

HIBISCUS COAST MUNICIPALITY

**CONSUMER CARE, CREDIT
CONTROL**

AND

DEBT COLLECTION POLICY

C110/03/2011 of 29 March 2011

PREAMBLE

WHEREAS section 96 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) requires a municipality to adopt, maintain and implement a credit control-, debt collection and consumer care policy;

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

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

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CONSUMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICIES

DEFINITIONS

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

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

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

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

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

“council” -the municipal council of the Municipality of Hibiscus Coast;

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

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

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

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

“interest” - a charge levied, with the same legal priority as service charges, on arrear amounts calculated at a standard rate equal to a interest rate which is one percent higher than the interest rate payable by council for bank overdrafts;

“municipality” - the institution that is responsible for the collection of funds and the provision of services to the consumers of ;

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

- (a) electricity consumption;
- (b) water consumption;
- (c) refuse removal;
- (d) sewerage services;
- (e) rates;
- (f) interest and/or surcharges;
- (g) housing rentals and instalments;
- (h) miscellaneous and sundry charges;

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

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

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

“owner” –

- (a) the person in whose name the property is legally vested;
- (b) in the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, usufructuary, servitude holder or any other legal representative;
- (c) in the case where the council are unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon;
- (d) in the case of a lease agreement in excess of 30 years was entered into, then the lessee;
- (e) regarding:
 - (i) a portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 van 1986), without limiting it to the developer or managing body to the communal property;
 - (ii) a portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a “sectional title, including the legally appointed representative of such person;
- (f) any legal entity including but not limited to :
 - (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust inter vivos, trust mortis causa, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984), and any voluntary organisation;
 - (ii) any provincial or national government department, local authority;
 - (iii) any council or management body established in terms of any legal framework applicable to the Republic of South Africa; and
 - (iv) any embassy or other foreign entity.

- (g) owned by a council and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and
- (h) owned by or under the control or management of a council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the immovable property;

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

GENERAL OBJECTIVES

2.(1) The objectives of this policy are to:-

- (a) provide a framework within which the municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- (b) ensure that all monies due and payable to the municipality are collected and used to deliver services in the best interests of the community, residents and consumers and in a financially sustainable manner;
- (c) provide a framework for consumer care and indigent support;
- (d) describe credit control measures and sequence of events;
- (e) outline debt collection and credit control procedures and mechanisms; and
- (f) set realistic targets for credit control and debt collection.

PRINCIPLES

- 3. (1) The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- (2) All consumers must complete an official application form, formally requesting the municipality to connect them to service supply lines.

The most important rights and obligations of the consumer and municipality must be included in the service application form.

- (3) A copy of the application form, conditions of services and extracts of the relevant council's consumer care, credit control and debt collection policy and by-laws must be handed to every consumer on request at such fees as may be prescribed by Council.
- (4) Billing is to be accurate, timeous and understandable.
- (5) The consumer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- (6) The consumer is entitled to efficient, effective and reasonable responses to enquiries and appeals, and should suffer no disadvantage during the processing of such requests.
- (7) Enforcement of payment must be prompt, consistent and effective.
- (8) Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- (9) Incentives and disincentives may be used in collection procedures.
- (10) The collection process must be cost-effective.
- (11) Results will be regularly and efficiently reported and monitored.
- (12) Application forms will be used to, *inter alia*, categorise consumers according to credit risk and to determine relevant levels of services and deposits required.
- (13) Targets for performance in both consumer service and debt collection will be set and pursued and remedies implemented for non-performance.
- (14) Where practically possible the debt collection and consumer care policies would be handled independently of each other and the organisational structure will reflect the separate functions.
- (15) Consumers that meet council's indigent criteria must be identified and supported.

DUTIES AND FUNCTIONS

Duties and Functions of Council

- 4.(1) To approve a budget consistent with Council's Integrated Development Plan.
- (2) To impose rates and service charges to finance the budget.
- (3) To facilitate sufficient funds to give access to basic services for the poor.
- (4) To provide for a bad debt provision, in line with the payment record of consumers as reflected in the financial statements of the municipality.
- (5) To set an improvement target for debt collection, in line with acceptable accounting ratios and resources available to the Municipal Manager.
- (6) To approve a reporting framework for consumer care, credit control and debt collection.
- (7) To consider and approve by-laws to give effect to the Council's policy.
- (8) To revise the budget should Council's targets for consumer care, credit control and debt collection not be met.
- (9) To take disciplinary and/or legal action against councillors, officials and agents who do not execute council policies and by-laws, or act improperly in terms of such policies and by-laws.
- (10) To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- (11) To delegate the required authorities to monitor and execute the consumer care, credit control and debt collection policy and by-law to the Executive Mayor and Municipal Manager.
- (12) To provide sufficient capacity in the Municipality's Financial Department for consumer care, credit control and debt collection. Alternatively to appoint a Service Provider, or debt collection agent.
- (13) To assist the Municipal Manager in the execution of his duties, if and when required.
- (14) To provide funds for the training of staff.

Duties and functions of Councillors

- (15) To hold regular ward meetings.
- (16) To adhere to and convey council policies to consumers and ratepayers.
- (17) To adhere to the Code of Conduct for Councillors.
- (18) To give inputs regarding indigent applications.

Duties and functions of Executive Committee

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

Duties and functions of the Municipal Manager

- (23) To implement good consumer care management systems.
- (24) To implement council's consumer care, credit control and debt collection policy.
- (25) To install and maintain appropriate accounting and credit control systems.
- (26) To bill consumers.
- (27) To demand payment on due dates.
- (28) To raise interest and collection fees for payment defaults.
- (29) To appropriate payments received.
- (30) To collect outstanding debt.
- (31) To provide different payment methods.
- (32) To determine consumer care, credit control and debt collection measures.
- (33) To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses,

attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.

- (34) To instruct attorneys to proceed with legal processes.
- (35) To set performance targets for staff.
- (36) To appoint staff to execute council's policy and by-laws in accordance with council's appointment policy.
- (37) To delegate certain functions to heads of departments.
- (38) To determine control procedures.
- (39) To monitor contracts with Service Providers in connection with credit control and debt collection.
- (40) To report to the Executive Mayor.

Duties and functions of communities, ratepayers and residents

- (41) To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- (42) To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality on or before due date.
- (43) To obtain a duplicate account at the municipal help desk if an account is not delivered during the normal billing cycle.
- (44) To notify the municipality when services are not longer required at a particular service delivery point and of address changes.
- (45) To safeguard and maintain service meters in a readable condition.
- (46) To observe the mechanisms and processes of the municipality in exercising their rights.
- (47) To allow municipal officials reasonable access to their property to execute municipal functions.
- (48) To comply with the by-laws and other legislation of the municipality.
- (49) To refrain from tampering with municipal services and property.
- (50) To maintain credit and pre-payment meters.

PERFORMANCE EVALUATION

- 5.(1) The municipal council in consultation with the municipal manager must establish a mechanism to set targets for debt collection, consumer care and administrative performance, evaluate performances and take

corrective actions on an regular basis to enhance credit control and debt collection.

Income Collection Targets

- (2) Council to create targets that include:
 - (a) Reduction in present monthly increase in debt in line with performance agreements determined by council from time to time.

Consumer Service Targets

- (3) Council to create targets that would include:
 - (a) Response time to consumer queries.
 - (b) Date of first account delivery to new consumers.
 - (c) Reconnection time lapse.
 - (d) Meter reading cycle.

Administrative Performance

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

REPORTING

- 6.(1) The Chief Financial Officer shall report monthly to the Municipal Manager and the Finance and Budget Portfolio Committee in a suitable format thereby reporting to the Executive Committee as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on:
 - (a) Cash collection statistics, showing high-level debt recovery information (numbers of consumers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.

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

CONSUMER CARE AND INDIGENT POLICY

Objective

- 7.(1) To focus on the client's need in a responsible and pro-active way, to enhance the payment for services and to create a positive and cooperative relationship between the persons responsible for the payment for services received, and the municipality, and where applicable, any service provider.

Communication

- (2) The municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control and debt collection.
- (3) Council's Consumer Care, Credit Control and Debt Collection Policy or relevant extracts thereof, will be available in Zulu and English, and will be made available by general publication and on specific request, and will also be available for perusal at Council's offices.
- (4) Council will endeavour to distribute a regular newsletter, which will give prominence to consumer care and debt issues.
- (5) Ward councillors will be required to hold regular ward meetings, at which consumer care and debt collection issues will be given prominence.

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

Metering

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

Accounts and billing

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

- (17) Settlement or due dates will be as indicated on the statement.
- (18) Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- (19) Where any payment made to the municipality or its authorised representative by negotiable instrument is later dishonoured by a bank, the municipality or its authorised agent:
 - (a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the consumer.
 - (b) Shall regard such an event as a default on payment.
 - (c) May insist on cash payments for all future accounts.
- (20) The municipality or its authorised agent must, if administratively possible, issue a duplicate account or any acceptable alternative to a consumer on request, at a cost determined by Council from time to time.

Payment facilities and methods

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

Incentives for prompt payment

- (25) During the budget process Council may, to encourage prompt payment and/or to reward regular payers, consider from time to time

incentives for the prompt payment of accounts or payment by debit or stop order.

- (26) The cost associated with the incentive scheme, if introduced, will be reflected in annual budgets as additional expenditure.

Enquiries, appeals and service complaints

- (27) Within its administration and financial ability the municipality will establish:

- (a) A central complaints/feedback office;
- (b) A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with consumers;
- (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- (d) A communication mechanism to give council feedback on the application of the policies on consumer care and management, credit control and debt collection and other issues of concern.

- (28) If a consumer is convinced that his or her account is inaccurate, he or she can lodge a query with the municipality for investigation of this account, and where necessary the relevant alterations.

- (29) In the interim the debtor must pay the average of the last three months accounts where such history of the account is available. Where no such history is available, the debtor must pay without prejudice of rights an estimate provided by the municipality before payment due date until the matter is resolved.

- (30) The relevant department will investigate and inform the debtor within one month of the outcome of the investigation.

- (31) Failure to make such agreed interim payment or payments will result in the consumer forming part of the normal credit control procedures.

- (32) A consumer may appeal against the finding of the municipality or its authorized agent in terms of 7(30).

- (33) An appeal in terms of 7(32) must be made and lodged with the municipality within 21 (twenty-one) days after the consumer became aware of the finding and must:

- (a) Set out the reasons for the appeal;

- (b) Pay any security determined for the testing of a measuring device, if applicable.
- (34) After the appeal has been investigated by the Chief Financial Officer it must be submitted with comments to the Executive Mayor for a final ruling where after the consumer must be informed.

Consumer assistance programmes

Rate rebates

- (35) Subject to certain criteria the municipal council may grant rate rebates annually to certain categories of ratepayers in accordance to the municipality's rates policy and by-law.

Arrangements for settlements

- (36) If required consumers with arrears must convert to a prepayment meter, and when implemented the cost of the conversion and the arrears total, will be paid off either by:
 - (a) adding the debt to the arrears bill and repaying it over the agreed period; or
 - (b) adding the debt as a surcharge to the prepaid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated.
- (37) Council reserves the right to raise the deposit requirement of debtors who seek arrangements.
- (38) The full amount of all rates outstanding will become due with immediate effect should any ratepayer's monthly instalments become overdue for more than three months.
- (39) All arrangements for settlements will be in accordance to the processes contained in an implementation manual compiled by the municipal manager from time to time in pursuance of the credit control and debt collection targets set by council.

Indigent subsidy

- (40) A basic level of services will be provided to qualifying households with a total gross income level which is below a determined amount, and according to further specified criteria as determined by Council from time to time.
- (41) Indigence subsidies will be funded from the equitable share contribution made from the national government's fiscus and as provided for in the municipal budget.
- (42) Subsidised services may include electricity, sewerage, refuse removal and assessment rates.
- (43) If a consumer's consumption or use of the municipal service is less than the subsidised service, the unused portion may not be accrued by the consumer and will not entitle the consumer to cash or a rebate in respect of the unused portion.
- (44) If a consumer's consumption or use of a municipal service is in excess of the subsidised service, the consumer will be obliged to pay for such excess consumption at the applicable service charges.
- (45) All consumers who qualify for an equitable share subsidy must agree to the installation of a prepaid electricity meter and will be placed on restricted service levels in order to limit further escalation of debt.
- (46) Where applicable, these consumers may be exonerated from a portion of their arrear debt.
- (47) Where a qualifying consumer's account is paid in full at the date of application, or regularly maintains a paid up account after receiving the subsidy, the restriction on service levels will be waived.
- (48) An indigent consumer must immediately request de-registration by the municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meet the criteria.
- (49) An indigent consumer may at any time request de-registration.
- (50) A list of indigent consumers will be maintained and may be made available to the general public.

Additional subsidy categories

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

Consumer Categories

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

Priority Consumer Management

- (54) Certain consumers will be classified as priority consumers based on criteria determined by the Municipal Manager from time to time, such as the number of properties owned or volume of consumption.
- (55) A Priority Consumer Liaison Officer or person nominated by the Municipal Manager will be responsible for the ongoing management of the consumers so classified and will perform tasks such as the review of monthly accounts to ensure accuracy, the monitoring of prompt settlement of accounts and response to queries.

CREDIT CONTROL POLICY

Specific Objective

- 8.(1) To implement procedures that will restrict the unauthorized use of municipal services, escalation of debt and limit municipality's risks.

Service application and agreements

- (1) All consumers of services will be required to sign an agreement governing the supply and cost of municipal services.

Only owners will be allowed to apply for services, they in turn will collect the due amount from their tenants. Applications will be approved subject to:-

- (a) The furnishing of a certified copy of his/her identity document (important for debt collection)
 - (b) The submission of a board resolution, if a business, delegating authority to the applicant and furnishing the business entity's registration number and the names of the business directors and copies of their identity documents.
- (2) All consumers shall pay a deposit as determined from time to time by Council and which may be increased by the Municipal Manager in the event of non payment. The adjustment amount will be determined by the debtor's municipal payment record.
- (3) Prior to signing these agreements, consumers will be entitled to receive the policy document of the Council on request at a cost determined by Council.
- (4) On the signing of the agreement, consumers can insist on a copy of the agreement for their records if required.
- (5) Accounts must be paid by the due date as shown on the account.
- (6) The account must warn of the possibility of disconnection if payment is not received by the due date. And if the payment is not received by the due date as shown on the monthly account, the supply will be disconnected.
- (7) Disconnections are done in the morning and all reconnections are done between 13:00 to 17:00. If a customer who was disconnected the previous day pays the next morning, reconnection will still only be done after 13.00. In cases of medical emergencies, reconnections are done as soon as possible.
- (8) If after hours, where a consumer has paid and been cut off, the Control Room must contact the service provider to verify that the consumer is indeed on the cut off list. After proof of payment has been provided the electrician will reconnect the service. This service is offered up to 19.00hrs and the consumer will be required to pay the after hours reconnection fee as per the municipality's Tariff of Charges list.

- (9) Consumers are responsible for all costs of collection and interest in the event of delayed and/or non payment.
- (10) Whenever a property is vacant or deemed to be vacant, and the meter records consumption, then the owner of the property is deemed to be liable for payment of such electricity consumed.
- (11) Existing consumers of services may be required to sign new agreements as determined by the Municipal Manager from time to time.
- (12) If a consumer fails or refuses to sign a new service agreement or pay the deposit stipulated in subsection 8(3) the municipality may discontinue services until the necessary agreement has been signed or deposit been paid.
- (13) The consumer will also be held accountable for services already provided, costs incurred and any other costs associated with the collection of service fees and cost incurred.
- (14) Pre-paid meters:- The installation of pre-paid meters should be encouraged but those debtors, whose electricity supply has been disconnected three times for non-payment, will be compelled to install a pre-paid meter at their own expense before the supply is reconnected.

Right of access to premises

- (15) The owner and or occupier of property is to allow an authorised representative of the municipality access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.
- (16) The owner is responsible for all the cost associated with the relocation of a meter if satisfactory access is not possible.
- (17) If a person fails to comply with the provisions set out in 8(10) the municipality or its authorised representative may:
 - (a) By written notice require such person to restore access at his/her own expense within a specified period;

- (b) If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

Enforcement Mechanisms

- (18) Interest can be raised as a charge on all accounts not paid by the due date.
- (19) Consumers who are in arrears with their municipal account and who have not made arrangements with the council will have their supply of electricity, and other municipal services, suspended, restricted or disconnected.
- (20) Council reserves the right to deny or restrict the sale of electricity to consumers who are in arrears with their rates or other municipal charges.
- (21) Upon the liquidation of arrears, the service will be reconnected as soon as conveniently possible.
- (22) The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the consumer.
- (23) The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council.

Theft and fraud

- (24) Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted. Fines, per the Municipality's Tariffs of Charges, will be imposed on the affected accounts.
- (25) The Municipal Manager will immediately terminate the supply of services to a consumer should such conduct as outlined above, be detected.
- (26) The total bill owing, including interest and collection fees, assessment of unauthorised consumption, discontinuation and reconnection fees,

and increased deposits as determined by the Municipal Manager, if applicable, will be due and payable before any reconnection can be sanctioned.

- (27) The Municipal Manager will maintain monitoring systems in order to identify consumers who are undertaking such illegal actions.
- (28) Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.

Consumer screening and securities

- (29) All applicants for municipal services will be checked for credit-worthiness including banking details and information from credit bureaus, other local authorities, trade creditors and employers. All costs associated with a credit worthiness check will be for the consumer's account.
- (30) Deposits will be required, and may vary according to the risk. A minimum deposit will be payable equal to the largest of two months average consumption or the amount determined by Council from time to time.
- (31) At the discretion of the municipal manager deposits can be increased to a maximum of three months average consumption when the account falls into arrears.
- (32) Deposits can vary according to the credit-worthiness or service or user category of the applicant.
- (33) The municipality will not pay any interest on deposits.
- (34) 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.

Persons and Business who tender to the Municipality

- (35) The Procurement Policy and Tender Conditions of the Municipality will include the following:
 - (a) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a

certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears;

- (b) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period;
- (c) A condition allowing the municipality to deduct any moneys owing to the municipality from contract payments.

Administration

- (31) (a) In the advent of an administration error, interest or penalties will be reversed relative to the error that occurred.
- (b) Where adjustments are made to accounts due to the objection/appeal process which increases the amounts due and need to be back dated to the relevant effective date, debtors will be given the opportunity to apply to pay these amounts over a period of three months before interest will be levied.

DEBT COLLECTION POLICY

Objective

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

Personal contact

- (2) Telephonic contact, agents calling on clients:
 - (a) Council will endeavour, within the constraints of affordability, to make personal, electronic or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigence subsidies, other related matters and will provide

information on how and where to access such arrangements or subsidies;

- (b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings may continue in the absence of such contact for whatever reason.

Legal Process/Use of attorneys/Use of credit bureaus

- (3) The Municipal Manager may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, disconnections, restrictions, summonses, judgements, garnishee orders and as last resort sales in execution of property.
- (4) The Municipal Manager will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.
- (5) Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding debtors.
- (6) Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.
- (7) All steps in the consumer care and credit control procedure will be recorded for Council's records and for the information of the debtor.
- (8) Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus.
- (9) Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters.
- (10) Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council.

- (11) Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding customer care, credit control and debt collection.

Rates clearance

- (12) On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges in connections with a property are paid by withholding a rates clearance certificate. The full annual amount will be requested except during the period when the new financial year's rate randage has not yet been set and therefore an estimated amount will be requested.

Cost of collection

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

The Pre-payment meter System

- (14) The municipality will use its pre-payment system to:
- (a) link the provision of electricity by the Municipality to a "pre-payment" system comprising, first, a pre-payment of electricity kWh and;
 - (b) raise and recover payments in respect of arrear municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewage;
 - (c) to enforce satisfactory arrangements with consumers in arrears by blocking access to prepayment meters.

Abandonment of Claims

- (15) The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt from arrear debtors.
- (16) Circumstances whereby a municipal council may validate the termination of debt collection procedures as contemplated in section 109(2) of the Act, are as follows:
- (a) The insolvency of the debtor, whose estate has insufficient funds;

- (b) A balance being too small to recover, for economic reasons considering the cost of recovery;
 - (c) Where a consumer or groups of consumers are unable to pay for services rendered.
- (17) The Municipal Manager must maintain audit trails in such instances and document the reasons for the abandonment of the actions or claims in respect of debts.

Adoption of Consumer Care, Credit Control and Debt Collection Policy (6/13/7)
(CFO0442011)

C110/03/2011

RESOLVED

1. THAT the recommendations submitted by the Executive Committee following the meeting held in the Council Chambers on 15 March 2011, regarding the review of Consumer Care, Credit Control and Debt Collection Policy, be and are hereby received and noted; and
2. THAT the Consumer Care, Credit Control and Debt Collection Policy, be and is hereby **adopted** for implementation.