

CREDIT CONTROL AND DEBT COLLECTION POLICY 2009/2010

Adopted 28 October 2009

1. PURPOSE

This policy has been compiled as required in terms of Section 97 of the Local Government: Municipal Systems Act 32 of 2000 (hereinafter referred to as the MSA) and is designed to provide for credit control and debt collection procedures and mechanisms. It also aims to ensure that the Municipality's approach to debt recovery is sensitive, transparent and is equitably applied throughout the Municipality's geographic area.

2. PROBLEM STATEMENT

The MSA requires the Municipality to review the Credit Control Policy annually.

The Municipality has taken cognisance of the high level of poverty which is prevalent in various areas of the City and has developed various initiatives to assist those customers who are economically unable to meet normal rates and service charges. Assistance to the Poor is dealt with in terms of annexure A hereto.

Due consideration has been given to the budgetary implications of this policy and necessary amounts allocated in terms of the 2009/2010 Budget.

This review has been work-shopped in accordance with 4.3 of the Municipality's Tariff and Surcharge Policy.

3. DEFINITIONS

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

"account" any account rendered for municipal services provided.

"Act" the Local Government: Municipal Systems Act, 2000(Act No. 32 of 2000) as amended from time to time.

"arrears"	any amount due, owing and payable in respect of municipal services not paid by due date.
"Consolidated Account"	a monthly account reflecting municipal service fees, charges, surcharges on fees, property rates and other municipal taxes, levies and duties.
"Credit Authority / Acknowledgement of Debt"	arrangements made with customers with regards to arrears.
"customer"	Any person liable to the Municipality for taxation or other charges
"defaulter"	any customer in arrears.
"due date"	<p>(i) <u>Monthly</u> The monthly date on which all customers' accounts become due and payable, which date shall be 21 days from date of the Account.</p> <p>(ii) <u>Annual</u> The Municipality may recover a rate annually, on application, from owners with 50 or more property rate accounts. Such application must reach the municipality on or before 30 April of each year and the annual rates account is to be paid by 31 October of each year.</p> <p>The payment of rates shall not be affected by reason of an objection, appeal or non-compliance with the rates policy.</p>
"illegal connection"	Any connection to any system through which the municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.
"owner"	as defined in the Municipality's Rates Policy.
	<p>in relation to: the Ingonyama Trust, where the land is vested in the Trust by virtue of the provisions of the Ingonyama Trust Act.</p>
"prescribed form"	refers to the form required by the Chief Financial Officer from time to time.
"rates"	municipal tax levied on the valuation of property. The rate is expressed as cents in the rand.

“Revenue Clearance Certificate”	the certificate referred to in Section 118(1) of the Municipal Systems Act 32 of 2000.
“social housing tenant”	any person letting / leasing any residential premises from any public legal body for less than a full rack rental or letting / leasing residential premises from a private person and receiving from the National / Provincial Government a subsidy or other amount to empower the tenant to pay the full rack rental.
“sundry charges”	a charge to a customer, not directly linked to a property.

PROVISION OF MUNICIPAL SERVICES

4. REGISTRATION

- 4.1 The Municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the municipality, into one consolidated account.
- 4.2 No registrations or additions to the customer database can be processed unless legal documentation acceptable to the Chief Financial Officer has been produced in each instance.
- 4.3 If there is an outstanding debt on the property, this debt must be settled in full, or suitable payment arrangements must be made by the owner of the property, before the new customer is registered. The account will be opened and maintained in the name of the owner.
- 4.4 Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.
- 4.5 Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the customer/owner to advise the Municipality of such change.
- 4.6 The owner must advise the Municipality of any change of tenants as soon as is reasonably possible.

5. DEPOSITS

- 5.1 At the time of registration as a customer, a deposit will be required based on the criteria set by the Chief Financial Officer from time to time.
- 5.2 Deposits will be due and payable on registration of new customers and upon the movement of existing customers to a new address.
- 5.3 The Municipality may appropriate a customers' deposit on any account related to that customer .
- 5.4 Notwithstanding receipts for different services, deposits payable to the Municipality shall be a consolidated deposit, paid in cash or irrevocable bank guarantees. Sureties shall not be accepted in lieu of deposits.
- 5.5 If a customer is in arrears, the Bank Guarantee may be increased or converted to cash.
- 5.6 The Municipality may utilize the consolidated deposit as security for any or all of the charges or amounts included in the statement of account.
- 5.7 Social Housing tenants qualify for the same deposit as an owner.

5.8 Review of Deposits

- a. If the customer poses a credit risk, the value of the original deposit paid or a guarantee held may be reviewed from time to time by the Chief Financial Officer.
- b. The deposit on an account shall be reviewed when:
 - i. The Account is paid after the due date
 - ii. payment by negotiable instrument or direct debit, is dishonoured
 - iii. There is increased consumption of services
- c. The Municipality may increase the deposit up to 12 months consumption.

5.9 Interest Payable on Cash Deposits

Interest on cash deposits held, shall accrue 6 months from date of deposit at a rate as determined by the Chief Financial Officer from time to time. The deposit, plus interest accrued, shall be taken into account upon closure or termination of an account. The accrued interest may be paid annually against the customers account, if requested.

5.10 **Substitution of Accounts**

Should a customer wish to substitute another person as a customer on their existing account, the person so substituted shall inherit the deposit on the account. Such deposit shall be subject to review in terms of **5.8** above.

ACCOUNTS MANAGEMENT

6. ACCOUNTS

- 6.1 The Municipality will have accounts posted to all customers. In the case of multiple ownership, the account will be posted to any one owner.
- 6.2 Failure to receive or accept accounts does not relieve a customer of the obligation to pay any amount due and payable. The onus is on the customer to make every effort to obtain a copy account for payment.
- 6.3 The Municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request. The Municipality will provide owners with copies of their tenants accounts if requested.
- 6.4 The Municipality may post an annual rates assessment for record purposes.
- 6.5 With the exception of Government Accounts, assessment rates shall be billed on a monthly basis, and may only be billed annually by prior written agreement, subject to the Rates Policy of the Municipality.

7. RESPONSIBILITY FOR AMOUNTS DUE

- 7.1 In terms of Section 118 (3) of the Act an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.
 - 7.1.1 Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.

- 7.1.2 The Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.
- 7.1.3 No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.
- 7.2 Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to be absolved, for all Municipal debts charged on the property.
- 7.3 Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.
- 7.4 Refuse removal shall form part of the property debt, payable by the owner of the property.
- 7.5 Tenants and/or agents may be held liable for arrear rates in accordance with the provisions of Section 28 of the Municipal Property Rates Act.
- 7.6 Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute.
- 7.7 Pre-paid meters shall not be installed until all outstanding debt has been paid in full.

8. PAYMENT OPTIONS

- 8.1 The Municipality will endeavour to establish a payment network to ensure that, wherever practically possible, customers in receipt of accounts have access to a payment site within a reasonable distance of their home.
- 8.2 Where any payment made to the Municipality, or its authorised agent, by negotiable instrument or direct debit, is later dishonoured by the bank, the municipality or its authorised agent:
- a. will recover the average bank charges incurred relating to a dishonoured negotiable instrument against the account of the customer;
 - b. may regard such an event as default on payment and the account shall be dealt with as an arrear account;

- c. reserves the right to take legal action on the negotiable instrument or for recovery of arrears.
- 8.3 Where the payment is made by debit/credit card through a 3rd party agent, such payments are limited to R2 500 per account per month. Payments made in excess of this value will result in an administration charge equivalent to the full commission charges being debited to the account.
- 8.4 The methods of payment shall be determined by the Chief Financial Officer from time to time.

9. FULL AND FINAL SETTLEMENT

- 9.1 Where the exact amount due and payable has not been paid in full, any lesser amount tendered and receipted, except when duly accepted in terms of delegation of power, shall not be in full and final settlement of such an account.
- 9.2 The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or receipted in full settlement.

10. CASH ALLOCATION

- 10.1 In accordance with section 102 of the Act, the Municipality may:
 - a. Consolidate any separate accounts of persons liable for payments to the municipality;
 - b. Credit a payment by such a person against ANY account of that person; and
 - c. Implement any of the debt collection and credit control measures provided for in this Policy in relation to any arrears on any of the accounts of such a person.
- 10.2 Any amounts paid may be appropriated to the oldest debt first where there are separate accounts, subject to clause **21.3**.
- 10.3 Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future rates and fees for municipal services, and no interest will be payable on that amount.

- 10.4 The Municipality's allocation of payment is not negotiable and the customer may not choose which services to pay.

11. INTEREST AND ADMINISTRATIVE CHARGES

- 11.1 Interest charges are raised on arrear amounts which appear on the Municipal accounts.
- 11.2 The interest rate is determined by the Chief Financial Officer and is reviewed from time to time.
- 11.3 An administrative charge as determined by a Resolution of the Municipal Council shall be levied on arrear rates where the Municipality has instituted legal action to recover same.

12. BUSINESSES WHO TENDER TO THE MUNICIPALITY

- 12.1 When inviting tenders for the provision of services or delivery of goods, potential contractors must declare that all relevant municipal accounts owing by the tenderer 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 the payments of arrears.
- 12.2 The Municipality will at its sole discretion check whether all the Municipal accounts are up to date.
- 12.3 No tender will be allocated to a person / contractor until suitable arrangement for the repayment of arrears over the duration of the contract, has been made. The tenderer must maintain arrangements and pay current installments as provided for in any contract with the Municipality.
- 12.4 Where payments are due to a contractor in respect of goods or services provided to the Municipality, any arrear amount owing to the Municipality may be set off against such payments.

13. AGREEMENT WITH EMPLOYERS

13.1 Section 103 of the Act reads as follows: -

" A Municipality may:

- a. with the consent of a person liable to the municipality for the payment of rates or other taxes or fees for municipal services, enter into an agreement with that person's employer to deduct from the salary or wages of the person-
- b. any outstanding amounts due by that person to the municipality; or
- c. such regular monthly amounts as may be agreed."

13.2 The onus to introduce such arrangements remains with each employer / employee.

13.3 A collection commission may be payable to the employer as determined from time to time.

14. STAFF AND COUNCILLORS IN ARREARS

14.1 Item 10 of Schedule 2 to the Act states that: - "A staff member of the Municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months and a municipality may deduct any outstanding amounts from a staff members salary after this period."

14.2 The Municipality, shall liaise with the relevant staff on repayment of their arrears and issue the necessary salary deduction instruction where appropriate.

14.3 Item 12A of Schedule 1 to the Act states that: - " A Councillor may not be in arrears to the municipality for rates and service charges for a period longer than three months."

14.4 The Municipal Manager shall liaise with the Mayor and issue the necessary salary deduction instruction where appropriate.

15. ARREAR ACCOUNTS

DISCONNECTION AND RECONNECTION OF SERVICES

15.1 Arrears on rates or services or any other consolidated debt may result in disconnection of services or with- holding use of Municipal facilities.

16. DOMESTIC WATER CUSTOMERS

- 16.1 Flow restrictors or flow limiters will be installed in the water connections of customers who have not paid for water for 60 days and who owe the Municipality more than an amount determined by the Chief Financial Officer from time to time, for water used.
- 16.2 On restriction of the water supply, customers have the following payment options:
- a. Pay the outstanding arrear amount plus all relevant charges in full;
 - b. Apply for a flow limiter and sign an Acknowledgement Of Debt, subject to **16.6** below.
 - c. Sign a Credit Authority for the arrears.
- 16.3 Confirmation of tampering of a restricted supply on two occasions may result in the entire water connection being removed. Customers have two options to facilitate the re-instatement of the water supply:
- a. Pay the outstanding debt in full (including all charges) plus the prevailing costs of a new connection and penalty charges;
 - b. Apply for a flow limiter and sign an Acknowledgement Of Debt. The connection costs and penalty charges must be paid immediately.
- 16.4 If a customer has received a new connection and then tampers with it again then the connection will be removed and will not be replaced until all outstanding water debts have been paid
- 16.5 All illegal connections that are found will be removed and owners and occupiers may be prosecuted by a court of law.
- 16.6 Customers whose water supply have been restricted :
- a. are obliged to attend a 15 minute training session;
 - b. must sign an Acknowledgement of Debt . The debt may not attract further interest for the duration of the Acknowledgement of Debt.
 - c. The flow limiting device will be removed once the outstanding amount is paid in full and the charge to remove the device is paid.
 - d. The training programme is vital as it makes customers aware of how to manage with the free basic water per day. The customer is also made

aware that if the flow limiting device is tampered with in any way and the supply of water to the property increases above the free basic water per day and the tampering is detected by the Council before it has been reported to eThekweni Water Services by the customer, then the supply of water to the property will be permanently disconnected until the amounts owing have been paid in full (including the cost of a new water connection). In this regard interest will again be due on the “frozen” amount from the date that the tampering is detected by the Council.

- e. The Acknowledgement of Debt shall be cancelled on application for a Revenue Clearance Certificate and all debts on the property shall become due, owing and payable.

- 16.7 In the event of a funeral, an application may be made for temporary relief whereby the flow limiter may be removed for a specific period of up to seven days only. This may be done upon payment of a prescribed fee as per the approved schedule of tariffs, to be reviewed annually. The flow limiter will be reinstated after seven days.

16.8 DEBT RELIEF PROGRAMME

- a. Debt Relief Programme is aimed at assisting customers who are in arrears for ninety days (90 days) or more and who reside on a property with a ratable value as determined by Council from time to time, or less.
- b. The customer is obliged to attend a training session whereafter the debt is written-off over a period of twenty months.
- c. The outstanding arrears are “parked” in a suspended account that does not attract any interest or other penalties if the customer pays the current account in full by the due date for payment.
- d. If the customer fails to pay the current monthly water account in full and by the due date, the customer is subject to having time added to his/her write-off period. e.g. twenty months could reach twenty four months. If the period over which the current account is not paid by the due date and exceeds four consecutive months, then the contract will terminate on the first day of the fifth month.
- e. The customer has a choice when s/he signs the debt relief contract to either stay on normal supply or s/he can choose to have a flow limiter installed thus limiting his/her consumption to an amount per day as determined in the schedule of tariffs.
 - i) The effect of a flow limiter is that a customer will receive a nil account at the end of the month and still benefit from the monthly write-off of one twentieth of the outstanding account versus the

customer on full supply who will receive a bill for water consumed which will have to be paid for as stated in point (c) above.

- ii) If the customer chooses to remain on normal supply and defaults on the current payments, then a flow limiter will be installed immediately. The customer may then pay the current arrears or make arrangements to pay same over a maximum period of three months, via a Credit Authority. Once the current debt is paid, the customer may return to normal supply.
- f. Should a customer be caught tampering or to have tampered with the water connection to a property, while such a contract is active and in effect, the contract will terminate immediately and the debt outstanding at the time the contract terminates will become payable in full, with the interest charges accruing as well as the cost of a new connection. If the customer reports any tampering before the Council detects it, then the contract will remain in effect.

16.9 DOMESTIC WATER INSURANCE

- a. Domestic customers may insure themselves against undetected underground leaks by payment of a monthly premium, which is raised on the consolidated bill, and forwarded to a private insurance company. If the insurance company is satisfied that the leak was underground and was repaired correctly then it will process the customer's claim and pay directly to the Municipality. Customers are given 60 days after the leak has been repaired to submit a claim. Customers are referred to the actual Insurance Policy Document for a detailed explanation on the conditions of Indemnity/Basis for Cover.
- b. The customer's account may be suspended for disconnections to water for a period of 60 days to facilitate the insurance process.
- c. Accounts shall not be suspended where there are disputes with respect to the amount paid by the insurance company.
- d. Disputes must be lodged, in writing, within 30 days of the claim being paid.

17. TERMINATION / TRANSFER OF SERVICES

- 17.1 At least 14 days notice is required from the customer upon termination / transfer of an account, to enable the Municipality to take final meter readings and process account adjustments.
- 17.2 Land – lords are not permitted to terminate water if there are occupants on the property and the account is not in arrears.
- 17.3 Customers are required to update their information details with the Municipality. Failure to respond to the Municipalities request for updated information may result in with-holding of services or prosecution.
- 17.4 The Municipality may exercise its common right in accordance with 7.1 above where a tenant on a property is in breach of his/her contract with the Municipality. The tenant shall forfeit his/her deposit to the owner where the outstanding debt is paid by the owner.

18. UNALLOCATED CONSUMPTION

When electricity and water consumption is recorded on a property during a period for which there is no registered customer against whom a bill can be raised, the relevant charges shall be raised against the registered owner on his consolidated bill.

19. REVENUE CLEARANCE CERTIFICATES

Subject to Sections 118(1) and (1A) of the Act, the following shall apply to the issue of a Revenue Clearance Certificate for the purpose of effecting transfer of a property to a new owner.

19.1 Assessments

Application shall be made by the conveyancer, in the prescribed format.

- a Copies of all the accounts must accompany the application. If the relevant information is not provided, the application will be returned to the conveyancer.

- b The assessment shall remain valid for a period of 30 days. If payment has not been received within this period, a re-assessment may be required and payment of a further assessment fee will apply.
- c Amounts raised on the Supplementary Valuation Roll prior to the effective date of that roll, will be billed for the purpose of the assessment. The seller shall waive his right to be billed on the effective date of such roll.
- d The onus rests with the seller to ensure that on new sub-divisions, the debts on the parent property are fully paid.
- e Discrepancies in respect of the above may result in delays in issuing of a clearance certificate, and in addition may result in levying of additional backdated rates and / or penalties and / or service charges.
- f Any amounts paid shall be appropriated to the oldest debt first.
- g A separate application is required for each transfer.

19.2 Clearance Certificates

- a Payment on the assessment must be made in cash or by irrevocable bank guaranteed cheque, or an Attorney’s Trust cheque.
- b There shall be no refunds on the cancellation of a sale.
- c The Certificate shall be valid for a period of 60 days from date of issue.

20. LEGAL ACTION

- 20.1 Legal steps may be taken to collect arrears where;
 - a disconnection action yielded no satisfactory result;
 - b disconnection action is not possible due to the nature of the services for which the account has been rendered; or
 - c the arrears are older than 90 days

- 20.2 The Chief Financial Officer is authorized to write off bad debts in accordance with the provisions of Section 113 of Ordinance 25 of 1974 and on instructions of the Executive Committee.

- 20.3 The Municipality will enforce any other rights or exercise any power conferred on it by any other legislation.
- 20.4 The Municipality may, in terms of Section 28 of the Municipal Property Rating Act, recover arrear rates from tenants / managing agents in occupation of the relevant property but only to the extent of the rent payable or amount due by the tenant but not yet paid to the owner of the property. This does not preclude further legal action against the owner.
- 20.5 For residential properties occupied by owners, all reasonable steps shall be taken to ensure that the ultimate sanction of judgment and sale-in-execution is avoided or taken as the last resort. The Municipality, however, has total commitment to follow the legal process through to judgment and sale-in-execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time.
- 20.6 Once judgment is obtained the properties will be advertised and sold through public auction, unless appropriate settlement has been made to the satisfaction of the Municipality. The Municipality shall assess annually, the appropriate minimum amount below which it will not attach homes.
- 20.7 legal costs shall be debited to the relevant debtors account.
- 20.8 Metering and connection equipment remain in the ownership of the Municipality at all times and the owner of the property, on which such Municipal Meters and connection equipment is installed, shall be held responsible for all instances of tampering, damage or theft. Accordingly, the owner of the property concerned is liable for any breach of this duty may be prosecuted.

21. ACKNOWLEDGEMENTS OF DEBT / CREDIT AUTHORITY (CA) & OFFER TO SETTLE IN TERMS OF SECTION 58 OF THE MAGISTRATES COURT ACT hereinafter referred to as a Credit Authority (CA)

- 21.1 The Municipality may, at its discretion, enter into a CA and an admission of liability, with customers and owners in arrears with municipal service fees, surcharges on fees, property rates and other municipal taxes, levies, duties and sundry charges.

- 21.2 Before any CA is concluded, all services must be consolidated onto one account (if not done previously) and a CA concluded for the full debt of all services where possible.
- 21.3 The customers' current account must be paid in full, and maintained, for the duration of the agreement.
- 21.4 The owner of a property must consent in writing to aCA and admission of liability with the Municipality and his tenant.
- 21.5 Re-connection and disconnection fees, where applicable, must be paid in full before any CA can be entered into.
- 21.6 By entering into a CA the debtor(s), and where applicable, the owner, acknowledge that failure to meet any installment will result in prompt disconnection action being taken, without prejudice to any legal action that the Municipality may take to recover the arrears.
- 21.7 CA's negotiated on business accounts shall require the agreement to be signed by a duly authorised Director / Member of the business. Personal sureties, to the value of the debt plus current accounts, or increased deposits, are also required. Under no circumstances are agreements to be completed without such sureties or increased deposits.**
- 21.8 Subject to **16** above, a CA may **not** be granted where:
- a. Arrears have arisen due to dishonoured cheques, direct debit reversals etc;
 - b. Instances of repeated meter tampering have been identified
 - c. The services have been removed; or
 - d. The customer's deposit has been increased due to a poor risk profile.
- 21.9 Where any debt has arisen as a result of the Municipality having applied an incorrect charge and/or tariff, the customer may arrange to pay the debt over a maximum period at the discretion of the Chief Financial Officer and any interest or penalties may be waived.
- 21.10 Should any dispute arise with respect to the amount owing, the debtor will continue to make regular payments based on the average charges for the preceding three (3) months prior to the dispute, plus interest where applicable.
- 21.11 The amount of the down payment and the period of the CA shall be at the discretion of the Chief Financial Officer.
- 21.12 The CA shall be terminated if a debtor relocates from the property. The balance owing shall become immediately due and payable.

- 21.13 The monthly installments on aCA are payable within twenty one (21) days from the date of the account notwithstanding any further extension of time printed on the face of the account.
- 21.14 A CA shall be cancelled upon application for a Revenue Clearance Certificate on the property, and the whole debt shall become due, owing and payable, notwithstanding any agreement to the contrary.

22. DISPUTES

- 22.1 A customer who disputes a Municipal Account must submit each dispute in writing to the Chief Financial Officer stating the reasons for such dispute and any relevant facts, information or representation which the Chief Financial Officer should consider to resolve the dispute.
- 22.2 The CFO or his nominee may hear representations from customers who dispute an account and he/his nominee may take a decision, based on the spirit of the Policy, that is binding.
- 22.3 A dispute submitted above shall not stop or defer the continuation of any legal procedure already instituted for the recovery of arrear payment relating to such dispute.

23. REFUNDS

Provided all the customers accounts are paid, credits on accounts shall be refunded, on application, as follows:

- 23.1 on a water or electricity account: to the account holder;
- 23.2 where the owner pays the tenants account in terms of Section 118(3) of the Act : to the owner;
- 23.3 on transfer of a property: to the conveyancing attorney.

24. POLICY EVALUATION AND REVIEW

To be in a position to measure the outcome of the Policy , the Municipality believes that the output of this Policy should be measured in terms of general recognized accounting practices and the following benchmarks will be applicable:

24.1	DEBT COLLECTION PERIOD	=	$\frac{\text{Total amount outstanding}}{\text{revenue}}$	X	$\frac{365}{1}$
24.2	ANNUAL DEBTORS COLLECTION RATE	=	$\frac{\text{last 12 months receipts from debtors}}{\text{last 12 months billing}}$	X	$\frac{100}{1}$

The norm on the debt collection period is set at **130** days and the collection rate is set at **96 %**

This Policy supersedes previous resolutions relating to Credit Control and Debt Collection.

Annexure A

ASSISTANCE TO THE POOR

Electricity:

A special tariff has been designed to assist customers who need and use little electricity. Currently, those who select this tariff receive a minimum of 100 kwhs per month free / and up to 140 kwhs each month at advantageous rates. These tariffs may be amended by Council at its annual budget from time to time.

Water:

Currently, a minimum of 300 litres of water consumed each day are free to all domestic customers. However there are three levels of service available to Domestic Residential Customers based on certain conditions.

- a. The Ground Tank service provides a maximum supply of 300 litres of water per day which is free;

- b. The Semi-pressure service offers a reduced tariff for consumption between 300 litres and 1000 litres per day and are not charged any fixed charges irrespective of consumption;
- c. The Full- pressure service customers who reside in residential properties with a rateable value as determined by Council at its annual budget, or less are not charged any fixed charges.

These tariffs may be amended by Council at its annual budget.

The Head : Water and Sanitation is authorised to make water available to informal communities through the use of the standpipes that are approximately 200 meters away from any informal dwelling with the cost of these installations being met by the Water undertaking. Water supplied through these standpipes is free of charge. As and when such standpipes are installed to supply water to an informal community, all the illegal connections to such communities will be removed immediately after the standpipes have been installed.

If it is found that illegal connections are made to these standpipes and not reported to the Council, the standpipe connection will be disconnected and removed.

If any member of the informal community, served by standpipes, wishes to receive a higher level of service, the higher level of service will be provided on payment of the prescribed tariff charge.

The provision of a free standpipe and water will be strictly limited to supplying people who are living in informal communities. Where an informal community is located on privately owned land, the consent of the private land owner may be sought before such a service can be provided. Such consent may not be unduly with-held.

Assessment Rates:

In addition to the R15 000 reduction in value of residential property imposed by the Local Government : Municipal Property Rates Act 6 of 2004, the Municipality may grant an additional reduction by resolution of Council at its annual budget. This further reduction is aimed primarily at persons owning low-cost properties and is an integral part of the municipality's indigent relief measures.

Acknowledgement Of Debt

where a debtor occupies property of the kind referred to above, and qualifies for a full reduction in the value of his/her property, and where such debtor enters into an Acknowledgement Of Debt with the Municipality to pay off arrears for service charges, no further interest will be added to the arrears outstanding if during the period, the debtor adheres to the Agreement.