Oudtshoorn Local Municipality
Oudtshoorn Plaaslike Munisipaliteit
U masipala Wase Oudtshoorn

FINAL CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

A TOWN TO WORK, LEARN, PLAY AND PROSPER

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PREAMBLE

WHEREAS Section 152 (1) (b) of the Constitution of the Republic of South Africa Act (Act 108 of 1996) (*'the Constitution'*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS Section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS Section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS Section 4 (1) (c) of the Local Government: Municipal Systems Act (Act 33 of 2000) (*'the Systems Act'*) provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS Section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS Section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Section 95 of the Systems Act provides for Customer Care Management;

AND WHEREAS Section 96 of the Systems Act provides that a municipality must collect all monies that is due and payable to it, subject to this Act and any other applicable legislation 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 this Act.

AND WHEREAS Section 99 of the Systems Act provides that a municipality's executive mayor, as the supervisory authority, must oversee and monitor the implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98 and the performance of the municipal manager in implementing the policy and any by-laws;

AND WHEREAS Section 100 of the Systems Act provides that the municipal manager or service provider must –

- implement and enforce the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98,
- must establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality and
- must report the prescribed particulars to a meeting of the supervisory authority;

AND WHEREAS Section 64 (2) (a) the Local Government: Municipal Finance Management Act (Act 56 of 2003) provides that the municipality has effective revenue collection systems in place.

1. DEFINITIONS

In this policy, unless the context indicates otherwise, the word or expression has the following meaning:

1.1 **"Accounting Officer"** The Municipal Manager appointed in terms of Section 82 of the Municipal Structures Act, 1998 (Act No. 117 of 1998);

1.2 **"Act"** The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

1.3 **"Actual consumption"** means the measured consumption of a consumer of a municipal service during a specified period;

1.4 **"Arrangements"** means a formal agreement entered into between the Council and a debtor where specific repayment parameters are agreed to;

1.5 **"Arrears"** means any amount due, owing and payable by a customer in respect of a municipal account not paid on the due date;

1.6 **"Authorized Representative"** the person or institution legally appointed by the Council to act or to fulfill a duty on its behalf;

1.7 **"Average consumption"** means the deemed consumption of a customer of a municipal service during a specific period, which consumption is calculated by adding the recorded monthly average consumption and the current actual consumption and dividing the total by 2;

1.8 **"Bank guarantee"** refers to an undertaking by a registered financial institution whereby it guarantees a specified maximum amount to be paid if the principal debtor ("the consumer") fails to pay;

1.9 **"Calculated amounts"** refers to the amounts calculated by the Chief Financial Officer, in consultation with the relevant technical departments, to be due to the Council by a consumer in respect of the supply of the applicable municipal services for any period during which the exact quantity of the supply cannot be determined accurately for reasons beyond the control of the Chief Financial Officer. This shall normally be based on the average consumption figures, if available, for the service rendered to the customer **or**, failing the availability of such data, on the average consumption figures applicable to one or more properties of similar size and nature in the area in which the customer resides or carries on business;

1.10 **"Chief Financial Officer"** refers to the person so designated in terms of Section 80(2)(a) of the Municipal Finance Management Act (Act No. 56 of 2003) or any person duly authorised to act on behalf of such person and shall have the same meaning as Strategic Executive Manager: Finance or City Treasurer ;

1.11 **"Consolidated account"** refers to one combined account for all municipal services, housing rents and installments, rates and basic charges payable, and "consolidated bill" has a corresponding meaning;

1.12 **"Consumer"** means a customer;

1.13 **"Conventional electricity and water meters"** means electricity and/or water meters, as the case may be, which are used to determine the supply of electricity and water and which are normally read on a monthly or other fixed interval basis;

1.14 **"Council"** refers to The Oudtshoorn Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any

power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties with regard to this policy;

1.15 **"Councilor"** refers to any member of a municipal council;

1.16 **"Credit Controi"** refers to all functions relating to the collection of monies owed by customers and users of municipal services;

1.17 **"Customer"** refers to any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;

1.18 **"Debtors"** A person who owes the municipality money for services consumed

1.19 **"Defaulter"** refers to any customer who owes the Council arrear monies in respect of rates and / or service charges;

1.20 **"Deposit"** refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipaiity prior to occupation of the property or prior to the date on which services to the property are required;

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

1.22 **"Employer"** Means an employer as defined in paragraph 1 of the seventh schedule of the Income tax act, act no 58 of 1962;

1.23 **"Equipment"** refers to any building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

1.24 **"Estimated consumption"** arises when no actual reading can be taken and is equivalent to the existing average consumption;

1.25 **"Existing customers"** refers to the customers who have already entered into an agreement for the supply of municipal services;

1.26 **"Financial year"** refers to the period starting from 1 July in a year to 30 June the next year;

1.27 **"Illegal tempering"** It is the unauthorized handling of municipal infrastructural services, with the intention to distort information that can be accessed from such machinery or with the intention to consumer services in a fraudulent manner;

1.28 **"Implementing Authority"** means the Municipal Manager or his nominee, acting in terms of Section 100 of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000);

1.29 **"Indigent"** A person who is needy, and who generates no income or generates income which is so minimal that he can't make a worthwhile contribution towards the payment of municipal services;

1.30 **"Interest"** is a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on all arrear monies;

1.31 **"Meter audits"** refers to an investigation to verify the correctness of the consumption and supply of electricity and water;

1.32 **"Municipality"** when referred to as:

(a) a corporate body, means a municipality as described in Section 2 of the Municipal Systems Act, 2000 (Act No. 32 of 2000);
(b) a geographic area means a municipal area determined in terms of the Local Government Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

1.33 **"Municipal Account"** An account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and/or assessment rates levies;

1.34 **"Municipal Manager"** means the person appointed as Municipal Manager in terms of Section 82 of the Local Government Municipal Structures Act, 1998, (Act No. 117 of 1998) and includes any person acting in that position or to whom authority has been delegated;

1.35 **"Municipal services"** refers to any services provided by the municipality or any authorised and contracted service provider, available or applied for, or provision made for any service, for which it is entitled to charge a fee or formulate a tariff, payable by a customer or user, thereof;

1.36 **"Normal office hours"** means the hours when the Chief Financial Officer's offices are open to the public from Mondays to Fridays, excluding public holidays, Saturdays and Sundays;

1.37 **"Official"** refers to an employee of The Oudtshoorn Municipality

1.38 **"Occupier"** means any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property,

1.39 **"Owner"** means:

(a) The person in whom from time to time is vested the legal title to premises, which title is registered at the Deeds Office;
(b) In a case where the person in whom the legal title is vested is insolvent or deceased, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
(c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;
(d) In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;

(e) In relation to-
  i. A piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or
  ii. A section, as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;

(f) Any legal person including but not limited to-
  i. A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a Trust, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;
  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;

1.40 **"Person"** Means any natural person, local government body or similar authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body public utility body, voluntary association or trust;

1.41 **"Premises"** includes any piece of land, the external surface boundaries of which are delineated on-

(a) A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or

(b) A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

1.42 **"Rates"** refers to property rates on property situated in the municipal area, any other tax, duty or levy imposed by the municipality;

1.43 **"Service agreement"** refers to an agreement for the consumption of electricity and/or water and other services as determined from time to time;

1.44 **"Supervisory Authority"** Means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act.

1.45 **"Terminated account"** refers to:

(a) the final account for services after the customer has left the premises, whether or not the customer has given notice to terminate the supply of service; OR

(b) the final account for services if the customer has contravened the service provisions of this policy and attendant municipal bylaws;

1.46 **"Variable flow-restricting device"** refers to a device that is coupled to the water connection that allows the water supply to be restricted or closed;

1.47 **"Visitation fee"** refers to the fee charged for attendance and/or disconnection/reconnection of an electricity/water supply when the supply has been disconnected due to non-payment and/or tampering, or where access to disconnect/restrict has not been gained, which fee shall be

1.48 **"Voluntary garnishee order/emoluments order"** refers to a court order for the deduction of an amount of money from the salary or other income of a customer.

2. INTRODUCTION

The primary objective of sound municipal debtors management, or credit control, is to ensure that all monies owed to the municipality are collected in a reasonable period and all debtors owing money to the municipality are treated in a fair and equitable manner.

This Credit control and debt collection policy are mechanisms designed to assist the municipality in collecting outstanding debts from the consumers and improve the municipality's cash flow.

The purpose is to ensure that credit control and debt collection forms an integral part of the revenue collection process of the municipality and to provide a framework to link the municipal budget to:

- Indigent Support
- Tariff Policy

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;
- establish an effective accounting system that produces timeous, clear and understandable account for consumers;
- establish mechanisms for users of services and ratepayers to give feedback to the municipality or other service provider regarding the quality of the services and the performance of the service provider;
- take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilised;
- where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems;
- ensure that persons liable for payments, receive regular and accurate accounts that indicate the basis for calculating the amounts due;
- provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;
- provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the municipality;
- provide mechanisms to monitor the response time and efficiency;
- provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for services; and
- have reasonable terms for collection, payment of arrears and the imposition of penalties.

3. OBJECTIVES

This policy will aim to assist the council in the implementation of relevant legislation regarding credit control and debt control in the municipal sphere by:

- Providing a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collections;
- Ensuring that all money due and payable to the municipality is collected and used to deliver municipal services in a financially sustainable manner;
- Setting realistic targets for debt collection;
- Outlining credit control and debt collection policy procedures and mechanisms; and
- Providing a framework to link the municipal budget to indigent support and tariff policies.

2. GENERAL OBJECTIVES

The objectives of this policy are

- To provide a framework within which the Municipality can exercise its Executive and legislative authority with regard to credit control and debt Collection
- To ensure that all monies due and payable to the Municipality are collected
- And used to deliver services in the best interest of the community; residents
- And customers; and, in a financially sustainable manner;
- To provide a framework for customer care;
- To describe credit control measures and sequence events;
- To outline debt collection procedures and mechanisms;
- To set realistic targets for debt collecting.

3. PRINCIPLES

- In the execution of its Customer Care, Credit Control and Debt Collection Policy the Municipality will apply the following principles:
- The administrative integrity of the Municipality will be maintained at all costs meaning that democratically elected Councillors are responsible for the adoption of the policy, while the Municipal Manager must execute the policy-
- All customers must complete an official application form if possible, if not, the documentation received from the conveyance attorneys will be used to create a new owners account formally requesting the Municipality to connect them to service supply lines. When Tenants are moving out, the services will be linked to the current owner account. The applicable deposit(s) will be debited on the account.
- Changes to legislation, by-laws and policies may require existing customers to complete new application forms.
- When possible, a copy of the application forms and conditions of services must be handed to every customer. On request extracts of the Customer Care, Credit Control and Debt Collection policy and By-Law are available to every customer at such fees as may be prescribed.
- Billing is to be accurate, timeouts and understandable.

The customer is entitled to:-

- Reasonable access to pay points;
- A variety of reliable payment methods; and an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of such an Appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Unauthorised consumption, illegal connection, the tampering with or theft of
- Meters, service supply equipment and the reticulation network and any
- Fraudulent activity in connection with the provision of Municipal services will
- Lead to disconnections, penalties, loss of rights and
- Criminal prosecutions.

Incentives may be used in the collection process

- The collection process must be cost-effective.

- The executive mayor must report the customer care, credit control and debt Collection performance results, regularly and efficiently to Council
- Application forms will be used to, *inter alia*, categorise customers according to
- Credit risk and to determine relevant levels of services and deposits required.
- Performance targets for customer service, credit control and debt collection will be set and pursued and remedies implemented for non-performance.
- Where practically possible customer cares, credit control and debt collection should be handled independently and the organisational structure will reflect the separate functions.

4. DUTIES AND FUNCTIONS

The following duties and functions are assigned to the under mentioned roleplayers relating to the management, control and implementation of customer care, credit collection and debt collection.

4.1 DUTIES AND FUNCTIONS OF COUNCIL -

4.1.1 To approve budgets consistent with the needs of communities, ratepayers and residents;

4.1.2 To impose rates and taxes and to determine service charges, fees and penalties to finance the budget;

4.1.3 To facilitate sufficient funds to give access to basic services for the poor;

4.1.4 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;

4.1.5 To, together with the Chief Financial Officer, set an annual improvement target for debt collection (refer Section 5), in line with acceptable accounting ratios and the ability and performance of any appointed external service providers;

4.1.6 To approve a reporting framework for credit control and debt collection;

4.1.7 To consider and approve by-laws to give effect to the Council's policy;

4.1.8 To revise the budget should Council's targets for credit control and debt collection not be met;

4.1.9 To take disciplinary and/or legal action against Councillors, officials and agents who do not execute Council policies and by-laws, or act improperly in terms of such policies;

4.1.10 To approve a list of suitably qualified service providers that will act on behalf of Council in all collection and legal matters relating to debt collection;

4.1.11 To provide sufficient capacity in the Municipality's Finance Business Unit for credit control and debt collection or, alternatively, to appoint service providers or debt collection agents to assist with the credit control and debt collection procedures;

4.1.12 To assist the Municipal Manager in the execution of his duties, if and when required;

4.1.13 To provide funds for the training of staff in connection with credit control and debt collection;

4.1.14 In terms of Section 99 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Executive Mayor or Executive Committee, is to monitor and supervise the application of this policy, and is to report to Council on the extent and success of the municipality's credit control actions;

4.1.15 In order to maintain the credibility of the municipality in the implementation of the present policy, Councillors, by adopting this policy, pledge that their own accounts will at no stage fall into arrears.

4.1.16 To revise the budget should the targets for customer care, credit control and debt collection not be met.

4.2 DUTIES AND FUNCTIONS OF EXECUTIVE MAYOR -

4.2.1 To ensure that the budget, cash flow and targets for customer care, credit control and debt collection are met;

4.2.2 To monitor the performance of the Municipal Manager in implementing the policy and by-law;

4.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of customer care, credit control and debt collection procedures, mechanisms and processes;

4.2.4 To report to Council.

4.3 DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

In terms of Section 100 of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Municipal Manager is responsible for implementing the credit control and debt collection policy. In line with this, the Municipal Manager is to perform the following:

4.3.1 Install and maintain an appropriate accounting system;

4.3.2 Implement a customer care management system;

4.3.3 To Bill customers;

4.3.4 Demand payment on due dates;

4.3.5 Raise penalties and interest for defaulters;

4.3.6 Appropriate payments received;

4.3.7 Collect outstanding debt;

4.3.8 Provide different/alternate payment methods;

4.3.9 Determine customer care, credit control and debt collection measures;

4.3.10 Determine all relevant work procedures for, inter alia, public relations, arrangements, disconnection/reconnection of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes;

4.3.11 Instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders, etc.);

4.3.12 Appoint staff to execute Council's policy and by-laws;

4.3.13 Set performance targets for staff;

4.3.14 Determine internal control procedures;

4.3.15 Monitor contracts with service providers in connection with credit control and debt collection.

4.3.16 To maintain an appropriate accounting systems

4.3.17 To delegate certain functions to heads of departments

4.3.18 To report to the Executive Mayor

The Municipal Manager may delegate these responsibilities to the Chief Financial Officer. However, this delegation does not absolve the Municipal Manager from being held accountable for implementing this policy.

Although the Municipal Manager is held accountable for implementing this policy, it is the responsibility of all officials of the municipality to promote and support this credit control and debt collection policy.

4.4 DUTIES AND FUNCTIONS OF COUNCILLORS -

4.4.1 To hold regular ward meetings;

4.4.2 To adhere to and convey the policy and by-law to customers, residents and ratepayers;

4.4.3 To adhere to the Code of Conduct for Councillors.

4.4.4 To always pay amounts that are owed in respect of Municipal rates, taxes and services and not to default on payments. The Municipality may deduct any outstanding amounts from a Councillor, if the Councillor has not paid amounts that are due to the Municipality for more than three (3) months.

4.5 DUTIES AND FUNCTIONS OF WARD COUNCILLORS -

4.5.1 To adhere to and convey Council policies to residents and ratepayers;

4.5.2 To adhere to the Code of Conduct for Councillors;

4.5.3 The ward committees will act in terms of roles and functions as approved by Council;

4.5.4 The ward committees are encouraged to actively promote this policy, and to ensure, at the same time, that the municipality's customer service is of a standard acceptable to the community.

4.6 DUTIES AND FUNCTIONS OF COMMUNITIES RATEPAYERS AND RESIDENTS -

4.5.5 To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services;

4.5.6 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality on or before the due date for payment;

4.5.7 To observe the mechanisms and processes of the municipality in exercising their rights;

4.5.8 To allow municipal officials reasonable access to their property to execute municipal functions;

4.5.9 To comply with the policy and by-laws and other legislation related to the customer care.credit control and debt collection of the municipality;

4.5.10 To refrain from damaging and or tampering with municipal services and property.

4.7 Duties and Responsibility of Municipal Staff

4.7.1 To always pay amounts that are owed in respect of Municipal rates, taxes and Services and not to default on payments.

4.7.2 The Municipality may deduct any outstanding amounts from a staff member, if the member has not paid amounts that are due to the Municipality for more than three (3) months.

4.7.3 The normal credit control procedures shall also apply to any arrear account of a Councillor or Municipal staff.

4.7.4 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.

5. PERFORMANCE EVALUATION

The municipal Council will create a mechanism wherein the under mentioned targets can be assessed, evaluated and whereby remedial steps can be taken.

5.1 INCOME COLLECTION TARGETS –

The municipal Council will create income collection targets that will include the reduction in the monthly increase of debt in line with the performance agreements for officials.

5.2 CUSTOMER SERVICE TARGETS –

The municipal Council will create targets that will include:

5.2.1 Response time to customer queries;

5.2.2 Date of first account delivery to new customers;

5.2.3 Reconnection time lapse;

5.2.4 Meter reading cycle.

5.3 ADMINISTRATIVE PERFORMANCE -

The municipal Council will create targets that will include:

5.3.1 Cost efficiency of debt collection;

5.3.2 Query and appeal periods;

5.3.3 Enforcement mechanism ratios.

5.4 REPORTING

The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable him/her to report to the Executive Mayor as supervisory authority in terms of Section 99 of the Systems Act, read in conjunction with Section 100(c).

- This report will include:
- The total debt analysis as at month-end.
- Month-end balances after debit rising.
- Brought forward balances at month-end.
- Number of fully recovered account
- Indigent progressive growth.
- Rand value indigent growth
- Number of indigent applications.
- Cash flow improvement.
- Net effect on arrears.
- Collections of arrangements.
- Cash receipts.
- Cash received versus debits raised.
- Cash received exceeding debits raised.
- Attorneys brought forward balances.
- Meter reading functions.
- Domestic application for services - ITC checks.
- Domestic application for services - ITC risks levels.
- Business application for services - ITC checks.
- Business application for services - ITC risks levels.
- Arrangements made.
- Number of hand delivered final demands.
- Number of posted final demands.
- Electricity cuts versus reconnections.
- Water restrictions versus reconnections.
- Electricity and water revisits.
- Summonses and Judgments issued.
- Performance in all areas against targets agreed to in Annexure "B" of this policy document.
- If the actual cash receipts do not match the budgeted income the Chief Financial Officer must report this with motivation to the Municipal Manager who will, if he agrees and the trend continuous, immediately move for a revision of the budget according to realistically realisable income levels.

- The Executive Mayor as supervisory authority shall, at intervals of 3 months, report to Council as contemplated in Section 99(c) of the Systems Act.

6. CUSTOMER CARE

6.1 OBJECTIVES -

- To focus on the client's customer`s needs in a responsible and pro-active way to create a positive and cooperative relationship between customers responsible for the payment of services received, and the municipality, and where applicable, Any service provider;
- To facilitate financial assistance and basic services for the community's poor.

6.2 COMMUNICATION AND FEEDBACK

- The municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include revised targets for customer care;
- The Credit Control and Debt Collection Policy or relevant extracts thereof, will be available at the municipal office, the official website and on special request;
- Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and related issues;
- Ward councillors will be required to hold regular quarterly ward meetings, at which customer care and related issues will be given prominence;
- The press will be encouraged to give prominence to customer care and related issues, and will be invited to Council or Committee meetings where these matters are discussed.

6.3 HANDLING OF COMPLAINTS

Within its financial and administrative capacity the municipality will establish:-

- a central complaints/feedback office;
- a centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- appropriate training for officials dealing with the public to enhance communications and service delivery; and
- a communication mechanism to give feedback on service, debt and customer care and related issues.

6.4 ENQUIRIES, SERVICE COMPLAINTS AND APPEALS

- The enquiries counters at the municipality's service centres can be contacted for all account queries;

- An enquiry clerk stationed at the municipality's service centres shall be available to assist consumers with account balance queries as well as the opening and closing of accounts;

- Any resident or consumer who may feel aggrieved concerning his/her account may address a written query / grievance / appeal to the Chief Financial Officer;
- Any query in respect of the amount due and payable on the consolidated bill must be lodged, in writing, at the municipality in order that it may be investigated;

- The municipality endeavours to investigate any query and give feedback within fourteen (14) working days of the receipt of the query;

- A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment on his account. In the event of an accountholder reasonably querying any item or items on the monthly municipal account, no action shall be taken against the accountholder provided the accountholder has paid, by due date, an amount equal to the monthly average monetary value of the three most recent un-queried accounts in respect of the service under query, as well as all un-queried balances on such account, and, provided further that, such query is made in writing by the accountholder or is recorded in writing by the Chief Financial Officer or his designate on behalf of the accountholder;

- If a customer has received a response to a query but is still not convinced that the account is correct, the customer will still be liable for the full outstanding amount and will be subject to credit control action;

- A customer may appeal to the Municipal Manager against the finding of the municipality or it's authorised agent in terms of Section 62 of the Systems Act

- Such an appeal must be made and lodged with the municipality within 21 (twenty-one) days after the notification of such finding has been received and must:-

    - set out the reasons for the appeal; and
    - be accompanied by any security determined for the testing of a measuring device, if applicable.

6.5 METERING

- Within practical and financial limits the municipality will endeavour to provide meters for every consumable service;
- All meters will be read monthly, if possible;
- If it is not possible to read all meters monthly the consumption will be estimated, but it must be read at least every 3 months by the Municipality:
- Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof if verification of special meter reading appear to be correct:
- Customers will be informed of meter replacements;
- If a service is metered but it cannot be read due to constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.
- The municipality will replace all consumer's conventional electricity and water meters with a prepaid meter respectively, where no physical meter reading could be obtained after 3 months, for the cost of the consumer or otherwise as approved by the municipal manager.

6.6 ACCOUNTS, BILLING AND PAYMENT

6.6.1 The Council shall produce and post one consolidated monthly bill to consumers for services supplied or available (inter alia, electricity, water, refuse and sewerage charges) and for rates levied on property within the municipal area unless, for whatever reason, the rates account has not been consolidated with the services account in which case separate monthly accounts will be posted. These accounts will be produced in accordance with meter reading cycles at regular intervals or as prescribed by law.

6.6.2 The Council shall undertake to post the consolidated account to the customer address, in South Africa, as specified by each customer. However, non-receipt of an account does not negate the responsibility of the customer to pay the amount owing by due date nor prevent interest charges and debt collection procedures. In the event of non-receipt of an account,

the onus rests on the account holder to obtain a copy of the most recent account, before the due date.

6.6.3 The consumer shall, in writing, notify the Council of any change of address, including an e-mail address, and contact details. Notwithstanding the fact that a consumer has not received an account as a result of his failing to notify the Council of his change of address or due to delays on the part of external service providers, the customer is nevertheless liable for payment of such account. Any change of address only becomes effective when the notification of the change is received and acknowledged by the Council.

6.6.4 Accounts must be paid in full on or before the due date as indicated on the account. Failure to comply with this section shall result in debt collection action being instituted against the customer. Interest on arrears, at the rate determined from time to time by the Council or, in the absence of any determination, as prescribed by law, will accrue after due date if the account remains unpaid irrespective of the reason for non-payment.

6.6.5 All consumers may at the discretion of Council be notified of their unpaid accounts prior to the commencement of the debt collection process.

6.6.6 Payments for accounts must be received at a Municipal pay-point by close of business on or before the due date. In the case of any electronic payments the money must be received in the municipal bank account no later than the close of business on the due date. In the case of monies paid to agents, the money must be deposited with the agent prior to the close of business on due date and proof thereof may be required to validate any claims.

6.6.7 The following methods of payment and payment points can be used:

- Cash payments can be made at the municipality's cash offices, any Standard Bank , Pay@ Outlets e.g. Pick & Pay, Checkers, Shoprite, Ackermans, Pep, SPAR etc
- VISA and MASTERCARD credit card payments can be made at the municipality's cash offices.
- Electronic banking payments directly into the municipality's account. Payments of this nature to be made at least 48 hours before the applicable due date where it is made from banks other than the official bank of Council.
- Debit order payments, when introduced, for which forms to be obtained from the municipal cash offices.
- Payment by means of a cheque and postal orders are not permitted.

6.6.8 The consumer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the consumer. In addition the consumer must take into account the transfer time of the particular agent.

6.6.9 Receipt of the total outstanding monies will be allocated to the credit of the account in full. If a debtor pays only part of any amount due, the Chief Financial Officer shall allocate such payment as follows:

- firstly, to any unpaid interest raised on the account;
- secondly, to any other sundry debtors (miscellaneous);
- thirdly, to housing rents and instalments;
- fourthly, to any unpaid refuse collection charges;
- fifthly, to any unpaid sewerage charges;
- sixthly, to any unpaid water charges;
- seventhly, to any other unpaid electricity charges; and

- lastly, to any unpaid property rates.

6.6.10 A customer shall not be entitled to allocate any payment made to any portion of the total debt due to the Council.

6.6.11 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account. The Municipality reserved the right not to refund payments on accounts with outstanding balances.

6.6.12 Where any payment is made by a negotiable instrument and is later dishonoured by a bank, the municipality or its authorised agent:-

- may recover the bank charges related to the transaction against the account of the customer; and
- shall regard such an event as a default on a payment.

The municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request, at a cost as determined by Council.

6.6.13 Where after Finalisation of a customer`s municipal account, there is a credit./debit balance on the account:

- The Municipality may transfer such balance to any other exiting account on a property owned by that customer, without authorisation of that customer.
- If no other account exist as provided for in above, then the credit will be refunded to the customer,
- Where a credit occurred after a property was sold, the request for refund must be made by the conveyance attorney
- Any remaining debit will be collected in terms of the policy.
- All municipal charges may be collected from the owner in terms of Section 118(3) of the Municipal Systems Act.

6.6.14 Adjustments will be based on the consumption **3 months after** the leakage took place or alternatively on the consumption **3 months before** the leakage took place.

6.6.15 Adjustment made to the customer`s account, where the adjustment is in the customer`s favour will be made for the three preceding years.

6.6.16 Adjustment made to the customer's services account ,where the adjustment is in the municipality`s favour will be made for the three preceding years

6.6.17 Where the customer caused the adjustment, for example: by-passing of meters of supply incorrect information, then the adjustment will be made for the three preceding years.

6.7 CUSTOMER ASSISTANCE PROGRAMMES

6.7.1 Water leakages

- If the leakage is on the customer's side of the meter, the customer will be responsible to fix the leakage as soon as possible, except in the case where the household is an indigent consumer, such consumers leakages will be repaired by the municipality.

- Where suitable proof of repair is provided, the Municipality may, at its sole discretion, provide relief on the charge raised above the average consumption at the selling price of the service, subject that such leakage is repair within 30 - 45 days after detection by the consumer, and such leakage appear on the consumer statement in the consumption of water above the normal average consumption. Such leakage must not exceed a period of twelve (12) months.

- The customer has the responsibility to control and monitor his/her water consumption.

- Adjustments will be based on the consumption 3 months after the leakage took place or alternatively on the consumption 3 months before the leakage took place

- The municipality will by all means try and repair water leakages to indigent's household, and such households are urging to report such leakages.

- The municipality will disconnect the services of water and or electricity, if a consumer does not fix it water leakage at its premises, after it is detected that the consumption is above the consumers average usage.

6.7.2 Arrangements for settlement of arrear accounts

(a) If a customer cannot pay his/her account with the municipality then the municipality may enter into an agreement with the customer for an extended term of payment according to the applicable category of the customer, in terms of the official Guidelines for the Payment of Arrears adopted by Council resolution.

The customer must, on the official agreement form adopted by Council for that purpose:

- Sign an acknowledgement of debt;
- Provide a garnishee order/emolument order/stop order (if he or she is in employment);
- Acknowledge that interest could be charged at the prescribed rate;
- Pay the current portion of the account;
- Sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible and that disconnection of water and electricity will follow immediately, as will legal proceedings.
- Acknowledge liability of all costs incurred.

(b) The municipality reserves the right to raise the deposit requirement of debtors who seek arrangements;

(c) Where an arrangement is made outside of the stipulations of the official Guidelines for the Payment of Arrears adopted by Council, such payments will be accepted, subject to the normal credit control and debt collection procedures.

(d) The municipality reserves the right to convert the conventional electricity service of a customer with consumption arrears to a prepayment electricity meter:

- When a prepayment meter is installed due to default on payments, the customer is placed on the higher prepaid tariff in order to recover the cost of the meter by adding the debt as a surcharge to the prepaid electricity cost, and be repaid by allocating 50% with each purchase of the electricity until the debt is fully recovered:

- The municipality reserves the right to restrict electricity purchases on prepaid meter if consumer default on temporary agreement.

- The municipality will not approve a consumer's building plan, if a consumer is in arrears with its municipal account.

- In all instances of arrears on service accounts where the customer is on the prepaid electricity system the arrear amount is added as a surcharge to the prepaid electricity cost, and be repaid by allocating fifty percent of each purchase amount of electricity until the debt is liquidated;

- In terms of the one account policy, an owner must grant permission for the tenant or occupier before an arrangement can be made with a tenant. If a tenant defaults or does not pay, the owner remains liable for the debt.

- Where a tenant's account become overdue, the municipality may consolidate that account with the owner's account.

- Where a customer does not honour the arrangement entered into, the agreement will be cancelled without further notice and the debt collection process, which may include disconnection of services or legal action will follow.

6.7.3 **Payment of Rates as annual charge**

- Customers who may elect to pay their property rates account annually, must pay on or before 30 September each year.

- Any arrangement for annual rates shall be made as prescribed in the Municipality's Rates Policy, and the arrangement will be cancelled and all rates will become payable in full with immediate effect should any **three** instalments become overdue.

6.8 INDIGENT SUBSIDY

Customers may apply for an indigent subsidy on the conditions as stipulated in the municipality's Indigent Policy.

6.9 FREE BASIC SERVICES

Council may provide, free of charge to a customer, certain basic levels of services, as determined from time to time in the municipality's indigent policy.

7. CREDIT CONTROL

7.1 OBJECTIVES

The objectives of the credit control section are to -

- Implement procedures that will ensure the prevention of escalation in arrear debt;
- Limit risk by employing effective management tools.

7.2 APPLICATION FOR SERVICES AND SERVICE AGREEMENTS

7.2.1 All consumers wishing to utilise municipal services must apply to enter into a service agreement or a contract will be generated upon receiving confirmation of transfer property from the rates section. The Application for Clearance will serve as proof of personal details.

7.2.2 The service agreement, on the prescribed form, will be entered into prior to the provision of services and prior to the consumer taking occupation of the premises.

7.2.3 Before being provided with electricity, water and/or other customer services, and prior to taking occupation of premises, every customer shall enter into a service agreement with the Council in which, inter alia, the Council may require the customer to agree that the electricity, water and/or other services, supplied by either Prepaid or Credit meter systems, may be used for credit control purposes to collect arrears in respect of all outstanding debt.

7.2.4 No new service agreements between the municipality and tenant will be entered and owners remain responsible for all services on the stand, services will be on the owners account.

7.2.5 On default by the current tenant, the owner will be the debtor of last resort;

7.2.6 A new service agreement will only be entered into once all amounts owed by a consumer on other debtor accounts are settled in full.

7.2.7 Where the current municipal services are used/consumed or made use of, and the owner, tenant, or occupants of a property, have not entered into nor completed an agreement for such services, the owner responsible for the payment of rates on the property will be billed for the metered consumption and all municipal service charges applicable to the property.

7.2.8 The service agreement shall indicate that transfer of a property may not be registered until the municipality issues a clearance certificate which reflects that all amounts due in connection with that property for municipal service 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.

7.2.9 Application forms are available at the municipal offices and the application process must occur at least ten (10) working days prior to taking occupation of the premises. This will ensure that services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken. Once the application has been approved, a service agreement will be entered into and services will commence.

7.2.10 The consumer may visit the Municipal Office in person or sent an e-mail requesting the supply of services at his /her property, provided, that it is the current owner or new owner. In the case of a new owner, a copy of the transport letter must accompany the request as well as other requested information and/or documents.

7.2.11 In the case of a new owner, who did not contact the municipality for supply of service when purchasing the property, a contract will be generated upon receiving confirmation of transfer property from the rates section. The Application for Clearance will serve as proof of personal details. The applicable deposit(s) for services will be debited on the account. All other accounts on the property will be finalized and services will be transferred to the new owners account.

7.2.12 In the case of an existing owner whose tenants are moving out of the property, the tenants must close their account or the existing owner may close the account on behalf of the tenants if the tenants already left the property. The tenants deposit will be offset against any outstanding balances and the remaining credit if applicable will be refunded to the consumer only if the tenant provided proof of banking details for the refund.

7.2.13 The service agreement shall set out the conditions under which the services are provided and shall require the signatories thereto to accept the contents of the municipality's credit control and debt collection policy, as well as the provisions of the Municipal Systems Act, 2000 (Act No. 32 of 2000). Existing owners and new owners who did not sign service agreements, must ensure that they obtain the applicable policy.

7.2.14 Consumers who illegally consume services without a valid service agreement will be subject to disconnection and/or removal of the service and may have charges laid against them for theft and fraud.

7.2.15 The service agreement shall set out the conditions under which the services are provided and shall require the signatories thereto to accept the contents of the municipality's credit control and debt collection policy, as well as the provisions of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

7.2.13 Where a consumer has failed to enter into a service agreement with the Council, water and/or electricity shall be restricted or disconnected, as the circumstances may require, until such time as a service agreement has been entered into and the applicable deposits have been paid. In such circumstances, the consumer will be held liable for any calculated amounts.

7.2.14 Prior to signing these agreements, customers will be entitled to receive the policy document of the municipality on request at a cost determined by Council.

7.2.15 On the signing of the agreement, customers will receive a copy of the agreement for their records as applicable.

7.2.16 Existing customers of services will be required to sign new agreements as determined by the Municipal Manager from time to time.

7.2.17 the owner is responsible for all charges on the property in respect of the tenant or Occupiers account, in terms of Section 118(3) of the Act.

7.2.18 In the event of failure by the new owner to pay his or her deposit as mentioned above, the deposit will be debited on the account and all services (eg: water, electricity, refuse removal) to the property will be transferred to the new owners account, and charged at the tariffs charged at to the previous owner.

7.2.19 If a tenant moved without giving notice for disconnection, that services may be linked to the owners account and the applicable deposits may be debited on the account of such owner.

7.2.20 The municipality may at its discretion attach the rent money from any person that rent a property, from an owner where any municipal services are in arrears on that particular property.

7.2.21 The municipality may install a prepaid electricity and water meter with cost or otherwise as approved by the municipal manager, at the premises where a person rent a property, without notifying or obtaining approval from the owner of that particular property, if any municipal services on that particular property are in arrears.

7.3 CUSTOMER SCREENING AND SECURITIES

7.3.1 All customers is to pay a deposit on application for the provision of municipal services before the municipality renders any service to the property. Deposits are payable when new customers sign service agreements and when existing customers move to a new supply address. All deposits shall be paid at least 10 (ten) days prior to occupation of the property or prior to the date on which the services are required, if not required on date of occupation. Failure to comply with this clause may result in a delay in the connection of services and the Council shall not be liable for any loss or prejudice suffered by a customer as a result thereof.

7.3.2 All applicants for municipal services may be checked for credit-worthiness including checking information from banks, credit bureaux, other local authorities, trade creditors and employers.

(a) Consumers may be grouped into high, medium or low risk consumers.
(b) A consumer could then be granted a low risk status if he/she/it has not defaulted on any payment to the municipality, medium risk for defaults on payments and high risk if any legal action and judgements were taken.

7.3.3 Based on any risks assessment, non-payment of services, default on existing payment arrangement, tampering with the service or theft of water/electricity, the level of deposits may be set or increased.

7.3.4 Deposits can be increased at the discretion of the municipality to a maximum of three months average consumption.

7.3.5 The outcome of any review contemplated shall be communicated to the customer in the event of any variation in the deposit arrangements being required.

7.3.6 The municipality will not pay any interest on deposits.

7.3.7 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the municipality, will be refunded to the consumer. Provided that the consumer did supply official proof of bank details, unless it is a transfer of ownership and any credit balances will be refunded to the Conveyance attorney.

7.3.8 Bank guarantees are only permitted for businesses and only under circumstances as determined by Council from time to time.

7.3.9 Deposits are not transferable when existing customers move to a new address.

7.3.10 Persons and business who tender to the Municipality

- The Supply Chain Management Policy and Tender Conditions of the Municipalities will include the following:

- When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tendered obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tendered and / or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears;

- No tender will be allocated to a person / contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during contract period; and

- condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments

7.3.11 Personal contact

- Within the constraints of affordability Council will endeavour to notify customers of their arrears situation by telephonic, electronic contact or by delivering a final notice.

- During the contact customers will be informed of their rights and obligations in terms of the Customer Care, Credit Control and Debt Collection Policy including making arrangements and applying for indigent support.

- Such contact is not a right and disconnection of services and other collection proceedings may continue in the absence of such contact.

7.3.12 PROOF OF ADDRESS

This notice serves to inform that proof of address documents will only be provided to the legal account holder of a property situated within the Municipal area of Oudtshoorn.

No proof of address will be provided to:

- Spouses of account holder
- Children of account holder
- Parents of account holder
- Or any other person / institution

Proof of address to any person other than the rightful owner should be obtained from the SAPS by affidavit.

A black and white signed and stamped statement will be provided by the Municipality as proof of address.

In the case of Indigent **Customers** a letter will be provided as proof of address as no statements are generated for these **Customers**.

Written proof of address will only be provided to new home owners for which no Municipal account exists at that stage. Proof of ownership must be provided.

7.4 RIGHT OF ACCESS TO PREMISES

7.4.1 The owner and or occupier of property must allow an authorised representative of the municipality access at reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service. The representative is to have the proper authorisation and can only request access during reasonable hours.

7.4.2 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.

7.4.3 If a person fails to comply with 7.4.1 the municipality or its authorised representative may:-

(a) by written notice require such person to restore access at his/her own expense within a specified period; and
(b) as a matter of urgency, without prior notice restore access and recover the cost from such person.

7.4.4 If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible, the municipality shall estimate the consumption of the service concerned and thereafter bill the accountholder for the monetary value of such estimated consumption.

7.4.5 In the event that the Council continues to be unsuccessful in obtaining access to the property and, therefore, is unable to obtain an accurate meter reading, the Chief Financial Officer or his authorised representative may disconnect the supply via the Consumer Distribution Unit.

7.4.6 Voluntary readings:

- These will be permitted provided the municipality obtains any final reading should the consumer move to another supply address.
- Consumers may be liable for a fee to cover the costs of obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading.
- The Municipality is entitled to make suitable adjustments to the readings should a consumer fail to ensure that a final reading is obtained.
- An audit reading during the normal reading cycles must be obtained at least once every 12 months. If a special audit reading becomes necessary this will be done at the cost of the consumer.
- The consumer may elect to supply voluntary readings subject to compliance with these rules. The Chief Financial Officer may, however, cancel the voluntary reading convenience if the consumer fails to render readings on two or more consecutive occasions.

7.5 DISCONNECTIONS/RESTRICTIONS OF SERVICE

7.5.1 The Council shall disconnect/restrict services to consumers whose consolidated accounts remain unpaid after due date.

7.5.2 The municipality shall, prior to disconnection and/or restriction of services, not be obliged to issue any final demand notices or other reminders to customers whose accounts are unpaid after due date.

7.5.3 The municipal account shall reflect a warning message that shall be deemed to be proper and sufficient notice to the customer that his services may be disconnected or restricted unless payment is received on or before due date.

7.5.4 In the event that full payment of the consolidated account, including any accumulated arrears, is not received by close of business on due date, the electricity supply and thereafter the water supply may be disconnected/restricted, unless a formal arrangement for an extension of payment, in terms of section 6.7.3, has been approved by the Chief Financial Officer or his authorised representative.

7.5.5 Council reserves the right to disconnect, deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.

7.5.6 Even though a customer may have concluded satisfactory credit arrangements in terms of section 6.7.3, the Council is not obliged to effect a reconnection of services on the day that payment is received or the agreement has been signed, but will, unless unable to do so because of circumstances beyond the control of the municipality, endeavour to do so within three (3) working days in terms of section 7.7 read in conjunction with section 7.6.

7.5.7 Where a customer's services are disconnected, or where access to a disconnected services has not been obtained, the customer shall be charged a visitation fee, as determined by the Council, which shall be paid prior to the services being reconnected.

7.5.8 Where a customer's account and/or service agreement has been terminated or is in arrears and no credit arrangement has been entered into, the Council may, at the customer's cost, proceed to collect such amount as is outstanding and due in terms of the procedures for debt collection contained in section 8 of this policy.

7.5.9 Where a customer or owner's account is in arrears and no credit arrangement for the settlement of any outstanding debt has been entered into, and, whether the services to the property have been disconnected / restricted or not, the Council may, regardless of whether the service agreement is terminated or not, implement the procedures for debt collection as

set out in Section 8 of this policy, if such action is deemed by the Chief Financial Officer to be in the best interests of the Council.

7.5.10 Should the Chief Financial Officer be of the opinion that the termination of services, in respect of which the account is in arrear, could result in the endangerment of the life of any person, the Chief Financial Officer may appropriately restrict rather than terminate the services in question.

7.5.11 All costs related to notices, the restrictions or dis- and reconnections, will be determined by tariffs approved by the municipal Council, and will be payable by the customer.

7.5.12 The municipality shall/will disconnect the municipal services where an owner or a tenant of a residential premises/property illegally construct a house shop/spaza shop or any other business without official permission from the municipality was granted.

7.5.13 The municipality shall/will disconnect the municipal services where a person illegally constructs a building, make amendments to an existing building, without the proper approved buildings plans.

7.5.14 The municipality shall/will disconnect the municipal services where any illegal activities is conducted on an erf/premises, which is in contradiction with any policy or by-law of the municipality, and where none approval was provided by the municipality to conduct such activity.

7.6 RECONNECTION/REINSTATEMENT OF TERMINATED/RESTRICTED SERVICES

7.6.1 Services which have been terminated or restricted shall be reconnected or reinstated by the municipality only when all the following conditions have been met:

- the arrear account has been paid in full, including the interest raised on such account; or an acceptable arrangement has been entered into with the municipality for the payment of the arrear account, including the cost of dis- and reconnections, the interest raised on such account; or a query, as contemplated in section 6.4, has been resolved and arrangements for payment as approved by the Chief Financial Officer have been concluded;

- a revised/existing service agreement, where required, has been entered into/reinstated with the municipality, as contemplated in Section 7.2 of this policy; and

- a suitable cash deposit, where required and as determined by the Chief Financial Officer in terms of Section 7.3, has been paid to the municipality.

7.6.2 Where consumers using prepaid meters have arrear amounts in respect of <u>other</u> services rendered by the municipality the Council shall allocate twenty (20) - fifty (50) percent of any future prepaid purchases to arrear amounts until such time as the arrears have been brought up to date

7.6.3 The Municipality will not get involved in disputes between an owner and a tenant or occupier in respect of disconnection of services. Services will only be disconnected in terms of the Credit Control Policy, and will be reconnected on payment of Outstanding debt, by any party, Irrespective of who the accountholder is. An owner may not disconnect services in an effort to evict a tenant or occupier.

7.7 PERIOD FOR RECONNECTION OR REINSTATEMENT

7.7.1 The municipality shall endeavour to reconnect or reinstate terminated or restricted services as soon as conveniently possible but not later than within 3 (three) working days after the date on which the conditions set out in section 7.6 of this policy have been met, unless unable to do so because of circumstances beyond the control of the municipality.

7.8 CLEARANCE CERTIFICATES

7.8.1 On the sale of any property in the municipal jurisdiction, the municipality will withhold the transfer until all rates, services and consumption charges are paid by withholding a rates clearance certificate as contemplated in section 118 of the Systems Act.

7.8.2 The Municipality shall, wherever possible, issue a clearance certificate within ten working days of such request once all outstanding debts and administration fees have been paid in full.

7.8.3 The above provisions do not apply in the case of transfers from National Government, Provincial Government or another municipality of residential property where the provisions of Section 118 of the Municipal Systems Act are applicable.

7.8.4 When a property is sold the previous owner must terminate this services and the new owner must register the services in his own name and pay the required deposit.

7.8.5 The Municipality may hold both the accountholder and the new owner liable for services render to the property, if sub paragraph is not complied with.

7.8.6 An advance payment equal to **4 (four) months** rates and services and **4 (two) months** water and electricity usage will be collected as part of the Rates Clearance processes.

7.8.7 All tenant accounts will be closed-on registration date and all future charges will be the responsibility of the new owner.

7.8.8 The municipality will not issue a rates clearance certificate in terms of Section 118(1) of the Local Government: Municipal Systems Act 2000 (Act no 32 of 2000), if the preceding two years municipal services charged to the property, and any associated charges for interest and legal costs have not been paid.

7.8.9 In terms of section 118 (3) of the Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal rates, 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 municipality may institute legal action to recoup its outstanding monies due on the property.

7.8.10 All debt is deemed to be collectable by the municipality despite a Clearance Certificate issued in terms of section 118 (1)(b) and remains a charge against the property which the municipality will collect by attaching the property.

7.8.11 Where a owner receiving an indigent subsidy sells his property within one year of receiving an indigence write-off, the amount payable in terms of Section 118(1) will be determined by the municipality as all amounts levied in the preceding two years, irrespective of whether such amounts were written off as part of the indigency relief.

7.9 THE PRE-PAYMENT SYSTEM

- The municipality may use its pre-payment system to recover arrears in respect of accrued municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, electricity (in the case where the consumer had a conventional meter before the pre-paid electricity meter was installed), refuse removal, sanitation and sewerage.

- A customer with arrears, who applies for a pre-payment meter, will be required to repay all arrears before a pre-payment electricity meter is installed or, if the amount outstanding is large and/or the customer's ability to pay is limited the arrears can be repaid by allocating 50% of all purchases before any electricity credit is given;

- Only bank transfers, cash and bank cards will be accepted for the sale of prepaid electricity;

- No refund for pre-paid tokens will be given to client's customers that move to another address with a different prepaid meter.

- The municipality may use its pre-payment system to recover any penalties incurred from a consumer.

7.10 INCENTIVES FOR PROMPT PAYMENT

7.10.1 To encourage prompt payment and/or to reward regular payers the municipality may consider incentives for the prompt payment of accounts or payment by debit or stop orders.

7.10.2 If introduced such an incentive scheme will be reflected in the operating budget as an additional expenditure.

7.11 INTEREST ON ARREARS AND OTHER PENALTY CHARGES

7.11.1 Interest shall be charged for a full month on all arrear amounts at the percentage determined by Council irrespective of when payment is made.

7.11.2 For purposes of determining arrear amounts, all amounts that are unpaid after due date, excluding interest, penalty charges previously raised including collection charges and Value Added Taxation, shall be taken into account.

7.11.3 The Chief Financial Officer will be entitled to raise the following charges in addition to the interest charge contemplated in clause 7.11.1:

- charges for disconnection or restriction of services
- charges for reconnection or reinstatement of services
- charges for notices of default and other correspondence
- penalty charges for illegal reconnections

7.11.4 Other than those penalty charges prescribed by legislation, the value of each of these charges will be determined on an annual basis by Council when considering its annual budget and shall be contained in the Oudtshoorn Municipality Tariff Register.

7.12 ILLEGAL TAMPERING AND/OR THEFT OF SERVICES

The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.

Furthermore,

7.12.1 Water and electricity metering and connection equipment remain the property of the municipality and anyone involved in instances of tampering, damaging or theft thereof will be liable for criminal prosecution.

7.12.2 With regard to electricity services, if tampering of any nature or theft of such services is identified, the electricity supply to the property may be discontinued by the removal of the meter and the cable and the water supply may be restricted. In addition, the customer's service agreement with the Council may be cancelled and the customer's deposit may be offset against any amounts owed to the Council.

7.12.3 If the restricted water supply is tampered with or any variable flow-restricting device removed, the water supply may be discontinued, the service connection removed and the customer's service agreement with the Council may be cancelled. The customer's deposit may be offset against any amounts owed to the Council.

7.12.4 Once Council becomes aware that any terminated or restricted service has been irregularly reconnected or reinstated, the necessary action to remedy the situation will be implemented which could include the Municipal Manager reporting such action to the South African Police Service.

7.12.5 Any person failing to provide information or providing false information to the municipality may face immediate disconnection and/or legal action.

7.12.6 All outstanding amounts including, penalties, assessment of monitored consumption, all metered consumption since the date of the illegal reconnection, shall be paid in full together with any required increased deposit, before any reconnection/reinstatement, are considered. However, the receipt of payment will not necessarily impact on nor prejudice any legal or criminal proceedings against the customer.

8. DEBT COLLECTION

8.1 OBJECTIVE

The objectives of the debt collection section are –

- to provide procedures and mechanisms to collect all the monies due and payable to the municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community;

- to institute procedures to address arrear debtor accounts with the intention of proceeding until the debt is collected or written off by applying the following two phases:

    - Initial collection phase
    - Final collection phase

8.2 INITIAL COLLECTION PHASE

Where debtors' accounts are in arrears –

8.2.1 Immediately after due date, disconnect and/or restrict all water and/or electricity services for all overdue amounts relating to rates, service charges or any charges for services rendered by the municipality in terms of the procedures laid down in Section 7.5 of this policy;

8.2.3 The Revenue Manager may insist that a consumer, who is utilising a credit meter, convert from that credit metered supply to a prepayment supply;

8.2.4 The Revenue Manager will allocate fifty (50) percent of any payment for prepayment services to arrear debt;

8.2.5 The Chief Financial Officer may order that emolument attachment or garnishee orders be instituted on debtors' salaries;

8.2.6 The Chief Financial Officer may withhold rates clearance certificates in terms of Section 118 of the Municipal Systems Act, 2000 (Act No. 32 of 2000) and Section 7.8 of this policy;

8.2.7 The Chief Financial Officer may withhold payments of grants-in-aid to consumers whose accounts are in arrears;

8.2.8 The Chief Financial Officer may withhold payment to suppliers, in terms of the Supply Chain Management policy, whose accounts are in arrears;

8.2.9 The Chief Financial Officer may arrange to withhold/reject the approval of building plans relating to improvements on properties if there are arrears on that property;

8.3 FINAL COLLECTION PHASE

Where debtors' accounts are in arrears sixty days (or any earlier period if the Chief Financial officer deems that it is in the best interest of the Council) after due date and where an account rendered to a customer remains outstanding one of the following options may be taken –

- where an internal municipal debt collection unit is in operation;
- where external collection agents are involved.

8.3.1 Where an internal municipal debt collection unit is in operation –

The following listed steps be instituted for recovery of arrear debt up to the point where the debt is collected:

8.3.1.1 Registered final demand letter to be delivered;
8.3.1.2 Summons to be served;
8.3.1.3 Default Judgement to be served;
8.3.1.4 Warrant of Execution to be served;
8.3.1.5 Garnishee Order to be served;
8.3.1.6 Sale in Execution by Sheriff – moveable assets;
8.3.1.7 If no success, hand over to Attorney for action in court and/or Sale in Execution of fixed assets.

8.3.1.8 Where external collection agents are involved –

8.3.1.9 All arrear amounts shall be handed over to the Council's debt collection agents;

8.3.1.10 The collection agents will then make use of normal debt collection procedures including a call centre approach and legal processes to collect the amounts owed to Council;

8.3.1.11 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of the municipality's system of debt collection;

8.3.1.12 The Municipality may be requested to disconnect and/or restrict the electricity/water supply of any debtor before proceeding with the sales in execution process, as a last resort to get the defaulter to settle the outstanding debt or to enter into agreement for the settlement thereof;

8.3.1.13 If necessary, the sale in execution of a property to recover arrear property rates and service charges will be instituted (if the accountholder is also the owner of the property);

8.3.1.14 The municipality will exercise strict control over this process, and will require regular reports on progress from service providers;

8.3.1.15 The municipality will establish procedures and codes of conduct with these outside parties.

8.4 COLLECTION CONTROLS AND GENERAL MATTERS

8.4.1 All steps in credit control and debt collection procedures will be recorded for the municipality's records and for the information of the debtor.

8.4.2 Individual debtor account information is protected and not the subject of public information.

8.4.3 The municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.

8.4.4 The municipality may consider the use of agents as service providers and innovative debt collection methods and products.

8.4.5 Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.

8.4.6 Any agreement concluded with an agent, service provider or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute a breach of the contract.

8.5 COST OF COLLECTION

All costs associated with credit control and debt collection including interest, penalties, service discontinuation costs and legal costs are for the account of the debtor and should reflect at least the cost of the particular action.

8.6 ABANDONMENT OF CLAIMS

8.6.1 The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt.

8.6.2 Whenever all the legal avenues and procedures listed above have been exhausted, or it becomes uneconomical to proceed further, the arrear amounts should, in terms of the Council's Bad Debt Policy, be classified as irrecoverable and should be written off.

8.6.3 The valid termination of debt collection procedures may be considered under the following circumstances:-

(a) the insolvency of the debtor, whose estate has insufficient funds;
(b) a balance being too small to recover, for economic reasons, considering the cost of recovery; and

(c) where the municipality deems that a customer or group of customers are unable to pay for services rendered.

8.6.4 The municipality must maintain audit trials in such instances, and document the reasons for the abandonment of the actions or claims in respect of the debt.

8.6.5 The municipality must ensure that indigent consumers is not handed-over to attorneys for collection and if such cases exist at the attorneys, those files be closed and that the municipality settle the cost of collection to attorneys and write off the debt.

8.7 CREDIT BUREAU

8.7.1 The municipality may release debtor information to all credit bureau.

8.7.2 Any debtors whose amounts are written off may be listed with the Credit Bureau and may not be permitted to enter into future service contracts with the Council.

I **Councilor Julia Le Roux Krowitz** in my capacity as **Speaker** of the **Oudtshoorn Local Municipality** hereby certify that the **Final Customer Care, Credit Control and Debt Collection Policy** was approved by Council on **07 June 2021** as per **Council Resolution No 63.07/06/21.**

COUNCILLOR J LE ROUX KROWITZ
SPEAKER