
UMVOTI MUNICIPALITY
CREDIT CONTROL AND DEBT COLLECTION POLICY & PROCEDURE
FRAMEWORK



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The Municipal Manager of the UMVOTI MUNICIPALITY Hereby, in terms of section 9 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) and Section 62(f)(iii) of the Municipal Finance Management Act publishes the policy relating to Credit Control & Debt Collection for the UMVOTI MUNICIPALITY as approved by its Council, as set out hereunder

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1. INTRODUCTION

This policy is established in terms of Chapter 9 of the Municipal Systems Act (No. 32 of 2000) and section 62(f) (iii) of the Municipal Finance Management Act (56 of 2003) which requires that a municipality establish and maintain a credit control and debt collection policy.

2. SCOPE OF THE POLICY

2.1 This Policy applies to all administrators within the defined boundaries of the UMvoti Municipality and all persons of these administrators.

2.2 This Policy has been approved by Council and shall be passed into a municipal bylaw in terms of the Local Government: Municipal Systems Act No 32 of 2000 and such Policy will be binding on the public, officials and Councillors of the Municipality of UMvoti and no interference in the process will be permitted.

2.3 The Policy is applicable until such time as it is reviewed and Council approves revisions. All acts performed in terms of the above Policy, until such time as such Policy is passed into a municipal bylaw, will not be invalidated due to the timing differences between approval and promulgation.

2.4 All acts performed as mentioned in the previous paragraph will be ratified with the promulgation of the related municipal bylaw.

3. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

3.1 define a framework within which the municipality can develop an effective procedure to bill and collect its revenue;

3.2 ensure that all monies due and payable to the municipality are collected in full and used to deliver municipal services in the best interest of the municipality, residents and ratepayers and in financially sustainable manner as prescribed by the Municipal Systems Act, 2000 (Act No, 32 of 2000), and other applicable legislation;

3.3 enable the implementation of this Policy throughout the UMvoti Municipality;

3.4 effectively and efficiently deal with defaulters in accordance with the terms and conditions of this Policy;

3.5 promote culture of payment and instill a sense of responsibility towards the payment of municipal accounts and reduction of municipal debt;

3.6 Ensure compliance with the National Credit Act.

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4. PRINCIPLES

- 4.1** The administrative integrity of the municipality must be maintained at all times. The democratically elected councilors are responsible for policy-making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- 4.2** All customers must complete an official application form, formally requesting municipal services. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.
- 4.3** A copy of the application form, including conditions of services, must be handed to every new customer on date of application for services. All customers must be informed of the contents of the Council's Credit Control and Debt Collection policy and a copy made available to any customer on request.
- 4.4** Billing is to be accurate, timeous and understandable.
- 4.5** The customer is entitled to a variety of reliable payment methods.
- 4.6** The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 4.7** Enforcement of payment must be prompt, consistent and effective.
- 4.8** Incentives and disincentives may be used in collection procedures.
- 4.9** There must be a legal cause between the municipality and its customer, and customer debt must arise out of a legal framework and must be legally collectable.
- 4.10** Debtors may be referred to third party debt collection agencies and may be placed on the National Credit Bureau.
- 4.11** The Municipal Manager shall on a regular basis report to the Executive Committee on the progress made in implementing the policy.
- 4.12** The Municipality shall not conduct any business activity with or provide any service to any persons with arrear municipal accounts except as provided for in policy and as determined by the Municipality from time to time, nor will any refunds of credits be made to any debtor who is in arrears with their Municipal account.

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5. DEFINITIONS

In this policy any word or expression to which a meaning has been assigned in the Local Government Municipal Systems Act, has that meaning, unless the context indicates otherwise-

5.1 “Account” means a notification by means of a statement of account to a ratepayer or customer who is liable for payments of any amount to the municipality and any authorized service provider in respect of the following:-

- a) Refuse removal and disposal;
- b) Rates;
- c) Interest;

5.2 “Act” the local government: Municipality System Act, 2000 (Act no 32 of 2000) as amended from time to time;

5.3 “Arrears” means any amount that is due, owing and payable by a customer in respect of a municipal service provided to such customer that has not been paid on or before the due date reflected on an account rendered in respect thereof;

5.4 “Arrangement” means a written agreement or an acknowledgement of debt in terms of which a municipality agrees to the payment over a period of time of a debt that is outstanding;

5.6 “Authorized Representative” means the person or institute legally appointed by the Council to act or fulfill duty on its behalf;

5.7 “Billing” refers to the process of charging for services provided by issuing accounts;

5.8 “By-law” means a legislation that is made by a decision taken by the Council of the municipality binding in the municipality on the persons to whom it applies and is published in terms of section 13 of the Municipal Systems Act;

5.9 “Credit control” refers to the action/s required to safeguard revenue including disconnections, reconnections, normalizing installations and follow-up procedures and data integrity;

5.10 “Credit control and debt collection” is the function relating to the effective collection of any monies due and payable to a municipality;

5.11 “CFO” Chief financial Officer is the person appointed by the Council to administer finances.

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- 5.12** “**Collection cost**” means an amount that the municipality can charge with regard to the enforcement of a consumer’s monetary obligations, if the service agreement is a credit agreement in terms of the National Credit Act;
- 5.13** “**Council**” is the Municipal Council of UMvoti Municipality.
- 5.14** “**Customer**” is any occupier or owner of any property to which the Municipality has agreed to supply services or already supplies services to, or failing such an occupier, the owner of the property.
- 5.15** “**Debt**” means any monies owing to the Municipality in respect of the rendering of municipal services, and includes monies owing in regard to property rates, housing, levies, motor vehicle registration, licensing, terminated leases and any other outstanding amounts, inclusive of interest thereon, owing to the municipality;
- 5.16** “**Debtor**” means any person who owes a debt to the municipality;
- 5.17** “**Defaulter**” is a person who owes money to Municipality after the due date has expired.
- 5.19** “**Domestic customer**” means a customer who, primarily for residential purposes, occupies a dwelling, structure or premises;
- 5.20** “**Due date**” means the date on which an amount payable in respect of an account becomes due, owing and payable by a customer, which date shall not be more than 30 days after the date on which the account has been sent to the customer concerned;
- 5.21** “**Financial year**” means a year ending 30 June;
- 5.23** “**Holistic or consolidated**” refers to the combining of all debt in order to establish the total obligation the debtor has to the Municipality;
- 5.24** “**Incidental credit agreement**” as defined in the National Credit Act No. 34 of 2005 means an agreement, irrespective of its form, in terms of which an account was rendered for utility services that have been provided to a customer and a fee, charge or interest became payable when payment of the amount charged in terms of that account was not made on or before a date which is less than 30 days before such fee, charge or interest was first levied;
- 5.25** “**Interest**” is a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on arrear monies.

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- 5.26 “Indigent customer”** means a domestic customer who is qualified to be and who is registered with the municipality as an indigent in accordance with this policy;
- 5.27 “Indigent amount”** refers to the applicable value of the indigent subsidy as determined by the Council of the municipality from time to time;
- 5.28 “Letter of demand”** means a notice sent prior to the legal process commencing and includes notices sent as part of the monthly statement;
- 5.29 “Municipality”** for the purpose of this policy it means UMvoti Municipality.
- 5.30 “Municipal account”** is an account rendered specifying charges for service provided by the Municipality or any authorized and contracted service provider or assessment rates levies.
- 5.31 “Municipal Manager”** means the person appointed by the Council as the Municipal Manager of the municipality in terms of section 82 of the Local Government: Municipal Structures Act No.117 of 1998;
- 5.32 “Municipal services”** are those services provided by the Municipality, such as Inter alia the supply of water and electricity, refuse removal, sewerage treatment and for which services charges are levied.
- 5.33 “Municipal value”** means the total combined value of land and the buildings on a beneficiary property, as reflected in the valuation roll;
- 5.34 “Occupier”** is any person who occupies any property or part thereof, without taking cognizance of the title in which he or she occupies the property.
- 5.35 “Owner” –**
- a) The person in whose name the property is legally vested.
 - b) In the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator or any other legal representative.
 - c) In the case where the Council are unable to establish the identity of such person, the person who are entitled to derive benefit from the property or any buildings thereon.
 - d) In the case of lease agreement in excess of 30 years was entered into, then the lessee.

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- 5.36** “**Payment**” refers to any form of redemption acceptable to the Council of UMvoti from time to time towards the balance on an account;
- 5.37** “**Principle debt**” means a debt that is owed to the municipality in respect of rates and services. It may include interest, collection charges and any other charges;
- 5.38** “**Prescribed tariff or charge**” means a charge prescribed by the Municipality;
- 5.39** “**Property**” is any portion of land, of which the boundaries are determined, within the jurisdiction of the Municipality.
- 5.40** “**Public notice**” means publication in the media including one or more of the following:
- 5.41** Displaying a notice in or at any premises, office, library and to which the public has reasonable access;
- 5.42** Communication with customers through public meetings and ward committee meetings;
- 5.43** “**Third Party Debt Collector**” means any person authorized to collect monies or institute legal proceedings against debtors, on behalf of the municipality;
- 5.44** “**Total Household Income or Household income**” means the total formal and the informal gross income of all people living permanently or temporarily on the property on which the account is based;
- 5.45** “**User**” means a person who has applied for and entered into an agreement with the municipality for the supply of a service.

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6. Duties and functions

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

6.1.1 Duties and functions of Council

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

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6.1.2 Duties and function of the Mayor

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

6.1.3 Duties and function of the Municipal Manager

The Municipal Manager, as the accounting officer of the municipality, must take all reasonable steps to ensure that:

- a) the municipality has the effective revenue collection systems consistent with Section 95 of the Act and the Municipality's Credit control and debt collection policy and by-laws
- b) revenue due to the municipality is calculated on a monthly basis;
- c) accounts for municipal tax and charges for municipal services are prepared on a monthly basis;
- d) all money received is promptly deposited into the municipality's primary and other banks accounts;
- e) the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;
- f) the municipality has and maintains a management, accounting and information system which recognizes revenue when it is earned, accounts for debtors and accounts for receipts of revenue;
- g) the municipality charges interest and other permissible charges on arrears, except where the Council has granted exemptions;
- h) all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled regularly;
- i) He/ She must immediately inform the National Treasury of any payments due by an organ of State to the municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

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6.1.4 Duties and function of communities, ratepayers and residents

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

6.1.5 Duties and function of Ward Councillors

- a) To hold regular ward meetings wherein the Credit control and debt collection policy and procedures of Council are addressed.
- b) To adhere to and convey council policies to residents and ratepayers and in particular the credit control and debt collection policy and procedure.
- c) To adhere to the code of conduct for Councilors
- d) To act in terms of roles and functions as approved by Council and assist in the dissemination and distribution of information.

6.1.6 Responsibilities of all Councillors

- (a) To always pay amounts that are owed in respect municipal rates, taxes and services as required by section 12A of Schedule 1 of the Municipal Systems Act and not to default on payments for a period longer than 3 months.
- (b) The municipality may deduct any outstanding amounts from councillor's allowance, if the councilor has not paid amounts that are due to the municipality for more than 3 months.
- (c) The normal credit control procedures shall also apply to any arrear account of a councillor.
- (d) All agreements with Councillors must not exceed the expiry date of the term of office.

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6.2.6 Responsibilities of all municipal staff

- (a) To always pay amounts that are owed in respect municipal rates, taxes and not to default on payments for a period longer than 3 months.
- (b) The municipality may deduct any outstanding amounts from a staff member, if the staff member has not paid amounts that are due to the municipality for more than 3 months.
- (c) The normal credit control procedures shall also apply to any arrear account of a staff member.
- (d) Where the municipality provides temporary employment to members of the community who are in arrears with payments for municipal rates and services they will be required to enter an agreement to pay 20% of their gross remuneration towards these arrears of debt.

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SECTION 2: CREDIT CONTROL

7. APPLICATION FOR MUNICIPAL SERVICES

7.1 Consumers who require a service must enter into a written service agreement with the municipality. In the event that the occupant is not the owner of the property, service agreements will only be entered into the lawful owner of the property to which the services are to be provided.

7.2 The process must occur at least five (5) working days prior to taking occupation of the premises. Failure to adhere to the timeframe may result in customers not having the services available.

7.3 Applicants for municipal services may be checked for credit-worthiness including banking details and information from credit bureaus, other local authorities, trade creditors and employers. This will require the provision of an identity Document, binding lease agreement, title deed and other supporting documents as required by Council from time to time.

7.4 An applicant must provide any information and documentation which the municipality requires.

7.5 If an applicant for municipal service is an existing customer of the municipality in respect of any other municipal service and such customer has an outstanding amount that is due and payable to the municipality:

- a) the arrears must be paid; or
- b) an agreement for payment of arrears must be concluded with the municipality before an application for services can be approved.

7.6 Consumer who illegally consumer services without this agreement will subject to punitive action.

7.7 Property Developments

a) A property developer must inform the municipality of the nature and extent of the municipal services that will be provided as well as the measuring devices that will be used.

b) A property developer who fails to comply with the provisions of sub-paragraph (a) shall

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be liable for the payment of all the applicable charges that would have been payable by customers in respect of municipal services that have been used or consumed by such customers.

8. TERMINATION OF SERVICES

8.1 It is the responsibility of the consumer to notify the municipality when municipal services are no longer required due to the sale of the property or other reasons.

8.2 Failure to comply with the provision of paragraph 8.1 above renders the consumer liable for all service charges and interest thereon accumulated from the date when the premises are vacated to the date when Council becomes aware of such vacation.

8.3 A customer may terminate an agreement for the supply of municipal services by giving at least 21 days written notice to the municipality of such termination.

8.4 The municipality may terminate an agreement for the supply of municipal services by giving at least 21 days written notice to a customer where:

- a) municipal services were not utilized by such customer for a consecutive period of 2 months and without an arrangement, to the satisfaction of the municipality, having been made for the continuation of the agreement; or
- b) Premises have been vacated by the customer concerned and no arrangement for the continuation of the agreement not being the registered owner of the premise, a copy of the aforesaid notice shall also be served on such registered owner.

8.5 A customer shall remain liable for all arrears and applicable charges that are payable for municipal services rendered prior to the termination of an agreement.

9. PAYMENT OF A DEPOSIT

9.1 Every consumer must, on application for the provision of municipal services, pay a deposit to the municipality prior to the provision of any municipal services, the amount of which shall be determined by the Council of the municipality by resolution from time to time.

9.2 The Council may require a consumer to whom services are provided and who was not previously required to pay a deposit, for whatever reason, to pay a deposit on request, within a specified period.

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9.3 The Council may from time to time review the sum of money deposited by a consumer in terms of this section and, in accordance with such review

- a) require that an additional amount be deposited by the consumer; or
- b) credit the account of the consumer with such amount as may be held by the municipality in excess of the reviewed deposit.

9.4 The municipality shall give the owner or occupier of premises where municipal services are rendered reasonable notice of any increase of the deposit.

9.5 An aggrieved owner or occupier of property where municipal services are provided may within the prescribed time lodge an objection to any increase of the deposit.

9.6 An amount deposited with the municipality in terms of this section shall not be regarded as being in payment or part payment of an account due for services rendered.

9.7 No interest shall be payable by the municipality on the amount of a deposit held by it in terms of this section.

9.8 An agreement for the provision of services may contain a condition that a deposit shall be forfeited to the municipality or its authorized agent if it has not been claimed within 12 months of the termination of the agreement.

9.9 The municipality may accept in lieu of a deposit a bank guarantee as a deposit.

9.10 The municipality must ensure that the use of the deposit that is given by the consumer complies with Section 124 of the National Credit Act for all agreements that fall under the Act.

9.11 On termination of the supply of the municipal services the consumer shall be paid the amount deposited less any payments due to the municipality.

10. RECOVERY OF ADDITIONAL COSTS

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10.1 The municipality may, in addition to any charge, tariff, levy or payment of any kind referred to in this policy, recover from a customer any reasonable costs incurred by it in implementing this policy, including but not limited to:

- a) all legal costs, including attorney and client costs incurred in the recovery of arrears which shall be debited against such customer as arrears in his account; and
- b) the costs incurred in demanding payment from such customer and for reminding him/her by means of telephone, fax, e-mail, letter or otherwise that payment is due, provided that, in respect of an incidental credit agreement, default administration and collection charges may only be charged on condition that they do not exceed the applicable limit permissible in terms of the National Credit Act, No. 34 of 2005 in the event of the customer concerned defaulting on a payment obligation under such agreement and provided that proper notice in terms of this Act has been given.

11. PAYMENT FOR MUNICIPAL SERVICES PROVIDED

11.1 A customer shall be responsible for the payment of all municipal services accounts rendered to him/ her from the commencement date of the agreement until the account has been paid in full and the municipality shall be entitled to recover all payments due to it from the customer concerned.

11.2 If a customer uses a municipal service for a use other than that for which it is rendered by the municipality in terms of an agreement and if he is charged an amount lower than the applicable prescribed charge, the municipality may alter the amount so charged and recover from him/ her the difference between the altered charge and the amount initially charged to him/ her.

11.3 Full and final settlement” of an amount

- (a) where an account is not settled in full, any lesser amount tendered to and accepted by the municipality shall not constitute a full and final settlement of such account despite the fact that the payment was tendered in full and final settlement unless the Municipal Manager or his nominee or the manager of the municipality’s authorized agent expressly accepts such payment in writing as being in full and final settlement of the amount reflected on the relevant account.

11.4 Responsibility for payment of amounts due and payable

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- a) Notwithstanding any other provision in this policy, an owner of premises shall be liable for the payment of any amount that is due and payable to the municipality by a customer who is a lessee or occupier of such premises to which municipal services have been provided for the preceding two years, if the municipality, after having taken reasonable steps to recover from such customer any amount due and payable by him/ her, could not do so;
- b) Subparagraph (1) must not be construed as absolving the municipality from its responsibility to collect outstanding amounts in respect of municipal services provided to premises from the customer who has benefited therefrom nor for timeously informing the owner of the premises concerned that the occupying customer has defaulted in making payments due to the municipality in respect of rendered municipal services;
- c) Despite subparagraph (1) but subject to any law governing prescription, the municipality may collect amounts owing to it for a period in excess of two years through due legal process.

11.5 Dishonored payments

If an accountholder tenders a cheque which is subsequently dishonoured by or is found to be unacceptable to the accountholder's bankers, the municipal manager shall – in addition to taking the steps contemplated in this policy against defaulting accountholders – charge such accountholder the penalty charge for unacceptable cheques, as determined by the council from time to time, and such charge shall rank equally with the costs and expenses incurred by the municipality for purposes of determining the sequence of allocations and appropriations .

12. PAYMENT OF INTEREST

12.1 Interest shall be charged on all arrear accounts at a rate determined by council from time to time.

12.2 Interest shall be calculated on a **monthly** basis. For purposes of determining arrear amounts, all amounts unpaid including interest previously raised and penalty charges, but excluding value added tax, shall be taken into account.

12.3 considering each annual budget the council shall review the adequacy of its interest charges, and shall determine for the financial year concerned.

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13. ACCOUNTS AND BILLING

- 13.1 A municipality shall provide every person liable to pay for municipal services assessments rates and taxes with an account in respect of every property for which that person is liable and all services rendered in respect of that property at the address last recorded with the municipality.
- 13.2 Failure by the municipality to render an account does not relieve a consumer of the obligation to pay any amount due and payable. The onus shall be on the consumer to obtain a copy of the account before the due date.
- 13.3 If a municipal service agreement constitutes a credit agreement in terms of the National Credit Act, the form and content of the account must comply with Section 109 of the National Credit Act, which provides guidance on the form and content of statement of account.
- 13.4 An account rendered by the municipality for services provided to a consumer shall be paid not later than the last date for payment specified in such account, which date will not be more than 30 days after the date of the account.
- 13.5 If a payment of an account is received after the due date referred to in Sub-Section 14.4, interest, as may be prescribed by the municipality, must be paid by the debtor to the municipality.
- 13.6 Accounts will be rendered on a monthly basis in cycles of 30 days and shall be payable on the due date as indicated on the account.
- 13.7 Any amount which remains due and payable after the due date shall attract interest. Before charging any interest or charge with regard to outstanding amounts, the municipality shall ensure that it complies with Section 4 (6) (b) and paragraph 103-103 of the National Credit Act, where applicable.
- 13.8 Payments shall be deemed to be late unless received on or before the due date by the municipality. Electronic payments and payments made through agents must be received in a municipality bank account by the close of business on the due date.
- 13.9 The municipality may consolidate any separate accounts for which a customer is liable

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for payment. The municipality may not consolidate debt that is constituted by amounts that fall under the National Credit Act and those that do not fall under the National Credit Act, unless the municipality ensures that the consolidated debt will comply in all respects with the National Credit Act.

13.10 If the consumer agreement for the supply of municipal services constitutes a credit agreement in terms of the National Credit Act, any amount that is received from the consumer shall be used to firstly satisfy any due or unpaid interest charges, secondly to satisfy any due or unpaid fees and finally to reduce the principal debt (even if the principal debt is consolidated).

13.11 In all other instances where the National Credit Act does not apply, the municipality can allocate the payment as it deems fit unless the consumer has expressly instructed otherwise.

13.12 Accounts must contain at least the following:

- a) the amount due and payable for any other municipal service;
- b) the applicable tariff;
- c) the amount in arrears, if any;
- d) the interest payable on any arrears, if any;
- e) collection charges if any
- f) the final date for payment;
- g) the methods, places and approved agents where payment may be made.

13.13 Accounts may be accompanied by a notice stating that:

- a) The consumer may conclude an agreement with the municipality for payment of the arrear amount in installments at the municipality before the final date for the payment, if a consumer is unable to pay the full amount due and payable.
- b) legal action may be instituted against any consumer for the recovery of any arrear amount in terms of the policy contained herein;
- c) the account may be handed over to a debt collector for collection;
- d) Proof of registration, as an indigent consumer, in terms of the municipality's indigent policy must be handed in before the final date for payment.

14. DISPUTES, QUERIES AND COMPLAINTS

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14.1 In the event of an accountholder reasonably querying any item or items on the monthly municipal account, no action shall be taken against the accountholder provided the accountholder has paid by due date an amount equal to the monthly average monetary value of the three most recent unqueried accounts in respect of the service under query, as well as all unqueried balances on such account, and provided further such query is made in writing by the accountholder or is recorded in writing by the municipal manager on behalf of the accountholder on or before the due date for the payment of the relevant account.

15. ARREARS

15.1 A consumer of municipal services and an owner of property must pay any monies owed to the Municipality within the period or before the due date that is indicated on the account.

15.2 A consumer of municipal services and an owner of property with a minimum debit balance of four months in arrears on a conventional system must be put on prepaid system and be deducted 65% from purchasing electricity until the monies owed to the Municipality are settled in full.

15.3 If a consumer fails to pay the amount/s due and payable on or before the final date for payment, the unpaid amount is in arrear and a final demand notice may be hand delivered or sent, per registered mail, to the most recent recorded address of the consumer, within 7 working days.

15.4 If an agreement falls under the National Credit Act, the municipality should send a letter in terms of Section 129 of the Act advising the consumer about the default and proposing that the consumer refer the matter to a debt councillor, alternative dispute resolution agent, consumer court or ombudsman within jurisdiction, with the intention that the parties resolve the dispute under the agreement or develop and agree on a plan to bring the payments under the agreement up to date.

15.5 Failure to deliver or send a final demand notice within 7 working days does not relieve a consumer from an obligation to pay such arrears. The municipality may, when all other credit control actions have been exhausted, commence legal process against debtors which process could involve summonses and judgements.

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- 15.6 The municipality will exercise strict control over this process, and will require regular reports on progress from service providers.
- 15.7 The municipality will establish procedures and codes of conduct with these outside parties.
- 15.8 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the municipality's system of debt collection.
- 15.9 All steps in credit control and debt collection procedures will be recorded for the municipality's records and for the information of the debtor.
- 15.10 Individual debtor account information is protected and not the subject of public information.
- 15.11 The municipality may release debtor information to credit bureaus.
- 15.12 The municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.
- 15.13 The municipality may consider the use of agents as service providers and innovative debt collection methods and products.
- 15.14 Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.
- 15.15 Any agreement concluded with an agent, service provider or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute a breach of the contract.

16. AGREEMENT FOR THE PAYMENT OF ARREARS IN INSTALLMENTS

- 16.1 Allowing defaulting accountholders to make arrangements for the payment of arrear accounts shall be at the discretion of the municipal manager.

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16.2 Each defaulting accountholder shall be allowed to pay an arrear account, together with the interest raised on such account, and it shall be a condition for the conclusion of any arrangement that the accountholder is bound to pay every current municipal account in full and on time during the period over which such arrangement extends.

16.3 If an accountholder breaches any material term of an arrangement, the balance of the arrear account, together with the balance of interest raised on such account, shall immediately become due and payable to the municipality.

16.4 An accountholder who has breached an arrangement as set out above shall not be allowed to make any further arrangements for the payment of arrear accounts, but shall be proceeded against, after the dispatch of the initial notice of default and failure by the accountholder to pay the arrear account, together with interest raised on such arrears as required in terms of such notice, as though such accountholder had breached a material term of an arrangement.

16.5 INCENTIVE DISCOUNTS

- Residential – 50% write off provided an arrangement is made to settle the balance in arrears within 12 months.
- Commercial – write off Interest portion provided an arrangement be made to settle the balance in arrears within 6 months or a 50% write off provided the debt is settled within 30days.
- Government – No discount
- In an event the customer fails to oblige with the arrangements terms then the write off will be forfeited.

17 RATES

17.1 Annual Rates (and other annual levies)

- a) Interest will be charged on all overdue accounts at an interest rate that shall be determined by the Council from time to time.
- b) If an account is not paid by the due date as displayed on the account, a notice shall be issued showing the total amount owed to Council.
- c) If an account is not settled or there is no response from the consumer to make acceptable arrangements to repay the debt, summons shall be issued and the legal

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process followed.

- d) Any consumer may be granted the opportunity of converting to a monthly rates payment arrangement for the following financial year.

17.2 Monthly Rates

- a) Interest will be charged on all overdue accounts at a rate determined by council from time to time.
- b) Consumers may make application to the Council before 31 May each year to pay current and future rates monthly, the approval of which is at the sole discretion of the Municipal Manager as advised by the Chief Financial Officer with the right to sub-delegate.
- c) The monthly amount payable for current annual rates plus interest will be calculated to allow the total balance of such amount to be paid in equal installments by the end of that financial year.

17.3 Rates Clearance Certificate

- a) On the sale of any property in the municipal jurisdiction, the municipality will withhold the transfer until all rates, services and consumption charges are paid by withholding a rates clearance certificate as contemplated in section 118 of the Systems Act. Where an undertaking is submitted by an attorney to the municipality to pay all outstanding debt on receipt of the purchase price of the property, the municipality may issue a rate clearance certificate, valid for 90 days, after the relevant fee for the certificate was deposited in the municipality's primary account.

18. PROCUREMENT OF GOODS AND SERVICES BY A MUNICIPALITY

18.1 When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders to a condition that consideration and evaluation thereof will necessitate that the tendered obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for the payments of arrears. To this end, copies of the following documents will be required:

- a) Rates account;

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b) Refuse removal account;

18.2 No tender will be allocated to a person/ contractor until suitable arrangement for the repayment of arrears over the duration of the contract, has been made. The tenderer must maintain arrangements and pay current installments as provided for in any contract with the Municipality.

18.3 Creditors should not be paid the debt owed to the municipality is settled, or there is an offset against monies owed.

INDIGENCY MANAGEMENT

19.1 In regard to the payments expected from registered indigents, and the credit control and debt collection actions contemplated in respect of such residents, this policy must be read in conjunction with the municipality's approved policy on indigency management.

20 UNCOLLECTABLE ARREARS/ IRRECOVERABLE DEBT/PROVISION FOR DOUBTFUL DEBT

20.1 The effective implementation of the present policy also implies a realistic review of the municipality's debtor's book at the conclusion of each financial year. The municipal manager shall as soon as possible after 30 June each year present to the council a report indicating the amount of the arrears which it is believed is uncollectable, together with the reasons for this conclusion.

20.2 The council shall then approve the write off such arrears, if it is satisfied with the reasons provided.

20.3 Provision for irrecoverable debt should be made for amounts over 90 days. Such contribution should be calculated on the total outstanding amount older than 90 days in the following manner:

Active accounts – 50% of the outstanding amount

Inactive accounts – 100 % of the outstanding amount

Accounts for indigent debtors – 100 % of the outstanding amount

21 ARREARS WHICH HAVE ARISEN PRIOR TO THE ADOPTION OF THE PRESENT POLICY

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21.1 The council shall separately consider arrears which arose prior to the adoption of the present policy, and shall advise accountholders of their respective obligations in regard to such arrears. In determining such obligations, the council shall have regard to the quantum of such arrears, to the period over which the default occurred, and to whether the accountholder concerned has registered as an indigent in terms of the municipality's policy on indigency management. The council shall further consider an incentive scheme which will appropriately encourage accountholders to settle all or a stated percentage of these arrears.

22 OFFENCES AND PENALTIES

22.1 The Council acknowledges that, in terms of Section 129 of the Local Government: Municipal Systems Act 2000, it is an offence for any person who:

- a) fails to give the access required by a duly authorized representative of the municipality in terms of this policy;
- b) obstructs or hinders a duly authorized representative of the municipality in the exercise of his or her powers or performance of functions or duties in terms of this policy;
- c) unlawfully uses or interferes with municipal equipment or the consumption of services supplied to any customer;
- d) fails or refuses to give duly authorized representative of the municipality such information as he or she may reasonably require for the purpose of exercising or performing his or her powers or functions in terms of this policy, or gives such representative false or misleading information, knowing it to be false or misleading; or contravenes or fails to comply with a provision of this policy, shall be guilty of an offence

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22.2 Upon conviction in a court, an offender shall be liable for a fine not less than the cost of repairing the damage or any such cost determined by the municipality, or to imprisonment for a period not exceeding 12 months, or both such a fine and imprisonment.

23 PUBLICATION OF POLICY

The Municipal Manager shall, within 14 days from the date of adoption of this Policy by the Council, by public notice draw the attention of the public to its broad contents and method of application.