



DRAKENSTEIN

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

Credit Control and Debt Collection Policy

Date of Approval/Review by Council	Implementation Date
30 May 2024	1 July 2024
Signed by the City Manager	Signature Date
	30 May 2024



Contents

1	DEFINITIONS	3
2	GENERAL OBJECTIVES	6
3	PRINCIPLES	6
4	DUTIES AND FUNCTIONS	7
5	PERFORMANCE EVALUATION (ANNEXURE "A")	10
6	REPORTING	11
7	CUSTOMER CARE	12
8	CREDIT CONTROL	18
9	DEBT COLLECTION	22
10	MUNICIPAL EMPLOYEES AND COUNCILLOR DEBT	25
	ANNEXURE A: REVENUE COLLECTION TARGETS	26
1	COMPUTERISED CREDIT CONTROL AND DEBT COLLECTION MANAGEMENT SYSTEM	26
2	PAYMENT LEVEL ON CURRENT ACCOUNTS	26
3	RECOVERY OF ARREARS (ACCUMULATED BEFORE THE JANUARY 2018 BILLING RUN)	26
4	RECOVERY OF ARREARS	27
5	CUSTOMER SERVICE TARGETS	27
6	ADMINISTRATIVE PERFORMANCE TARGETS	27
7	ANNEXURE B: ARRANGEMENTS	28
8	ANNEXURE C : MUNICIPAL SERVICES APPLICATION FORM	32



1 DEFINITIONS

- 1.1 For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise:
- 1.1.1 **"Act"** The Local Government Act: Systems Act, No. 32 of 2000 as amended from time to time.
- 1.1.2 **"Acknowledgement of debt"** means an admission of liability and written undertaking by a debtor to repay an amount owing to the Municipality and includes a consent to judgement and for the purposes of this policy it also means a Credit Authority.
- 1.1.3 **"Authorised representative"** means a person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
- 1.1.4 **"Chief Financial Officer"** means the person appointed by Council to administer its finances.
- 1.1.5 **"Client"** means a customer or occupier of a property who is receiving a municipal account or owner of the property.
- 1.1.6 **"Council"** means the Municipal Council of Drakenstein Municipality.
- 1.1.7 **"Customer"** means any occupier of any property to which the municipality has agreed to supply services or already supplies services to, including an occupier who only pays for water and electricity or failing such an occupier, then the owner of the property.
- 1.1.8 **"Defaulter"** means a person who owes money to the municipality after the due date has expired. All monies not reflecting in the municipality's bank account on the due date is deemed as a late payment.
- 1.1.9 **"Director"** means a person appointed by Council in terms of Section 56(a) of the Act as a manager directly accountable to the City Manager.
- 1.1.10 **"Disconnection of electricity supply"** means the physical disconnection of conventional or pre-paid electricity supply or the 100% blocking of pre-paid electricity supply.
- 1.1.11 **"Disconnection of water supply"** means the restriction of the water supply via a trickle system.
- 1.1.12 **"Engineer"** means the person in charge of the civil and / or electrical component of the municipality.

- 1.1.13 **"Equipment"** means a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories.
- 1.1.14 **"Interest"** means a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on arrear monies, based on a full month, where part of a month must be deemed as a full month. Interest will be levied for all late payment i.e. which is not reflecting in the municipality's bank account on the respective due date.
- 1.1.15 **"Late Payment"** means the amount due to be paid to the municipality does not reflect on municipal bank account on the applicable due date.
- 1.1.16 **"Household"** means all persons (registered owner/s, occupier/s, vulnerable person/s or tenant/s) jointly living on a stand or site receiving sanitation, refuse removal, water and/or electricity services that is billed by the Municipality.
- 1.1.17 **"Household income"** means the gross sum of all monthly income from all sources including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income and other forms of earnings received by all persons residing on the property.
- 1.1.18 **"Municipality"** means the institution that is responsible for the collection of funds and the provision of services to the customers of Drakenstein.
- 1.1.19 **"Municipal account"** means an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and / or assessment rates levies.
- 1.1.20 **"City Manager"** means the person appointed as City Manager in terms of section 82 of the Local Government: Structures Act, 1998, No 117 of 1998, and include any person acting in that position or to whom authority was delegated.
- 1.1.21 **"Municipal services"** means those services provided by the Municipality, such as, *inter alia* the supply of water and electricity, refuse removal, sanitation treatment, and for which services charges are levied.
- 1.1.22 **"Occupier"** means any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property.
- 1.1.23 **"Owner"** means:
- (a) The person in whose name the property is legally vested;
 - (b) In the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, or any other legal representative;

- (c) In the case where Council are unable to establish the identity of such person, the person who are entitled to derive benefit from the property or any buildings thereon;
- (d) In the case of a lease agreement in excess of 30 years was entered into, then the lessee;
- (e) Regarding:
 - (i) A portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, No 95 of 1986, without limiting it to the developer or managing body to the communal property;
 - (ii) A portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a "sectional title", including the legally appointed representative of such person;
- (f) Any legal entity including but not limited to:
 - (i) A company registered in terms of the Companies Act, No 61 of 1973; a trust *inter vivos*; a trust *mortis causa*; a closed corporation registered in terms of the Close Corporation Act, No 69 of 1984; and, any voluntary organisation;
 - (ii) Any provincial or national government department, and a local authority;
 - (iii) Any council or management body established in terms of any legal framework applicable to the Republic of South Africa; and
 - (iv) Any embassy or other foreign entity.

1.1.24 **"Property"** any portion of land, of which the boundaries are determined, within the jurisdiction of the Municipality, including in the case of sectional title schemes, a sectional title unit as defined in the Sectional title Act, No 95 of 1986.

1.1.25 **"Tenant"** a person who occupies land or property rented from a landlord.

- 1.1.26 ***“70/30 pre-payment debt recovery”*** means a pre-payment system whereby 70% of payment is allocated to arrears and 30% is allocated to the purchase of electricity., and
- 1.1.27 ***“90/10 pre-payment debt recovery”*** means a pre-payment system whereby 90% of payment is allocated to arrears and 10% is allocated to the purchase of electricity.

2 GENERAL OBJECTIVES

2.1 The objectives of this policy are:

- (a) To provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;
- (b) 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 consumers; and, in a financially sustainable manner;
- (c) To provide a framework for customer care;
- (d) To describe credit control measures and sequence of events;
- (e) To outline debt collection procedures and mechanisms;
- (f) To determine indigent relief measures; and
- (g) To set realistic targets for debt collection.

3 PRINCIPLES

- 3.1 The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for policy-making, while it is the responsibility of the City Manager to ensure the execution of these policies.
- 3.2 customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the City Manager.
- 3.3 A copy of the application form, conditions of services and extracts of the relevant council’s Customer Care, Credit Control, Debt Collection and Indigent Support Policy and by-laws must be handed to every customer on request at such fees as may be determined by Council from time to time.
- 3.4 Billing is to be accurate, timeously and understandable.

- 3.5 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.6 The customer is entitled to an efficient, effective and reasonable response to appeals.
- 3.7 Enforcement of payment must be prompt, consistent and effective.
- 3.8 Unauthorised consumption, connection and reconnection, 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.
- 3.9 Incentives and disincentives determined by Council from time to time may be used in collection procedures.
- 3.10 The collection process must be cost-effective.
- 3.11 Results will be regularly and efficiently reported by the Executive Mayor and Mayoral Committee to Council.
- 3.12 Application forms will be used to, *inter alia*, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- 3.13 Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- 3.14 The principle of paying for services instead of payment for arrear accounts is supported.
- 3.15 Consumers that meet Council's indigent criteria must be identified and supported.

4 DUTIES AND FUNCTIONS

4.1 Duties and functions of Council

- 4.1.1 To approve a budget 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 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 set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the Implementing Authority. Section 100 of the Act defines the



Implementing Authority as the City Manager or service provider appointed by the Municipality collect outstanding debt.

- 4.1.6 To approve a reporting framework for customer care, credit control and debt collection.
- 4.1.7 To consider and approve by-laws to give effect to this policy.
- 4.1.8 To monitor the performance of the City Manager via the Executive Mayor and Mayoral Committee (Supervising Authority) regarding customer care, credit control, debt collection and indigent support.
- 4.1.9 To revise the budget should the targets for Council's customer care, credit control, debt collection and indigent support not be met.
- 4.1.10 To revise the budget should the targets for Council's customer care, credit control, debt collection and indigent support not be met.
- 4.1.11 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.
- 4.1.12 To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- 4.1.13 To delegate the required authority to monitor and execute the customer care, credit control, debt collection and indigent support policy to the Executive Mayor and Mayoral Committee, City Manager and Service Provider (if required) respectively.
- 4.1.14 To provide sufficient capacity in the Municipality's Department: Financial Services to execute customer care, credit control, debt collection and indigent support actions. Alternatively, if required as such, to appoint a Service Provider or debt collection agent to perform these actions.
- 4.1.15 To assist the City Manager in the execution of his duties, if and when required.
- 4.1.16 To provide funds for the training of staff.

4.2 Duties and functions of Executive Mayor and Mayoral Committee

- 4.2.1 To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.
- 4.2.2 To monitor the performance of the City Manager in implementing this policy and by-laws.

4.2.3 To review and evaluate the policy and by-laws in order to improve the efficiency of Council's customer care, credit control, debt collection and indigent support procedures, mechanisms and processes.

4.2.4 To report to Council.

4.3 Duties and functions of the City Manager

4.3.1 To implement good customer care management systems.

4.3.2 To implement council's Customer Care, Credit Control, Debt Collection and Indigent Support Policy.

4.3.3 To install and maintain an appropriate accounting system.

4.3.4 To provide credible billing to customers.

4.3.5 To demand payment on due dates.

4.3.6 To raise penalties / interest for defaults.

4.3.7 To appropriate payments received.

4.3.8 To collect outstanding debt through a debt collection management system.

4.3.9 To provide different payment methods.

4.3.10 To determine customer care, credit control, debt collection and indigent support measures.

4.3.11 To determine all relevant work procedures for, *inter alia*, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.

4.3.12 To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders, etc.).

4.3.13 To set performance targets for staff.

4.3.14 To appoint staff to execute Council's policy and by-laws in accordance with Council's recruitment policy.

4.3.15 To delegate certain functions to executive directors in charge of departments.

4.3.16 To determine control procedures.

4.3.17 To monitor contracts with Service Providers in connection with credit control and debt collection.

4.3.18 To report to the Executive Mayor and Mayoral Committee.

4.3.19 To adhere to the Code of Conduct for Officials.

4.3.20 To confirm any payment of judgment amounts (or a delegated official) for matters instituted by the court of law.

4.4 Duties and functions of communities, ratepayers and residents

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

4.4.2 To pay service fees, rates on property and other taxes, levies and duties imposed by the Municipality on or before due date.

4.4.3 To observe the mechanisms and processes of the Municipality in exercising their rights.

4.4.4 To allow municipal officials reasonable access to their property to execute municipal functions.

4.4.5 To comply with the by-laws and other legislation of the Municipality.

4.4.6 To refrain from tampering with municipal services and property.

4.5 Duties and functions of councillors

4.5.1 To hold regular ward meetings (Ward Councillors).

4.5.2 To adhere to and convey council policies to residents and ratepayers.

4.5.3 To adhere to the Code of Conduct for Councillors.

5 **PERFORMANCE EVALUATION (Annexure "A")**

5.1 The Municipality must establish a mechanism to set targets for debt collection, customer care and administrative performance, evaluate and take corrective actions on a regular basis to enhance credit control and debt collection.

5.2 Revenue collection targets

5.2.1 Council to create targets that include the reduction in present monthly increase in debt in line with performance agreements determined by Council.

5.3 Customer service targets

5.3.1 Council to create targets that would include:

(a) Response time to customer queries;

- (b) Date of first account delivery to new customers;
- (c) Reconnection time lapse; and
- (d) Meter reading cycle.

5.3.2 Above-mentioned to be reflected in Standard Operating Procedures of Council.

5.4 Administrative performance

5.4.1 Council to create targets that will include:

- (a) Cost efficiency of debt collection;
- (b) Query and appeal periods; and
- (c) Enforcement mechanism ratios.

6 REPORTING

- 6.1 The Chief Financial Officer shall report monthly to the City Manager in a suitable format to enable the City Manager to report to the Executive Mayor and Mayoral Committee as Supervisory Authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on:
 - 6.2 Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions; and
 - 6.3 Performance of all areas against targets agreed to in paragraph 5 of this policy document.
 - 6.4 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt revenue equivalent of the revenue projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the City Manager who will, if he / she agrees with the Chief Financial Officer, within legislative prescripts, immediately move for a revision of the budget according to realistically realisable income levels.
 - 6.5 The Executive Mayor and Mayoral Committee as Supervisory Authority shall, at least at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

7 CUSTOMER CARE

7.1 Objective

- 7.1.1 To focus on the client's need in a responsible and pro-active way, to enhance the payment for services and to create a positive and co-operative relationship between the persons responsible for the payment for services received and the Municipality, and where applicable, any service provider.

7.2 Communication

- 7.2.1 The Municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include targets for credit control.
- 7.2.2 Council's Credit Control and Debt Collection Policy or relevant extracts thereof, will be available in English (Xhosa and Afrikaans on request) and will be made available by general publication and on specific request, and will also be available for perusal at Council's offices.
- 7.2.3 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues, in a cost-effective manner.
- 7.2.4 Ward councillors will be required to hold regular ward meetings, at which customer care and debt collection issues will be given prominence.
- 7.2.5 The press will be encouraged to give prominence to Council's Credit Control and Debt Collection Policy, and will be invited to Council or Committee meetings where these are discussed.
- 7.2.6 Council will endeavor to create partnerships with civil society organisations in promoting customer care, credit control, debt collection and indigent support issues.

7.3 Metering

- 7.3.1 The Municipality will endeavor, within practical and financial limits, to provide meters to every paying client for all consuming services.
- 7.3.2 All meters will be read monthly, if at all possible. If meters are not read on a monthly basis, Council will estimate the consumption in terms of Council's operational procedures.
- 7.3.3 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 7.3.4 Customers may be informed of a meter replacement.
- 7.3.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the Municipality or its authorised agent, and the customer is charged for 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.

7.4 Accounts and billing

- 7.4.1 Customers on the billing system will receive an understandable and accurate bill from the Municipality, which bill will consolidate all service costs for that property.
- 7.4.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- 7.4.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- 7.4.4 It is the customer's responsibility to ensure that postal address and other contact details are correct. The primary means of communication will be via email if not informed otherwise where an email address was supplied on the rates clearance application.
- 7.4.5 It is the customer's responsibility to ensure timeous payment in the event of accounts not received.
- 7.4.6 Settlement or due dates will be as indicated on the statement.
- 7.4.7 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.
- 7.4.8 Where any payment made to the Municipality or its authorised representative by negotiable instrument is later dishonored by a bank, the municipality or its authorised agent:
 - (a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the customer; and
 - (b) Shall regard such an event as a default on payment.
- 7.4.9 The Municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request, at a cost determined by Council from time to time.
- 7.4.10 The Municipality will no longer open water and electricity accounts for tenants as from 01 July 2016. All new water and electricity connections after 1 July 2016 shall be levied on the owner's accounts. The existing tenant accounts will thus be phased out as tenants are moving out. Deposits for water and electricity are paid by the owners, in the case where there are still separate water and electricity accounts in the seller's when the new owner did not apply for these services, the Municipality will have the



discretion to raise a deposit and transfer all levies from the date of registration to the owners account.

- 7.4.11 The only exception to paragraph 7.4.10 will be in cases where a qualifying indigent tenant applies for a water and electricity connection in order to be registered as an indigent consumer or in the case of a property in liquidation.
- 7.4.12 Adjustments made to a customer's account in favour of the customer, will be made for a maximum of three years preceding the date on which the error was detected.
- 7.4.13 Adjustments made to a customer's account, in favour of the municipality, will be made for the three years preceding the date on which the error was detected.
- 7.4.14 The owner will stay responsible for the payment of the outstanding accounts for electricity and water supply notwithstanding any agreement with an occupier or tenant of a property.
- 7.4.15 The billing of availability charges will cease once a consumer applied for one consumable service. With this implementation the service will be limited to the minimum of one (e.g. 1 bin, one toilet point), unless otherwise informed.

7.5 Payment facilities and methods

- 7.5.1 The Municipality will operate and maintain suitable payment facilities (internet payment facilities included), and which facilities will be accessible to all users.
- 7.5.2 The Municipality will at its discretion allocate a payment between service debts and a debtor, who has overdue debt, may not specify that the payment is for a specific portion of the account.
- 7.5.3 The Municipality may in terms of section 103 of the Systems Act, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- 7.5.4 The customer will acknowledge, in the customer's agreement that the use of customer agents in the transmission of payments to the municipality is at the risk of the customer – also for the transfer time of the payment.

7.6 Incentives for prompt payment and final settlements

- 7.6.1 Council may, to encourage prompt payment and / or to reward regular payers, consider from time to time incentives for the prompt payment of accounts or payment by debit or stop order.

- 7.6.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.
- 7.6.3 The Chief Financial Officer may accept full and final settlement offers arising from a dispute, where the last 12 months surcharges and interest may be waived after full payment of the capital amount has been made upon resolving the dispute.
- 7.6.4 The Chief Financial Officer may reverse interest and surcharges levied for a late payment, where a consumer was promptly paying an account for the last 12 months prior to the late payment.
- 7.7 Enquiries, appeals and service complaints
- 7.7.1 Within its administration and financial ability the Municipality will establish:
- (a) A central complaints / feedback office;
 - (b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
 - (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - (d) A communication mechanism to give council feedback on service, debt and other issues of concern.
- 7.7.2 If a customer is convinced that his or her account is inaccurate, he or she can lodge a query with the Municipality for investigation of this account, and where necessary the relevant alterations.
- 7.7.3 In the interim the debtor must pay the average of the last three months accounts where such history of the account is available. Where no such history is available, the debtor is to pay an estimate provided by the Municipality before payment due date until the matter is resolved.
- 7.7.4 The relevant department will investigate and inform the debtor within 60 days or as determined by the City Manager from time to time.
- 7.7.5 Failure to make the payment(s) mentioned in paragraph 7.7.3 above, will result in the Municipality collecting the balance outstanding on the customers' account using the normal credit control procedures as detailed in paragraph 8 here-under.
- 7.7.6 A customer or its authorised agent may appeal against the findings of the Municipality in terms of paragraph 7.7.2.
- 7.7.7 An appeal and request in terms of paragraph 7.7.6 must be made and lodged with the municipality within 21 (twenty-one) days after the customer became aware of the finding referred to in paragraph 7.7.4 and must:
- (a) Set out the reasons for the appeal; and

- (b) Be accompanied by any fee determined for the testing of a measuring device, if applicable.

7.8 Customer assistance programmes

7.8.1 Water Leakages

- (a) If the leakage is on the customer's side of the meter, the customer will be responsible for the payment of all water supplied to the property.
- (b) Where the consumer can provide an invoice and proof of payment from the service provider (e.g. Plumber) that repaired the leakage, the municipality may at its sole discretion provide relief based on a calculation to be done on the corresponding months of the previous' years consumption to determine the water lost due to the leak.
- (c) A consumer to provide a sworn affidavit with proof of purchase of material used to repair a leakage. An indigent consumer whom has repaired the leak themselves must provide Council with a sworn affidavit that the consumer fixed the leak themselves.
- (d) The calculated consumption will be deducted from the higher leakage amount, where after the balance will be payable by the consumer.
- (e) Should the leakage be for more than a year or two years, then the consumption will be monitored for 3 months after the leakage has been repaired, where after the account will be rectified as per above sub-paragraph (d).
- (f) Where there is an abnormal water consumption that cannot be substantiated after the meter test results are obtained, the Executive Manager: Infrastructure or his delegated official must furnish the Chief Financial Officer with a recommendation in terms of reducing the consumption in line with the consumer's average consumption for the previous 12 months.
- (g) The customer has the responsibility to control and monitor his / her water consumption, including where control devices are in use flow.
- (h) The customer will only be entitled to one water leakage credit correction per a financial year (July- June).

7.8.2 Property rate rebates

- (a) Properties used exclusively for residential purposes may qualify for a rebated rate determined annually by Council.
- (b) A rate rebate may be granted according to certain qualifying criteria to social pensioners or the receiver of a State disability grant and / or any category of customer, as determined by Council from time to time.
- (c) These rebates will be determined as per Council's Property Rates Policy.

7.8.3 Arrangements for default settlements (Annexure "B")

- (a) Customers (including municipal employees and councilors) with electricity and water arrears shall be converted to pre-paid meters. When such meters are installed the cost thereof will be for the account of the consumer (refer to 8.9.5).
- (b) In the case of households qualifying for indigent support, the conversion costs to a prepayment meter will be funded through that portion of the equitable share contribution to the Municipality made from the national government's fiscus and as provided for in the budget.
- (c) Council reserves the right to raise the deposit requirement of debtors who seek arrangements.

7.8.4 Rates by instalments

- (a) Payment arrangements are determined as per Council's Property Rates Policy.

7.8.5 Customer categories

- (a) Customers will be categorised according to specific classifications based on inter alia the type of entity and applicable tariffs and risk levels. Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate from time to time by the City Manager.

8 CREDIT CONTROL

8.1 Objective

- 8.1.1 To implement procedures which ensure the collection of debt, meeting of service targets and the prevention of escalation in arrear debt.
- 8.1.2 To facilitate financial assistance and basic services for the community's poor and provide incentives for prompt payment as well as ensuring limited risk levels by means of effective management tools.

8.2 Service application and agreements

- 8.2.1 All customers of services will be required to sign an agreement governing the supply and cost of municipal services.
- 8.2.2 Prior to signing these agreements, customers will be entitled to receive the policy document of the Council on request at a cost determined by Council.
- 8.2.3 On the signing of the agreement, customers will receive a copy of the agreement for their records.
- 8.2.4 Customers are responsible for costs of collection on a scale as determined between attorney and client, and interest in the event of delayed and / or non-payment. The interest will be charged at the prevailing prime interest rate.
- 8.2.5 Existing customers of services will be required to sign new agreements as determined by the City Manager from time to time. This will particularly be in the case of defaulters.

8.3 Right of access to premises

- 8.3.1 The owner and or occupier of property is to allow an authorised representative of the Municipality access at all 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.
- 8.3.2 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 8.3.3 If a person fails to comply with the Municipality or its authorised representative, the Municipality may:
 - (a) By written notice require such person to restore access at his / her own expense within a specified period;



- (b) If it is the opinion that the situation is a matter of urgency, without prior notice access the premises of such person in order to disconnect or repair any such meter or service connection provided that damage to the property of such person is minimised, minimum force is used and after the Municipality has gained such access that the premises of such person is secured; and
- (c) The cost of gaining such access shall be for the account of the owner of the premises if the reason for the urgency is that of the owner or occupier of the premises.

8.4 Enforcement mechanisms

- 8.4.1 Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation. The levying of interest does not prevent credit control action to occur.
- 8.4.2 The above interest will not be raised on government accounts with arrears to avoid fruitless and wasteful expenditure in terms of the PFMA.
- 8.4.3 The municipality however reserves the right to disconnect and or restrict the water and electricity meters of government departments in the event of non-payment or late payment of their respective active.
- 8.4.4 Provided that the Municipality has served written notice on both the owners and occupiers (if applicable) of the property of at least seven (7) days, the Municipality shall have the right to restrict or discontinue the supply of services or to implement any other debt collection action necessary due to late or non-payment of accounts, relating to any consumer, owner or property.

8.5 Theft and fraud

- 8.5.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, may be prosecuted and / or is liable for penalties as determined by Council from time to time.
- 8.5.2 Any member of the local community that supply information with regard to any of the illegal actions as set out in paragraph 8.5.1, and the information when verified found to be true, will upon authorisation by the City Manager be rewarded as determined by Council from time to time. The name of the informant and the information supplied

will at all times be kept confidentially so as to protect the informant against any retaliatory action.

- 8.5.3 Upon reasonable notice to both the owner as well as the occupier of the premises, Council will immediately terminate the supply of services to a customer should such conduct as outlined above, be detected.
- 8.5.4 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council, if applicable, will be due and payable before any reconnection can be sanctioned.
- 8.5.5 Council will maintain monitoring systems in order to identify customers who are undertaking such illegal actions.
- 8.5.6 No person may in any manner tamper or interfere with any meter or metering equipment or service connection or service protective device or supply mains or any other equipment of the municipality.
- 8.5.7 Where prima facie evidence exists of a consumer and/or any person having contravened paragraph 8.5.6, the municipality shall have the right to disconnect the supply of electricity upon reasonable notice to both the owner as well as the occupier of the premises. The person shall be liable for all fees and charges levied by the municipality for such disconnection and subsequent reconnection.
- 8.5.8 Where a consumer and / or any person has contravened section 18 b of the Customer Care, Credit Control, Debt Collection and Indigent Support By-Law_and such contravention has resulted in the meter recording less than the true consumption, the municipality shall have the right to recover from the consumer the cost of the estimated consumption, that was lost for three preceding years, based on the prevailing tariff in the year that the unauthorized consumption was identified.
- 8.5.9 Where a consumer's meter does not switch off when all the units are consumed, then the municipality shall have the right to recover from the consumer the estimated consumption that was lost for three preceding years, based on the prevailing tariff in the year the unauthorized consumption was identified.
- 8.5.10 The consumers purchases will be monitored after the installation of the new meter, whereafter an average will be determined for the previous three years purchases, where the difference will be billed.
- 8.5.11 Council reserves the right to lay criminal charges and / or to take any other legal action against both vandals and thieves, including the recovery of costs of repairing / replacing of damaged devices.

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

8.6 Customer profiling, screening and securities

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

8.6.2 Deposits either in cash or any other security acceptable to the Municipality will be required, and may vary according to the risk as determined by the Municipality. A deposit will be required as per Council's approved tariff list.

8.6.3 Deposits can be increased by the municipality at any time and at the sole discretion of the Municipality to a maximum of three months average consumption.

8.6.4 Deposits can vary according to the credit-worthiness or legal category of the applicant.

8.6.5 The Municipality will not pay any interest on deposits.

8.6.6 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.

8.7 Persons and business who tender to the Municipality.

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

- (a) 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 tenderer obtain from the Municipality a certificate stating that all relevant municipal accounts owing by the tenderer 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;
- (b) 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
- (c) A condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.

8.8 Cost of collection

8.8.1 All costs of legal processes, including interest, penalties, service discontinuation costs and legal costs on attorney and client scale associated with customer care or credit

control, wherever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

8.9 The pre-payment meter system

8.9.1 The Municipality will use its pre-payment system to collect all the arrears on the customers municipal account which may include the following services, water, refuse removal, sanitation, property rates and basic charges etc.

8.9.2 The arrear debt as described in paragraph 8.9.1 above will be collected from the customer's account as follows:

- (a) 30 – 60 days older debt = 70/30 pre-payment debt recovery; and
- (b) 90 days and older debt = 90/10 pre-payment debt recovery

8.9.3 In cases where the 90% blocking methodology is not adequate to decrease the outstanding debt, the pre-paid metering system shall on reasonable notice to both the owner and the occupier be blocked at 100% or the electricity supply shall be disconnected.

8.9.4 When the owner, tenant or occupier is using the property in his business to earn an income, a basic electricity charge will be levied daily. The owner will be responsible for the daily electricity basic charge, even after a tenant or occupier has vacated the property.

8.9.5 Customers who frequently defaults on arrangement (more than 2 times) must convert to a pre-paid meter at the Municipalities costs. Preference should be given to those conventional electricity customers who requires pole disconnection for arrears if the operating budget allows such expenditure.

9 DEBT COLLECTION

9.1 Objective

9.1.1 To provide procedures and mechanisms to collect all the monies due and payable to Council 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.

9.2 Personal contact

9.2.1 Telephonic contact, agents calling on clients:

- (a) Council will endeavor, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude

- arrangements or to indigent support, other related matters and will provide information on how and where to access such arrangements or subsidies; and
- (b) Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings may continue, in the absence of such contact for whatever reason, provided that reasonable notice has been given to both the occupier and the owner of the concerned premises.

9.3 Interruption of service

- 9.3.1 Customers who are in arrears with their municipal account and who have not made arrangements with the Council will have their water restricted and/ or electricity restricted, or supply electricity disconnected, provided that reasonable notice has been given to both the occupier and the owner of the concerned premises.
- 9.3.2 The disconnection of electricity, or 100% restriction of electricity in case of pre-paid electricity services may happen when the municipal account is one (1) day overdue, provided that reasonable notice has been given to the owner of the property or the occupier where the owner do not occupying the premises.
- 9.3.3 A fourteen (14) day disconnection notice will be issued for the first default. If a consumer defaults again within the following six (6) months or defaults on an arrangement, then a seven (7) day disconnection notice will apply.
- 9.3.4 Provided that Council has demanded payment of arrear rates and other municipal charges, Council reserves the right to deny or restrict the sale of electricity to customers who are in arrears with their rates or other municipal charges.
- 9.3.5 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the electricity service will be reconnected and / pre-paid electricity sold as soon as conveniently possible.
- 9.3.6 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- 9.3.7 The deposit of any defaulter may be adjusted to bring into line with relevant policies.

9.4 Legal process / Use of attorneys / Use of credit bureaus

- 9.4.1 Council may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgements, garnishee orders and / or sales in execution of property.

- 9.4.2 Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by Council.
- 9.4.3 Council will establish procedures and codes of conduct with these outside parties.
- 9.4.4 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.
- 9.4.5 All steps in the customer care and credit control procedure will be recorded for Council's records and for the information of the debtor.
- 9.4.6 All recoverable costs of this process will be for the account of the debtor.
- 9.4.7 Individual debtor accounts are protected and are not the subject of public information. However, Council may release debtor information to credit bureaus. This release will be in writing or by electronic means.
- 9.4.8 Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.
- 9.4.9 Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council.
- 9.4.10 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.
- 9.4.11 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.

9.5 Rates clearance

- 9.5.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges owed by the owner seeking transfer are paid by withholding a rates clearance certificate as contemplated in section 118 of the Act.

9.5.2 The amount for the period prior to section 118 of the Municipal Systems Act, will be handed over for legal collection where the previous owner could be held liable for payment of these amounts.

9.5.3 All services and or basic charges will be levied on the purchasers account if the transfer takes place before or on the 15th of a month. This will however exclude consumable service like conventional water and electricity.

9.6 Abandonment of claims

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

9.6.2 There are some circumstances that allow for the valid termination of debt collection procedures as contemplated in section 109(2) of the Act, such as:

- (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 Council deems that a customer or groups of customers are unable to pay for services rendered.

9.6.3 The Municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

9.6.4 Procedures for the abandonment of claims are determined in the Writing-Off of Irrecoverable Debt Policy.

10 MUNICIPAL EMPLOYEES AND COUNCILLOR DEBT

10.1 Staff arrears will be dealt with in accordance with Schedule 2 of the Systems Act, and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this three (3) month period.

10.2 In accordance with Schedule 1, item 12A of the Systems Act, a Councillor of the Municipality may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the Municipality. Notwithstanding any other procedure, method or action that may be

taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillor's remuneration after this three (3) month period.

ANNEXURE A: REVENUE COLLECTION TARGETS

1 Computerised credit control and debt collection management system

- 1.1 It is Council's intention to collect all revenue due to Council from customers who can afford to pay.
- 1.2 For this purpose, it is acknowledged that the Municipality is in need of a computerised credit control and debt collection management system.
- 1.3 This system will be procured through the supply chain management process or alternatively the City Manager may obtain the services of an external service provider to perform this function.

2 Payment level on current accounts

- 2.1 The total outstanding debtors as at 31 January 2023 amounted to R430,947,719 of which R163,951,110 represented current debtors (January 2023 billing run levies) and R266,994,609 represented arrear debtors.
- 2.2 It is acknowledged that the current payment level of all customers for the seven months of the 2022/2023 financial year was 95,6%.

3 Recovery of arrears (Accumulated before the January 2018 billing run)

- 3.1 The Municipal Council reviewed on 31 May 2018 the Policy on the Writing-Off of Irrecoverable Debt with the following two incentives to their customer base to assist them to get out of their spiral of debt provided that all levies since the January 2018 billing run is paid up to date:
 - (a) Council will write-off 50% of the outstanding debt before the January 2018 billing run if a customer (all customers except for government or school debtors who are treated on an ad hoc basis) will pay the other 50% of the outstanding debt; and
 - (b) Council will write-off any outstanding debt before the January 2018 billing run that a household customer accrued that the household customer cannot afford to pay back over the next three years after his arrear and current payments has been capped at 20% of the household income.

- 3.2 To collect with the assistance of a computerised credit control and debt collection management system or an appointed service provider, all recoverable arrears over a maximum period of three years by using the incentives in the Writing-Off of Irrecoverable Debt Policy. Irrecoverable arrears will have to be written-off.
- 3.3 The Senior Manager: Revenue and Expenditure or delegated person can in extreme cases accept a longer period of repayment based on the financial position of the customer and other circumstances if the incentives in the Writing-Off of Irrecoverable Debt Policy do not assist the customer to get out of their spiral of debt within three years.

4 Recovery of arrears

- 4.1 It is acknowledged that not all customers might have been in arrears before the January 2018 billing run. Customers who accumulated arrears as from the January 2018 billing run will be recovered over a maximum period of one year.

5 Customer service targets

(a)	Response time to customer queries:	Initial response within 5 working days
(b)	Date of first account delivery to new customers:	By second billing cycle after date of application or occupation whichever is the latest
(c)	Reconnection time:	Within 24 hours after appropriate payment / arrangement
(d)	Electricity meter reading cycle:	90% of meters being read on a monthly basis with a maximum of 3 consecutive months estimated
(e)	Water meter reading cycle:	80% of meters being read on a monthly basis with a maximum of 3 consecutive months estimated

6 Administrative performance targets

Cost Efficiency of Debt Collection:

6.1.1 Cost efficiency of debt collection:

- (a) Cost of collection not to exceed the capital debt amount;



- (b) All reasonable steps to be taken to limit cost to Council or the customer;
- (c) Cost of collection is to be recovered from the defaulting customers; and
- (d) Total cost of collection to be recovered by means of applicable credit control tariffs.

6.2 Query and appeal periods:

- 6.2.1** Sixty (60) working days to resolve queries and appeals through Council committees, the Executive Mayor and Mayoral Committee and Council.

ANNEXURE B: ARRANGEMENTS

1. ARRANGEMENTS

- 1.1** If a customer cannot pay his / her account with the Municipality then the Municipality may enter into an extended term of payment not exceeding 36 months. The customer must:

1.1.1 Sign an acknowledgement of debt;

1.1.2 Sign consent to judgement;

1.1.3 Provide a garnishee order / emolument order / stop order (if he or she is in employment);

1.1.4 Acknowledge that interest will be charged at the prescribed rate;

1.1.5 Pay the current portion of the account in cash;

1.1.6 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; and

1.1.7 Acknowledge liability of all costs incurred.

1.2 Consumer to agree to signing an electronic Acknowledgement of Debt form, which stipulates all of the above and acknowledges the arrangements made.



2. THE FOLLOWING ACCEPTABLE ARRANGEMENTS CAN BE ENTERED INTO WITH:

2.1 Domestic consumers

2.1.1 The customer may have two accounts in making such acceptable arrangements. A current account that must be paid up to date on a monthly basis, a suspended account that will carry the monthly arrangements instalments to be paid over a maximum of 36 months.

2.1.2 The prescripts of the Writing-Off of Irrecoverable Debt Policy will be used to determine the acceptable arrangements on arrears where the 20% of the gross salary of the consumer, does not cover the monthly account, the whole account will be placed on an abeyance account to be written off over a three year period, with the proviso that the monthly account is paid up to date every month.

2.1.2 If the consumers default in terms of the above arrangement after three consecutive months this 20% option agreements fall away and whole arrear amount becomes due and payable.

2.1.3 The suspended accounts will bear no interest on arrears.

2.2 Churches, welfare organisations, sporting bodies, emerging farmers, etcetera

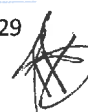
2.2.1 The customer may have two accounts in making such acceptable arrangements. A current account that must be paid up to date on a monthly basis and a suspended account that will carry the monthly arrangements instalments to be paid over a maximum of 36 months.

2.2.2 The suspended account will bear no interest on arrears.

2.3 Business, industrial and agriculture customers

2.3.1 The customer may have two accounts in making such acceptable arrangements. A current account that must be paid up to date on a monthly basis and a suspended account that will carry the monthly arrangements instalments to be paid over a maximum of 12 months. Businesses being affected by disaster (e.g. Loadshedding, Covid etc) can be allowed to make arrangements for a longer period but not exceeding 24 months, upon provision of sufficient proof substantiating their losses as a result of the abovementioned disaster.

2.3.2 The suspended account will bear no interest on arrears.



2.4 Government departments and schools

2.4.1 1st default in financial year:

- (a) Three (3) weeks' notice – no arrangements; and
- (b) Deposit may be adjusted to 3 months consumption.

2.4.2 2nd default in financial year:

- (a) Two (2) weeks' notice – no arrangements; and
- (b) Deposit may be adjusted to 3 months consumption.

2.4.3 3rd default in financial year:

- (a) Forty-eight (48) hours' notice – no arrangements; and
- (b) Deposit may be adjusted to 3 months consumption.

2.5 Administrations

2.5.1 Where a person has been placed under administration the following procedures will be followed:

- (a) The debt as at the date of the administration court order will be placed on hold, transferred to an interest-bearing account to be collected in terms of the court order by the administrator's dividend;
- (b) The consumer will be compelled to install a prepaid electricity meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the prepaid meter/s; and
- (c) Should there be any default on the current account, the supply of services is to be limited or terminated on reasonable notice to the owner and consumer, and the administrator handed over for the collection of this debt.

2.6.1 Indigent households

- 2.6.1 All consumers qualifying as indigent households will receive monthly indigent support provided that a pre-paid water and/or pre-paid electricity meter may be installed on Council's cost. 50% of debt will be written-off as a once-off exercise per financial year on the application approval.

- 2.6.2 Council acknowledges that pre-paid water and electricity meters cannot be installed at once and that this can only be done as and when the operating budget of the Municipality has available funds to install these meters.
- 2.6.3 Council also acknowledges that indigent households cannot afford to replace broken conventional and pre-paid electricity and water meters with new ones. They are also not in a financial position to replace broken electricity and water connections as well as to pay for minor repairs to sewerage connections and blockages. For this purpose, Council will budget in their operating for such costs. Pre-paid electricity and water meters and minor repairs to service connections may therefore be done from Council's budgeted funds provided that the relevant Executive Manager has motivated such a request, that adequate funds on the operating budget is still available and that the City Manager or Chief Financial Officer has approved such a request.

7 ANNEXURE C : MUNICIPAL SERVICES APPLICATION FORM



DRAKENSTEIN

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

+27 21 807 4500 +27 21 872 8054
www.drakenstein.gov.za
customer@drakenstein.gov.za
Civic Centre, Berg River Boulevard, Paarl 7646

8 APPLICATION FOR WATER AND ELECTRICITY SERVICES

In accordance with the Protection of Personal Information (POPI) Act, 2013, we require the following details to open a municipal account of water and electricity services at Drakenstein Municipality. Please carefully read and provide the following information:

Registered Owner

Full name:

ID
number

9 Surname 10 First Name(s) 11

Address:

Phone:

12 Street address 13 Street/Unit Number

Email:

14 Town 15 16 Postal Code

Postal
Address

Date of
Registration

For a registered business only, please provide the following information:

Company Name:

Reg number

Vat Reg
number

Are the company registration documents attached?

Yes ☐ No ☐

By providing this information, you agree that the provision of electricity and or water supply to your property is subject to Drakenstein Municipality's Electricity and Water Supply By-laws and policies, as amended from time to time.

Yes ☐ No ☐

Consent to processing of personal information

I have read and understood the terms and conditions outlined above and consent to the processing of my personal information for the purpose of opening an account for water and electricity services with Drakenstein Municipality.

I hereby agree to the processing of my personal information in terms of the Protection of Personal Information Act, 2013.

Yes ☐ No ☐

Signature _____

Date _____

A handwritten signature in black ink, consisting of a stylized 'D' with a vertical line through it and a horizontal line at the bottom.