

MTUBATUBA LOCAL MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

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1. DEFINITIONS

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

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

“**Authorized Representative**”, the person or institution 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;

“**Council**” the municipal council of the Municipality of Mtubatuba;

“**customer**” any occupier and/or owner 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;

“**defaulter**” a person 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;

“**interest**” a charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on arrear monies;

“**Municipality**” includes a municipality referred to in section 155 (6) of the Constitution; Mtubatuba Local Municipality.

“**municipal account**” an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;

“**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, refuse removal, 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” means the following:

- (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, or any other legal representative;
- (c) in the case where the council are unable to establish the identity of such person, the person who are 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 or 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.

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

2. PRINCIPLES

In the execution of its customer care, credit control and debt collection policy the municipality will apply the following principles:

- 2.1 The administrative integrity of the municipality will be maintained at all costs meaning that democratically elected councillors are responsible for the adoption of the policy, while the Municipal Manager must execute the policy;
- 2.2 All customers must complete an official application form;
- 2.3 Changes to legislation, by-laws and policies may require existing customers to complete new application forms;
- 2.4 A copy of the application form, conditions of services and extracts of the customer care, credit control and debt collection policy and by-law must be handed to every customer on request at such fees as may be prescribed;
- 2.5 Billing is to be accurate, timeous and understandable;
- 2.6 The customer is entitled to:
 - a) reasonable access to pay points;
 - b) a variety of reliable payment methods; and
 - c) an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of such an appeal.
- 2.7 Enforcement of payment must be prompt, consistent and effective;
- 2.8 Incentives and disincentives may be used in collection procedures;
- 2.9 The collection process must be cost-effective;
- 2.10 The Mayor must report the customer care, credit control and debt collection performance results, regularly and efficiently to Council;
- 2.11 Targets for performance in both customer services, credit control and debt collection will be set and pursued and remedies implemented for non-performance; and
- 2.12 Where practically possible customers care, credit control and debt collection should be handled independently and the organisational structure will reflect the separate functions.

3. DUTIES AND FUNCTIONS

The following duties and functions are assigned to the under mentioned role players relating to the management, control and implementation of customer care, credit collection and debt collection.

3.1 DUTIES AND FUNCTIONS OF COUNCIL

- a) To approve a budget consistent with the needs of communities, ratepayers and residents;
- b) To impose service charges, rates on property and other taxes, levies and duties to finance the budget;
- c) To source and provide sufficient funds to give access to basic services for the poor;
- d) To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality;
- e) To set improvement targets for customer care, credit control and debt collection, in line with acceptable standards and the ability of the implementing authority;
- f) To approve a reporting framework for customer care, credit control and debt collection;
- g) To consider and approve a by-law to give effect to the policy;
- h) To establish a supervisory authority to monitor the performance of the Municipal Manager regarding to customer care, credit control and debt collection;
- i) To revise the budget should the targets for customer care, credit control and debt collection not be met;
- j) To take disciplinary and/or legal action against councillors, officials and agents who do not execute the policy and by-law or act improperly in terms thereof;
- k) To delegate the required authorities to monitor and execute the customer care, credit control and debt collection policy to the Mayor, Municipal Manager and Service Providers respectively;
- l) To provide sufficient capacity in the Finance Directorate to execute customer care, credit control and debt collection or alternatively appoint service providers, or debt collection agents; and
- m) To provide funds for the training of staff.

3.2 DUTIES AND FUNCTIONS OF MAYOR

- a) To ensure that the budget, cash flow and targets for customer care, credit control and debt collection are met;
- b) To monitor the performance of the Municipal Manager in implementing the policy and by-law;
- c) To review and evaluate the policy and by-laws in order to improve the efficiency of customer care, credit control and debt collection procedures, mechanisms and processes; and

- d) To report to Council.

3.3 DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

- a) To implement a customer care management system;
- b) To implement the customer care, credit control and debt collection policy and by-law;
- c) To install and maintain an appropriate accounting system;
- d) To bill customers;
- e) To demand payment on due dates;
- f) To raise penalties for defaults;
- g) To appropriate payments received;
- h) To collect outstanding debt;
- i) To provide different payment methods;
- j) To determine customer care, credit control and debt collection measures;
- k) To determine relevant work procedures for, inter alia, public relations, reminders, final demands, arrangements, summonses, judgements and writing-off of debts;
- l) To instruct attorneys to proceed with the execution of judgements obtained;
- m) To set performance targets for staff;
- n) To appoint staff to execute the policy and by-law;
- o) To delegate certain functions to heads of departments;
- p) To determine control procedures;
- q) To monitor contracts with service providers in connection with credit control and debt collection; and
- r) To report to the Mayor.

3.4 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

- a) To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services;
- b) To pay service charges, rates on property and other taxes, levies and duties imposed by the municipality on or before the due date;
- c) To observe the mechanisms and processes of the municipality in exercising their rights;
- d) To allow municipal officials reasonable access to their property to execute municipal functions; and
- e) To comply with the policy and by-law and other legislation related to customer care, credit control and debt collection.

3.5 OTHER DUTIES AND FUNCTIONS OF COUNCILLORS

- a) To hold regular ward meetings;
- b) To adhere to and convey the policy and by-law to customers, residents and ratepayers; and
- c) To adhere to the Code of Conduct for Councillors.

4. REVENUE PERFORMANCE REPORTING

The municipal Council will create a mechanism wherein the following targets can be assessed and evaluated.

- 4.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable him/her to report to the Mayor as supervisory authority in terms of section 99 of the Act, read in conjunction with section 100(c).
- 4.2 This report contemplated in 4.1 above ought to incorporate the following elements:
 - a) The total debt analysis as at month-end;
 - b) Brought forward balances at month-end;
 - c) Indigent progressive growth;
 - d) Rand value indigent growth;
 - e) Number of indigent applications;
 - f) Cash flow improvement;
 - g) Arrangements made;
 - h) Cash receipts;
 - i) Cash received versus debits raised;
 - j) Attorneys brought forward balances;
 - k) Number of hand delivered final demands;
 - l) Number of posted final demands;
 - m) Summonses; and
 - n) Judgements issued.

- 4.3 Performance in all areas against targets agreed to in Annexure “B” of this policy document.
- 4.4 If the actual cash receipts do not match the budgeted income the Chief Financial Officer must report this with motivation to the Municipal Manager who will, if he agrees and the trend continuous, immediately move for a revision of the budget according to realistically realisable income levels.
- 4.5 The Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Act.

5. CUSTOMER CARE

5.1 COMMUNICATION AND FEEDBACK

- 5.1.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include revised targets for customer care.
- 5.1.2 The Credit Control and Debt Collection Policy or relevant extracts thereof, will be available in English at the municipal office, the official website and on special request.
- 5.1.3 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and related issues.
- 5.1.4 Ward councillors will be required to hold regular ward meetings, at which customer care and related issues will be given prominence.
- 5.1.5 The press will be encouraged to give prominence to customer care and related issues, and will be invited to Council or Committee meetings where these matters are discussed.

5.2 ENQUIRIES, APPEALS AND SERVICE COMPLAINTS

- 5.2.1 Within its financial and administrative capacity 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 customers;
 - c) appropriate training for officials dealing with the public to enhance communications and service delivery; and

- 5.2.2 A communication mechanism to give feedback on service, debt and customer care and related issues.
- 5.2.3 If a customer is convinced that his or her account is inaccurate, he or she can lodge a query with the municipality to investigate and adjust the account if found valid.
- 5.2.4 In the interim the debtor must pay an amount equal to the average of the last three month's account where such history of the account is available. **Where no such history is available the debtor is to pay an estimated bill provided by the Municipality before payment due date until the matter is resolved.**
- 5.2.5 Where no such history is available, the debtor must pay an estimated amount as calculated by the municipality until the matter is resolved.
- 5.2.6 The relevant department will investigate the query lodged in terms of section 6(22) and inform the debtor within the period specified in the policy targets.
- 5.2.7 Failure to make interim payments will subject the customer to the normal credit control and debt collection procedures.
- 5.2.8 A customer may appeal to the Municipal Manager against the finding of the municipality or its authorised agent **in terms of 6. (24).**
- 5.2.9 An appeal in terms of **section 6. (26)** must be made and lodged with the municipality within 21 (twenty-one) days after the notification of such finding has been received and must set out the reasons for the appeal.

5.3 ACCOUNTS

- 5.3.1 The Municipality will have accounts posted, or sent electronically if so registered, to all customers. In the case of multiple ownership, the account will be posted to any one owner.
- 5.3.2 Customers are required to update their information details with the Municipality.
- 5.3.3 Failure to respond to the Municipality's request for updated information may result in with-holding of services, disconnection of services or prosecution.
- 5.3.4 The Municipality may recover a rate annually, on application, from owners with five or more property rate accounts. Such application must reach the municipality on or before 30 April of each year and the annual rates account is to be paid by 31 October of each year.
- 5.3.5 The payment of rates shall not be affected by reason of an objection, appeal or non-compliance with the rates policy.
- 5.3.6 Failure to receive or accept accounts does not relieve a customer of the obligation to pay any amount due and payable. The onus is on the customer to make every effort to obtain a copy account, or establish the amount payable for payment.
- 5.3.7 The Municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request.
- 5.3.8 The Municipality may post annual rates assessment for record purposes.
- 5.3.9 With the exception of Government Accounts, assessment rates shall be billed on a monthly basis, and may only be billed annually by prior written agreement, subject to the Rates Policy of the Municipality.
- 5.3.10 Settlement or due dates will be as indicated on the statement.
- 5.3.11 Where any payment is made by a negotiable instrument and is later dishonoured by a bank, the municipality or its authorised agent:-
- a) may recover the bank charges related to the transaction against the account of the customer; and
 - b) Shall regard such an event as a default on a payment.

5.4 RESPONSIBILITY FOR AMOUNTS DUE

- 5.4.1 In terms of Section 118 (3) of the Act 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.
- 5.4.2 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.

- 5.4.3 The Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.
- 5.4.4 No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.
- 5.4.5 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.
- 5.4.6 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.
- 5.4.7 Refuse removal shall form part of the property debt, payable by the owner of the property.
- 5.4.8 Directors of Companies, members of Close Corporations and Trustees of Trusts shall sign personal surety ships with the Municipality when opening service accounts.
- 5.4.9 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.
- 5.4.10 The Municipality may recover the amount in whole or in part despite any contractual obligation to the contrary on the tenant/occupier/agent.
- 5.4.11 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.
- 5.4.12 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.
- 5.4.13 Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute.

5.5 PAYMENT OPTIONS

- 5.5.1 The Municipality will endeavour to establish a payment network to ensure that, wherever practically possible, customers in receipt of accounts have access to a payment site within a reasonable distance of their home.
- 5.5.2 The Municipality shall accept payment by negotiable instrument only under the following circumstances:
- a) Payment by cheques must be issued by the Bank, in ALL instances;

- b) Settlements or Final Accounts – The customer has the option of payment via a Bank cheque, Electronic Funds Transfer or Cash.
- c) Cheques will not be accepted in any other circumstance.

5.5.3 Where any payment made to the Municipality, or its authorised agent, or direct debit, is later dishonoured by the bank, the municipality or its authorised agent:

- a) will recover the average bank charges incurred relating to a dishonoured negotiable instrument against the account of the customer;
- b) may regard such an event as default on payment and the account shall be dealt with as an arrear account;
- c) reserves the right to take legal action on the negotiable instrument or for recovery of arrears.

5.5.4 Where the payment is made by debit/credit card, such payments are limited to R5000 per account per month. Payments made in excess of this value will result in an administration charge equivalent to the full charges being debited to the account.

5.5.5 The methods of payment shall be determined by the Chief Financial Officer from time to time.

5.5.6 Where a customer signs a Credit Authority with the Municipality, payment shall, as far as possible, only be accepted via a direct debit procedure.

5.6 FULL AND FINAL SETTLEMENT

5.6.1 Where the exact amount due and payable has not been paid in full, any lesser amount tendered and receipted, except when duly accepted in terms of delegation of power, shall not be in full and final settlement of such an account.

5.6.2 The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or receipted in full settlement.

5.6.3 The CFO or his delegate must be consulted on any settlement, out of court or otherwise, that have a financial implication.

5.7 CASH ALLOCATION

5.7.1 In accordance with section 102 of the Act, the Municipality may:

5.7.1.1 Consolidate any separate accounts of persons liable for payments to the municipality;

5.7.1.2 Credit a payment by such a person against ANY account of that person; and

5.7.1.3 Implement any of the debt collection and credit control measures provided for in this Policy in relation to any arrears on any of the accounts of such a person.

5.7.2 Any amounts paid may be appropriated to the oldest debt first subject to clause.

5.7.3 Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future rates and fees for municipal services, and no interest will be payable on that amount, subject to Section 55 of the Act .

5.7.4 The Municipality's allocation of payment is not negotiable and the customer may not choose which account to pay.

5.8 INTEREST AND ADMINISTRATIVE CHARGES

5.8.1 Interest charges are raised on arrears which appear on the accounts.

5.8.2 The interest rate is determined by the Chief Financial Officer and is reviewed from time to time.

5.8.3 Interest shall accrue 30 days from date of account on unpaid accounts. Interest shall accrue for each completed month in respect of any arrears remaining unpaid after 30 days of the account. A part of a month shall be deemed to be a completed month.

5.8.4 Payments on assessed/ estimated charges, where the final amount has not been determined but which would have been due and payable had the amount been determined, shall attract interest from the date when it would have been so due and payable, i.e. 30 days from date of account.

5.8.5 Interest may only be reversed under the following circumstances:

5.8.5.1 Exemptions as determined by this Policy from time to time;

5.8.5.2 If the Municipality has made an administrative error on the account; and

5.8.5.3 Where the Municipality approves such reversal from time to time.

5.8.6 An administrative charge as determined by a resolution of the Municipal Council shall be levied on arrear rates where the Municipality has instituted legal action by service of summons, to recover same.

5.8.7 With the consent of a customer the municipality may in terms of section 103 of the Systems Act, approach an employer to secure a debit or stop order arrangement.

5.8.8 The customer will acknowledge, in the customer agreement, if he/she uses agents to transmit payments to the municipality he/she is responsible for late and non-payments.

6. PRIORITY CUSTOMER MANAGEMENT

- 6.1 Certain customers will be classified as **priority customers** based on criteria determined by the Municipal Manager.
- 6.2 A priority customer liaison officer may be appointed to take care of priority customers.
- 6.3 The envisaged priority customer liaison officer will be responsible for the on-going management of the customers 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.

7. CUSTOMER ASSISTANCE PROGRAMMES

7.1 RATE REBATES

Categories of property or owners may qualify for exemptions, rebates and reductions of rates as determined in the municipality's property rates policy.

7.2 ARRANGEMENTS FOR SETTLEMENTS

Where an arrangement is made outside of the conditions of payment as set out in Annexure "A", such payments will be accepted, subject to the normal credit control and debt collection procedures.

7.3 RATES BY INSTALMENTS

7.3.1 Customers may elect to pay their property rates account monthly, at no interest cost on the condition that there are no rates outstanding in respect of a previous period and that the rates are paid in full prior to the next rates cycle; and

7.3.2 Any arrangement for monthly rate instalments will be cancelled and all rates will become payable in full with immediate effect should any three instalments become overdue.

7.4 INDIGENT SUBSIDY

Customers may apply for an indigent subsidy on the conditions as stipulated in the municipality's Indigent Policy.

7.5 FREE BASIC SERVICES

Council may provide, free of charge to a customer, certain basic levels of services, as determined from time to time.

8. CREDIT CONTROL

8.1 SERVICE APPLICATION AND AGREEMENTS

8.1.1 All customers of services will be required to sign an agreement governing the supply and cost of municipal services.

8.1.2 All municipal services must be registered for by the owners or his authorised of the establishment including authorised tenants, and all obligations to municipal services will be recoverable directly from owners.

8.1.3 Prior to signing these agreements, customers will be entitled to receive the policy document of the municipality on request at a cost determined by Council.

8.1.4 On the signing of the agreement, customers will receive a copy of the agreement for their records.

8.1.5 Customers are responsible for costs of collection, interest and penalties in the event of delayed and/or non- payment.

8.2 PERSONAL CONTACT

8.2.1 Within the constraints of affordability Council will endeavour to notify customers of their arrears by telephonic contact, written letters and delivery of final demand notices;

8.2.2 During the contact customers will be informed of their rights and obligations in terms of the customer care, credit control and debt collection policy including making arrangements and applying for indigent support; and

8.2.3 Such contact is not a right and collection proceedings may continue in the absence of such contact.

8.3 RATES CLEARANCE

On the sale of any property in the municipal jurisdiction, the municipality will withhold the transfer until all rates, services and consumption charges are paid by withholding a rates clearance certificate as contemplated in section 118 of the Systems Act.

8.4 INCENTIVES FOR PROMPT PAYMENT

8.4.1 To encourage prompt payment and/or to reward regular payers the municipality may consider incentives for the prompt payment of accounts or payment by debit or stop orders.

8.4.2 If introduced such an incentive scheme will be reflected in the operating budget as an additional expenditure.

8.5 INTEREST

Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.

9. DEBT COLLECTION

9.1 LEGAL PROCESS/USE OF ATTORNEYS/USE OF CREDIT BUREAUS

9.1.1 The municipality may, when all other credit control actions have been exhausted, commence legal process against debtors which process could involve summonses and judgements;

9.1.2 The municipality will exercise strict control over this process, and will require regular reports on progress from service providers;

9.1.3 The municipality will establish procedures and codes of conduct with these outside parties;

9.1.4 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the municipality's system of debt collection;

- 9.1.5 All steps in credit control and debt collection procedures will be recorded for the municipality's records and for the information of the debtor;
- 9.1.6 Individual debtor account information is protected and not the subject of public information;
- 9.1.7 The municipality may release debtor information to credit bureaus;
- 9.1.8 The municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness;
- 9.1.9 The municipality may consider the use of agents as service providers and innovative debt collection methods and products;
- 9.1.10 Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct; and
- 9.1.11 Any agreement concluded with an agent, service provider or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute a breach of the contract.

9.2 **COST OF COLLECTION**

All costs associated with credit control and debt collection including interest, penalties, service discontinuation costs and legal costs are for the account of the debtor and should reflect at least the cost of the particular action.

9.3 **ABANDONMENT OF CLAIMS**

- 9.3.1 The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt.
- 9.3.2 The valid termination of debt collection procedures as contemplated in section 109(2) of the Systems Act, may be considered under the following circumstances:-
 - 9.3.2.1 the insolvency of the debtor, whose estate has insufficient funds;
 - 9.3.2.2 The debtor is deceased and his/her estate has insufficient funds settle the debt and/ or remaining property dwellers are registered indigent.
 - 9.3.2.3 a balance being too small to recover, for economic reasons, considering the cost of recovery;
 - 9.3.2.4 Debtors considered to be irrecoverable after all possible collections avenues have been exhausted;
 - 9.3.2.5 where the municipality deems that a customer or group of customers are unable to pay for services rendered; and

9.3.2.6 Debtors who have been identified as indigent.

9.3.3 The municipality must maintain audit trails in such instances, and document the reasons for the abandonment of the actions or claims in respect of the debt.

ANNEXURE "A"**10. CUSTOMER PAYMENT ARRANGEMENT**

If a customer cannot pay his/her account with the municipality then the municipality may enter into an extended term of payment with the customer according to the applicable category of the customer. ***The customer must:***

- 10.1 Sign an acknowledgement of debt;
- 10.2 Sign a consent to judgement;
- 10.3 Provide a garnishee order/emolument order/stop order (if he or she is in employment);
- 10.4 Acknowledge that interest could be charged at the prescribed rate;
- 10.5 Pay the current portion of the account;
- 10.6 Sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible and the debt is payable immediately; and
- 10.7 Acknowledge liability of all costs incurred.

ANNEXURE "B"**11. INCOME COLLECTION TARGETS****11.1 PAYMENT LEVEL ON CURRENT ACCOUNTS**

- (i) Increase payment level by **5%** every 3 months to at least reach **98%** payment level for all customers who can afford to pay;

11.2 RECOVERY OF ARREARS DOMESTIC CUSTOMERS;

- (ii) To collect all arrears over a maximum period of **three years**;
- (iii) To achieve this goal the level of recovery should be:

Within -06 months	-	20%
12 months	-	20%
18 months	-	20%
24 months	-	30%
36 months	-	10%

11.3 RECOVERY OF ARREARS – (Business, Government and Sport Club)

- (i) To collect all arrears over a maximum period of **two years**, except for those specific categories where the period is extended to three years.
- (ii) To achieve this goal the level of recovery should be:

Within -	06 months	-	40%
	12 months	-	30%
	18 months	-	20%
	24 months	-	10%

12. CUSTOMER SERVICE TARGETS

- (i) Response time to customer queries: - Initial response within 10 working days.
- (ii) Resolution of Queries: - 30 working days to resolve queries and appeals.
- (iii) Date of first account delivery of new customers:- By second billing cycle after date of application or occupation.

13. ADMINISTRATIVE PERFORMANCE TARGETS

13.1 COST EFFICIENCY OF DEBT COLLECTION:

- a) Cost of collection not to exceed the capital debt amount;
- b) All reasonable steps to be taken to limit cost to Council or the customer;
- c) Cost of collection is to be recovered from the defaulting customers;
- d) Total cost of collection to be recovered by means of applicable credit control tariffs.

13.2 ENFORCEMENT MECHANISM RATIOS:

- a) 95% of total number of arrear customers being successfully notified.



14. CATEGORIES OF DEBTORS

ANNEXURE "C"

The municipality may choose to apply the following payment arrangement table for each category of customers from time to time.

14.1 DOMESTIC CUSTOMERS

DEBT	MINIMUM PAYMENT REQUIRED FOR ARREARS
R1,00 to R2 500,00	10% of outstanding debt plus the cost of the credit control actions. The balance over maximum 12 months or apply section 9.2 table of arrears recovery.
R2 501,00 to R5 000,00	10% of outstanding R2 500,00 5% over R2 500, 00 plus the cost of the credit control actions. The balance of the outstanding amount over maximum 18 months or apply section 9.2 table of arrears recovery.
R5 000,00 and more	10% of the first R2 500,00 outstanding 5% of the second R 2 500,00 outstanding 2, 5% above R5 000, 00 outstanding plus the cost of the credit control actions. The balance of the outstanding amount over maximum 24 months or apply section 9.2 table of arrears recovery.

In all cases deposit to be increased to **three times** the average monthly services tariffs or a minimum as determined annually and published in the tariff list.

14.2 BUSINESS

	PAYMENT OF ARREARS
1 st default in any twelve month cycle:	25% of outstanding amount plus current account. Balance over maximum of 3 months or apply section 9.3 table of arrears recovery. Deposit adjusted to 3 months service charges.
2 nd default in any twelve month cycle:	Full outstanding plus current account. No arrangements. Deposit adjusted to 3 months service charges.
3 rd default in any twelve month cycle:	Deposit adjusted to 3 months service charges. Weekly cash payments based and contribution to increased deposit.

14.3 GOVERNMENT DEPARTMENTS (SCHOOLS/ HOSPITALS ETC.)

	PAYMENT OF ARREARS
1 st default in any twelve month cycle:	3 weeks' notice – no arrangements. Deposit adjusted to 3 months service charges.
2 nd default in any twelve month cycle:	2 weeks' notice – no arrangements. Deposit adjusted to 3 months service charges.
3 rd default in any twelve month cycle:	48 hour notice. Deposit adjusted to 3 months service charges.

14.4 SPORTS CLUB

DEBT	PAYMENT OF ARREARS
All sporting codes	10% of outstanding amount plus current account balance over 12 months or apply section 9.3 table of arrears recovery.

14.5 OLD AGE ANDPENSIONERS

DEBT	PAYMENT OF ARREARS
R1,00 to R2 500,00	5% of outstanding debt plus the cost of the credit control actions. The balance over maximum 18 months or apply section 9.2 table of arrears recovery.
R2 501,00 to R5 000,00	5% of outstanding R2 500,00 3% over R2 500, 00 plus the cost of the credit control actions. The balance of the outstanding amount over maximum 24 months or apply section 9.2 table of arrears recovery.
R5 000,00 and more	5% of the first R2 500,00 outstanding 3% above R2 500, 00 outstanding plus the cost of the credit control actions. The balance of the outstanding amount over maximum 36 months or apply section 9.2 table of arrears recovery.

Arrangements for this category of debtor will be free of interest, should the payment arrangement be maintained regularly.

14.6 CUSTOMER UNDER ADMINISTRATION

Where a person has been placed under administration the following procedures will be followed:

- a) The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend;
- b) The administrator is to open a new account on behalf of the debtor, with a new deposit – No account is to be opened/operated in the debtor's name as the debtor is not entitled to accumulate debt (refer section 74S of the Magistrates Courts Act 32 of 1944);and
- c) Should there be any default on the current account – the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.