obtained. Outstanding amounts will be recovered through legal action (defined in the deed of sale) and/or listing with the Information Trust Corporation (Credit Bureau).

9.4 Agents' attorneys and other collection agents

- 9.4.1 All external agents acting on behalf of a municipality are to be named together with their account details and contact information. Under no circumstances may agents negotiate terms, extend payment periods or accept cash on behalf of a municipality, unless specifically instructed in writing to do so. The liability for the cost of legal action and other credit control actions must, as far as is legally possible, be for the account of the debtor.

9.5 Legal action

- 9.5.1 The issuing of letter of demand to defaulters is the beginning of a legal process and payments for amounts outstanding can only be made to the municipality.
- 9.5.2 It is important that legal action be instituted against defaulters when the credit control section was unsuccessful with the collection process. The legal process (including judgement and execution of firstly moveable and thereafter immoveable assets) will be followed against defaulters who do not respond to letters of demand.
- 9.5.3 In any event, if water and electricity services have been terminated or restricted in the case of a property in respect of which the account is in arrears, and the accountholder has not paid such arrears, including the interest raised on such account, or made an acceptable arrangement with the municipal manager for the payment of the account in arrears, including the interest raised on such account, within a period of 28 (twenty eight) calendar days after the date of termination or restriction of the service(s) concerned, the municipal manager shall forthwith institute legal action.

9.6 Credit Bureau listings

- 9.6.1 The names of debtors in accordance with the municipality's records will, after court judgement, be automatically listed with credit bureaus simultaneously with the handing over of amounts for collection.

10. Realistic targets/performance management

- 10. In terms of the budget approved by the municipality, and in accordance with commonly accepted best practice, this municipality will have to strive to its utmost to ensure that payment levels for the present and future financial years, in respect of all amounts legitimately owed to the municipality – that is, inclusive of the balance of the monthly accounts payable by registered indigents – are maintained at a high level.

11. Consumer deposits

- 11. Deposits of defaulters may be adjusted or recalculated to cover at least two and a half times the estimated consumption. The minimum deposits required shall be approved with the tariff and charges annually. The deposits will be applied to defaulters and new owners.

12. Other debtors

12. Amounts due to the municipality for any other services rendered shall be due and payable when the service is rendered. Notwithstanding any disputes that may arise, the outstanding amounts will bear interest and all amounts outstanding after 90 days shall be handed over for collection.

13. Indigent households

13. Indigent households will be handled in terms of the municipality's indigent policy. Although the municipality has adopted an indigent policy, every consumer will be subject to conditions set in this policy and any bylaw that emerges from this policy.

14. Uncollectible arrears

14. The effective implementation of the present policy also implies a realistic review of the municipality's debtors' book on an ongoing basis. The municipal manager should regularly report to the municipal council on irrecoverable arrears written off by the Municipal Manager in consultation with Executive Mayor and Director : Financial Services taking in account prescription and economic benefit of such write off. All debts write off must be reported to Council at least quarterly and approved by the municipality to effect such write offs.

15. Writing off bad debts

15. Any debt written off must
 - 15.1 only be written off after all reasonable steps have been taken to recover the debt, in accordance with this policy, and the municipality is convinced that
 - 15.1.1 recovery of the debt would be uneconomical
 - 15.1.2 recovery would cause undue hardship to the debtor or his/her dependants; and
 - 15.1.3 it would be an advantage to the municipality to effect a settlement of its claim or to waive the claim
 - 15.2 be disclosed in the annual financial statements, indicating the policy in terms of which the debt was written off; and
 - 15.3 it must be noted that rates cannot be written off.

16. Approval of Building Plans

16. All outstanding debts of the erf which the application is for must be settled in full before the building plan can be approved.

17. Issuing of Rate Clearance Certificates

17. The following fees must be paid before a rates clearance certificate is issued :
 - 17.1 Valuation certificate
 - 17.2 Clearance certificate
 - 17.3 Availability fees for 4 months in advance
 - 17.4 Service fees for 4 months in advance, calculated on the consumption of the current account
 - 17.5 Property rates for the full financial year

18. General

This policy is to be applied by all officials in the Municipality.