

# **DITSOBOTLA LOCAL MUNICIPALITY**



## **CREDIT CONTROL, DEBTOR COLLECTION & INDIGENT POLICY**

**2023/2024**

## **CREDIT CONTROL, DEBT COLLECTION AND INDIGENT POLICY**

### **1. BACKGROUND**

#### **1.2 The Constitution of the Republic of SA, 1996 (Act 108 of 1996)**

In terms of Section 152(1) the objectives of municipalities in South Africa are to –

- (a) provide democratic and accountable government for local communities;
- (b) ensure the provision of services to communities in a sustainable manner;
- (c) promote social and economical development;
- (d) promote a safe and healthy environment;
- (e) encourage the involvement of communities and community organizations in the matters of Local Government.

Section 152(2) determines that a Municipality should strive to effect the aforementioned within its financial and administrative capacities.

The duties of a developmental municipality are set out in Section 153 of the Constitution. In terms of this section a municipality must –

- (i) structure and manage its administration, budgeting and planning process to give priority to the basic needs of the community, and to promote the social and economic development of the community; and
- (ii) participate in National and Provincial Development Programmes.

In order to provide the services in a sustainable manner, whilst creating an environment conducive to the promotion of the community, and to promote the social and economic development, Council adopted and implemented a Credit Control Policy in terms of which rates and taxes had to be and were collected.

With regard to the new dispensation and in terms of the new legislation applicable to Local Government and municipalities, the policy needed to be revisited in order to ensure that it complies with the Bill of Rights as entrenched in the Constitution, Sections 152 and 153 of the Constitution, the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as well as the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

In the redraft the policy at the same time addresses the developmental objectives of the Ditsobotla Local Municipality, ensures access to the basic services as provided by Council to the community as a whole, whilst also addressing the socio-economic needs and rights of groups and individuals within Council's jurisdiction.

## **1.2 The Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)**

### **“Customer care and Management, Section 95**

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-

- (a) 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;
- (b) 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;
- (c) 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 utilized;
- (d) 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;
- (e) ensure that persons liable for payments, receive regular accurate accounts that indicate the basis for calculating the amounts due;
- (f) 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;
- (g) provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the City Council;
- (h) provide mechanisms to monitor the response time and efficiency in complying with paragraph (g); and
- (i) provide accessible pay points and other mechanisms for settling accounts or for making prepayments for services.

## **Debt collection responsibility of municipalities**

In terms of Section 96 of the Local Government: Municipal Systems Act, 2000, a Municipality-

- (a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
- (b) for the 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.

## **Contents of policy**

97(1) A credit control and debt collection policy must provide for –

- (a) credit control procedures and mechanisms;
- (b) debt collection procedures and mechanisms;
- (c) provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents;
- (d) realistic targets consistent with –
  - (1) Generally Accepted Municipal Accounting Practice and Collection Ratios; and
  - (2) The estimates of income set in the budget less an acceptable provision for bad debts;
- (e) interest on arrears, where appropriate;
- (f) an extension of time for payment of accounts which is financially acceptable, that will not other circumstances lead to a deficit in the cash flow and the budget of the Municipality;
- (g) termination of services or the restriction of the provision of services when a consumers account is in arrears;
- (h) matters relating to unauthorized consumption of services, theft and damages; and
- (i) any other matters that may be prescribed by regulation in terms of Section 104.”

1.2 In terms of Section 98(1) and (2) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the by-laws that will give effect to the policy, is prescribed as follows:

- (1) A Municipal Council must adopt by-laws to give effect to the Municipality's credit control and debt collection policy, its implementation and enforcement.
- (2) By-laws in terms of subsection (1) may differentiate between different categories of ratepayers, users of services, debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to unfair discrimination. The different categories of consumers are referred to as businesses, government departments, general consumers and other institutions, ie. Tertiary, sports, etc.

### **1.3 Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)**

Section 64 of the Act determines the following:

#### Revenue Management

“64(1) The accounting officer of a municipality is responsible for the management of the revenue of the municipality.

- (2) The accounting officer must for the purpose of subsection (1) take all reasonable steps to ensure -
  - a) that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy;
  - b) that revenue due to the municipality is calculated on a monthly basis;
  - c) that accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
  - d) that all money received is promptly deposited in accordance with this Act into the municipality's primary and other bank accounts;
  - e) that the municipality has and maintains a management, accounting and information system which –
    - (i) recognizes revenue when it is earned;

- (ii) accounts for debtors; and
  - (iii) accounts for receipts of revenue;
- f) that the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed;
  - g) that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and
  - h) that all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.
- (3) 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.
- (4) The accounting officer must take all reasonable steps to ensure –
- a) that any funds collected by the municipality on behalf of another organ of state is transferred to that organ of state at least on a weekly basis; and
  - b) that such funds are not used for purposes of the municipality.”

#### **1.4 Revised policy**

As envisaged against the afore-mentioned, the policy has been revised to comply with the legislation, as well as the responsibilities and duties of the Ditsobotla Local Municipality.

#### **1.5 Desired goal**

It is the aim of the Ditsobotla Local Municipality to implement and manage a system whereby and if possible all its consumers are equipped with prepaid water and electricity meters.

### **A. DEFINITION OF CREDIT CONTROL**

Credit Control is generally understood in the municipal sector to be those functions that are related to the receipt of payment from debtors, being ratepayers and consumers of various Municipal services. In terms of the Local Government:

Municipal Systems Act, 2000 (Act 32 of 2000), Credit Control Procedures commences as soon as an account becomes unpaid after a specified due date.

In terms of modern practices, credit control is defined as a measure of a last resort, within the ambit of consumer management approach which focuses on the client's needs in a responsive and responsible manner, the objective being to encourage payment to prevent the need for enforcement.

Consumer Management begins when contact is first made with a new consumer or ratepayer and includes *inter alia* the following aspects:

- (1) The signing of a valid consumers' agreement, the payment of a services' deposit and the verification of the consumer's creditworthiness.
- (2) An accurate metering reading is acquired at fixed intervals so as to prevent any delay between the connection of the service and the issuing of the first statement of payment.
- (3) The issuing of accurate and regular statements in accordance with service tariffs that are approved by the Municipality.
- (4) Engaging in regular communication with the aim of furnishing correct information to all consumers.
- (5) Providing support in terms of the Indigent Policy to persons who are declared as indigent.
- (6) Maintaining affordable service levels and standards within the approved regulations.
- (7) Implementing appropriate payment terms and options.
- (8) Providing an effective and efficient enquiry system with cash payment facilities.
- (9) Implementing credit control measures that are consistent with the aim to enforce a culture of payment for services.
- (10) Furnish monthly reports on the performance of revenue collection to the Municipality.

A successful consumer management programme is a prerequisite to effective and efficient credit control. Consumer must however, meet certain minimum requirements and the Municipality should eliminate all possible reasons for not enforcing credit control measures. This will be achieved by taking all the necessary

steps to ensure that norms and standards are maintained on service delivery and creating service opportunities for the payment of services.

## **B. CREDIT CONTROL PRINCIPLES**

The principles of credit control must be such that the Municipality can always be in a position to apply this practice under any circumstances.

### **1. Comprehensive approach**

Policies and legislation should recognize the need for facilities and mechanisms which deal with promoting payment, are to be supported by the reactive actions to enforce payment.

It is for example, equally important to be in a position to disconnect services for non-payment as to provide timely and appropriate accounts.

### **2. Civic rights and obligations**

The consumer who does not pay for services and a Municipality which does not strive to make its services more accessible, is also deemed to not be focused on serving the needs of the community.

Support mechanisms are required to address the issue of low income households whilst severe penalties and firm actions are necessary to address defaulters who fail to pay for services for reasons such as theft, damage to property, political persuasion and negligence.

### **3. Firm and prompt action against under-performance**

Performance is closely aligned to Customer Management and is defined as the rendering of an appropriate account by the municipality for services rendered and payment by the consumer on/or before the specified due date.

Failure on either the part of the municipality to create an environment for payment or the customer to meet his or her social responsibility should lead to appropriate discipline.

In the case of non-payment disconnection of services must be carried out promptly.

#### **4. Cost-effective credit control**

All administrative processes related to consumer management and credit control should be cost-effective, efficient and economical.

The implementation of Credit Control Measures must be balanced against a reasonable possibility that outstanding debts will be recovered without any undue cost to the Municipality.

The present practice of executing all available legal steps in order to prove that a debt is not collectable should be reviewed.

#### **5. Appropriate application of credit control and reasonable discretion**

Credit Control actions that only provide for maximum penalties for non-payment should be avoided.

#### **6. Entrench right and responsibilities (capacity building)**

Appropriate communication with all consumers is of vital importance in a Consumer Management Programme.

Consumers should for example be given the “rules” as part of the signing of a consumer agreement and be informed that it is possible in deserving cases to make certain arrangements for payment.

Written notification of the Municipality’s intention to disconnect services is more in accordance with modern practice than to disconnect services without any prior notification.

#### **7. Responsibility, performance and reporting**

In terms of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), and the Local Government: Municipal Finance Management Act, 203 (Act 6 of 2003), the Municipal Manager is entrusted with the responsibility to implement credit control measures.

The Municipal Manager must report to the Municipality on all relevant aspects, predetermined measures, norms and standards in other words the target for debtors turnover rates, irrecoverable debts, legal actions that are instituted, etc.

## **8. Separation of policy-making and execution**

In terms of Sections 99 and 100 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), and the relevant Sections of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003), the implementation, execution and enforcement of the policy must be independent from policy makers so as to ensure absolute accountability.

A clear demarcation must be maintained between political and administrative responsibilities. It is normal practice that the political sphere is responsible to determine policy and set priorities on the one hand and officials are responsible to manage and be held accountable.

## **9. The role of a financial plan**

The bedrock of a successful Consumer Management and Credit Control Policy lies on the foundation of Generally Accepted Municipal Accounting Practice and other financial policies that are specifically relative to municipalities.

The underlying financial policy must include *inter alia* the following issues:

### **9.1 Tariffs**

Tariffs should recover the associated costs in rendering services to customer. Tariffs must be uniformly and fairly applied to recover costs.

### **9.2 Reserving levels, solvency and liquidity**

Appropriate reserving levels for working capital or doubtful debts should form part of the financial plan.

Each component of net current assets should be supported by performance targets such as debtor's turnover rate and creditors payment period.

The Treasury and Budget Office must submit quarterly reports to the municipality on the value of bad debts that have been written off.

### **9.3 Funding of capital projects and external loans**

Maximum levels of capital expenditure, interest and redemption and external loans must also be addressed in a local finance plan.

## **10. Customer focus**

A number of broad principles and guidelines have been set and with this background herewith follows the specifics in this regard.

### **10.1 Services agreement**

All new consumers are required to conclude a service agreement with the Municipality before services can be provided. These consumers must however meet certain requirements as stipulated below.

#### **1. Services deposit/security**

- 1.1 Before metered services can be provided, a services deposit is required to be paid by the consumer to the Municipality.

The deposit is payable only in cash or a bank guaranteed cheque for domestic consumers. Deposits that are paid will only be refunded at the closure of the account. This will only be done when all amounts that are due to the municipality at such a date is settled in full.

Cash deposits retained on behalf of consumers shall not earn interest. Consumers who are not in a position to pay the required deposit at once will be allowed to pay off the deposit over a maximum period of six (6) months.

In the event, the owner of a property who receives his/her monthly rental from his/her tenant fails to initiate payment in respect of assessment rates, he/she must be handed over to the attorneys or collection.

- 1.2(a) Except in the case of the Government of South Africa, including the North West Provincial Government and other designated consumers that are approved by the Municipality, every applicant for a supply of services shall, before such service is provided, pay a deposit to the municipality, a sum of money on the basis of the cost of the maximum consumption of electricity and water which the applicant is likely to use during any two consecutive months. This is undertaken, provided that such sum shall not be less than is prescribed in the tariff.

- 1.2(b) Notwithstanding the foregoing provisions of this section, the Municipality shall in lieu of a deposit, accept from an applicant, a guarantee for an amount calculated in accordance with paragraph (a) and in the form prescribed by the municipality, as security for the payment of any amount that may become due by the applicant for, or in respect of, the supply of water and electricity: Provided that no such guarantee shall be accepted unless the estimated monthly account in respect of the supply to the premises concerned amounts to at least R1,500.
- 1.3 The Municipality may at any time when the deposit or guarantee is found to be inadequate for the purposes of subsection (1), require a consumer to increase the deposit made or guarantee furnished by him, in which event the consumer shall, within thirty (30) days after being so required, deposit with the Municipality such additional sum or furnish such additional guarantee as the Municipality may require, failing which the Municipality may after hearing an appeal in terms of Section 62 of Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), discontinue the supply.
- 1.4 Any sum of deposit by or on behalf of a consumer shall, on being claimed, be refunded within sixty (60) days after the termination of the consumer's agreement after deducting any amount due by the consumer to the Municipality.
- 1.5 Should it come to the attention of the Municipality that any consumer of water and electricity has failed to enter into the prescribed consumer's agreement with the Municipality, such consumer be warned in writing to, within five (5) days from date of such notice, enter into a consumer's agreement with the Municipality, failing which the electricity and or water supply shall be terminated without any further notice.

## **2. Other requirements**

### **2.1 Consumers**

- (i) To produce a valid form of identification;
  
- (ii) To agree that an ITC check will be done on his/her credit record and, depending on the result thereof, an additional/higher deposit may be required to be paid, depending on the associated risk.

Section 118 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), stipulates as follows:

“Restraint on transfer of property

- 118(1) A Registrar of Deeds or other registration officer of immovable property may not register the transfer of property except on production in that registration officer of a prescribed certificate –
- (a) issued by the Municipality in which that property is situated; and
  - (b) which certifies that all amounts due in connection with the said property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two (2) years preceding the date of application for the certificate have been fully paid.
- (2) In the case of the transfer of immovable property by a trustee of an insolvent estate, the provisions of this section are subject to Section 89 of the Insolvency Act, 1936 (Act 24 of 1936).
- (3) An amount due for municipal service fees, surcharges on fees, property rate and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.”

As a result, the following actions will become necessary:

- (1) The owner or authorized agent must give written consent prior to services being rendered to a tenant.
- (2) The owner upon request will be notified of any arrears in respect of the tenants account and who will be responsible for payment to the Municipality. The consumers account will be in respect of electricity, water, sewerage, refuse, etc.

## **C. METERING, BILLING AND RENDERING OF ACCOUNTS**

Metering is the determination of the amount or level of service rendered to each consumer, whilst billing is the process of compiling and presenting a claim or invoice to each consumer based on the quantity of the service consumed over a specified period.

### **1. Metering**

Metering systems vary on the basis of the nature of the service.

- (i) Water and electricity meters are installed to all consumers and consumption readings are taken monthly.
- (ii) Prepaid electricity meters are also available on request or in accordance to Council Policy.

## **2. Billing and rendering of accounts**

### **2.1 Compilation and dispatching of accounts**

Bills/statements are compiled monthly and are produced during the last week of the month.

### **2.2 Disputed consumption**

Consumers may have their consumption or billing reviewed or verified for errors in consumption, billing or for any other explanation.

- 2.2.1 The testing of the water meter may be done at the request of the consumers at a fee, as approved and which will become refundable on condition that if an error as defined in the applicable by-laws is found to exist and which it is not the responsibility of the consumer.

In terms of the applicable by-laws the verification of the meter is undertaken with a 5% allowance either way of the consumption on water being absolutely correct.

- 2.2.2 The testing of the electricity meter may be done at the request of the consumers at a fee, as approved and which will become refundable on condition that if an error as defined in the applicable by-laws is found to exist and which it is not the responsibility of the consumer.

In terms of the applicable by-law the verification of the meter is undertaken with a 5% allowance either way of the consumption on electricity being absolutely correct.

## **3. Payment terms**

### **3.1 Normal terms**

All consumers are required to effect payment of their rates and services accounts on or before the 10<sup>th</sup> of each month.

Interest will be charged on all accounts that are not paid after thirty (30) days. The interest rate that will be charged is in accordance with the resolution as approved by the Municipality.

- 3.2 Payments for services will be allocated to the different services on a structure as approved by the Municipality.
- 3.3 Prepaid electricity will be sold to consumers whose services and rates accounts are paid up to date or who comply with the approved arrangements.
- 3.4 There must be no exceptions for officials and Councillors in the manner in which they will be treated for the payment of municipal services from that of the general consumers of municipal services in Ditsobotla. The provision of the Credit Control Policy will be applied equally to all consumers. The option to initiate a monthly debit order from his/her salary will be the responsibility of the said official and Councillor.

Officials and Councillors have to comply with the stipulations of the Code of Conduct as specified in the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), regarding payment of municipal accounts.

## **D. SANCTION MEASURES**

### **1. Removal of meters**

This measure is taken where a meter has been tampered with or where there has been unauthorized consumption/theft. The costs of a repaired or new meter will have to be borne by the customer, and the full outstanding balance is immediately payable before services are restored.

#### **Tampering**

When a meter has been tampered with, the costs of a repaired or new meter will be borne by the consumer, and the full outstanding balance is immediately payable before services are restored. An average of the following three (3) month's consumption will be taken in order to calculate the previous twelve (12) months or more consumption and which will be debited to his/her account.

#### **Theft/illegal connection**

In the case where theft has not resulted in the damage of a meter, then a reconnection fee together with the Municipality's estimate of the value of the services

consumed for the duration of the theft will be required before services are restored. Legal prosecution is pursued where sufficient evidence is available.

## **2. PROBLEM STATEMENT**

### **2.1 Problems as currently identified**

2.1.1 The current reality is that there is a large percentage of consumers who are unable to pay –

(i) their consumer deposits; and

(ii) their consumer services as rendered due to a high rate of poverty and unemployment.

2.1.2 It is a common occurrence that one arrear debts are written off, the same consumer accumulates new debts and again falls behind with payment on these new debts.

2.1.3 Consumers do not honour their agreements to pay their services, whilst at the same time they apply for further extensions on existing debt on their account.

2.1.4 It is currently difficult to determine and keep track of consumers who may qualify/qualified as indigents.

2.1.5 With regard to houses and stands, the following problems have been encountered:

(a) The information which is furnished for the concluding of an arrangement is often insufficient for the parties concerned to conclude an agreement.

(b) Accounts that reflect high arrears, which must be cleared before new agreements can be entered into, whilst at the same time the parties responsible for these debts cannot be traced and/or cannot pay these debts.

2.1.6 If the Municipality is to provide sustainable services to the community, it is imperative that a sound credit control and debt collection policy is maintained. Non-payment of debtors for services has a direct and negative impact on the ability of the Municipality to improve its current service delivery and also to deliver new services to the people of Ditsobotla.

## **3. OPTIONS AND SOLUTIONS**

### **3.1 Deposits**

3.1.1 Addressed under services agreement (paragraph A1.1)

3.1.2 It is addressed under the indigent policy.

### **3.2 Arrear debts**

Notwithstanding the present prevailing circumstances in the economy, no arrears debts can be written off unless it is not cost-effective to take any further action in an attempt to collect the outstanding debt. This will also be applicable in the case where no provision for bad debts has been provided in the budget.

Should a person receive indigent assistance and he/she does not pay for services in excess of the indigent assistance amount, such a consumer will only be supplied with services by means of a prepaid meter. In addition, no credit control measures will be taken against the registered indigent in the event the discounted monthly levies are paid in full on every due date.

### **3.3 Agreements to honour arrangements on outstanding debt**

Consumers who are not registered in terms of the indigent policy will be given an opportunity to apply for one (1) arrangement, which must be payable by the date as prescribed by the Supervisory Authority.

3.3.1 The breaching of a repayment arrangement is regarded as a violation of this policy and will lead to renewed disconnection of services as well as legal procedure to be undertaken for the collection of the arrears.

In instances of such a breach of contract, services can only be reconnected and legal procedures can be held in abeyance after the reinstatement of the contract by payment of all repayment installments that are in arrears as well as the relevant current account which might be unpaid.

In cases where the reinstatement of a breached contract is not possible, new repayment contracts can only be considered for private households if substantial proof, including sworn affidavits, can be submitted regarding unforeseen financial and personal circumstances. In such cases, the Revenue Division will convince the debtor to save on the current levies by discontinuing certain services for an agreed period of time. By so doing, the repayment of the arrears together with the current account is made more affordable. No extension on arrangements will be granted, except on merit cases (death or ill-health).

In case of a tenant, extension for payment or an arrangement will only be granted with the written permission of the registered owner or his/her authorized agent.

**CREDIT CONTROL, DEBT COLLECTION POLICY  
AND INDIGENT POLICY**

**A. DITSOBOTLA LOCAL MUNICIPALITY TARIFFS**

In accordance with Section 74(1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the policy must comply with the following:

- (1) A Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the Municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation.
  
- (2) A tariff policy must reflect at least the following principles, namely that –
  - (a) users of municipal services should be treated equitably in the application of tariffs;
  
  - (b) the amount individual users pay for services should generally be in proportion to their use of that service;
  
  - (c) poor households must have access to at least basic services through –
    - (i) tariffs that cover only operation and maintenance costs;
  
    - (ii) special tariffs or life line tariffs for lower levels of use or consumption of services or for basic levels on service; or
  
    - (iii) many other direct or indirect methods of subsidization of tariffs for poor households;
  
  - (d) tariffs must reflect the costs reasonably associated with rendering the service, including capital, operating, maintenance, administration and replacement costs, and interest charges;
  
  - (e) tariffs must be set at levels that facilitate the financial sustainability of the service, taking into account subsidization from sources other than the service concerned;
  
  - (f) provision may be made in appropriate circumstances for a surcharge on the tariff for a service;
  
  - (g) provision may be made for the promotion of local economic development through special tariffs for categories of commercial and industrial users;

(h) the economical, efficient and effective use of resources, the recycling of waste and other appropriate environmental objectives must be encouraged;

(i) the extent of subsidization of tariffs for poor households and other categories of users should be fully disclosed.

(3) A tariff policy may differentiate between different categories of users, debtors service providers, services, service standards, geographical areas and other matters as long as the differentiation does not amount to unfair determination.

## **B. WATER AND ELECTRICITY**

Where consumers fail to pay their water and electricity accounts by due date, the following action will be taken:

1. Services in respect of household consumers will not be suspended after the first due date. With the rendering of the next month's account, the consumers will be notified, by means of a notice on his/her account, that the previous month's account is still in arrears and that services in respect of all accounts that are outstanding for longer than thirty (30) days, will be suspended without any further notice. The account of the debtor is debited with the cost of the disconnection and the reconnection of services will be undertaken in line with an administration fee as approved by the Municipality.

Ward Councillors will be furnished with a list of defaulters per ward to assist as part of the Masakhane campaign in order to recover the outstanding amounts. It is the responsibility of the relevant Ward Councillor to establish whether the debtor has already entered into a previous agreement with the Municipality.

In the event, a debtor has furnished incorrect information on his/her request for a payment arrangement with the relevant Councillor, the Revenue Division in consultation with the Municipal Manager and the Director of Finance will investigate the consumers' account. If the results reveal a contravention of the Credit Control Policy then such an application will not be processed and the consumer will be informed accordingly.

2. Before the supply of services is restored, the outstanding municipal services account must be paid in full or an arrangement must be made with the Implementing Authority to settle the account in full. Only one (1) arrangement will be concluded between the Municipality and the consumer in the setting of the arrear debt.

3. An acknowledgement of debt and consent to judgement must be completed with the arrangement that was concluded with the Municipality for the paying off of arrear debts. Copies will be handed to the client on request.

4. By mutual agreement between the Municipality and the consumer, debit orders can be completed for the monthly payment on all amounts that are owed to the Municipality. If the arrangement (first arrangement) is dishonoured, the full balance will immediately

become payable. The Municipality will not conclude any further arrangements with the consumer concerned on the account.

5. A first arrangement to be concluded between the Municipality and the consumer on the payment of his/her municipal services (arrears and or current accounts), with the first payment being made within thirty (30) days of date of agreement. The minimum amount regarding down payments on arrear debts is fixed at R50 per month. In the event the municipal accounts of businesses are thirty (30) days in arrears, all services with the exception of the water supply which will be restricted, will immediately be suspended. In addition, no arrangements will be concluded between the parties concerned.
6. No interest will be charged on the arrear amount of such an arrangement, provided that the consumer honours the arrangement, and the arrears are repaid in full within the agreed time frame.

#### 7. Follow-up on disconnection

In the further absence of any reaction on the first disconnection of electricity, the premises will be revisited after fourteen (14) days to ensure that the service is still discontinued. If the electricity is illegally connected, it will again be disconnected, but then via a more expensive procedure to ensure a more tamperproof disconnection. The account of the debtor is debited with the higher cost of the more expensive disconnection procedure at the approved tariff of the Municipality.

The Municipality will also opt to install a prepaid type electricity meter at the cost of the debtor.

Should the debtor be an electricity and water consumer or not be an electricity consumer, but consuming water, a notice will be served within fourteen (14) days so as to inform the debtor that a restriction on the consumption of water is to be placed at his/her consumption address.

8. Only account holders with positive proof of identity (or an authorized agent with a written Power of Attorney) will be allowed to complete an Acknowledgement of Debt. In the event of a tenant the owner must also be required to give his/her written consent.
9. If cheques and debit orders are returned market "Refer to Drawer" the full balance will immediately become payable. Electricity supply to such consumers will be disconnected until the full amount is paid in cash or per bank guaranteed cheque. Bank charges in this regard will be payable by the consumer. In the event of a customer having tendered a "refer to drawer cheque" for the second time, **no further cheque will be accepted from him/her, excluding bank guaranteed cheques.**
- 9.1 That the cost that is payable by the consumer must be equal to the cost that has been charged by the Bank to the Municipality in all cases where a cheque bears the status of "Refer to Drawer".

- 9.2 A cashier must not accept a cheque that was issued by a Consumer in the event the cheque bears the status as a “post dated cheque”, “altered cheque” or an “unsigned cheque”. In the event this occurs and notwithstanding the aforementioned provisions, all bank charges that would arise and be incurred by the Ditsobotla Local Municipality will then be recovered from the said cashier. The cashier will be required to sign a deduction form for recovery of the said amount.
10. That only one (1) arrangement should be concluded between the Municipality and the consumer debtor.
11. Where no arrangements were made and electricity is disconnected due to non-payment, it will only be restored upon payment of the full outstanding balance or the consumer will be permitted to conclude only one (1) arrangement with the Implementing Authority in the settlement of their account and or signing of an Acknowledgement of Debt. The account of the debtor is debited with the cost of the disconnection and reconnection of services with an administration fee as approved by the Municipality.
12. That all special circumstances should be clearly determined before it can be declared as a Merit Case. All merit cases should then be handled within the guidelines of the Credit Control Policy by the Implementing Authority for implementation by the Revenue Division. The approval of a Merit Case should be monitored and if dishonoured by the debtor, then no further arrangement should be considered.
13. That an extension for payment will only be granted for one (1) month's account due to exceptional circumstances upon the submission of the necessary documentary proof.

That an extension for payment will only be granted to the due date of the next month and that it be made applicable in all cases to facilitate the task of following up for payments together with the suspension of services where applicable, by the electricians, thus only taking up one day of their time.

That an extension for payment will only be granted to registered owners except where the deposit of a tenant is sufficient to cover twice the amount due or that a levy to debit the account with the deficit of the deposit be initiated.

14. That an extension should only be considered due to exceptional circumstances and that a sense of responsibility has been displayed by the consumer in honouring his/her payments on his/her account as determined by the first agreement between the parties concerned.
15. That a consumer is no longer allowed to selectively nominate any monies paid by him or her for specific services and that the allocation of payments are automatically done in the following sequence:
- (a) Sundry debtors (including arrangements for payment of arrears)
  - (b) Water
  - (c) Sewerage
  - (d) Refuse
  - (e) Assessment Rates
  - (f) Interest

- (g) VAT
- (h) Electricity
- (i) Deposit charges
- (j) Rental (Housing)
- (k) Erf installments
- (l) House Installments
- (m) Sundry Debts
- (n) Legal cost
- (o) Monies not allocated

16. When the disconnection of the electricity supply takes place due to non-payment, the consumer's deposit can be adjusted to the current minimum, that is twice the maximum consumption of two (2) consecutive months, which amount can be debited to his/her account over a six (6) month period.
17. New consumer deposits for business and industrial consumers should be re-assessed three (3) months after the initial deposit date.
18. Where a service agreement with the Municipality has not been entered into by the consumer, the electricity will be disconnected until such time as a service agreement has been signed and the applicable deposits are paid.
19. In the event services are illegally restored, legal action will be taken against the consumer whose responsibility it would be to pay all legal costs as a result of such an action.
20. In addition the Revenue Division should suspend services as soon as possible after the consumer debtor does not honour the proposed date of the agreement. In light thereof, the Revenue Division may not consider any further applications for any form of arrangement by the said debtor, i.e. no extension on an already existing extension.

NOTE: In the event of an agreement being concluded with a consumer and the said terms of the agreement is not honoured by the Debtor then the account must be placed on the **DISCONNECTION LIST**. The necessary measures will be implemented in terms of the debt collection policy.

21. **Illegal reconnection/tampering of electricity/water meters**

The suspension of electricity and the restriction on the water supply will be monitored and followed up in cases of an absence of any reaction by the debtor so as to ensure that the disconnection is not tampered with. Any discovery of tampering will lead to a further disconnection of the electricity and a restriction of water supply. This is undertaken with the aim to gather evidence for the purpose of prosecuting the offending consumer.

22. The non-receipt of an account does not exempt the consumer from the responsibility to pay same on/or before the due date. The principle of ignorance of the law is no excuse, prevails.

## **C. ASSESSMENT RATES, REFUSE, SEWERAGE AND SUNDRY DEBTORS**

Where consumers fail to pay their accounts by due date, the following actions will be taken:

1. Where a debtor's account remains outstanding or unpaid for more than thirty (30) days and where an arrangement has been made and not honoured, it will be dealt with in terms of the debt collection procedure mechanism.
2. The same procedure in respect of arrangements for paying off of arrears or extension for the payment for water and electricity will be applicable in these instances.
3. If no response has been received within fourteen (14) days of the final notice, another letter will be forwarded wherein the debtor will be informed that the procedures as set out in the debt collection procedure mechanism will be applied. The cost of the final notice and any other correspondence that will be forwarded to the consumer will be on the account of the debtor.
4. The account of the debtor will be debited with the administrative cost at the approved tariff of the Municipality for the forwarding of the reminders.

## **D. HOUSING AND ERVEN**

In the event of arrear installments the housing section will be informed to act in accordance with the terms of the contract.

## **E. AN INDIGENT POLICY FOR DITSOBOTLA**

### **1. Pre-amble**

In its quest to fulfill its constitutional mandate, Local Government finds itself in a position to deliver other related services and also to achieve other objectives. Amongst these is the issue of indigents and how they have to be accommodated within the spirit of Co-operative Governance. In accordance with Chapter 9, Section 97(1)(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents must be included in the Credit Control Policy of the Municipality.

### **2. Definitions**

#### **(a) Indigents**

Indigents should be identified as old aged pensioners, the unemployed and the households whose total gross monthly income do not exceed the total of two (2) State old aged pensions. The amount is annually determined by the National Treasury in conjunction with the Department of Social Services. It will be the responsibility of the Implementing Authority to receive, evaluate and approve the registration of indigents.

The applicant for indigent status, as well as any other member of the household, may not own any other fixed property other than the one in which they reside in. This also includes any fixed deposits and investments that are registered in the name of the applicant.

### **(b) Poverty**

Poverty is defined with reference to a poverty line; if a household earns a gross income lower than a set amount, that household and its members are deemed to be living in poverty. The poverty line varies according to the size of the household and its age composition.

## **3. Vision**

The Ditsobotla Local Municipality strives to alleviate poverty in Ditsobotla by assisting a household owner who is unable to pay for basic services within an Integrated Development Approach.

*This will entail the provision of-*

- (i) 6 or 10kl water free of charge;
- (ii) Interest free arrangements;
- (iii) The granting of indigent status to those who qualify for indigent grants;
- (iv) The free installation of a prepaid meter to approved indigents;
- (v) Free education on how to repair water leaks at their residents;
- (vi) Fifty (50) units free electricity (or determined by Government from time to time);
- (vii) Free refuse removal.

## **4. Mission**

To differentiate between genuine cases of poverty and payers so that corrective action is taken against the latter, i.e. –

- (a) to isolate those who hide behind the poor;
- (b) to provide reliable data on which the Ditsobotla Local Municipality can take appropriate action;
- (c) to increase the revenue collection capacity of the Ditsobotla Local Municipality;
- (d) to ensure sustainable service delivery; and
- (e) to enable the Ditsobotla Local Municipality to look at ways in which it could subsidize the indigent through the IGG and other means.

## **5. Aim**

To assist the indigents by means of identifying them in accordance with an approved set of criteria as per Section 7 of this document. Reference should be made as set out in paragraph 7 below.

## **6. Social development objectives**

In relation to Section B of the White Paper on Local Government and the Integrated Development Plan the objectives are to –

- (i) meet the basic needs of the poor;
- (ii) alleviate poverty, and enhance job creation;
- (iii) provide support services in terms of facilitating small business, and empower the marginalized and disadvantaged groups like pensioners, single parents, people with disabilities and the unemployed;
- (iv) empower the marginalized and disadvantaged groups like pensioners, single parents, people with disabilities, and the unemployed.

## **7. Criteria in order to qualify for an Indigent Grant**

An indigent grant, which will be provided to qualify persons for indigent status, is available only to the following households:

- (a) Households earning a joint gross income which is less than the value of two (2) State old age pensions (old age pensions - proof of pay slips/pension cards).
- (b) Only permanent residents of Ditsobotla with a valid South African identity document.
- (c) The completion of the Governmental Grant Form as issued by the National Department of Provincial Government (attached).

### **Procedure (how to assist)**

- (i) Identification in terms of the relevant application form.
- (ii) Review and assessment by the Screening and Monitoring Committee:

- a. Interviews based on the questionnaire adopted for GALA (annexure A).
- b. Selection based on the criteria for approval.

(iii) **Implementing authority**

The above-mentioned Committee should convene meetings on a bimonthly basis to consider and approve applications.

The Monitoring and Steering Committee should be constituted by the following persons, namely:

- (a) The Accounting Officer – Chairperson
- (b) The Director – Finance
- (c) Two (2) officials from the Directorate Finance.

All approved indigent households must re-apply every twelve (12) months for indigent status.

(iv) **Supervisory Authority**

The Supervisory Authority consists of the following persons:

- (a) The Speaker
- (b) MMC's

## **8. Subsidization of indigents**

The Indigent Grant will be implemented in terms of the conditions as listed below:

That classified indigent consumers be held responsible for any consumption or liability to the Ditsobotla Local Municipality in excess of the subsidized amount.

In the event the approved indigent damages or tempers with his/her prepaid meter then normal credit control procedures will be applicable.

The following levels were determined as minimum service levels to be subsidized to indigents:

Water	:	Full basic charge =6 kl water
Sewer	:	First step on tariff scale determined with the size of the property
Refuse:		Full charge
Rates	:	Full charge in terms of the LG: Municipal Property Rates Act, 2004 (Act 6 of 2004)
Electricity	:	Fifty (50) units free electricity

## 9. Other conditions

Upon the approval by the Implementing Authority to register a consumer as an Indigent, a prepaid meter must be installed within fourteen days prior to his/her registration on the system. The cost of the installation and the service connection including the prepaid meter will be borne by the Municipality.

The indigent program constitutes part of the Credit Control Policy/By-Law.

In the event of non-payment, services will be discontinued so as to encourage the indigents to come forward.

Persons who abuse the system must be punished and a penalty of at least R1,000 may be imposed if incorrect information is furnished by the applicant to the relevant Ward Councillor or any appointed Political Office-bearer of the Municipality.

All approved indigent households must re-apply after twelve (12) months for indigent status.

In the time period that is taken by the Implementing Authority to grant its approval to an application, that applicant/consumer will continue to be listed on the **DISCONNECTION LIST** during the said period.

All approved applications for IGG status that are received by the Revenue Division on/or before the 15<sup>th</sup> of each month, will receive the grant in the same month.

## F. INCENTIVES SCHEME

The objective is to encourage residents who are domestic consumers and who are in arrears in respect of their accounts to settle their arrears within a reasonable period of time. At the same time residents/domestic consumers who regularly pay their full accounts on or before the due date should also receive recognition, thus encouraging more consumers to pay their accounts prior to the due date.

Incentives will be offered for household consumers whose municipal accounts are managed in an excellent manner, which entails that his/her account is never in arrears and at no stage appeared on the cut-off list. The envisaged incentives will be a monthly draw where the five (5) winning consumer accounts will be credited with R500 each.

## **G. DEBT COLLECTION POLICY ON ARREAR ACCOUNTS**

### **1. DEFINITION**

- 1.1 Debt collection is the execution of functions that are necessary to collect unpaid income of the municipality, that are owed by its consumers who are declared as debtors in terms of accounting sciences.
- 1.2 Accounts mean the municipal account for services rendered, housing and for assessment rates levied by the municipality.
- 1.3 Due date means the date indicated on an account statement by which time payment of the amount on the statement is required.
- 1.4 Indigent means a debtor whose whole household has been assessed and approved in terms of the Indigency Policy and who is registered as being indigent.

### **2. PURPOSE**

In order to sustain the LG and continued service delivery, the collection of income levied on account statements submitted to debtors must be realized within a turnover rate not exceeding thirty (30) days.

### **3. PRINCIPLES**

- 3.1 Non-payment by debtors of their accounts has a direct and a negative impact on the ability of the Ditsobotla Local Municipality to maintain quality services delivery to its clients.

- 3.2 Current levies that are not paid by the required due date are deemed to be in arrears and all debtors with arrears on their accounts are subjects to credit control measures.
- 3.3 Various methods of payment by debtors as well as convenient pay points should be available to consumers.
- 3.4 Interest is levied monthly on all accounts that are in arrears. The interest rate that will be charged is in accordance with the Resolution as approved by the Council and will not be less than the interest charged by Council's commercial bank on personal loans.
- 3.5 Interest is levied on all accounts that are in arrears in excess of fifty nine (59) days. Interest levied but not paid, is included in the arrear amount of such a debtor.
- 3.6 Credit control measures are applied with pro-active reminders or demands. Account statements are regarded as reminders of the arrear status of the account as well as stating the intention to implement credit control measures.
- 3.7 No metered services can continue to be delivered to any unknown consumer. Only consumers with a valid service agreement must have access to these services.
- 3.8 Refusal by banks to honor payments by cheque or debit order is regarded as non-payment, upon which the relevant debtors are subject to credit control measures.
- 3.9 Clients who make no further use of any service but still owe an amount are inactive debtors who, after the submission of a second inactive statement to their latest known postal addresses, are handed over for collection to a debt collector appointed for this purpose.
- 3.10 Debtors who are large consumers of services may be managed by telephonic and personal contact by the Revenue Division, e.g. corporate business and government departments. This does not distract from the requirement of Section 64(3) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).

#### **4. CREDIT CONTROL MEASURES**

##### **4.1 Service disconnection**

###### **4.1.1 Reminder/demand for payment**

A reminder that the previous account has not been paid on the due date is generated when the next statement is billed and forwarded to the debtor.

The non-receipt of an account does not exempt the consumer from the responsibility to pay same on/or before the due date. The principle of ignorance of the law prevails.

#### **4.1.2 Disconnection of electricity (Level 1)**

In the absence of any reaction on the demand for payment, the electricity supply to the debtor is suspended. The account of the debtor is debited with the cost of the cut-off and reconnection will be undertaken with the payment of an administration fee as approved by Council.

Should the debtor be an electricity and water consumer or not be an electricity consumer, but consuming water, a notice will be served within fourteen (14) days so as to inform the debtor that a restriction on the consumption address.

#### **4.1.3 Follow-up disconnection (Level 2)**

In the further absence of any reaction on the level 1 disconnection of electricity, the premises should be revisited after fourteen (14) days to ensure that the service is still disconnected. If the electricity is illegally reconnected, it is again suspended, but via a more expensive procedure to ensure a more tamperproof disconnection. The account of the debtor is again debited with a tariff approved by the Municipality.

The municipality will also opt to install a prepaid electricity meter. The installation of a prepaid meter will only be approved if the current service account is paid in full. The prepaid meter will not be replaced by a conventional meter unless the registered owner of the property applies for the installation and pays the relevant costs for such a meter.

#### **4.1.4 Illegal reconnection of or tampering with electricity**

If consecutive follow-up actions are undertaken as a result of no reaction by the debtor, reveal that a disconnection has been tampered with, another level 2 disconnection is done and is accompanied by the gathering of evidence for the purpose of prosecuting the offending consumer. In such cases, the Municipality will also suspend any further vending of prepaid electricity where such a meter is installed. The cost of a repaired or new meter will be borne by the consumer, and the full outstanding balance is immediately payable before services are restored.

An average of the following three (3) months consumption and which will be debited to his/her account.

#### **4.1.5 Illegal reconnection/tampering of water**

Any discovery of tampering will lead to the disconnection of the water supply and further gathering of evidence will be undertaken for the purpose of prosecuting the offending consumer. If there is a water leakage, it is the responsibility of the consumer to furnish proof that the leakage is being repaired.

An average of the following three (3) months consumption will be taken in order to calculate the previous twelve (12) month's consumption and which will be debited to his/her account.

#### **4.2 Civil litigation**

In the event where the above-mentioned attempts to collect debts has failed, legal action will be taken as a last resort to recover the outstanding amounts from inhabitants who are not indigents.

In proceeding with the institution of legal action the following procedures will take place:

- (i) A letter of final demand will be posted or delivered to the consumer. The cost of such a final demand will be borne by the debtor.
- (ii) If no response has been received from the debtor within fourteen (14) days, a list of the debtors that will be handed over to the attorneys for collection must be sent to the relevant Ward Councillor who must report back within fourteen (14) days and confirm in writing whether or not further steps must be taken, failing which the account will be handed over to the attorneys for collection.
- (iii) The attorneys will do further legal actions to collect the outstanding debt, including a *sale in execution* of the debtors' assets.
- (iv) Current account of debtors must still be paid in full at the offices of the Municipality.
- (v) Accounts of consumers that are handed over to the debt collectors or attorneys that are designated to act on behalf of the Municipality with

the outstanding portion older than ninety (90) days shall cease to attract interest from the date they were handed over.

The municipal accounts of debtors who are in liquidation or declared insolvent, also cease to attract interest from the date the insolvency or liquidation is reached.

Legal measures are implemented to collect arrears in the following cases:

- (a) Where the suspension action has yielded no satisfactory result.
- (b) Where no suspension action is possible due to the nature of services for which the account has been rendered.
- (c) The legal costs will be debited against the account of the consumer.

#### **4.3 Clearance certificates**

Before any property can be transferred from one owner to another, all accounts applicable on the property are payable, where after the Municipality issues a certificate to that effect. No transfer can take place without such a certificate. Section 118(1)(b) of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), will be applicable.

An administration fee, in terms of the tariffs as approved by Council, must be charged to the applicant of a clearance certificate.

### **5. CITIZENS RELATIONS MANAGEMENT**

5.1 Consumers may lodge appeals on the accuracy of accounts. If such an appeal is not solved, no credit control measures are taken for that amount. Other levies on the account which do not form part of such as appeal are, however, still payable and are not included in the extension for payment.

5.2 The following arrangements for payments can be made with the Ditsobotla Local Municipality to either prevent credit control measures or to normalize service delivery (reconnect) and legal status after credit control measures are implemented.

5.2.1 Full settlement of the amount for which action was taken.

- 5.2.2 Only one arrangement will be concluded between the Ditsobotla Local Municipality and the consumer.
- 5.2.3 An arrangement can be made for the settlement of the arrear debt on the consumer's account in accordance with the Ditsobotla Local Municipality's resolution to write off or capitalize the arrears. Such remaining installment amounts shall then be charged monthly to the debtors account, in other words, the relevant consumer be given an opportunity to settle his/her arrear debt, interest free. Interest will, however, be charged in the normal manner if the monthly charge representing the installments of the arrangement is not duly paid. The minimum amount regarding down-payments upon arrear amounts is fixed at R50 per month.
- 5.2.4 The discretion of the Accounting Officer is exercised within the following parameters:
- (a) If no partial settlement is possible immediately, it can be extended to the end of the month or included in the monthly repayment contract.
  - (b) Monthly repayment contracts can be made interest free under the following circumstances:
    - (i) The Accounting Officer has the authority to make arrangements according to the approved policy.
    - (ii) If there was an error on the account, a financial correction will be done and the customer can be requested an interest free arrangement for payment of the arrears.
  - (c) A minimum amount of R50 plus the normal monthly account must be paid. The extension period must reflect a balance between the Municipality's best financial interest, as well as the client's request.
  - (d) Extension for normal full payment of a current account can only be made until the next due date for payment.
- 5.2.5 When an account of a consumer is handed over for further legal action by the municipality, then all arrangements by the debtor must be concluded with the relevant attorneys.
- 5.2.6 If a debtor has maintained and honored a good payment record with the relevant attorney, then the said debtor would receive a supply of electricity.
- 5.2.7 Breaching of repayment contracts is regarded as a violation of this policy and will lead to renewed disconnection of services as well as the implementation of legal procedures for the collection of the arrears.

In instances of such breach of contract, services can be reconnected and legal procedures can be held in abeyance after the reinstatement of the

contract by the payment of all repayment installments that are in arrears, as well as the relevant current accounts which might be unpaid.

In cases where the reinstatement of the breached contract is not possible, new repayment contracts can only be considered for private households if substantial proof, including sworn affidavits, can be submitted regarding unforeseen financial and personal circumstances. In such cases, the Revenue Division will convince the debtor to save on the current levies by discontinuing certain services for an agreed period of time. By doing so, the repayment of the arrears together with the current account is made more affordable. No extension is granted except upon receipt of a merit case as approved by the Implementing Authority. The owner of property must also approve the extension.

- 5.3 Disconnections of metered services to clients, who request or agree to such an action in an effort to decrease their current account, will be accommodated.

## **6. Suspension of arrears (private households only)**

- 6.1 Upon registration of an indigent, the arrear amounts of the debtor at such a household is interest free, when an arrangement for payment of arrears is made and honored whilst current monthly service levies must be paid in full.
- 6.2 As soon as an indigent household becomes de-registered after re-evaluation, they will be treated in accordance with the credit control policy.
- 6.3 Credit control measures for the total debt will be applied against defaulters in terms of the credit control policy.

## **7. Reconnection of services**

Where services are disconnected as a result of the application of this policy, these services can only be reconnected under the following circumstances:

- 7.1 Electricity supply that is suspended due to non-payment will be reconnected within one day (as far as possible) after receipt of required amount or an approved arrangement.
- 7.2 Any services which are discontinued as a result of tampering with the municipality's distribution networks and/or interference of mechanisms can only be legally reconnected after the cost of a repaired or new meter as well as the full outstanding balance has been settled in full. In the case where no damage was done to the meter, a reconnection fee, together with the municipality estimate of the value of the services consumed for the duration of the theft, as well as the full outstanding

balance is immediately payable before services are restored. Legal prosecutions are pursued where sufficient evidence is available.

- 7.3 In cases where the reinstatement of a breached contract is not possible, new repayment contracts can only be considered separate for private households if substantial proof, including sworn affidavits, can be submitted regarding unforeseen financial and personal circumstances. In such cases, the Revenue Division will convince the debtor to save on the current levies by discontinuing certain services for an agreed period of time. By doing so, the repayment of the arrears, together with the current account, is made more affordable. No extension is granted except upon receipt of a merit case as approved by the Implementing Authority. The owner of property must also approve the extension.

## **8. Assessment rates, refuse, sewerage, sundry debtors and unmetered properties**

Where consumers fail to pay their accounts by due date, the following actions will be taken:

- 8.1 Final notices will be posted or delivered where accounts are in arrears for thirty (30) days or more.
- 8.2 The same procedure in respect of arrangement for paying off arrears or extension of payment as for water and electricity will apply.
- 8.3 If no response has been received within fourteen (14) days, services will be suspended and those accounts that are still outstanding will be handed over to debt collectors for collection and/or legal action to the attorneys.
- 8.4 Where an account remains unpaid on a property that is unmetered, the above procedure will apply.

## **H. MAYORAL CLEAN-LINE**

### **Purpose**

The mayoral Clean-line is designed to afford the community of Ditsobotla an opportunity to assist the municipality to prevent fraud and corruption within our communities.

### **People's involvement**

It is the responsibility of the municipality to enlighten all the citizens of Ditsobotla on how to utilize this facility so as to report all forms of theft, illegal connections, tampering with instruments that are installed to deliver basic services such as electricity and water at a possible reward perceived abuse of the Indigent Grant.

It is Council's responsibility to protect the identity of persons who report such incidents.