

MATJHABENG MUNICIPALITY



CREDIT CONTROL AND DEBT COLLECTION POLICY

2019/20

Credit Control Policy 2019/20

CONTENTS

	Description	Page
1.	Scope of the Policy	3
2.	Objective of the Policy	3
3.	Definitions	4
4.	Principles	6
5.	Discretion: Negotiations	8
6	Duties and functions	8
7.	Credit Control	10
8.	Rates and taxes, payment of services rendered, electricity and/or water	11
9.	Provisions regarding fixed property belonging to Council	14
10.	Payment of Rental	14
11.	Arrangements – General Principles	15
12.	Disputes	16
13.	Irrecoverable debt	17
14.	Staff and Councillors Arrears	18
15.	Full and Final Settlements	19
16.	Amounts for Full and Final Settlements	19
17.	Approvals for Write Offs	19

1. SCOPE OF THE POLICY

- 1.1 This Policy applies to all administrations within the defined boundaries of the Matjhabeng Municipality and all the debtors of these administrations.
- 1.2 This policy shall be enshrined in a Municipal by-law in terms of the Local Government: Municipal Systems Act No 32 of 2000 and that such Policy will be binding on the public, officials and Councillors of the Matjhabeng Municipality and that no interference in the process will be permitted.
- 1.3 The policy is applicable until such time as it is reviewed and such revisions to the policy be approved by Council.

2. OBJECTIVE OF THE POLICY

Section 96 of the Local Government Municipal Systems Act requires that the municipality must adopt, maintain and implement a credit and debt collection policy. The responsibility for the credit control/debt collection policy lies with the Municipal Manager as effected by section 99 of the Systems Act. Sect 100 of the Systems Act states that the Municipal Manager must implement and enforce the municipalities' credit control and debt collection policy. In terms of Section 99 the Executive Mayor has the supervisory authority to oversee and monitor the implementation and enforcement of the credit control and debt collection policy, and the performance of the Municipal Manager towards implementing the policy. Therefore the Executive Mayor must ensure that a report is submitted to Council at least every quarter.

The objective of this policy is to:

- 2.1 Focus on all outstanding debt as reflected on the customers' accounts.
- 2.2 Provide for a common credit control, debt collection and indigent policy throughout the Matjhabeng Municipality.
- 2.3 Facilitate implementation throughout the municipal area.
- 2.4 Promote a culture of good payment habits and instil a sense of responsibility towards the payment of municipal accounts and reducing debt to satisfy the constitutional obligation of the Council (i.e. service delivery).
- 2.5 Collect as much of the debt in the shortest possible time without any interference in the process.**
- 2.6 Effectively deal with defaulters in accordance with the terms and conditions of the policy.**

3 DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time, except where clearly indicated otherwise. In addition, the following words and phrases shall have the following meanings:

"Account"	any account rendered for municipal taxes, services and other charges. This includes charges raised as a result of damages to Municipal property.
"The Act"	the Local Government: Municipal Systems Act, 2000(Act No. 32 of 2000) as amended from time to time.
"arrears"	any amount due, owing and payable in respect of municipal services not paid by due date.
"CFO"	the Chief Financial Officer.
"Consolidated Account"	a monthly account reflecting municipal service fees, charges, surcharges on fees, property rates and other municipal taxes, levies and duties and all consolidations in terms of Section 102 of the Act
"Credit Authority"	any arrangement made by agreement between the Municipality and a customer, for the payment of any arrears, in instalments, whatever the form of such arrangement might be, whether in the form of an acknowledgement of debt, or in correspondence, provided that such arrangement is recorded in writing and signed on behalf of the Municipality by an authorized official.
"Customer"	Any person liable to the Municipality for taxation or other charges.
"Defaulter"	any customer in arrears.
Flow restrictor"	a washer which is installed in the water connection which allows a daily consumption of approximately 360 litres in a six hour period but at an extremely low flow rate.
"flow limiter"	an electronic device which allows for a normal flow rate but restricts the daily volume to a preset amount of 300 litres per day.
"Illegal connection"	Any connection to any system through which the municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.
"Leak period"	the metering period immediately prior to the date of repair of the leak and the metering period during which the leak is repaired. Each of these two periods will not exceed 65 days.

“Metering period”	the time interval between two successive billed meter readings but shall exclude previous leak periods.
“MPRA”	the Local Government: Municipal Property Rates Act 6 of 2004.
“MSA”	the Local Government: Municipal Systems Act 32 of 2000
"Owner"	the person defined as such in the Municipality’s Rates Policy
“Prescribed form”	refers to the form required by the Chief Financial Officer from time to time.
“Rates”	municipal tax levied on the valuation of property. The rate is expressed as cents in the rand.
“Revenue clearance Certificate	a certificate of the kind referred to in Section 118(1) of the Act.
“social housing tenant”	any person renting any residential premises from any public legal body for less than a full rack rental or renting residential premises from a private person and receiving from the National / Provincial Government a subsidy or other amount to empower the tenant to pay the full rack rental.
“Sundry charges”	a charge to a customer, not directly linked to a property, and includes charges arising from damage to Municipal property and equipment.
“80/20 pre-payment debt recover”	means a pre-payment system whereby 20% of payment is allocated to arrears and 80% is allocated to the purchase of electricity. This provision excludes Municipal employees and Councillors’ arrears.

"Billing" refers to the process of charging for services provided by issuing accounts.

“Credit control” refers to where certain basic credit worthiness checks must be completed prior to a municipal service being provided and deposits collected.

"Debt collection" refers to the debt recovery process and includes sanctions (warning, disconnection, adverse credit rating, legal process and/or eviction, etc) to be applied in the event of non-payment of accounts.

"Disconnection" means interrupting the supply of water or electricity to a debtor as a consequence of ignoring a Final Demand for payment.

"Due date" refers to the final date of payment as shown on the account.

"Effective" disconnection means the physical removal of pipes and/or equipment as a consequence of unauthorised reconnection (tampering) of the disconnected service as described in 3.4.

"Financial year" means the period as defined in legislation.

"Holistic" refers to the combining of all debt in order to establish the total obligation the debtor has to Council.

"Interest" will be charged on all overdue accounts based on a full month and proportional of a period outstanding as at such a rate as prescribed from time to time.

"Municipality" refers to all administrations within the area of Matjhabeng as created by the Municipal Systems Act.

"Parked arrears" refers to those monies that were capitalized.

"Supply" means any metered supply of water, electricity or any other service supplied by the Council.

4 PRINCIPLES

This policy supports the following principles:

4.1 Human dignity must be upheld at all times.

4.2 Residential- the Municipality will endeavour to register owners only for services on their properties

4.2.1 **The owner will stay responsible and liable for all the debt relating to the property**

4.2.2 **Tenant registrations currently in place will continue until the tenant vacates, the account is closed or the Municipality cancels the contract of the tenant in default as no tenant account will be opened by municipality even if the owner requests.**

Business– the Municipality will not continue to register tenants for services.

4.2.3 Tenant registrations currently in place will continue until the tenant vacates, the account is closed or the Municipality cancels the contract of the tenant in default as in 4.2.2

4.2.4 Government– The respective Government Departments shall be held liable for the debts on their property.

4.2.5 Sundry Accounts - The customer must provide the Municipality with a Municipal account number or rate account number. If the customer does not have an existing Municipal account, then a new account must be created.

4.2.6 **The Municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the Municipality, into one consolidated account.**

4.2.7 No registrations or additions to the customer database can be processed unless legal documentation acceptable to the Chief Financial Officer has been produced .

4.2.8 If there is an outstanding debt on the property, this debt must be settled in full or suitable payment arrangements must be made by the owner of the property, before any customer/owner is registered for services.

4.2.9 Customer/owner who fails to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.

4.2.10 Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the customer/owner to advise the Municipality of such change.

4.3 The policy must be implemented with equity, fairness and consistency.

4.4 All particulars related to debtors and their accounts must be correct at all times.

4.5 Debtors and arrangements to repay debtors shall be treated historically, but different repayment periods may be determined for different types of service, debtors or areas with a general rule that repayment periods should be in accordance with the instalments that the debtors can afford.

4.6 The implementation of this policy shall be based on sound business practices. This includes credit worthiness checks when new application for service is made.

4.7 New services will only be provided if there is a clearance certificate indicating all amounts due in respect of municipal services, surcharge on fees, property rates and other municipal taxes, levies and duties at the customer's previous address, if applicable.

4.8 The policy must be supported by a comprehensive communication and education strategy.

4.9 Where alternatives are available Council may provide reduced levels of service to manage the debt growth.

4.10 Debtor's may be referred to debt collection institutions and may be placed on the National Credit Rating list.

4.11 All cost incurred by Council including collection fees, attorney's fees and client fees relating the collection process shall be deemed to be tariff charges and shall be recovered from debtors.

4.12 Interest charged on overdue accounts will start on due date and shall be calculated until payment is made. The interest charged may appear in the following month's account.

The implementation of the credit control and debt collection policy may be applicable to the total outstanding account/s of a debtor and not selective accounts and it will not reverse any prior policy decision before this one.

5. DISCRETION: NEGOTIATIONS

- 5.1 At all times and at every level, discretion will be used by the authorised official to implement the principles embodied within this policy and to ensure that reasonable payment is negotiated with any debtor.
- 5.2 The most financially beneficial arrangement to Council must at all times be negotiated. A tenant will not be able to make an arrangement without the owner signing consent.
- 5.3 The officials negotiating any arrangement will be subject to the authority of the duly appointed financial or legal manager and/or other authorised official on behalf of the council who may or may not accept such an arrangement.

6 DUTIES AND FUNCTIONS

6.1 Duties and Functions of Council

- To approve a budget consistent with the needs of communities, ratepayers and residents in line with the financial capability of Council.
- To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.
- To facilitate sufficient funds to give access to basic services for the poor.
- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the implementing authority.
- To approve a reporting framework for credit control and debt collection.
- To consider and approve bylaws to give effect to the Council's policy.
- To monitor the performance of the Mayor (Supervising Authority) regarding credit control and debt collection.
- To revise the budget should Council's targets for credit control and debt collection not be met.
- To take disciplinary and/or legal action against councillors, officials and agents who do not execute Council policies and bylaws, or act improperly in terms of such policies.
- To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Mayor and Municipal Manager and Service Provider respectively.
- To provide sufficient capacity in the municipality's Finance Department for credit control and debt collection. Alternatively to appoint a Service Provider as debt collection agent (such service provider must be a registered debt collection agent in terms of legislation).
- To assist the Municipal Manager in the execution of his duties, if and when required.

- To provide funds for the training of staff.

6.2 Duties and Functions of the Mayor, or Executive Committee

- To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant bylaws.
- To monitor the performance of the Municipal Manager in implementing the policy and bylaws.
- To review and evaluate the policy and bylaws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.
- To report to Council.

6.3 Duties and Functions of Ward Councillors

- To hold regular ward meetings wherein the Credit Control and Debt Collection policy and procedures of Council are addressed.
- To adhere to and convey council policies to resident and ratepayers and in particular the credit control and debt collection policy and procedure.
- To adhere to the Code of Conduct for Councillors.
- To act in terms of roles and functions as approved by Council and assist in the dissemination and distribution of information.

6.4 Responsibilities of all councillors

- 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.
- The municipality may deduct any outstanding amounts from a councillor's allowance, if the councillor has not paid amounts that are due to the municipality for more than 3 months.
- The normal credit control procedures shall also apply to any arrear account of a councillor.
- All agreements with Councillors must not exceed the expiry date of the term of office.

6.5 Duties and Functions of the Municipal Manager

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

- the municipality has effective revenue collection systems consistent with Section 95 of the Act and the Municipality's Credit Control and Debt Collection bylaws and the National Credit Act;
- revenue due to the municipality is calculated on a monthly basis;
- accounts for municipal tax and charges for municipal services are prepared on a monthly basis;

- all money received is promptly deposited into the municipality's primary and other bank accounts;
- 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;
- the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;
- the municipality charges interest and other permissible charges on arrears, except where the Council has granted exemptions.
- All revenue received by the municipality, including revenue received by any collection agent on its behalf, is reconciled regularly;
- The accounting officer 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.

6.6 Responsibilities of all municipal staff

- To always pay amounts that are owed in respect of municipal rates, taxes and services and not to default on payments for a period longer than 3 months.
- 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.
- The normal credit control procedures shall also apply to any arrear account of a councillor.
- 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.

6.7 Duties and Functions of Communities, Ratepayers and Residents

The responsibilities of communities, ratepayers and residents are to

- pay deposits, service fees, rates on property and other taxes, levies and duties imposed by the municipality;
- observe the mechanisms and processes of the municipality in exercising their rights;
- allow municipal officials reasonable access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials;
- comply with the bylaws and other applicable legislation;
- Refrain from tampering with municipal services and property.

7 CREDIT CONTROL

7.1 All new applications for the provision of any service will be subjected to the payment of a deposit and completion of the standard prescribed form.

The Council may from time to time review the deposit to be paid by the consumers in terms of this section and, in accordance with such review;

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

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

- 7.2 The Council may determine due to the debtor's municipal payment record or any other credit information of any applicant that an adjustment to the basic deposit be made.
- 7.3 The application form makes provision for submission of board resolutions delegating authority to the applicant on behalf of any business and all other information required, as well as the commitment by any member, partner, trustee, director or wherever applicable to sign as surety in their individual capacity in the case of non-payment of municipal accounts by any principal on whose behalf the applicant is acting.
- 7.4 It is the responsibility of all consumers to ensure that he/she/it receives a monthly account, and if no account is received, the consumer should contact the municipal offices in his/her or its area to obtain such an account or amount, whether telephonically or in person, to be paid not later than the due date.
- 7.5 Should any person, business or other entity be in arrears with any services owing to the municipality tenders for delivery of any service or goods to the municipality, such tender will not be considered until all arrear debts owing to the municipality are liquidated.
- 7.6 Sequestration or liquidation procedures may be instituted where statutory acts of insolvency are committed.
- 7.7 However, special arrangement for payment of accounts in arrears for businesses or non-residential consumers may be entered into, subject to the provisions of paragraph 6.5 above.
- 7.8 Deposits will be payable by all applicants, except those who are exempted from doing so by any relevant act or ordinance applicable and to which provisions the local Government/municipality's authority is subjected to.
- 7.9 No Councillor or Council employee will be allowed to fall in arrears on services or rates account, should this happen such Councillors or employees will be dealt with in terms of the applicable section of the Municipal Systems Act.

8 RATES AND TAXES, PAYMENT OF SERVICES RENDERED, ELECTRICITY AND/OR WATER

- 8.1 The Council will regulate through its officials the procedure to be followed for collecting all debt due as set out in the heading hereof, but in general the following procedure is to be followed:

8.1.1 Interest will be charged on all overdue accounts at an interest rate which shall be Determined by the Council from time to time, taking into consideration the provisions of the Usury Act, or any bylaw in existence in which this credit policy and debt collecting policy is to be embodied.

8.1.2 **Should any account not be paid by due date a final demand for payment within 7 (seven) days will be issued and delivered by hand to the domicilium citandi et executandi address of the debtor.**

Should there be no response, the officials will discontinue or reduce the level of services rendered, subject however to any policy or act of Parliament and also in terms of the indigent policy of Council applicable.

8.1.3 The letter of demand shall warn in all four official languages of the Matjhabeng Municipality of the possible disconnections if payment is not received by due date.

8.1.5 After disconnecting services the officials involved will immediately either issue summons and follow the legal process, or will instruct reputable attorneys with proven records of successful collection record to collect all arrears, subject to the following:

- a) **A sale in execution is to be avoided or only taken as a last resort and the Council's instructions in this regard has to be obtained and the Council hereby authorise and delegate these powers to the relevant officials.**
- b) **The provisions of principles of human dignity as expressed in paragraph 4 above, shall also be applicable and the attorneys instructed should undertake to adhere to these principles.**

In the alternative, if any debtor makes arrangements with the municipalities officials and if the arrangements are acceptable, the following will apply:

- a) Interest will be charged as previously stated;
- b) In the event of an annual payer, arrangements may be made to pay current and future rates monthly;
- c) The principal of obtaining the best financial benefits to the Council should apply;
- d) The arrangement will be called "Parked Arrears" as in terms of the definition thereof and interest will be raised on parked arrears in terms of Council's policy on interest, unless otherwise decided.

8.1.6 With regard to discontinuing services, the following procedure will be followed and strictly adhered to:

- a) The notice must be left at the property of the debtor, advising that the supply has been disconnected and that all electric points should be considered live and water outlets should be closed so that damage is not caused.

- b) The notice will also advise that the supply will only be reconnected after the amount specified on the notice has been paid or adequate arrangements be concluded.
- c) The notice must also warn about the consequences of unauthorised reconnection.
- d) Should any services be reconnected, this will be done as soon as possible after payment is received or arrangements made in terms of the arrangements referred to above.
- e) The notice should also advise the debtor that the unauthorised reconnection of a service supply is a criminal offence, and will result in legal action being taken. In this event the water or electricity supply will be so effectively disconnected that it cannot be reconnected. Any reconnection will be considered as a new application for services and the installation costs as determined by Council plus the full amount of the arrears and any unauthorised consumption will have to be paid before reconnection. The installation costs will also be considered as payable before reconnection, which costs will be determined by Council from time to time.
- f) However, under exceptional circumstances, adequate arrangements made for payment may in the discretion of the authorised officials be accepted based on merits and in terms of all principles regarding and applicable to this credit policy.

8.1.7 In the Council's discretion, the Council will encourage the installation of energy dispensers at all times, but the policy will be that debtors whose electricity and/or water supply have been disconnected three times because of non-payment, will be compelled to install such a dispenser at own expense before the supply is reconnected, and they should also prove that arrangements for payment of debts and arrears have been made and accepted. It is also to be demanded that 25% of the value of units purchased for electricity or water may be allocated towards the payment of any municipal arrears of any nature.

8.1.8 Dishonoured payments by cheque or otherwise regarding payments for rates, general services, other services or payment of fines such as traffic fines etc. Any dishonoured cheque or other negotiable instrument will be handled as follows:

- a) If the drawer of the cheque is an existing debtor of the Council in terms of the application form, bank costs will be debited to the account of the debtor. Debtor will be informed of the dishonoured payment by telephone, fax or personal visit with a letter of notification.
- b) Should the amount not be paid together with the bank costs within three (3) days, Council will reserve the right to discontinue services forthwith.
- c) Council may also refuse to accept any further cheques from the debtor.
- d) Council may also institute criminal charges against the offender if so elected notwithstanding any other action.

- e) Should the drawer of the cheque not be an existing debtor of Council, the debtor self will be held liable for the dishonoured payment and the same cause of action as set out above will be applied.
- f) Council will also be empowered to so-called blacklisting the debtor and the drawer of any cheque or other negotiable instrument.
- g) The general provisions regarding interest, payment of attorney client fees, collection commission etc. will also be applicable should the matter in the normal cause of action be handed to attorneys for collection.

9 PROVISIONS REGARDING FIXED PROPERTY BELONGING TO COUNCIL

The following provisions will be applicable to leases, including rental Schemes and Home-Ownership Arrangements, including failure to pay the Council's bonds granted to employees of the municipality.

9.1 GENERAL PRINCIPLES

It is noted that the following situations may occur:

- 9.1.1 Council leases property to the Council officials or members of the public.
- 9.1.2 The Council sells property to the Council's personnel or members of the public where applicable.
- 9.1.3 The Council provides bonds in order to finance the selling of property.
- 9.1.4 The Council does not provide finance through bonds to the purchaser of Council property.

9.2 THE FOLLOWING GENERAL PRINCIPLES WILL APPLY

- 9.2.1 Officials of Council will ensure that proper contracts are in place in terms of existing laws to be revised in terms of the provisions and amendments to laws through legal advisors or attorneys.
- 9.2.2 All bonds will be duly registered by attorneys appointed by Council.
- 9.2.3 Should any property be sold by means of –
 - a Sale of Land in terms of Instalments Act, it is necessary for registration against the title deed of such a property to be registered by attorneys appointed by Council. The contract will also be drafted in accordance with the provisions of the said Act.
- 9.2.4 Leases will be drafted and entered into in terms of the applicable Housing Rental Act and the Council's officials will also see to it that all provisions of the said Act be complied with.

10 PAYMENT OF RENTAL

- 10.1 Should any debtor fail to make payment and do not enter into negotiations with the Council for re-scheduling or re-payment of arrears, the bond may be called up or the necessary steps may be instituted to collect arrear rentals and/or arrear bond payments and necessary steps in terms of the Act for the Prevention of Illegal Eviction, No 19 of 1998, might be enforced through legal action.
- 10.2 Should negotiations for re-scheduling of payments be successful, it will include payment of current debt plus arrears per month. Should such an arrangement be reached, it will suspend the debt collection process in terms of the negotiated agreement.
- 10.3 Interest will be charged according to Council policy.
- 10.4 The Ward Councillor will be informed of defaulting debtors or purchasers of property and will be requested to follow up and to protect the interest of Council as far as possible.
- 10.5 Statutory Notices are only required in cases where debtors default on payments regarding purchase of property by instalments for a period more than 12 (Twelve) months and the officials concerned will see to it that such notices be sent in terms of the relevant Act.
- 10.6 The debtor will be responsible to pay all legal costs, including collection fees, attorney client fees and applicable interest and should legal action already have been taken, an acceptable debt re-scheduling agreement must be entered into before legal action is stopped and the costs concerned paid by the debtor.
- 10.7 In the discretion of the officials concerned on behalf of Council, the following payments will be required from debtor prior to stopping legal action:
 - 10.7.1 After the issue of summons: normal payment plus arrears to be paid in three (3) monthly payments plus all legal costs as in terms of Council's policy;
 - 10.7.2 Judgment having been obtained: normal charges plus 2 time total payments plus all legal costs as in terms of Council's policy;
 - 10.7.3 Eviction day: all legal costs in terms of Council's policy and all arrears.
- 10.8 Should an arrangement be not adhered to, Council maintains the right to proceed with further legal action without any notice.
- 10.9 All payments to be made in terms of rental schemes or selling of property contracts are to be made in advance by due date.
- 10.10 The attorney will only start legal process with letters of demand where applicable and will always act in terms of the general conditions of this policy and in terms of the provisions of contracts and leases entered into between debtors and the Council.

11 ARRANGEMENTS – GENERAL PRINCIPLES

When making arrangements for arrear debts, the following will be applicable:

- 11.1 Current charges must always be paid in full.
- 11.2 The debtor will be required to prove his income and expenditure in order to ascertain whether he is in a position or able to make reasonable payment of arrears within his ability to pay.
- 11.3 The provisions of the Magistrate's Court Act No 34 of 1942 as amended and the rules applicable thereto will at all times be used. In this regard special training will be given to officials with regard to procedures in terms of Section 57 and Section 58 of the said Act.
- 11.4 Tenants will have to produce a signed consent from the property owner before an arrangement can be approved by the municipality.
- 11.5 Arrangements will be subject to periodical review.
- 11.6 Debit orders may be arranged with the bank of debtor by the debtor himself, but it is noted that all garnishee orders must be served by the Sheriff in terms of the provisions of the Magistrate's Court Act as recently amended. Stop orders may be arranged with their employers by the debtor himself.
- 11.7 In extreme cases any debtor may apply to the municipal manager or the financial manager to in a short-term use discretion in favour of the debtor. In this regard factors such as death in the family etc. may be taken into consideration, but should the debtor not comply with the arrangement, there will be no further extensions.
- 11.8 Any debtor in arrears will be required to comply with arrangements to re-schedule their debt in terms of the Council's provisions applicable and current accounts to be paid will not be negotiable.
- 11.9 Council will in the event of non-payment follow collection procedures to be streamlined by further extension if necessary of this policy or annexure thereto so that maximum efficiency for collecting outstanding debts is reached.

12 DISPUTES

- 12.1 In this item “dispute” refers to the instance when a debtor questions the correctness of any account rendered by the Municipality.
- 12.2 In order for a dispute to be registered with the Municipality, the following procedures must be followed:

By the debtor

- 12.2.1 The dispute must be submitted in writing or dictated to the official who will record it in writing and have it signed as correct. The document must then immediately be lodged with the relevant authorised official.
- 12.2.2 No dispute will be registered verbally whether in person or over the telephone.

- 12.2.3 The debtor must furnish his full personal particulars including his account number, direct contact telephone number, fax number, e-mail addresses and any other relevant particulars required by the Municipality.
- 12.2.4 The full nature of the dispute must be described in the correspondence referred to above.
- 12.2.5 The onus will be on the debtor to ensure that he receives a written acknowledgement of the dispute.

By the Municipality

12.2.6 On receipt of the dispute the following actions are to be taken:

- a) All disputes received are to be recorded in a register kept for that purpose. The following information should be entered into this register:
 - (i) debtors account number;
 - (ii) debtors name;
 - (iii) debtors address;
 - (iv) full particulars of the dispute;
 - (v) name of the official to whom the dispute is given to investigate and resolve in accordance with the provisions contained in this Policy;
 - (vi) actions that have, or were, taken to resolve the dispute;
 - (vii) signature of the controlling official
- b) An authorised controlling official will keep custody of the register and conduct a daily or weekly check or follow-up on all disputes as yet unresolved.
- c) A written acknowledgement of receipt of the dispute must be provided to the debtor.

12.2.7 The following provisions apply to the consideration of disputes:

- a) All disputes must be concluded by the Municipal Manager within 14 (fourteen) calendar days from receipt thereof.
- b) The Municipal Manager's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in this Policy after the debtor is provided with the outcome of the appeal.
- c) The same debt will not again be defined as a dispute in terms of this paragraph and will not be reconsidered as the subject of a dispute.
- d) If the debtor is not satisfied with the outcome of his dispute, he or she may lodge an appeal in terms of section 62 of the Systems Act.

12.2.8 The Municipality reserves the right to declare a dispute on any account as may be deemed necessary.

13 IRRECOVERABLE DEBT

Criteria for irrecoverable debt

13.1 Debt will only be considered as irrecoverable if it complies with the following criteria:

- 13.1.1 all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or
- 13.1.2 if the amount to be recovered is too small to warrant further endeavours to collect it; or
- 13.1.3 the cost to recover the debt does not warrant further action, i.e. to summons in another country; or
- 13.1.4 the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
- 13.1.5 a deceased estate has no liquid assets to cover the outstanding amount; or
- 13.1.6 it has been proven that the debt has prescribed; or
- 13.1.7 the debtor is untraceable or cannot be identified so as to proceed with further action; or
- 13.1.8 it is not possible to prove the debt outstanding; or
- 13.1.9 the outstanding amount is due to an irreconcilable administrative error by the Municipality.

13.2 As rates are deemed to be recoverable in all instances, all requests to write-off debt in respect of rates must be presented as individual items to the official who has delegated authority to authorise such debt to be written off.

13.3 In respect of other debt, schedules indicating the debtor account number, the debtor's name, the physical address in respect of which the debt was raised, address, erf number, if applicable, amount per account category as well as a reason to write-off the amount must be compiled.

13.4 Notwithstanding the above, the Municipality or its authorised officials will be under no obligation to write-off any particular debt and will always retain sole discretion to do so.

14 STAFF AND COUNCILLORS IN ARREARS

- 14.1
 - a. Item 10 of Schedule 2 to the Act states that: - "A staff member of the Municipality may not be in arrears to the Municipality for rates and service charges for a period longer than three (3) months and a Municipality may deduct any outstanding amounts from a staff member's salary after this period."
 - b. The Municipality shall liaise with the relevant staff on repayment of their arrears.
 - c. The staff member must sign a credit authority in accordance with this Policy.
 - d. No special treatment shall be afforded to staff in arrears.

- 14.2 a. **Item 12A of Schedule 1 to the Act states that: - “A Councillor may not be in arrears to the Municipality for rates and service charges for a period longer than three months.”**
- b. The Municipal Manager shall liaise with the Mayor and issue the necessary salary deduction instruction where appropriate.
- 14.3 Where the staff or Councillor’s arrears have arisen due to any other reason, such arrear must be paid within 3 months with interest.
- 14.4 **Bonus payments and thirteenth cheques may be appropriated to the whole debt where suitable arrangements have not been made to pay off the debt.**
- 14.5 On appointment to a higher post, employees who have signed a credit authority shall increase their instalments on the credit authority in accordance with their new salary increase.
- 14.6 **All new employees to the Municipality are required to sign Direct Debits for the services registered in their names.**

15. FULL AND FINAL SETTLEMENTS FOR ACCOUNTS OLDER THAN 2 YEARS

- (a) The Chief Financial Officer shall be at liberty to appropriate monies received in respect of any of its municipal services it deems fit.
- (b) Where the exact amount due and payable to the Council has not been paid in full, any lesser amount tendered to and accepted by any Council employee, except the Chief Financial Officer and/or his/her fully authorised delegate, shall not be deemed to be in final settlement of such an amount.
- (c) Full and final settlement are to be requested by a letter from a property owner and such letter must be forwarded to the Credit Control Manager.
- (d) The CFO and/or his/her delegate shall consent to the acceptance of such a lesser amount in writing.
- (e) In cases where the account is disputed, the Accounting Officer will determine the amount to be written off.
- (f) The Accounting Officer and /or his/her delegate shall consent to the acceptance of such a lesser amount in writing.
- (h) **The Bad Debt Written Off Policy will give power to the CFO to use his/her discretion to give full and final settlement to accounts as requested.**

16 AMOUNTS FOR FULL AND FINAL SETTLEMENTS

Full and final offers will be considered under the following criteria:

- 75% of the outstanding debt to be paid in full.
- 25% of the outstanding debt to be written off.
- A report indicating full and final settlement must be submitted to Council on a monthly basis

- **NB: The process of discounts and or full and final settlements will be done once a year (Financial Year) during December and February. This will be advertised and published on print media.**

17. APPROVALS FOR WRITE OFFS:

The Accounting Officer may delegate write off amounts to the CFO, Senior Manager Treasury, Manager Credit Control as per council approved delegated powers.