



Phokwane Municipality

CREDIT CONTROL AND DEBT COLLECTION POLICY 2015-2016

CREDIT CONTROL AND DEBT COLLECTION POLICY

P R E A M B L E

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 and debt collection 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 Phokwane adopts the policies as set out in this document.

TABLE OF CONTENTS

| | | |
|-----|--------------------------------------------------------------|----|
| 1. | DEFINITIONS | 4 |
| 2. | OBJECTIVE OF POLICY | 8 |
| 3. | APPLICATION OF POLICY | 9 |
| 4. | RESPONSIBILITY/ACCOUNTABILITY FOR CREDIT CONTROL AND DEBTORS | 10 |
| 4.1 | Responsibilities of Council | 10 |
| 4.2 | Responsibilities of the Mayor | 11 |
| 4.3 | Responsibilities of the Municipal Manager | 12 |
| 4.4 | Responsibilities of communities, ratepayers and residents | 13 |
| 4.5 | Responsibilities of ward councillors | 13 |
| 5. | CREDIT CONTROL AND DEBT COLLECTION PRINCIPLES | 13 |
| 6. | ACCOUNT ADMINISTRATION | 15 |
| 6.1 | Metering | 15 |
| 6.2 | Accounts | 16 |
| 6.3 | Rates | |
| 6.4 | Payment facilities and methods | 17 |
| 6.5 | Queries, complaints and appeals in respect of an account | 17 |
| 6.6 | Actions to secure payment | 18 |
| 6.7 | Arrear accounts | 18 |
| 6.8 | Agreement for the payment of arrears in instalments | 20 |
| 6.9 | Dispute as to amount owing | 21 |
| 7. | POWER TO RESTRICT OR TERMINATE SUPPLY OF MUNICIPAL SERVICES | 22 |
| 8. | RECONNECTION OF MUNICIPAL SERVICES | 24 |
| 9. | COST FOR THE TERMINATION OF MUNICIPAL SERVICES | 24 |
| 10. | AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS | 24 |
| 11. | DEBTORS OTHER THAN CONSUMER DEBTORS | 25 |
| 12. | WRITING OFF OF BAD DEBTS | 26 |

1. DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise –

“Act” means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time;

“Authorised Officer” means any official of the Council who has been authorised by it to administer, implement and enforce the provisions of this policy;

“billing” means formal notification by means of a statement of account to persons liable for payments of amounts levied for assessment rates and other taxes by the municipality and the charges of fees for municipal services, indicating the net accumulated balance of the account;

“by-law” means a by-law adopted by the Council;

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

“Collection charges” means collection charges which may be recovered by the Council in terms of section 75A of the Act, and includes the cost –

- (a) To remind debtors of arrears;
- (b) For the termination and reconnection of services; and
- (c) All legal costs, including attorney and own client costs incurred in the recovery of arrear amounts;

“consumer/customer” means 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” means –

- (a) The Council of the Phokwane Local Municipality;
- (b) Its successor in title; or
- (c) A structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Act; or
- (d) A service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the Act, or any other by-law, as the case may be;

“Credit control and debt collection” means the functions relating to the collection of all money that is due and payable to the municipality;

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

“Arrangements” means a formal agreement entered into between the Council and a debtor where specific repayment parameters are agreed to.

“interest” means 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 (1) percent higher than the interest rate payable by council for bank overdrafts;

“Law” includes any by-law;

“Municipal account” means a formal notification by means of a statement of account to persons liable for payments for which they are

billed and shall include levies or charges in respect of the following municipal services and taxes:

- (a) Electricity consumption,
- (b) Water consumption,
- (c) Refuse removal,
- (d) Sewerage municipal services,
- (e) Rates and taxes,
- (f) Interest, and
- (g) Miscellaneous and sundry charges;

“Municipality” means the Phokwane Local Municipality;

“municipal manager” means the person appointed by the Council as the Municipal Manager of the Phokwane Local Municipality in terms of section 82 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person:

- (a) Acting in such position; and
- (b) To whom the Municipal Manager has delegated a power, function or duty;

“Occupier” means any person who occupies any premises or part thereof, without any regard to the title under which he or she so occupies;

“Owner” –

- (a) In relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) In relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) In relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the

right is registered or to whom it was granted in terms of legislation; or

(d) In relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”; provided that a person mentioned below may for the purpose of these By-laws be regarded by the Council as the owner of a property in the following cases:

- (i) A trustee, in the case of a property in a trust excluding state trust land;
- (ii) An executor or administrator, in the case of a property in a deceased estate;
- (iii) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) A judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) A curator, in the case of a property in the estate of a person under curatorship;
- (vi) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) A lessee, in the case of a property that is registered in the name of the Council and is leased by it; or
- (viii) A buyer, in the case of a property that was sold by the Council and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

“Policy” means the **Credit Control and Debt Collection Policy** adopted by Council;

“Property” means –

- (a) Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) A right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) A land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) Public service infrastructure;

“Premises” includes any piece of land, the external surface boundaries of which are delineated on –

- (a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (Act 9 of 1927), or in terms of the Deeds Registry Act, 1937 (Act 47 of 1937); or
- (b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (Act 95 of 1986), which is situated within the area of jurisdiction of the Council;

“Rateable property” means property on which the Council is empowered to impose rates;

Deposit” refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipality prior to occupation of the property or prior to the date on which services to the property is required;

Due date” in the absence of any express agreement in relation thereto between the Council and the customer, refers to the date stipulated on the account and determined from time to time as the last date on which the account must be paid

2. OBJECTIVE OF POLICY

The objective of this policy is to –

- (a) Provide a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collections;
- (b) Ensure that all monies due and payable to the municipality is collected and used to deliver municipal services in a financially sustainable manner;
- (c) Set realistic targets for debt collection;
- (d) Outline credit control and debt collection policy procedures and mechanisms;
- (e) Provide a framework to link the municipal budget to indigent support and tariff policy.
- (f) Embrace the principles of Batho Pele and treat all debtors with dignity and respect at all times

3. APPLICATION OF POLICY

3.1 This policy shall only apply to money due and payable to the Council for -

- (a) Rates;
- (b) Fees, surcharges on fees, charges and tariffs in respect of municipal services, such as –
 - (i) The provision of water;
 - (ii) Refuse removal;
 - (iii) Sewerage;
 - (iv) The removal and purification of sewerage;
 - (v) Electricity consumption;
 - (vi) Interest which has accrued or will accrue in respect of money due and payable to the Council;
 - (vii) Collection charges in those cases where the Council is responsible for –
 - (aa) The rendering of municipal accounts in respect of any one or more of the municipal services;

- (bb) The recovery of amounts due and payable in respect thereof, irrespective whether the municipal services, or any of them, are provided by the Council itself or by a service utility with which it has concluded a service provider agreement to provide a service on the municipality's behalf; and
- (c) All sundry charges for ad hoc services rendered by the municipality

3.2 This policy shall also apply to municipal services provided through pre-paid meters.

4. RESPONSIBILITY/ACCOUNTABILITY FOR CREDIT CONTROL AND DEBTORS

4.1 Responsibilities of Council

The responsibilities of the Council are to -

- (a) Approve a budget consistent with the needs of communities, ratepayers and residents.
- (b) Impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- (c) Facilitate sufficient funds to give access to basic services for the poor.
- (d) Provide for a bad debt dispensation, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- (e) Set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority.

- (f) Approve a reporting framework for credit control and debt collection.
- (g) Consider and approve policies and by-laws to give effect to the Council's policies.
- (h) Monitor the performance of the Mayor (Supervising Authority) regarding credit control and debt collection.
- (e) Revise the budget should Council's targets for credit control and debt collection not be met.
- (f) 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.
- (k) Approve a panel of attorneys that will act for Council in all legal matters relating to debt collection.
- (l) Delegate the required authorities to monitor and execute the credit control and debt collection policy to the Mayor and Municipal Manager and Service Provider respectively.
- (m) Provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection, or, alternatively to appoint a Service Provider, or debt collection agent.
- (n) Assist the Municipal Manager in the execution of his duties, if and when required.
- (o) Provide funds for the training of staff.

4.2 Responsibilities of the Mayor

The responsibilities of the Mayor are to -

- (a) 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.
- (b) Monitor the performance of the Municipal Manager in implementing the policy and by-laws.

- (c) Review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.
- (d) Report to Council.

4.3 Responsibilities of the Municipal Manager

The responsibilities of the Municipal Manager are to ensure that the following actions are taken -

- (a) To implement good customer care management systems.
- (b) To implement council's credit control and debt collection policy.
- (c) To install and maintain an appropriate accounting and credit control system.
- (d) To bill customers.
- (e) To demand payment on due dates.
- (f) To raise interest and collection fees for payment defaults.
- (g) To appropriate payments received.
- (h) To collect outstanding debt.
- (i) To provide different payment methods.
- (j) To determine credit control and debt collection measures.
- (k) 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.
- (l) To instruct attorneys to institute legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- (m) To set performance targets for staff.
- (n) To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- (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
- (r) To report to the Mayor on a monthly basis on the debt collection performance in terms of this policy.

4.4 Responsibilities of communities, ratepayers and residents

The responsibilities of communities, ratepayers and residents are -

- (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 fees, rates on property and other taxes, levies and duties imposed by the municipality.
- (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 at a time that is agreeable by the consumer and municipal officials.
- (e) To comply with the by-laws and other legislation of the municipality.
- (f) To refrain from tampering with municipal services and property.

4.5 Responsibilities of ward councillors

The responsibilities of ward councillors are -

- (a) To hold regular ward meetings.
- (b) To adhere to and convey council policies to residents and ratepayers.
- (c) To adhere to the Code of Conduct for Councillors.
- (d) To act in terms of roles and functions as approved by Council.

5. CREDIT CONTROL AND DEBT COLLECTION PRINCIPLES

- (a) 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.
- (b) 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.
- (c) 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.
- (d) Billing is to be accurate, timeous and understandable.
- (e) The consumer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- (f) 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.
- (g) Enforcement of payment must be prompt, consistent and effective.
- (h) 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.
- (i) Incentives and disincentives may be used in collection procedures.
- (j) The collection process must be cost-effective.
- (k) Results will be regularly and efficiently reported and monitored.

- (l) Application forms will be used to, *inter alia*, categorise consumers according to credit risk and to determine relevant levels of services and deposits required.
- (m) Targets for performance in both consumer service and debt collection will be set and pursued and remedies implemented for non-performance.
- (n) Consumers that meet council's indigent criteria must be identified and supported, in terms of council's Indigent Support Policy.

6. ACCOUNT ADMINISTRATION

6.1 Metering

- (a) The municipality will endeavour, within practical and financial limits, to provide meters to every paying consumer for all services.
- (b) All meters will be read monthly, if at all possible. If the meter is not read, due to circumstances or any reason out of council's control, the council will provide affected consumers with a provisional account, based on the consumers' average consumption in terms of council's operational procedures.
- (c) Consumers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- (d) Consumers will be informed of meter replacement.
- (e) 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 provisionally charged for average 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.

6.2 Accounts

- (a) 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.
- (b) Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- (c) Accounts will be rendered monthly in cycles of approximately thirty (30) days at the address last recorded with the municipality or its authorised agent.
- (d) It is the consumer's responsibility to ensure that postal address and other contact details are correct.
- (e) It is the consumer's responsibility to make enquiries and ensure timeous payments in the event of accounts not received.
- (f) Settlement or due dates will be as indicated on the statement.
- (g) Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be a full and final settlement of such an account.
- (h) 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:
 - (i) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the consumer.
 - (ii) Shall regard such an event as a default on payments
 - (iii) May insist on cash payments for all future accounts.
- (j) 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.

6.3 RATES

6.4 Payment facilities and methods

- (a) The municipality will operate and maintain suitable payment facilities, and which facilities will be accessible to all users.
- (b) The municipality will, at its discretion allocate a payment between current service debts and overdue or outstanding debt, and a consumer may not specify that the payment is for a specific portion of the account.
- (c) 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 on the salary of the consumer.
- (d) 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.

6.5 Queries, complaints and appeals in respect of an account

- (a) A consumer may lodge a query or complaint in respect of the accuracy of the amount due and payable in terms of an account rendered to him or her.
- (b) A query or complaint must be lodged with the Council before or on the due date for payment of the account, or as soon as reasonably possible thereafter.
- (c) Where a query or complaint is lodged after the due date of the account queried or complained about, such query or complaint must be accompanied by the payment of at least an amount equal to the average amount that was due and payable during the preceding three months.
- (d) The Council must register the query or complaint and provide the consumer with a reference number.
- (e) The Council must –
 - (i) Investigate or cause the query or complaint to be investigated within fourteen (14) days, or as soon as possible after the query or complaint was registered; **and**

- (ii) Inform the consumer, in writing, of its finding as soon as possible thereafter, whereupon any arrears found to be due are payable must be paid within seven (7) days from the date on which the consumer is notified of the amount found to be due and payable.
- (iii) Rectify the consumer's account within seven (7) days if it is found that the consumer's query or complaint was valid
- (f) A consumer may lodge an appeal in terms of section 62 of the Act against a decision referred to in subsection (5), within twenty-one (21) days of the date of the notification of the decision, and the Municipal Manager must promptly submit the appeal to the appropriate authority referred to in section 62(4) of the Act.

6.6 Actions to secure payment

- (a) The Council or its duly appointed agents may, in addition to the normal civil legal steps to secure payment of accounts that are in arrears, take the following action to secure payment for municipal rates and municipal services, namely-
 - (i) Termination and/or restriction of the provision of municipal services in accordance with paragraph 8; and
 - (ii) Allocating of a portion of a payment of an account, or a portion of a pre-payment for future accounts, as payment for arrear service charges, in accordance with paragraph 7.1(c).
- (b) The Council may also take the steps contemplated in section 104(1)(f)(ii) – (iv) of the Act, subject to the regulations made or guidelines issued by the Minister, if any, and provided that any intended seizure of property must be referred to the Executive Committee for approval or such directives which the Council deems necessary under the circumstances.

6.7 Arrear accounts

- (a) If a consumer fails to pay the amount due and payable on or before the final date for payment, the unpaid amount is in

arrears and a final demand notice may be sent and may be hand delivered or posted, per mail, to the most recent recorded address of the consumer.

- (b) Failure to deliver or send a final demand notice does not relieve a consumer from paying such arrears.
- (c) The final demand notice must contain the following
 - (i) The amount in arrears and any interest payable, and the date by which such arrears and interest must be paid;
 - (ii) That the consumer may conclude an agreement with the Council for payment of the arrears amount in instalments within fourteen (14) days of the date of the final demand notice;
 - (iii) That if no such agreement is entered into within the stated period that the water services will be limited, and/or electricity supply will be cut, and that legal action may be instituted against any consumer for the recovery of any amounts thirty (30) days or more in arrear, without further notice;
- (d) That the consumer's name may be made public, and may be listed with a credit bureau or any other equivalent body as a defaulter;
- (e) That the account may be handed over to a debt collector or attorney or that in-house collection software may be used for collection;
- (f) Proof of registration as an indigent consumer must be handed in to the Council on or before the date for payment contemplated in paragraph (a);
- (g) That an indigent consumer is only entitled to basic water services and that an indigent consumer will be liable for payment in respect of water services used in excess of the quantity of basic services; and
- (h) An opportunity for the consumer to make representation in writing, on or before the date of payment contemplated in paragraph (a).
- (i) If representations made by a consumer are unsuccessful either wholly or in part, a final demand notice complying with the provisions of subsections (3)(a) to (g) must be given to the consumer in the manner provided for in subsection (1), stipulating that no further representations may be made.

6.8 Agreement for the payment of arrears in instalments

- (a) Only a customer with positive proof of identity or a person authorised, in writing, by that consumer, will be allowed to enter into an agreement for the payment of arrears in instalments.
- (b) The amount due and payable by a consumer constitutes a consolidated debt, and any payment made by a consumer of an amount less than the total amount due, must be allocated in reduction of the consolidated debt in the order determined by the Council.
- (c) A consumer may be required to complete a debit order for the payment of arrears.
- (d) Agreements for payments in arrears for households as follows:

| | |
|---------------|-----------|
| 0-10,000 | 12 months |
| 10,001-24,000 | 24 months |
| 24,001-36,000 | 36 months |
| Above 36,001 | 60 months |
| | |

- (e) The Council must, in exercising its discretion under paragraph (d) have regard to a consumer's –
 - (i) Credit record;
 - (ii) Consumption;
 - (iii) Level of service;
 - (iv) Previous breaches of agreements for the payment of arrears in instalments; and
 - (v) Any other relevant factors.
- (f) A copy of the agreement must, on request, be made available to the consumer.
- (g) If a consumer fails to comply with an agreement for the payment of arrears in instalments, the total of all outstanding amounts, including the arrears, any interest thereon, any administration fee, costs incurred in taking legal action, and penalty, including payment of a higher deposit, will be immediately due and payable, without further notice or correspondence. For the implementation of the new structure above consumers can

make in the financial year 2012-2013 a new arrangement to assist them, only if the arrangement was met in the past.

- (h) If a consumer fails to comply with an agreement for the payment of arrears in instalments entered into after receipt of a discontinuation notice, access to water services must be restricted without further notice or correspondence, in addition to any other actions taken against or that may be taken against such a consumer.
- (i) Once an agreement referred to in subsection (1) has been concluded, the amount in arrears shall be reflected as a current amount, and no further interest shall be added.
- (k) Prepaid services: If a consumer using a prepaid service fails to comply with an agreement for the payment of arrears in instalments entered into after receipt of a discontinuation notice, access to water services, must be restricted and/or blocking of the prepaid electricity, without further notice or correspondence
- (L) A customer who fails to comply with any credit arrangement shall not be permitted to enter into any further arrangement or extension of time for payment and shall have his services terminated, however a customer who brings his credit arrangement up to date by an immediate payment shall have his services reconnected as soon as is practically possible.**
- (M) Debit Order payments are accepted as a method of payment towards an arrangement entered into by the consumer and the municipality.

6.9 Dispute as to amount owing

Should any dispute arise as to the amount owing by a debtor, the debtor shall, pending the resolution of that dispute, continue to make regular minimum payments base on the average charges for the preceding three (3) months prior to the arising of the dispute, plus interest, until the resolution of that dispute.

7. POWER TO RESTRICT OR TERMINATE SUPPLY OF MUNICIPAL SERVICES

- (a) The Council may limit or discontinue the supply of water, and electricity in terms of the prescribed disconnection procedures, or discontinue any other service to any premises, whenever a consumer of any service –
- (i) After the expiry of the period for payment in terms of the final demand notice fails to make full payment on the due date or fails to make acceptable arrangements for the repayment of any amount for municipal services, rates or taxes or other amounts due;
 - (ii) Fails to comply with a condition of supply imposed by the municipality;
 - (iii) Obstructs the efficient supply of electricity, water, or any other municipal services to another customer;
 - (iv) Supplies such municipal service to a consumer who is not entitled thereto or permits such service to continue;
 - (v) Causes a situation, which in the opinion of the municipality is dangerous, or a contravention of relevant legislation;
 - (vi) In any way bridges the supply or previously disconnected municipal services;
 - (vii) Is placed under provisional sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act, 1936 (Act 24 of 1936);
 - (viii) Is subject to an administration order granted in terms of section 74 of the Magistrates Court Act, 1944 (Act 32 of 1944) in respect of such user.
- (b) The Council may hand deliver, or send per mail, to the latest recorded address of the consumer, a discontinuation notice informing such consumer –
- (i) That the provision of the service will be, or has been discontinued on the date stated on the discontinuation notice; and
 - (ii) Of the steps which can be taken to have the service reconnected.

- (iii) Notices for discontinuation of services will only be sent to consumers with no prior arrangements.

- (c) Subject to the provisions of the Promotion of Administrative Justice Act, 2000 (Act 3 of 2000), having been observed, save that the Council's reasons for its decision to act must be supplied within seven days after a request therefore, the Council may discontinue a service to a consumer if –
 - (i) Full payment was not received within the period stated in the final demand notices;
 - (ii) No agreement was entered into for the payment of arrears in instalments;
 - (iii) No proof of registration as an indigent was furnished within the period provided for in the final demand notice;
 - (iv) No payment was received in accordance with an agreement for payment of arrears;
 - (v) No representations were made within the period provided for in the final demand notice; and
 - (vi) The representations made have not been wholly acceded to by the Council.

- (d) The Council shall reconnect or restore full levels of supply of any of the restricted or discontinued municipal services only after the full amount outstanding, including the costs of such disconnection and reconnection, if any, have been paid in full, or any other relevant condition or conditions of the Council's credit control policy as it may deem fit, have been complied with.

- (e) The right of the Council or any duly appointed agent to limit or discontinue water to any premises or customer, shall be subject to the provisions of sections 3 and 4 of the Water Services Act, 1997 (Act 108 of 1997).

- (f) The right of the Council to discontinue the provision of electricity to any consumer shall be subject to the provisions of the Electricity Act, 1987 (Act 41 of 1987).

- (g) The right of the Council or any duly appointed agent to limit the supply of municipal services to a customer shall be subject to the provisions of the Health Act, 1997 (Act 63 of 1997), and the regulations made there under.

8. RECONNECTION OF MUNICIPAL SERVICES

The authorised officer shall authorise the reconnection of services or reinstatement of service delivery after satisfactory payment or a satisfactory arrangement for payment has been made in accordance with this policy.

- (a) Payment should be calculated as followed
 - R0.00 to R10 000.00 (12 Months)
 - R10 000.00 to R24 000.00 (24 Months)
 - R24 000.00 to R36 000.00 (36 Months)
 - Above R36 000.00 (60 Months)
- Plus the Current Account and reconnection fee.

9. COST FOR THE TERMINATION OF MUNICIPAL SERVICES

Where any municipal service is terminated as a result of non-compliance with these policies and/or by-laws by the person liable for the payments, the Council shall be entitled to levy and recover such costs as per council's tariff policy, as determined by the Council from time to time.

10. AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS

- (a) Municipal Manager may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, disconnections, restrictions, summonses,

judgments, garnishee orders and as a last resort sales in execution of property.

- (b) 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.
- (c) Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding debtors.
- (d) 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.
- (e) All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.
- (f) Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus.
- (g) Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters.
- (h) 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
- (i) Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding customer care, credit control and debt collection.

11. DEBTORS OTHER THAN CONSUMER DEBTORS

Amounts due to the Council for any services rendered, other than services rendered to consumer debtors, shall be due and payable when the service is rendered, and –

- (a) Outstanding amounts shall bear interest; and
- (b) Legal action shall be instigated on all amounts outstanding after ninety (90) days.

12. WRITING OFF OF BAD DEBTS

Any debt written off must -

- (a) Only be written off after all reasonable steps, within reason and without culminating in further irrecoverable costs for the council, have been taken to recover the debt, in accordance with this policy, and the Council has convinced itself that:
 - (i) Recovery of the debt would be uneconomical;
 - (ii) Recovery would cause undue hardship to the debtor or his/her dependants; and
 - (iii) It would be an advantage to the Municipality to effect a settlement of its claim or to waive the claim.
- (b) Be disclosed in the annual financial statements, indicating the policy in terms of which the debt was written off.