

CREDIT CONTROL & DEBT COLLECTION POLICY

Item A-F (23-2018) CM 24/5/2018	REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP), MEDIUM - TERM REVENUE AND EXPENDITURE FRAME WORK (MTREF) AND BUILT ENVIRONMENT PERFORMANCE PLAN (BEPP): 2018/2019 TO 2020/2021
------------------------------------	--

Resolved:

5. That to guide the implementation of the municipality's annual budget, the Council of the City of Ekurhuleni **APPROVES** the policies as set out in the following Annexures of this document.

Annexure D1	Medium-term Budget Policy Statement (reviewed)
Annexure D2	Pricing Policy Statement (reviewed)
Annexure D3	Property Rates Policy (reviewed)
Annexure D4	Provision of Free Basic Electricity Policy (reviewed) & Provision of Free Basic Water Supply Services Policy (reviewed)
Annexure D5	Waste Management Services Tariff Policy (reviewed)
Annexure D6	Consumer Deposit Policy (reviewed)
Annexure D7	Indigent Policy (reviewed)
Annexure D8	Credit Control & Debt Collection Policy (reviewed)
Annexure D9	Provision for Doubtful Debtors and Debtors Write Off (reviewed)
Annexure D10	Budget Implementation and Monitoring Policy (reviewed)
Annexure D11	Municipal Entity Financial Support Policy (reviewed)
Annexure D12	Accounting Policy (reviewed)
Annexure D13	Electricity Metering for Residential and business Customers (reviewed)
Annexure D14	Policy for the Vending of Pre-Paid Electricity (reviewed)
Annexure D15	Policy for Correction of Meter Reading and Billing Data (reviewed)
Annexure D16	Electricity Tariff policy (reviewed)
Annexure D17	Virement Policy (reviewed)
Annexure D18	Consumer Agreement Policy (remains unchanged)
Annexure D19	Supply Chain Management Policy (remains unchanged)
Annexure D20	Treasury Policy (new – Consolidation of various policies)
Annexure D21	Allocation for Grants-in-Aid Policy (new)

CREDIT CONTROL AND DEBT COLLECTION POLICY

PREAMBLE

WHEREAS section 95(a) of the Local Government: Municipal Systems Act, No. 32 of 2000, provides that in relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a municipality must, within its financial and administrative capacity, establish a sound Customer Management System that aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality and where applicable a service provider.

AND WHEREAS section 96(a) of the Local Government: Municipal Systems Act, No. 32 of 2000, provides that a municipality must collect all money that is due and payable to the municipality and for this purpose must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of that Act.

AND WHEREAS section 97 of the Local Government: Municipal Systems Act, No 32 of 2000, provides that the credit control and debt collection policy must provide for credit control and debt collection procedures and mechanisms as well as provision for indigent debtors that is consistent with its rates and tariff policies and any national policies on indigents.

NOW THEREFORE the Council of the Ekurhuleni Metropolitan Municipality has adopted the **Credit Control and Debt Collection Policy** as set out hereunder: -

CONTENTS

1. DEFINITIONS	4
2. OBJECTIVE OF POLICY	8
3. APPLICATION OF POLICY	8
4. CREDIT CONTROL AND DEBT COLLECTION PRINCIPLES	9
4.1 GENERAL.....	9
4.2 COUNCIL.....	10
4.3 CUSTOMERS	10
4.4 DECEASED ESTATES.....	10
4.5 COUNCILLOR SERVICES ACCOUNTS.....	11
4.6 STAFF SERVICES ACCOUNTS	11
4.7 PROPERTY TRANSFER CLEARANCE - SECTION 118 OF LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT 32 OF 2000.....	11
5. ACCOUNT ADMINISTRATION.....	12
5.1 ACCOUNTS.....	12
5.2 ACCOUNT QUERIES.....	12
5.3 DISPUTE AS TO AMOUNT OWING.....	13
5.4 INTEREST CHARGES.....	13
5.5 ACCOUNT DUE DATE.....	13
5.6 PAYMENT EXTENSION	14
5.7 ARREAR ACCOUNTS.....	15
5.8 COST TO REMIND CUSTOMERS OF ARREARS.....	15
5.9 PAYMENT ALLOCATION PRIORITIES	15
6. ACTIONS TO SECURE PAYMENT	16
7. POWER TO RESTRICT OR TERMINATE SUPPLY OF MUNICIPAL SERVICES	17
7.1 GENERAL.....	17
7.2 COST TO RESTRICT OR DISCONTINUE SERVICES.....	18
8. RECONNECTION OF MUNICIPAL SERVICES	18
8.1 GENERAL.....	18
8.2 COST FOR THE RECONNECTION OF SERVICES.....	19

9. DEBT REPAYMENT ARRANGEMENTS.....	19
9.1 GENERAL PRINCIPLES	19
9.2 DURATION AND CONDITIONS FOR PAYMENT OF ARREARS IN INSTALMENTS.....	19
10. AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS.....	21
11. LEGAL ACTION	21
12. DISHONoured PAYMENTS	21
13. WRITING OFF OF BAD DEBTS	22
14. FULL AND FINAL SETTLEMENT OF A DEBT	22
15. CREDIT BUREAU LISTING OR SIMILAR.....	22
16. FRAUD, THEFT AND OTHER CRIMINAL ACTIVITY.....	23
17. SHORT TITLE	23

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 –

- "Account"** : Account in name of customer held with the City of Ekurhuleni
- "Account Statement"** : formal notification by means of a statement of account to persons liable for payment of amounts levied for fees, charges, surcharges on fees, property rates and other municipal taxes and services, levies, penalties and duties, indicating the net accumulated balance of the account.
- "Accounting Officer"** : means the person appointed by the Municipality as the City Manager of the Ekurhuleni Metropolitan Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), responsible and accountable in terms of section 55(2) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) and includes any person acting in such position and to whom the City Manager has delegated a power, function or duty.
- "Act"** : means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time.
- "Administration of Estates Act"** : means the Administration of Estates Act, 66 of 1965.
- "Arrears"** : Amount due, owing and payable in respect of fees, charges, surcharges on fees, property rates and other municipal taxes and services, levies, penalties and duties and not paid by the due date.
- "Authorised Officer"** : means any official of the Municipality who has been authorised by it to administer, implement and enforce the provisions of this policy.
- "By-law"** : means a by-law adopted by the Municipality.
- "Chief Financial Officer"** : means the person appointed by the municipality as Chief Financial Officer of the Ekurhuleni Metropolitan Municipality in terms of section 56 of the Local Government : Municipal Systems Act, 2000 (Act 32 of 2000).

- “City Manager”** : means the person appointed by the Municipality as the City Manager of the Ekurhuleni Metropolitan Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person acting in such position and to whom the City Manager has delegated a power, function or duty.
- “collection charges”** : means collection charges which may be recovered by the Municipality 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.
- "consolidated account"** : a monthly account reflecting all fees, charges, surcharges on fees, property rates and other municipal taxes and services, levies, penalties and duties in respect of various accounts held by customer.
- “Consumer”** : means any occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if there is no occupier, the owner of the premises and or recipient and or consumer of various services rendered by the municipality. A customer will therefore be deemed a customer by virtue of receiving, consuming and or utilising any facility, equipment, service rendered by the municipality and or a municipal entity or an agent as appointed by the municipality.
- “Council”** : Means –
- (a) the “Municipality” and vice versa;
 - (b) the Council of the Ekurhuleni Metropolitan Municipality established by Provincial Notice No. 6768, as amended, exercising its legislative and executive authority through the municipality;
 - (c) its successor in title;
 - (d) 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
 - (e) 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.
- “customer”** : means “Consumer”.

- "defaulter"** : any customer in arrears.
- "illegal connection"** : a connection to any system through which municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.
- "Indigent"** : Person referred to in the Indigent Support Policy of the Municipality.
- "municipal entity"** : means a municipal entity of which the municipality is the parent municipality.
- "municipality"** : means the "Council" and vice versa.
- "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.
- (e) any legal person, including but not limited to:
- (i) a company registered in terms of the Companies Act, 1973, a trust, a close corporation registered in terms of the Close Corporations Act, 1984; as amended by the Companies Act, 2008;
 - (ii) any department of State;
 - (iii) any council or board established in terms of any legislation applicable to the Republic of South Africa;
 - (iv) any embassy or other foreign entity.

“Policy” : means the Credit Control and Debt Collection Policy adopted by the Municipality.

“property” : (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.

“Registered Property” : Property registered in Deeds Office

“stakeholder” : means all natural and non-natural customers of the municipality and or prospective customers and or single or groups of people who consume or receive services from the municipality.

“3rd party debt collection agencies” : means any person or juristic person that collects debt on behalf of the municipality.

2. OBJECTIVE OF POLICY

The objective of this policy is to –

- (a) provide for customer management, credit control procedures and mechanisms and debt collection procedures and mechanisms;
- (b) provide for indigents in a way that is consistent with rates and tariff policies and any national and / or local policy on indigents;
- (c) set realistic targets consistent with –
 - (i) generally recognized accounting practices and collection ratios; and
 - (ii) the estimates of income set in the budget less an acceptable provision for bad debts.
- (d) provide for charging of interest on arrears, where appropriate;
- (e) provide for extensions of time for payment of accounts;
- (f) provide for termination of services or the restriction of the provision of services when payments are in the arrears;
- (g) provide for matters relating to unauthorized consumption of services, theft and damages;
- (h) provide for actions that may be taken by the municipality to secure payment of accounts that are in arrear including –
 - (i) The termination of municipal services or the restriction of the provision of services;
 - (ii) The seizure of property;
 - (iii) The attachment of rent payable on a property; or
 - (iv) The extension of liability to a director, trustee or a member if the debtor is a company, a trust or a close corporation.
- (i) provide for alternative debt repayment arrangements in accordance with the terms and conditions of this policy;
- (j) create an environment which enables a customer to repay the outstanding debt and establish culture of payment for services rendered by the municipality;
- (k) effectively and efficiently deal with defaulters in accordance with the terms and conditions of this policy; or
- (l) provide for procedures and mechanisms to ensure that all monies due and payable to the municipality are collected.

3. APPLICATION OF POLICY

3.1 Applicable Items

This policy shall apply to, but not be limited to, monies due and payable to the municipality for –

- (a) Property rates;
- (b) Municipal tax;
- (c) Fees, surcharges on fees, charges and tariffs in respect of municipal services, such as –
 - (i) provision of water;
 - (ii) refuse removal;
 - (iii) sewerage;
 - (iv) the removal and purification of sewerage;
 - (v) electricity consumption;

- (vi) Rental and or leasing of equipment, land, buildings and facilities of all types;
 - (vii) interest which has accrued or will accrue in respect of money due and payable to the municipality;
 - (viii) Burial fees;
 - (ix) Dumping of refuse;
 - (x) collection charges in those cases where the municipality 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 municipality itself or by a service utility with which it has concluded an agreement to provide a service on the municipality's behalf;
 - (xi) any other charges levied from time to time.
- 3.2 This policy shall apply to municipal services provided through pre-paid meters;
- 3.3 This policy shall apply to any municipal entity of which the municipality is the parent municipality'
- 3.4 This policy shall apply to customers within the official demarcated boundaries of the municipality, including newly demarcated areas as determined by the demarcation board from time to time;
- 3.5 This policy shall apply to, but not be limited to, the following categories of customers –
- (a) Residential customers of the municipality;
 - (b) Business customers of the municipality;
 - (c) Non-governmental organisations for profit and non-profit;
 - (d) Educational institutions for profit and non-profit;
 - (e) Religious institutions;
 - (f) National, provincial and local government;
 - (g) State owned entities;
 - (h) Any other category of customer as determined by the municipality from time to time.

4. CREDIT CONTROL AND DEBT COLLECTION PRINCIPLES

The credit control and debt collection policy is based on the following principles -

4.1 GENERAL

- (i) The policy and its application provides for the specific circumstances of the community to which it relates.
- (ii) The credit control and debt collection procedures must be understandable, uniform, fair and consistently applied.
- (iii) Credit control must be effective, efficient and economical.
- (iv) The measures taken must be sustainable in the long term.

4.2 COUNCIL

- (i) To enable the Council to differentiate between those customers that cannot pay from those that simply do not want to pay, the “Indigent Support Policy” will be applied.
- (ii) The Credit Control and Debt Collection Policy will be supported by procedure manual(s) as drafted by the Director Income or a nominee of the Accounting Officer.
- (iii) The Credit Control and Debt Collection Policy shall super cede all other policies aimed at achieving the same purpose to which the current credit control policy seeks to achieve.

4.3 CUSTOMERS

- (i) Customers found to have misrepresented themselves in order to benefit from any of the Councils relief and/or benefit in terms of this policy, will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief and / or benefits that have been received, will be reversed to account of customer from date of offence.
- (ii) Notwithstanding anything contained in this policy, the Council will recover any debt relevant to registered property in terms of provisions of section 118 of the Municipal Systems Act, 32 of 2000.
- (iii) In the case of company, close corporation, trust in terms of the Trust Property Control Act No. 57 of 1988, home owners association or a body corporate in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), the liability may be extended to the directors, members or trustees thereof jointly and severally, and –
 - the directors, members or trustees thereof shall be considered to have provided the Council with a guarantee that any debt shall be recoverable from themselves in their personal capacity with each being jointly and severally liable for such debt, the one paying the other to be absolved.
- (iv) Where any subsidiary company of a holding company is indebted to the Council, the liability for such arrears may be extended to the holding company.
- (v) Where any holding company is indebted to the Council, the liability for such arrears may be extended to the subsidiary company.
- (vii) The Council shall not conduct any business activity with or accept new services application to any customer who is in arrears with the Council except as provided for in legislation or policy as determined by the Council from time to time.
- (viii) The Council shall not refund any credit to any customer or customer’s nominee who is in arrears with the Council.

4.4 DECEASED ESTATES

In accordance with the provisions of Administration of Estates Act the executor of a Deceased Estate shall be liable for payment of all debts on the property.

It remains the sole responsibility of the occupiers to inform the Municipality that the property forms part of a deceased estate and the Municipality may refuse services until an executor has been appointed.

Occupiers of property in a deceased estate where neither an executor nor administrator has been appointed, may be required to sign a service level agreement.

4.5 COUNCILLOR SERVICES ACCOUNTS

In accordance with the provisions of Schedule 1, of the Municipal Systems Act, 32 of 2000, an elected councillor residing within demarcated area of the Council and is individually or jointly responsible for account, may not be in arrears for municipal service fees, surcharges on fees rates or any other municipal taxes, levies and duties levied by the Council for more than 3 (three) months.

Notwithstanding any relevant procedure, method or action that may be taken in terms of this policy, the City Manager may deduct amounts due for more than 3 (three) months from such councillor's remuneration.

4.6 STAFF SERVICES ACCOUNTS

In accordance with the provisions of Schedule 2, of the Municipal Systems Act, 32 of 2000, an official of council, residing within demarcated area of the Council and is individually or jointly responsible for account, may not be in arrears for municipal service fees, surcharges on fees rates or any other municipal taxes, levies and duties levied by the Council for more than 3 (three) months.

Notwithstanding any relevant procedure, method or action that may be taken in terms of this policy, the City Manager may deduct amounts due for more than 3 (three) months from such official's remuneration.

4.7 PROPERTY TRANSFER CLEARANCE - SECTION 118 OF LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT 32 OF 2000

Certificate in terms of Section 118(1) will only be issued if all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

In terms of Section 118(3), an amount due for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

The council may institute any legal proceedings and mechanisms available to recover full outstanding debt in terms of Section 118(3) including, lodging an urgent application to interdict the sale of the property until the debt is paid in full.

All Collection charges incurred in pursuing recovery of arrears, shall be levied against the debtors account.

Upon transfer of a property, a new owner is not liable for debts arising before transfer from the charge upon the property under section 118(3) of the Local Government: Municipal Systems Act 32 of 2000.

5. ACCOUNT ADMINISTRATION

5.1 ACCOUNTS

- (a) Accounts must be rendered and administered in accordance with the requirements of this policy.
- (b) Failure by the Council to render an account does not relieve a customer of the obligation to pay any amount that is due and payable.
- (c) The Council may, in accordance with the provisions of section 102 of the Act –
 - (i) Consolidate any separate accounts of customers liable for payments to the council;
 - (ii) Credit any payment by such customer against any account of that customer;
 - (iii) Implement any of the debt collection and credit control measures provided for in the Council's policies and by-laws, in relation to any arrears on any of the accounts of such a customer.
- (d) The amount due and payable by a customer constitutes a consolidated debt, and any payment made by a consumer of an amount less than the total amount due will be allocated in reduction of the consolidated debt in the order determined by the Council.
- (e) Where the property is owned by more than one person, each owner shall be jointly and severally liable, the one paying the other to be absolved, for all municipal debts charged on the property.

5.2 ACCOUNT QUERIES

- (a) Account query refers to the instance when a customer queries any specific amount or any content contained in any account as rendered by the Council;
- (b) Query must be raised in writing at any of the Council's administrative offices;
- (c) Customer to furnish in writing full personal particulars including acceptable means of identification, contact details and account number in respect of which amount owing is queried;
- (d) Customer may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment;
- (e) Pending the outcome of query, customer may apply for temporary payment extension in terms of provisions of this policy;
- (f) the customer shall, pending the resolution and outcome of the query, continue to make regular payments on services that are **NOT** in dispute **PLUS** the average charges for the preceding three months prior to the arising of the dispute in respect of remaining part of account or disputed service until the resolution of that query;
- (g) should a customer not be satisfied with the outcome of the query, a customer may lodge an appeal in terms of section 62, as read with section 95 (f), of the Systems Act.

5.3 DISPUTE AS TO AMOUNT OWING

- (a) A customer may lodge an appeal in terms of section 62, as read with section 95 (f), of the Local Government: Municipal Systems Act 32 of 2000.
- (b) Customer to furnish in writing full personal particulars including acceptable means of identification, contact details and account number in respect of which amount owing is disputed.
- (c) Only disputes lodged by registered account holder will be considered.
- (d) Customer may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment.
- (e) Should any written dispute arise as to the amount owing on the account in respect of all services by a customer, the customer shall, pending the resolution and outcome of that dispute, continue to make regular minimum payments based on the average charges for the preceding three months prior to the arising of the dispute, plus interest, until the resolution of that dispute.
- (f) Should any written dispute arise as to the amount owing on part of the account or service by a customer, the customer shall, pending the resolution and outcome of that dispute, continue to make regular payments on services that are **NOT** in dispute **PLUS** the average charges for the preceding three months prior to the arising of the dispute in respect of remaining part of account or disputed service until the resolution of that dispute.

5.4 INTEREST CHARGES

- (a) Accounts are due and payable on account due date.
- (b) Interest will be levied on all arrears at a rate prescribed by the Council from time to time.
- (c) Specific categories of customers, services and debtor groups as determined by the Council from time to time, may be excluded from interest on arrear charges.

5.5 ACCOUNT DUE DATE

- (a) Monthly account due date represents the date on which the customer's account becomes due and payable, the due date shall be as determined by the Council from time to time.
- (b) Where the owner has entered into an agreement with the Council to pay property rates annually, the due date shall be as determined by the Council from time to time.
- (c) Account due date will be reflected on customer account statement.
- (d) Only payments receipted through the Councils financial system on or before account due date will be deemed to have been duly received.
- (e) Payments by customers through 3rd party vendors, will only be deemed to have been received when receipted through the Councils financial system.

5.6 PAYMENT EXTENSION

5.6.1 Temporary Payment Extension

- (a) On written application by customer, requests for payment extension in respect of outstanding debt will be considered in the following circumstances:
 - (i) Customer account under inquiry.
 - (ii) Customer account under dispute.
 - (iii) Pending outcome or conclusion of court cases.
 - (iv) Merit cases as approved by Accounting Officer or delegated official.
- (b) Customer may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment.
- (c) Payment extension will be granted for maximum period of 90 days from date of application and may be extended on month-to-month basis.
- (d) Payment extension will not result in the suspension of legal actions and / or court actions unless authorised by Accounting Officer.
- (e) Approved payment extension will result in the temporary suspension of credit control actions.
- (f) Approved payment extension will **NOT** result in the termination, extension or suspension of interest on arrears.
- (g) Consumers with an active debt re-payment arrangement do not qualify for payment extension application in respect of active or arrangement account.

5.6.2 Permanent Payment Extension

- (a) On written application by customer, requests for permanent alternative monthly payment due date (Permanent Payment Extension) will be considered.
- (b) Customer to furnish in the manner prescribed by Council, full personal particulars including acceptable means of identification, contact details and account number in respect of which application is made.
- (c) Customer may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment.
- (d) Extension will be valid for minimum period of 12 (twelve) months.
- (e) Extension of account due date may be moved to any of the following alternative monthly due dates:
 - ▶ 5th
 - ▶ 10th
 - ▶ 15th
 - ▶ 20th
 - ▶ 25th
 - ▶ 30th
- (f) Extension will only be cancelled on written application by customer.

- (g) Where a consumer is found to default on permanent payment extension for at least three consecutive billing periods, the council at its sole discretion may cancel such payment extension.
- (h) On cancellation of extension, customer will revert to the original cycle due date.

5.7 ARREAR ACCOUNTS

- (a) If a consumer fails to pay the full amount due and payable on or before the account due date, the unpaid amount is in arrears and a final demand / Pre Termination notice shall be sent and may be hand delivered or delivered, per mail or any electronic means available, to the most recent recorded address or electronic contact address and/or number of the consumer.
- (b) Failure to deliver or send a final demand / Pre Termination notice does not relieve a consumer from paying such arrears.
- (c) The final demand / Pre Termination notice must contain the following :
 - (i) the minimum amount payable, and the date by which such amount must be paid;
 - (ii) that the consumer may conclude a debt repayment agreement with the Council for payment of the arrears amount in instalments;
 - (iii) that if full minimum amount payable is not paid and/or debt repayment agreement is not entered into within the stated period, that the electricity and/or water services will be discontinued or restricted and that legal action will be instituted against consumer for the recovery of any amounts in arrear, without further notice;
- (d) The customer together with the account(s) that is/are in default may be handed over to a duly appointed collection agent or attorney for collection;
- (e) The consumer's name may be made public, and may be listed with a credit bureau or any other equivalent body as a defaulter;
- (f) Proof of registration as an indigent customer must be handed in to the Council on or before the required date of payment contemplated in 5.5(a).

5.8 COST TO REMIND CUSTOMERS OF ARREARS

An administrative fee will be levied against the account of a customer in terms of the tariff provisions of the Council, in respect of any action taken in demanding payment from the customer or reminding the customer by means of notice delivered by mail, by hand or any electronic means available, that account is in arrears.

5.9 PAYMENT ALLOCATION PRIORITIES

Payments received in respect of consolidated debt will be allocated in the following priority order, with oldest outstanding debt being settled first irrespective of date of payment:

Priority	Category
1	Deposit raised
2	Arrangement instalment
3	Balance brought forward from previous financial system
4	Cash

<u>5</u>	Abeyance debt
<u>6</u>	Clearance debt in terms of Section 118 (Inside and Outside)
<u>7</u>	Disconnection fees
<u>8</u>	Legal costs
<u>10</u>	Interest services
<u>11</u>	Interest other
<u>12</u>	Interest housing
<u>13</u>	Interest loans
<u>15</u>	Assessment rates
<u>20</u>	Refuse service debt
<u>25</u>	Sewer service debt
<u>30</u>	Water service debt
<u>35</u>	Electricity service debt
<u>40</u>	Rental charges
<u>45</u>	Hostel fees
<u>50</u>	Housing charges
<u>55</u>	Ambulance fees
<u>60</u>	Emergency fees
<u>65</u>	Improvement district
<u>70</u>	Loans
<u>99</u>	Other (any other service debt raised to account)

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 actions to secure payment for property rates, municipal services, interest, penalties and other related charges namely -
- (i) termination and / or restriction of the provision of any municipal services in accordance with paragraph 7; and
 - (ii) allocation of the full or portion of a payment of an account, or the full or portion of pre-paid service payment, as payment for arrears in accordance with paragraph 5.7.
- (b) The Council may further take the steps contemplated in section 104(1)(f)(ii) of the Municipal Systems 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 City Manager or his / her nominee for approval or such directives which the Council deems necessary under the circumstances.
- (c) The Council may, in terms of the provisions of section 104(1)(f)(iii) of the Municipal Systems Act, attach the rental or any other payments due to customers who are in arrears with their municipal accounts.
- (i) If any debt levied in respect of a property is in arrears by the owner of the property, the arrears may be recovered in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier;
 - (ii) Written notice has been served on the tenant or occupier and property owner or agent of property owner;
 - (iii) The tenant or occupier of property or agent of property owner must on request by the Council, furnish a written statement specifying rental and

- other payments to be made by the tenant or occupier to the owner of the property during a period as determined by Council;
- (iv) The amount the Council may recover from the tenant or occupier of a property is limited to the amount of rent payable by the tenant or occupier to the owner of the property;
 - (v) The Council may recover the arrear amount on a property in whole or in part from the agent of the registered owner;
 - (vi) Any amount recovered from the tenant or occupier will be set off against the arrears of the property owner.
- (d) The Council may, in the case of company, close corporation, trust in terms of the Trust Property Control Act No 57 of 1988, home owners association or a body corporate in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), extend the liability in respect of customer arrears to the directors, members or trustees thereof jointly and severally.
 - (e) The Council may, at the cost of the consumer, install water management device and/or pre-paid electricity meters upon the failure of the consumer to make regular payments to Council for services consumed.

7. POWER TO RESTRICT OR TERMINATE SUPPLY OF MUNICIPAL SERVICES

7.1 GENERAL

- (a) The Council or duly appointed agent may terminate and / or restrict the supply of water, electricity or in the case of pre-paid electricity withhold the selling of electricity in terms of the prescribed disconnection procedures, or discontinue any other service to any premises associated with the customer, whenever a consumer of any service –
 - (i) after the expiry of the period for payment in terms of the final demand/ final notice referred to in section 5.7, fails to make full payment on the due date or fails to make acceptable arrangements for the repayment of any amount for municipal services, property rates or taxes or other amounts due in terms of this policy;
 - (ii) no proof of registration as an indigent was furnished within the period provided for in the final demand / final notice referred to in section 5.7;
 - (iii) no payment was received in accordance with an agreement for payment of arrears;
 - (iv) fails to comply with a condition of supply imposed by the council;
 - (v) obstructs the efficient supply of electricity, water, or any other municipal services to another customer;
 - (vi) supplies such municipal service to a consumer/owner who is not entitled thereto or permits such service to continue;
 - (vii) causes a situation, which in the opinion of the council is dangerous, or a contravention of relevant legislation;
 - (viii) in any way bridges the supply or illegally reconnect previously disconnected municipal services;
 - (ix) 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);
 - (x) 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 shall hand deliver, per mail or per electronic means available, to the physical address of property or most recent recorded address or electronic contact address and / or number of such customer, a Pre-termination Notice informing such consumer –
 - (i) that the provision of the service will be discontinued on the date stated on the Pre-termination notice;
 - (ii) of the steps which can be taken to have the service reconnected;
 - (iii) of the minimum amount payable to restore service.
- (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.
- (d) The right of the Council or any duly appointed agent to restrict or discontinue water to any premises, owner of property, tenant on property, customer or occupant of property, shall be subject to the provisions of sections 3 and 4 of the Water Services Act, 1997 (Act 108 of 1997).
- (e) The right of the Council to restrict or discontinue the provision of electricity to any premises, owner of property, tenant on property, customer or occupant of property shall be subject to the provisions of the Electricity Act, 1987 (Act 41 of 1987).
- (f) The right of the Council or any duly appointed agent to limit or restrict 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.

7.2 COST TO RESTRICT OR DISCONTINUE SERVICES.

Where any municipal service is restricted or discontinued as a result of non-compliance with provisions of this policy by the customer, the Council shall at its prerogative be entitled to levy and recover:

- (i) Disconnection fee in terms of the tariff provisions of Council;
- (ii) Installation of water management devices as determined by the Council from time to time;
- (iii) Installation of a pre-paid electricity meter or equivalent as determined by Council from time to time;
- (iv) Consumer deposit held against customer account may be increased subject to the provisions of deposit policy and tariff provisions of Council;
- (v) Any other applicable fees, tariffs, charges in terms of tariff provisions of Council.

8. RECONNECTION OF MUNICIPAL SERVICES

8.1 GENERAL

- (a) Services, restricted or disconnected in terms of section 7, will only be reinstated and reconnected after satisfactory payment or satisfactory arrangement for payment of arrears; penalties and/or adjusted deposit have been made in accordance to this policy.
- (b) Services may only be reinstated or reconnected by Council or duly appointed agent.
- (c) Subject to capacity at the time to restore such services which have been restricted or disconnected, such services will be restored within a reasonable time after the relevant conditions of this policy have been met.

- (d) Onus shall be on the customer to request reconnection and to prove that the full amount as required has been paid.

8.2 COST FOR THE RECONNECTION OF SERVICES

Where any instruction is issued by Council for the reinstatement of normal service flow or reconnection of municipal service, restricted or disconnected in terms of this policy, reconnection fee will be levied in terms of tariff provisions of Council.

9. DEBT REPAYMENT ARRANGEMENTS

9.1 GENERAL PRINCIPLES

- (a) Only a customer with positive proof of identity or a person authorised, in writing, by that customer or -
 - (i) a letter of appointment by Magistrate Court, where there is a signed rental contract between the owner and tenant;
 - (i) a letter of consent from an Agent;
 - (ii) a letter of Authority from the Magistrate/High Court/Registered Attorney/Advocatewill be allowed to enter into a debt repayment agreement for the payment of arrears in instalments.
- (b) If applicant is a tenant on property, written consent by owner to Debt Repayment Arrangement by tenant is required whereby owner acknowledges debt and approves entering into debt repayment arrangement.
- (c) If applicant is a company, close corporation, trust in terms of the Trust Property Control Act No. 57 of 1988, home owners association or a body corporate in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), debt repayment arrangement to be signed by duly authorised member with submission of signed deed of personal surety in terms of 6(d) by each of listed Directors, members or trustees of such juristic person.
- (d) The amount due and payable by a customer constitutes a consolidated debt, and any payment made by a consumer will be allocated in reduction of the consolidated debt in the order determined by the Council.
- (e) A consumer may be required to complete a debit order for the payment of arrears.

9.2 DURATION AND CONDITIONS FOR PAYMENT OF ARREARS IN INSTALMENTS

- (a) No agreement for the payment of arrears concluded by the nominated officers of the Accounting Officer be longer than 36 months, unless the circumstances referred to in section 9.2(b) prevail.
- (b) The Council may, on an individual basis, allow a longer period than 36 months for the payment of arrears, if –
 - (i) special circumstances prevail, which in the opinion of the Council warrants such an extension, and which the consumer could not reasonably prevent or avoid;

- (ii) documentary proof of any such special circumstances has been furnished by the consumer on request by the Council;
 - (iii) approval has been obtained by the Accounting Officer or his delegate in terms of prescribed procedures.
- (c) This extension of the repayment period in 9.2(b) may not be longer than an additional 36 months.
- (d) The customer may be required to prove levels of income and must agree to a monthly instalment;
- (e) The Council must, in exercising its discretion under paragraph (a) and (b) have regard to a consumer's –
- (i) credit record;
 - (ii) previous and frequency of dishonoured payments;
 - (iii) instances of proven meter tampering or illegal connection – may impact on arrangement application and minimum down payment requirements may be increased based on financial risk as determined by Divisional Head Revenue or nominee.
 - (iv) consumption and level of service;
 - (v) previous breaches of agreements for the payment of arrears in instalments;
 - (vi) provisions of National Credit Act; and
 - (vii) any other relevant factors.
- (f) The customer shall be required to make a down payment based on consolidated arrear debt on date of entering into an agreement to pay in instalments on the following basis:
- (i) 1st Debt Repayment arrangement: 0%
 - (ii) 2nd Debt Repayment arrangement: 15%
 - (iii) 3rd Debt Repayment Arrangement: 30%
 - (iv) Additional Debt Repayment Arrangement: 30%
- The above-mentioned minimum down payment requirements may be amended, on an individual basis, on submission of request by account holder to the Divisional Head Revenue or nominee.
- (g) Once an agreement referred to in 9.1 has been concluded, the amount in arrears shall be reflected as a current amount, and no further interest shall be added to arrangement debt.
- (h) The customer will be required to effect payment of current plus arrangement instalment on or before account due date, failure which will result in the immediate cancellation of debt repayment arrangement.
- (i) Customers who default on three occasions in respect of debt repayment arrangements made, may be denied facility to enter into further debt repayment arrangements and full amount becomes due and payable.
- (j) If the customer defaults on the third debt repayment arrangement, a further arrangement may be granted to the customer by the Director or his/her nominee on submission of full motivation.
- (k) In the case of multiple defaults the following steps may be undertaken:
- (i) Installation of water management devices as determined by the Council from time to time;
 - (ii) Installation of a pre-paid electricity meter or equivalent as determined by Council from time to time.
- (l) A copy of the agreement must be made available to the consumer.

10. AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS

- (a) The names of all external agents acting on behalf of the Council, together with their addresses and contact information may be published in a manner that will ensure that it will come to the attention of the customers of the municipality.
- (b) Under no circumstances may agents negotiate terms, extend payment periods or accept cash on behalf of the Council, unless specifically instructed in writing to do so, and such instruction must be produced on request of a customer.
- (c) An agent must record the cost to the Council and a customer for each stage of the credit control measures taken by him or her and for all possible actions which could be necessary in the credit control process.
- (d) All legal and debt collection costs, including attorney and own client costs incurred by the Council and/or appointed agents in the recovery of arrear amounts, may be levied against the arrears account of the customer, and may be recovered by a duly appointed agent.

11. LEGAL ACTION

- (a) Should any debtor fail to pay any debt, referred to in this policy or section 118 (3) of the Local Government: Municipal Systems Act 32 of 2000 by due date, the Accounting Officer may serve a notice in terms of section 115 of the Local Government: Municipal Systems Act 32 of 2000, –
 - (i) on the debtor, and
 - (ii) on the property,calling upon such debtor to pay such debt within 30 (thirty) days of such notice.

The notice shall state that should debt per notice not be settled within 30 (thirty) days of such notice, legal proceedings will be instituted for the recovery of debt plus any additional costs incurred in the application of this policy and will further an order of Court for the sale of the customers moveable and immovable property for the outstanding debt.
- (b) If after giving notification in terms of section 11(a) such debt remains outstanding, legal proceedings will be instituted through court of competent jurisdiction, against customer.
- (c) Such court of competent jurisdiction shall be requested to summarily order any such moveable and immovable property against which the debt is owing to be sold by way of public auction in terms of provisions of section 104(1)(f)(ii) of the Local Government : Municipal Systems Act 32 of 2000 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 Accounting Officer or his/her nominee for approval or such directives which the Council deems necessary under the circumstances.

12. DISHONoured PAYMENTS

- (a) Where any payment is made to the municipality by a negotiable instrument, and such negotiable instrument is dishonoured by the bank, the Council may levy costs and administration fees against the account of the defaulting debtor at the rate determined by the Council from time to time.

- (b) Payment to the account will be reversed and credit control will immediately be affected on such accounts without any further notice.
- (c) The Council reserves the right to refuse to accept or cancel such further payment instruments from customer.
- (d) The Council may place the customer on the relevant adverse credit rating list and/or take any steps as contained in this policy which may include criminal charges if applicable.
- (e) Where a payment referred to in section 12(a) was tendered and any debt management action in terms of this policy was suspended as result of deemed payment, such debt management action shall continue without further notice to such customer.

13. WRITING OFF OF BAD DEBTS

The Council will consider writing off bad debts –

- (a) Only after all reasonable steps 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; or
 - (ii) recovery would cause undue hardship to the customer or his/her dependants; or
 - (iii) it would be to the advantage of the Council to effect a settlement of its claim or to waive a claim.
- (b) The debt to be written off as determined in (a) above will only be effected:
 - (i) in terms of council policy; or
 - (ii) in terms of legislation; or
 - (iii) in terms of delegated powers; or
 - (iv) in terms of regulations issued.

14. FULL AND FINAL SETTLEMENT OF A DEBT

- (a) The Council may appropriate monies received in respect of any municipal debt at its sole discretion as stipulated in terms of Section 102 of the Municipal Systems Act
- (b) Where the exact amount due and payable to the municipality has not been paid in full, any lesser amount tendered to and accepted by Council, shall not be deemed to be in full and final settlement of such an amount, unless accepted in terms of a power delegated authority.
- (c) The provisions in subsection (b) shall prevail notwithstanding the fact that such lesser payment was tendered and/or accepted in full settlement.
- (d) The acceptance of a lesser amount, by an authorised officer of Council, duly delegated to act in this capacity, must be in writing and signed by both parties.

15. CREDIT BUREAU LISTING OR SIMILAR

The names of debtors must, after court judgement, be automatically listed with credit bureaus or similar mediums as prescribed and or deemed fit by Council.

16. FRAUD, THEFT AND OTHER CRIMINAL ACTIVITY

- (a) Subject to applicable legislation, the Council may refuse the supply of water or electricity to a consumer who is found guilty of fraud, theft or any other criminal offence, or, where it is evident that such criminal offence has occurred, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the Council have been paid in full.
- (b) Illegal connection, reconnection or tampering with a service supply of Council is considered a criminal offence which will result in legal actions being taken and the immediate cancellation of user agreement between council and consumer.
- (c) Council reserves the right to refuse service agreement with tenant where illegal connection, reconnection or tampering with service supply has been identified and as such will only consider new consumer agreement with owner of property.
- (d) The owner of the property remains liable and responsible for all instances of unauthorized reconnections, tampering, damage or theft of municipal service infrastructure installed on the property.

17. SHORT TITLE

This policy shall be called the Credit Control and Debt Collection Policy of Ekurhuleni Metropolitan Municipality.

