

AGANANG LOCAL MUNICIPALITY



Credit Control and Debt Collection Policy

1. PREAMBLE

Whereas Section 96(a) of the Local Government: Municipal Systems Act, No 32 of 2000 (hereinafter referred to as the “Systems Act”), obliges Aganang Municipality (hereinafter referred to as “ALM”) to collect all money that is due and payable to it, subject to the provisions of that Act and any other applicable legislation;

And whereas Section 96(b) of the Systems Act requires the ALM to adopt, maintain and implement a credit control and debt collection policy, which is consistent with its rates and tariff policies and complies with the provisions of the Act;

And whereas Section 97(1) of the Systems Act stipulates what a credit control and debt collection policy must provide for;

Now therefore the following is adopted as the Credit Control and Debt Collection Policy of ALM (hereinafter referred to as “this Policy) as set out hereunder.

2. DEFINITIONS AND APPLICATION:

The following words shall have the meanings hereby assigned to them-

2.1 “collection charges” means collection charges which may be recovered by ALM in terms of the Local Government Laws Amendment Act, 2002;

2.2 “law” includes a by-law;

2.3 “rateable property” means property on which ALM is empowered to impose rates.

(2.4) “special cases” means indigent as refer to in the Systems Act.

2.5 “ALM” means Aganang Local Municipality

2.6 “Water authority” means a Municipality which has powers over water service provision within its area of operation.

2.7 “Water service provider” means a Municipality which has delegated authority to provide water in its area of operation.

2.8 “Cutoff date” means the 25th day of every month.

2.9 “rates” means

(a) Fees surcharges on fees, charges and tariffs in respect of the provision of water, refuse removal, sewerage and the removal and purification of sewerage, electricity (hereinafter referred to collectively as “services”) in cases where ALM is responsible for the rendering of accounts in relation to any one or more of the services and for the recovery of amounts due and payable in

respect thereof, irrespective of whether the services, or any of them, are provided by ALM itself or by a service provider with which it has contracted to provide a service on its behalf;

(b) interest which has or will accrue in respect of any money due and payable or which will become due and payable to ALM in regard to rates or services;

(c) collection charges.

(d) Rental Charges

(e) Any other amounts which are charged by the municipality

3. PURPOSE

The purposes of this policy are to –

3.1 ensure that all money due and payable to ALM in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly;

3.2 provide for credit control procedures and mechanisms and debt collection procedures and mechanisms;

3.3 provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and also the estimates of income set in the annual budget of ALM less an acceptable provision for bad debts;

3.4 provide for interest on overdue amounts;

3.5 provide for collection charges on the payment of any overdue amount;

3.6 provide for extension of time for the payment of overdue amounts;

3.7 provide for the termination of services or for restrictions on the provision of services when payments are overdue;

3.8 provide for matters relating to the unauthorized consumption of services, theft and damages.

4. APPLICATION

-This Policy shall also apply in respect of services provided through pre-paid meters and in respect of money due and payable to ALM.

4. IMPLEMENTATION

4.1 This policy shall be implemented by those officials whose duties relate to the rendering of accounts and the collection of money due and payable to ALM in respect of rates and services, and who have contact with members of the public in relation to payments to the ALM for rates and services (hereinafter referred to as Designated Officials).

5. RESPONSIBILITY FOR CREDIT CONTROL

5.1 The ALM Mayor shall as supervisory authority:

- (a) Oversee and monitor the implementation and enforcement of the this credit policy and any by-laws enacted, and
- (b) the performance of the Municipal Manager in implementing the policy and any by-laws.
- (c) When necessary, evaluate, review or adapt the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedure, and
- (d) Report quarterly to a meeting of the Council.

5.2 The Municipal Manager shall as implementing authority:

- (a) Implement and enforce this policy and any by-laws enacted in terms of the Municipal Systems Act:

5.3 In accordance with this policy and any such by-laws establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the ALM, and report the prescribed particulars monthly to a meeting of the supervising authority.

6. CODE OF ETHICS

6.1 All Municipal officials shall embrace the spirit of **Batho Pele** and treat all debtors with dignity and respect at all times. Employees shall execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance with the Access to Information Act.

7. CUSTOMER REGISTRATION

Municipality shall ensure that the registration of new and existing customers is efficiently performed in regard to the following:

7.1 New customer registrations must be correctly administered.

7.2 Full and concise details must be provided.

7.3 Certified copies of identity documents, company registration and resolutions are necessary for registration purposes and are used to determine, at the time of application, whether:

7.3.1 Other accounts are currently held and;

7.3.2 Debts are still outstanding on previous accounts.

7.4 The Municipality shall verify through its billing system that the prospective account holder/owner/spouse does not have an outstanding account in respect of another property. Should there already be an arrear account, this account will have to be settled.

8. ACCOUNTS

The Municipality shall;

8.1 Consolidate any separate accounts of debtors liable for payments to the municipality,

8.2 Credit any payment by such a debtor against any account of that debtor, and

8.3 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 debtor.

9. ACCOUNT ADMINISTRATION

9.1 Municipality shall ensure;

9.1.1 Accurate metering of consumption at fixed interval with the minimum delay between service connection and first and subsequent billing.

9.1.2 Where no reading can be obtained, interim readings (estimations) will be charged.

9.1.3 Accurate up-to-date customer information.

9.1.4 Accurate monthly billing with the application of appropriate correct tariffs and service charges.

9.1.5 Ensuring the timely dispatch of accounts.

9.1.6 Adequate provision and the efficient operation of pay facilities throughout the Municipality

9.1.7 Arrangements with third party institutions to accept payments on behalf of the Municipality, and ensure that payments are reflected on the account is vested with the debtor.

9.1.8 Appropriate hours of business to facilitate account payments.

9.2 Although the Municipality must render an account for the amount due by a debtor, failure thereof shall not relieve a debtor of the obligation to pay this amount.

10. ACTIONS TO SECURE PAYMENT

10.1 The Municipality or its duly appointed agents may, in addition to the normal civil legal procedures to secure payment of accounts that are in arrears, take the following action to secure payment for municipal rates and services:

10.1.1 Termination or restriction of the provisions of services:

And

10.1.2 Allocating a portion of payments or pre-payments to service charges arrears or future charges
Credit control will commence from the conclusion of the consumer agreement.

10.2 Credit control methods shall include, inter alia, the following:

10.2.1 Monthly Statements (1)

10.2.2 Statement Messages

10.2.3 Letters of reminder

10.2.4 Final Notices

10.2.5 Termination or Restriction of Service

10.2.6 Letter of Demand

10.2.7 Legal Action

11. INTEREST CHARGES

Interest will be charged on all overdue accounts at the prevailing prime rate.

12. INDIGENT DEBTORS

No interest will be charged on Market stall because all market stall occupants are regarded as indigents because their monthly income derived from utilizing the stall is less than R 3,000.00.

If a Market Stall occupant defaults on payment for a period of 120 days plus, the steps as outlined in the relevant contract will be followed to terminate the lease.

12. COST TO REMIND DEBTORS OF ARREARS

For any action taken in requesting payment from the debtor or reminding the debtor, letter or otherwise, that his/her payments are due, an administrative fee may be levied against the account of the debtor in terms of Municipal's tariff policy.

13. COST FOR TERMINATION OF SERVICES

Where any service is terminated as a result of non-compliance with this policy by the debtor, the Municipality shall be entitled to levy and recover the standard credit control fees as determined by from time to time, from the occupier/owner of the premises where the services were levied.

14. POWER TO RESTRICT OR TERMINATE SUPPLY OF SERVICES

14.1 The Municipality shall restrict or terminate the supply of water and electricity or discontinue any other service to any premises whenever a user of any service,

14.1.1 Fails to make full payment on the due date or fails to make acceptable arrangements for the repayment of any amount for services rates or taxes or other amounts due;

14.1.2 fails to comply with a condition of supply determined by the Municipality.

14.1.3 obstructs the efficient supply of electricity, water or any other municipal services to another customer;

14.1.4 Supplies such municipal service to a customer who is not entitled thereto or permits such service to continue;

14.1.5 Causes a situation which in the opinion of the Municipality is dangerous or a contravention of relevant legislation;

14.1.6 Is placed under provisional sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act no 24 of 1936; and

14.1.7 If an administration order is granted in terms of section 74 of the Magistrate court Act, 1944 (Act 32 of 1944) in respect of such user.

14.2 The Municipality shall reconnect and/or restore full levels of supply of any of the restricted or discontinued services only after the full amount outstanding and due, including the costs of such disconnection and reconnection, if any, have been paid in full, or acceptable arrangements have been made for payment of such outstanding amounts in terms of paragraph 16 below, or any other condition or conditions of this credit policy have been complied with.

14.3 The right to restrict, disconnect or terminate service due to nonpayment shall be in respect of any service rendered by the ALM and shall prevail notwithstanding the fact that payment has been made in respect of any specific service and shall prevail notwithstanding the fact that the person who entered into agreement for supply of services with the ALM and the owner are different entities or parties, as the case may be.

15. RECONNECTION OF SERVICES

15.1 The Designated Official shall authorize the reconnection of services or reinstatement of service delivery after satisfactory payment and/or arrangement for payment has been made according to clause 16 of the policy.

16. FULL AND FINAL SETTLEMENT OF AN ACCOUNT

16.1 The ALM shall be at liberty to appropriate monies received in respect of any of its debt at its sole discretion.

16.2 Where a special rebate by council is granted, the settlement amount shall be a total due less the rebated amount.

16.3 Procedures in respect of water will be applied according to the water service provider

17. ARRANGEMENTS TO PAY ARREARS

17.1 A debtor may enter into a written agreement with the ALM to repay any over due amount to the ALM under the following conditions:

17.1.1 The outstanding balance, costs and any interest thereon shall be paid in accordance with the signed agreement and;

17.1.2 The current monthly amount must be paid in full on or before due date and;

17.1.3 The written agreement has to be signed on behalf of the ALM by a duly authorized official.

17.1.4 Should any dispute arise as to the amount owing, the debtor will continue to make regular payments, based on the average charges for the preceding three months prior to the dispute, plus interest.

18. INTEREST ON ARRANGEMENTS

Once an agreement has been concluded the amount in arrears will be reflected as current and no further interest will be added. In the event of default, interest will again be levied from date of default.

19. AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS

19.1 The ALM shall compile a list of all external agents acting on its behalf which list shall *inter alia* contain their names, details and contact information. All such agents shall be supplied with a copy of the credit control measures.

19.2 Clear instructions to agents and other arrangements must be given for the customer's benefit. Under no circumstances may agents negotiate terms, extend payment periods or accept cash on behalf of the ALM, unless specifically instructed in writing to do so. The agent, on request of the debtor, must produce this instruction.

19.3 The cost to the ALM and to the debtor must be detailed for each stage of the credit control measures and for all possible actions. The liability for the costs of legal action and other credit control actions will be for the account of the debtor where appropriate.

19.4 All officials and councilors who owe the municipality must sign the agreement that their debts should be levied against their salaries.

20. LEGAL FEES

All legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears shall be levied against the arrears account of the debtor and/or recovered directly by the duly appointed agent.

21. FRAUD, TAMPERING AND OTHER CRIMINAL ACTIVITY

The ALM shall at its discretion be entitled to withhold the supply water or electricity to a debtor who is found guilty of fraud, theft or any other criminal action relating to the supply of water and electricity, or if it is evident that fraud, theft or any other criminal action has occurred relating to such supply, until the total costs, penalties, other fees, tariffs and rates due to the ALM have been paid in full.

22. CREDIT CONTROL AND DEBT COLLECTION PROCEDURES FOR WATER AND OUTSTANDING AMOUNTS.

Where debtors fail to pay their water and electricity account on/or before the due date as indicated on the statement.

22.1 Final demands/statements may be delivered or posted after the due date. The final notice/statement will advise that the client may arrange to pay the outstanding balance in terms of clause 16. The final notice/statement shall constitute a final notice and failure to settle the account on the due date will lead to disconnection of services at any date thereafter, without further notice.

22.2 An acknowledgement of debt must be completed and all arrangements for paying off arrear accounts must comply with. Copies must be handed to the debtor.

22.3 Debit orders/stop orders shall be completed for the monthly repayment of the agreed amount. If the arrangement is dishonored, the full balance will immediately become payable.

22.4 Only account holders with positive proof of identity or an authorized agent with a Power of Attorney shall be allowed to complete an acknowledgement of Debt.

22.5 Where cheques are dishonored after an arrangement has been made the full balance will immediately become payable. Electricity and/or water supply to such clients will immediately be disconnected without notice until the full amount is paid in cash, per bank cheque, credit card or debit card at municipality.

22.6 No person shall be allowed to enter into a second agreement if the first agreement was dishonored, except in merit cases.

22.7 Merit cases, where special circumstances prevail, must be treated individually and could amongst others include the following categories:

22.7.1 Deceased estates

22.7.2 Liquidated companies

22.7.3 Private persons under administration

22.7.4 Outstanding enquiries on accounts, for example, misallocated payments, water leaks, journals, incorrect levies, etc.

22.7.5 Pensioners

22.7.6 Any other case not mentioned which can be regarded as merit cases due to the circumstances pertaining to such case.

22.8 Payment of arrears in respect of merit cases shall not exceed 6 months

22.9 When disconnection of electricity and/or water supply takes place due to non-payment, the debtor will be required to provide additional security to the satisfaction of the designated official.

22.10 Where the consumer has not entered into a service agreement with the ALM, water and/or electricity may be disconnected until such time as a service agreement has been signed, the applicable deposits paid, the account billed to date of occupation and arrears paid in full.

22.11 Where services are illegally restored criminal action shall be taken.

22.12 Where water and electricity amounts are not paid on or before the due date, without response, services will be terminated, deposits will be appropriated, securities will be applied and accounts will be handed over for legal action. In such an event, the relevant debtors will have to make further arrangements at the attorneys for payment of the arrear amounts. The current monthly accounts must be paid directly to the ALM.

22.13 An account handed over for collection may be withdrawn at the ALM's discretion.

22.14 After installation of a prepaid meter, water and/or electricity will not be sold to debtors, unless an agreement for the arrears has been concluded.

22.15 Where applicable, the provisions of clause 16 above shall apply *mutatis mutandis* to clause 21.

23. REVIEW

This policy shall be reviewed as and when there is a need to review it