



FETAKGOMO LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

**This Policy is made in terms of Section 96 of the Municipal Systems Act, 2000 (Act 32 of 2000)
And Fetakgomo Municipality: Credit Control and Debt Collection By- laws**

TABLE OF CONTENTS

- 1. Purpose**
- 2. Definition**
- 3. Principles**
- 4. Credit Control Measures**
- 5. Debt Collection Measures**
- 6. Reconnection of Services**
- 7. Sundry Debtors**
- 8. Related Matters**
 - 8.1 Duties of all Credit Control and Debt Collection Role Players**
 - 8.2 Reporting and Performance Evaluation**
 - 8.3 Communication**
 - 8.4 Accounts and Billing**
 - 8.5 Metering**
 - 8.6 Incentive for prompt payment**
 - 8.7 Right of Access**

1. PURPOSE

In order to sustain the local governance and continued service delivery, the collection of income levied on account statement submitted to debtors (Current accounts) must be realized within a turnover rate not exceeding 30 days. Payment of arrears must also be addressed sufficiently for the main categories of debtors in order to minimize arrear debtors.

2. DEFINITION

Accounts means the municipal accounts for services rendered, claims submitted, contractual obligations to the municipality and assessment rates or any other levied by the Municipality. If such accounts are not paid by the due date indicated on the statement, then they will be regarded as being in arrears. If no due date is indicated on an account, it will be in arrears if not paid within 30 Days after submission.

Authorized Representative means an employee, agent and/ or service provider appointed by the council and /or authorized by Council to represent and act on behalf of the Council.

Chief Financial Officer is the person appointed by Council to administer its finance.

Clients or Customers means those residents who make use of electricity, water, sewerage and refuse removal services.

Consumers mean those residents who make use of electricity, water, sewerage and refuse removal services.

Council is the Municipal Council of Fetakgomo Local Municipality

Debt collection is the execution of functions necessary to collect unpaid income of the municipality, owed by clients who are debtors.

Credit Control is the limiting of further sales of services to debtors in arrears and the negotiation for payment in exchange for normalising further service delivery.

Accounts mean the municipal account for services rendered and for assessment rates levied by the municipality.

Due date means the date indicated on an account statement by which time payment of the amount on the statement is required.

Residential household means a debtor of whom the tariffs for all the levies for services and rates are household tariffs.

MFMA means Municipal Finance Management Act.

MSA means Municipal Systems Act.

Indigent means a debtor whose whole household has been evaluated in terms of the Indigence Policy and who is registered as being indigent.

3. PRINCIPLES

- a) Non-payment by debtors of their accounts has a direct negative impact on the Municipality's ability of service delivery to clients.
- b) Current levies not paid by the indicated due date are in arrears and all debtors with arrears are subject to credit control and debt collection measures. The right of access to services, and consumption thereof, can only be exercised by residents who are not in arrears on their municipal service accounts or who have arranged to pay their arrears in terms of this Policy.
- c) Various methods of payment by debtors as well as sufficiently convenient payment points are available.
- d) Interest on debt in arrears is levied monthly at the prime overdraft rate of the Municipality's banker as at 1 January and 1 July of each year for the six months following this two respective dates.
- e) Interest is levied on all arrears in excess of 59 days, subject to exceptions as per Council Resolution. Interest levied but not paid is included in the arrear amount of such a debtor.
- f) Credit Control measures are applied with pro active reminder or warning. Accounts statements are regarded as reminders of the arrears status of the account as well as stating the intention to take credit control measures.
- g) Payment received by the municipality from its debtor will in terms of section 102 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) be allocated at the discretion of the municipality against any amount owed by such a debtor to the municipality.
- h) Metered service consumed by an unknown consumer is billed to the owner of the property to which the service connection is registered. Consumers who are to be billed separately must enter into a service agreement to have access to these services. No service agreement is valid without the written consent of the registered owner of the property.
- i) Refusal by banks to honour payments by cheque or debt order is regarded as non-payment, upon which the relevant debtors are subject to credit control measures.

- j) Clients, who make no further use of any services but still owe an amount, are inactive debtors who, after the submission of a second inactive account statement to their latest known postal addresses, are handed over for collection to a debt collector appointed for this purpose. Limited collection actions (i.e Final Letter of Demand) are applied for inactive accounts smaller than R 1000 due to the cost – benefit ratio of such cases and any further action required for these individual accounts is at the discretion on the Chief Financial Officer.
- k) Debtors who are large consumers of services are managed by telephonic and personal conduct with them on a higher management level, e.g. corporate business and government department.
- l) Residential household debtors form a distinct group for whom the following special measures and exceptions apply:
 - m) Water supply to defaulting residential household debtors will not be completely discontinued, but rather be restricted due to hygienic reasons. Other types of debtors who are in default and whose water supply is involved will be completely deprived of the service.
 - n) Any interest free arrangements for payment of arrears are intended to assist those debtors by making their current monthly accounts more affordable.
 - o) All notifications served to the domicilia of client's state the reason/s for action taken as well as information as to how they can take corrective action to normalize the situation.
 - p) If it is necessary to disconnect any service in terms of this Policy, the free cross-subsidised portion of that service in terms of the Municipality's tariffs for service delivery, will also not be available for as long as that service is to remain disconnected.

4. CREDIT CONTROL MEASURES

a) Reminder/Demand for payment

A reminder that the previous account has not been paid on the due date is generated after the due date and hand-delivered to the debtor's physical address.

This reminder clearly states that a period of 7 days is allowed for payment and arrangement for payment, in the absence of which, service delivery to the client will be limited.

The account of the debtor is debited with the cost of such a reminder at the approved tariff of the Municipality.

b) Electricity disconnection (level 1) and Water restriction

In the absence of reaction on the 7 day reminder, the electricity supply to the debtor is discontinued together with the notice for the reason of the discontinuance. The account of the debtor is debited with the cost of the level 1 cut-off at the approved tariff of the Municipality.

Should the debtor receive an amount for water consumption levies but not for electricity, a disconnection (restriction for residential debtors) of water is carried out at the consumption address and a notice to that effect is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the Municipality.

c) Electricity disconnection (level 2) and Water restriction

In the further absence of reaction on the level 1 cut-off of electricity, the level 1 cut-off is inspected after 7 days to ensure that the service is still discontinued. If the electricity is found on, it is again discontinued with the relevant notification, but then via a more expensive procedure to ensure a more tamperproof disconnection. The account of the debtor is debited with the higher cost of the level 2 cut-off at the approved tariff of the Municipality.

Together with the level 1 electricity cut-off inspection, the water supply is also disconnected (restricted for residential debtors) and a notice to that effect is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the Municipality.

d) Illegal reconnection /tampering of electricity

If consecutive follow-up actions due to the no re-action by the debtor reveal that illegal consumption of the service occurred or a disconnection has been tampered with, the service connection is removed and evidence against offenders is filed on an investigation document.

e) Illegal reconnection /tampering of water

The water disconnection/restriction is monitored and followed up in cases of absence of reaction by the debtor to ensure the disconnection/restriction is not tampered with. Interference with disconnections will lead to the eventual removal of such a service connection. Any first time discovery of tampering at the address of a residential debtor leads to more severe restriction of the water supply and any further tampering after that will lead to disconnection of the water supply. Evidence against offenders is filed on an investigation document.

5. DEBT COLLECTION MEASURES

5.1

- a) Legal steps are taken to collect arrears in the following cases:
 - o Where the cut-off action yielded no satisfactory result.

- Where no cut-off action is possible due to the nature of services for which the account has been rendered.
 - Where the arrears are older than 90 days.
- b) A pre-investigation into the account and debtor detail is carried out before the preparation of a summons takes place. The data of an appointed Credit Bureau is utilized in this regard, often resulting in telephonic contact with the client, which obviates the need for summoning. The tracing cost and the telephone cost are debited to the account of the debtor at the approved tariff of the Municipality.
 - c) Arrear account in excess of R 100 000 which are to be summonsed are Supreme Court matters, which are referred to the suitability qualified legal division of the Municipality for summoning in conjunction with one of the appointed panel of attorneys. The legal cost is debited to the debtor's account on accordance with the eventual outcome of the matter.
 - d) Arrear accounts smaller than R100 000 are Magistrate Court matters for which the relevant summonses are issued. The different Sheriffs of the Courts deliver these summonses to the summonsed debtors. The expenses of the issuing and delivery of the summonses are debited to the debtors accounts.
 - e) If debtors react on the summonses received within 10 working days after delivery by the Sheriff, by either payment in full or partial payment and arrangement for monthly payment of the balance, no further legal costs are debited by the Attorney or debt collection agent, and the matter is not further pursued for as long a the debtor comply with the agreed monthly payment.
 - f) Summonses are reacted upon within the 10 working days window period are refereed to the local Magistrate Courts in conjunction with the collection agents, who has jurisdiction in these Courts.
 - g) Default judgment is obtained and the relevant debtor is automatically also blacklisted at the major credit bureaus. A notice of the default judgment is posted to the debtor by registered mail.
 - h) Default judgments not reacted upon within the 10 working days are again presented at the Magistrate, who issues a warrant of execution, which can either order the sale of property of the debtor to recover arrears or order the debtor to be evicted in case of arrear rentals. Where the debtor has no fixed property a court order can be served on him/her to appear in court where the Magistrate can approve a garnishee order on the debt.
 - i) The process of debt collection of any portion or category of the debtor book can be outsourced to collection agents by the Chief Financial officer. Any cost that arises from such action can be recovered from the debtor.

5.2 External legal process:

5.2.1. All accounts not paid within 30 days are in arrears and may be blacklisted through the Credit Bureaux agencies after legal steps were taken in terms of chapter 4 of the National Credit Act,2005(Act 34 of 2005)

5.2.2 The process for debt collection of any portion or category of the debtor book may be outsourced to collection agents by Chief Financial Officer. Any cost⁶ that arises from such actions will be recovered from the debtors.

The following principles will apply to agreements with debt collectors.

- Council may, when any consumer is 90 days in arrears and no agreement has been entered into between the consumer and the Municipality, commence handing over the consumer to the debt collectors.
- The “ no success on fee” will be agreed between the Council and debt collectors
- The fees on success will be agreed between the Council and debt collectors and no additional cost will be levied by the debt collectors on the consumers’ accounts.
- The account may be taken over from debt collectors if no progress is made to recover the debt at no additional cost to the Council within the period agreed upon by both parties.
- Council will establish procedures and code of conduct with these outside parties.
- Complete records will be kept of all the steps taken to collect arrears and these record will be available to the Municipality.
- All the legal costs of this process are for the account of the consumer and will be recovered from debtors by debt collectors.
- Individual consumer accounts are protected and are not the subject of public information .However Council may release consumer information to credit bureaus.
- Consumer will be informed of the powers and duties of such debt collectors and their responsibilities including their responsibility to observe agreed codes of conduct.
- Any agreement concluded with debt collectors shall include a clause whereby breaches of the code by them will see the contract terminated.
- Any cash or a bank guaranteed cheque for the full outstanding balance reflected on the account shall be deemed acceptable payment before a customer’s particulars are removed from any adverse credit listing. In the case of default judgments entered into against consumers, the consumers, the consumer shall at its own cost appoint in attorney to set aside the judgment, after payment of the full outstanding balance has been made to Council.

5.3 Irrecoverable debts.

- The Municipal Manager must ensure the collection of arrear debt owed by the Municipality's debtors. Sufficient provision must also be made to manage and write off bad debts.
- Debt collection procedures may be terminated under the following circumstances:
 - a. A balance being too small to recover, for economic reasons considering the cost of recovery.
 - b. Prescription of debt.
 - c. When a debtor with an inactive account cannot be traced by collectors.
 - d. All reasonable notifications and legal actions to recover the outstanding amount have been exhausted.
 - e. The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate.
 - f. It impossible to prove the debt outstanding.
 - g. The outstanding amount cannot be recovered due to an administrative error by Council.
 - h. The schedules setting out particular of the debt and the reason for abandonment or write off, together with a written request to approve it to be written off, must be presented to the Chief Financial officer for submission to Council.

5.4 Estate Accounts Collection

5.4.1 Estate with Legal Status:

- The accounts of debtors who are declared as insolvent , under administrative or deceased are dealt with according to normal legal practices by collection staff of the municipality
- Unsuccessful claims must be submitted to Council for approval to be written off.

5.4.2 Estate without formalized Legal Status:

- In numerous cases the head of household has died without leaving a will indicating to whom ownership of the family residence is to be transferred upon the event of his/her death or the owner of the property has abandoned his/her family to fend themselves. As these exceptions are not provided for in the normal legal practice, the followed in the abandoned family.
- The remaining family must report the situation to the Municipality's collection office, who will require the relevant documentation to be obtained by the family i.e. death certificate and an order of the local Magistrate allocating right of ownership to someone of the surviving family in the case of a deceased estate or an order of the local Magistrate allocating right of ownership to someone in the abandoned family.
- In all of these cases, extension for the payment of the arrears as at the date of notification will be given by the debt collectors of the Finance Department, disconnected electricity will be reconnected and the remaining family will be expected to pay all amounts levied on monthly current accounts in excess of the amount of the extension until such time as the matter has been finalized. This will prevent any further service restrictions or

collection actions at the residence whilst the family are in the process of legalizing ownership of the property.

- As soon as ownership has been officially allocated by the Magistrate , the documentation must be presented to the municipality's collection office, who will then change the name of the account to that of the new owner. They will also encourage the new owner to make an arrangement for the payment of the arrears to credit control and collection action from being taken by the municipality. Alternatively, if the family qualifies to be registered for assistance in terms of the municipality's indigent policy, they can apply for it and after registration, their arrears can be dealt with in terms of the policy.
- Unsuccessful claims must be submitted to Council for approval to be written off.
- This process is intended to accommodate abandoned families and child head household who may also qualify to be registered in terms of the Council's indigent policy.

5.5 APPROVAL OF BUILDING PALNS

- Before any building plans pertaining to the alteration, improvement or erection of the building or structures on a property can be considered for approval or any permission to proceed with such construction can be given, all arrears associated with the relevant property are to be paid.

5.6 SUPPLIERS OF GOODS AND SERVICES TO THE MUNICIPALITY

- **All suppliers of goods and services to the Municipality are required to provide proof that all their accounts are paid in full upon application for the registration as vendors and every six months where applicable.**

5.7 CLEARANCE CERTIFICATES

Before any property can be transferred from one owner to another, all arrears are payable, where after the Chief Financial Officer issues a certificate to that effect, No transfer can take place without such a certificate.

5.8 CLIENT CARE

- a) Clients may lodge appeals on the accuracy of accounts at the Income Section. Whilst such an appeal is not solved, no credit control measures are taken for that amount. Other levies on the account, which do not form part of such an appeal, are however still payable and are not included in the extension for payment.

- b) The following arrangement for payment can be made at the Finance Department Debt Collection and Credit Control Sections to either prevent debt collection measures or to normalize service delivery (reconnect) after credit control measures are taken.
- Full settlement of the amount for which action was taken
 - Partial settlement of preferably 60% of the arrear amount, but no less than the most recent current account and entering into a repayment contract with the Chief Financial Officer for monthly payment of the balance over a period not exceeding 6 months. This may in the discretion of the Chief Financial Officer, be extended to a maximum of 60 months in cases of special merit.

The discretion of the Chief Financial Officer is exercised within the following parameters:

- If no partial settlement is possible immediately, it can be extended to the end of that month or included in the monthly repayment contract.
 - Monthly repayment contract can be made interest free under the following circumstances:
 - If a client never received an account due to an incorrect postal address as a result of an administrative error.
 - If a financial correction to a residential household account is made for any reason and the client request an arrangement for payment of the debt.
- c) The monthly payment period can in cases of special merit extended beyond 6 months but not to more than 60 months. The extension period must reflect a balance between the Council's best financial interest as well as the client's request.
- d) Residential household who prove to experience difficulty in affording a 60 month repayment period for their arrears can apply to repay their arrears interest free over a period not exceeding 100 months to make a more affordable arrangement. This arrangement must be paid monthly together with the current account and will immediately cease if the debtor defaults.
- e) Extension for normal full payment of a current account which has no arrears balance, can be made until the end of a month or the next salary payment date of an employed client.
- f) Breaching of repayment contracts is regarded as a violation of this policy and will lead to renewed disconnection of services as well as legal procedures for the collection of arrears.
- g) In instances of such contract breach, services can only be reconnected and legal procedures be put in abeyance after the reinstatement of the contract by payment of all repayment installments in arrears and the unpaid current accounts.
- h) In cases where the reinstatement of a breached contract is not possible, new repayment contracts can only be considered for residential households if substantial proof, excluding sworn affidavits, can be submitted regarding unforeseen financial and personal

circumstances. In such cases, the Finance Department's Credit Control Section advise the debtor to save on the current levies by either curbing consumption or by requesting certain services to be discontinued for an agreed period of time. By so doing, the repayment of the arrears together with the current account is made more affordable.

- i) Settlement offers for full and final payment of arrear amount can be considered and granted by the Chief Financial Officer subject to the following conditions:
- j) Not more than the arrear interest levies on the account, or a portion thereof, can be granted as a credit against such an account, if it is in the best financial interest of the Municipality.
- k) Out of Court settlement offers by debtors against whom legal action is pending can be considered after consultation with the Municipality's Legal Counsel, if it is in the best financial interest of the Municipality.
- l) Full particulars of other settlement offers and the Finance Department's recommendations are referred to the Mayoral Committee for consideration.

6 RECONNECTION OF SERVICES

- a) Where services are disconnected as a result of the application of this policy, these services can only be reconnected under the following circumstances:
 - Water supply restricted for non-payment by clients, can only be normalized after either receipt of the amount in arrears or conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
 - Water supply which has been restricted due to non-payment will only be normalized after either full payment of the arrears, or upon receipt of an appeal for normalization due to a good payment record of three (3) months on the repayment contract and the current monthly levies. The Chief Financial Officer will receive and evaluate each such an appeal before normalization.
 - Electricity supply discontinued due to non payment can only be reconnected after receipt of the amount in arrears or the conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
 - Any services which are discontinued as a result of tampering with the Municipality's distribution networks and/or mechanisms can only be legally reconnected if a Court orders so.
 - If the affected client, however, admits in writing that he/she permitted or committed the tampering and undertakes to not repeat the action and concludes a settlement arrangement for payment of the arrears in terms of this

Policy, service reconnection can also be made. Such written admission will be kept on the case document for future use in case of repeated tampering.

6.2 Inactive Accounts

- Amounts outstanding less than R1000.00, These debts are written off as bad debts after a final demand has been issued, as collection cost does not warrant proceeding with further legal action.
- Amount outstanding greater than R1000.00, these debts are referred to the Legal Division for summoning and further legal action if the levy payer has not reacted to the final demand for payment.

6.3 Levy Inspection:

- Identify arrears accounts (older than 60 days) during routine sweeping action and verify levy information.
- Identify non-registered levy payers and ensure that they are duly registered.

6.4 Summoned Accounts:

- Summoned accounts of which the warrant of execution is returned “Nulla Bona” are listed for writing the arrears off as bad-debt as there were no assets that could be attached.

7.1 Sundry Debtors

- If sundry debtors are in arrears, a final demand for payment within 14 days is submitted to them,
- If there is no response after the final demand, the matter is handed over to the Legal Division for further collection action.
- Where there is a response for arrangements, a payment based on a percentage of the outstanding debt has to be made and an interest free arrangement for the balance over a period not exceeding 24 months depending on the amount outstanding and what the debtor can afford. Only exceptional cases will arrangements exceeding 24 months since most of sundry debtors are cases where the service is provided once off. In the exceptional cases, the period of an arrangement agreement will be extended to more than 24 months up to a maximum of 60 months.
- In case of payment not being received as agreed, the matter is handed over to the Legal Division for further collection action.
- The minimum amount for an account to be handed over to the Legal Division is R1000.00. All accounts less than R1000.00 are written off after all collection efforts other than legal action have failed.

7.2 PROPERTY RENTALS AND SALES

- If no payment has been received before the end of the month, a reminder for payment is printed on the following month statement, indicating that if payment is not received within 14 days, the municipality will proceed with the collection.
- Arrangements for payments of arrears by debtors of lease/sales agreements may not exceed a period of 24 months. On average, tenants do not stay in municipal owned house for longer than four, therefore arrangements over an extended period increase the risk of not recovering the debts.
- For all accounts that are more than 90 days in arrears a payment demand notice is served, advising debtors to either pay or to make arrangements for payment within 14 days at the relevant Finance office.
- If the payment demand has not been responded upon, a final demand is issued. At this stage the outstanding amount is greater than 4 times the monthly levy.
- If the debtors do not respond within 14 days, the account is handed over for collection and /or cancellation of the agreement by the Legal Division. The Legal Division can negotiate affordable arrangement agreements for payment with such debtors. Non-compliance to such arrangements will lead to the eventual eviction of such tenant.
- Upon making arrangements with debtors, they are informed that the monthly arrangement amount must be paid in addition to the monthly levy.

7.3 SALES ACCOUNTS

- Accounts are followed up by the Finance Department with the Legal Services Division, to establish progress with the finalization of each agreement of sales between the municipality and the buyer, whilst a monthly statement for the balance is sent to the debtor, The Budget & Treasury Department will not certify the transfer of ownership to the purchaser, unless the full purchase price has been paid.

8. RELATED MATTERS

8.1 .1 Duties and Functions of Council;

- To approve a budget consistent with the needs of communities, ratepayers and residents.
- To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- To provide sufficient funds to give access to basic services for the poor and enable the application of indigent policy.
- To set an improvement target for debt collection, in line with acceptable accounting ratios.
- To maintain a provision for bad-debts in line with the payment record of the community, ratepayers and residents.
- To approve a reporting framework for credit control and debt collection.
- To consider and approve by-law to give effect to the Council's policy.

- To set performance targets and monitor the performance of the Municipal Manager regarding credit control and debt collections.
- To revise the budget should Council's targets for credit control and debt collection not be met.
- To take appropriate action against councilors, officials and agents who do not execute council policies and by-laws.
- To delegate the required authorities to monitor and execute the collection policy to the Municipal Manager and Chief Financial Officer respectively.
- To provide sufficient capacity for effective credit control and debt collection.

8.1.2 Duties and Functions of Mayor.

- To oversee and monitor the implementation and enforcement of this policy and by –laws enacted to give effect to the policy.
- To monitor performance of the Municipal Manager in implementing the policy and by-law.
- To, when necessary, have the policy and by-law evaluated and reviewed in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and process.
- To report to council

8.1.3 Duties and function of Municipal Manager

- To implement customer care management.
- To implement council's collection policy
- To determine credit control measures
- To provide different payment methods.
- To raises penalties for defaults
- To appropriate payment received.
- To determine control procedures.
- To collect outstanding debts.
- To bill customers
- To maintain an appropriate accounting systems.
- To demand payments on due dates.
- To determine work procedures for public relations, arrangement, disconnections of services, summonses, attachment of assets, sale in execution, write off of debts, sundry consumers and legal processes.
- To set performance target for staff.
- To delegate certain functions to Chief Financial Officer.
- To report to Finance portfolio committee.
- To appoint staff to execute council's policy and by law in accordance with policy.

8.1.4 Duties and Functions of communities, ratepayers and residents.

- To fulfill certain responsibilities, as brought about by the privilege and right to use and enjoy public facilities and municipal services.
- To pay services fees, rates on property and other tariffs, levies and duties imposed by the Municipality.
- To observe the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials reasonable access to their property to execute municipal functions.
- To comply with the by-law and other legislation of the municipality.
- To refrain from tempering with municipal service installation and property or from interfering with any process in the delivery of services.

8.1.5 Duties and Functions of Ward Councillors and political parties.

- To hold regular ward meetings, at least twice a year, to inform the local community of at least the costs of service provision, the reason for payment of services charges and taxes and the manner in which money received by the municipality is utilized.
- To adhere to and convey council policies to residents and ratepayers.
- To adhere to council's code of conduct for councils

8.2 REPORTING AND PERFORMANCE EVALUATION

8.2.1 REPORTING

8.2.1.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100c. This report shall contain particulars on cash collection statistics, showing high-level debt recovery information (numbers of customers, arrangements, payment rate and growth or reduction of arrear debt). Where possible, the statistics should be divided into business, domestic, government and other such divisions.

8.2.1.2 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent to the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with Chief Financial Officer, immediately move for revision of the budget according to realistically realizable income level.

8.2.1.3 The Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

8.2.2 PERFORMANCE EVALUATION

8.2.2.1 Income Collection Targets.

Council shall create targets to reduce outstanding debtors in line with performance agreements.

8.2.2.2 Customer Service Targets

Council shall create target that will include:

- Response time to consumer queries.
- Accuracy of accounts to customer
- Time taken to reconnect services.
- Meter reading cycle.

8.2.2.3 Administrative Performance

Council shall create targets that will include:

- Cost efficiency of debt collection.
- Accuracy and prompt availability of geographical information data.
- Prompt availability of service installation data.
- Efficient archiving of all documentation.

8.2.2.3 Council will a mechanism wherein these target are assessed, Council's performance is evaluated and remedial steps taken.

8.3 COMMUNICATION

OBJECTIVE: To focus on the client's need, to enhance payment for service and to create a positive and co-operative relationship between the persons responsible for the payment for services received ,and the Municipality, being the service provider.

- Council's collection policy will be available in English, and will be made available by general publication and on a specific request at customer care facilities.
- Ward councilors will be required to hold regular ward meeting, at which customers care and debt issues will be included as an agenda item.

8.4 ACCOUNTS AND BILLING

- Customers will for each property receive an understandable and accurate invoice from the Municipality, which will consolidate all levies of the account for that property.
- Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality.
- It is the customer's responsibility to ensure timeous payment in the event of accounts not received or received late.
- Settlement or due date is within 21 days after the invoice has been issued every month.
- Where account is not settled in full, any lessor amount tendered and accepted shall not be deemed to be full and final settlement of such an account.

- Any part payment of an outstanding amount in full and final settlement will only be valid once the written acceptance of the CFO or his/her delegated authority has been obtained.
- Discretion in terms of negotiable amounts as per this policy is delegated to the CFO with the right to sub-delegate.
- At all times the most financially beneficial arrangement to council must be entered into whilst still retaining the principle of this policy.
- Where any payment made to the municipality or its authorized agents by negotiable instruments is later dishonoured by the bank, the municipality or its authorized agents:
 1. May recover the bank charges incurred relating to dishonored negotiable instruments against the account of the customer by charging an administration fee as determined by Council from time to time.
 2. Shall regard such an event as default on payment;
 3. May refuse to accept further cheques from the drawer or beneficiary.
 4. May place the matter on the national adverse credit listing;
 5. May institute legal action which may include criminal charges against the offender.
- The Municipality or its authorized agent must, if administratively possible, issue a duplicate account to the customer on request.
- When services are disconnected and customer applies for services at a different address, Council reserves right to transfer any outstanding amounts to a customer's new account.

8.4.1 SERVICE SEEPAGE.

- If the seepage/leakage is on the customer's side of the meter, the customer will still be responsible for the payment of the metered service supplied to the property.
- Where leakage on the consumer side are found and repaired by the customer, he/she can submit proof of repair costs and the amount of excessive consumption to the municipality, who may, at its sole discretion, provide financial relief. Insurance may be maintained for this purposes or the extent of financial assistance may be limited as the discretion of the CFO in the budget of the municipality
- The customer has a responsibility to control and monitor his/her consumption/usage of services

8.5 METERING

- The Municipality will endeavour, within practical and legislative limits, to provide at least one water and /or electricity connection per the stand provided that the required connection fee have been paid.

- All meters will be read monthly but should any meter be inaccessible or unreadable for whatever reason, the consumption in respect of the particular month will be determined in accordance with the stipulation of the Council's by law for the supply of water and electricity.
- Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- If a service is metered but it cannot due to financial and human resource constraint circumstance out of control of the Municipality, and the customer is charged for an average consumption, the meter reading on record will escalate with that average consumption. As soon as future true reading is obtained and recorded, the account following that reading must reflect the difference between the reading based on the average consumption and true reading to reflect the residue of the actual consumption over the total period. In the event of the true reading being lower than the reading on record, the account will be credited accordingly.

8.6. INCENTIVE FOR PROMPT PAYMENT

- The Council may, to encourage prompt payment and /or to reward regular payers, Considering from time to time incentive for the prompt payment of accounts or payment by debit Order.
- Such incentive schemes , if introduced , will be reflected in annual budgets as additional expenditure.

8.7 RIGHT OF ACCESS TO PREMISES

The owner or occupier of property is to allow an authorized representative of the Municipality to Access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict or reconnect, the provision of any service.

In cases where such access is not possible, the Municipality or its authorized representative may:

- By written notice require such person to restore access at his/her own expense within specified period.
- If the situation is a matter of urgency, without prior restore access and recover the cost from such person.
- The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.