NDWEDWE MUNICIPALITY

APPROVED

CREDIT CONTROL AND DEBT COLLECTION POLICY

2025/2026

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PREAMBLE

WHEREAS Section 95 of the Local Government: Municipal Systems Act obliges the Municipality to establish a sound customer management system that aims to create a positive and reciprocal relationship between people liable for these payments and the Municipality;

AND WHEREAS Section 96 of the Local Government: Municipal Systems Act provides that a Municipality must collect all money that is due and payable to it for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies.

AND WHEREAS Section 97 of the Local Government: Municipal Systems Act provides that the credit control and debt collection policy must provide for credit control and debt collection procedures and mechanisms as well as provision for indigent debtors that is consistent with its rates and tariff policies and any national policies on indigents.

CREDIT CONTROL AND
DEBT COLLECTION POLICY

PART A – CREDIT CONTROL PROCEDURES

1. **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; sundry charges, housing services and rates.
"Act"	The Local Government: Municipal Systems Act, 2000(Act No. 32 of 2000) as amended from time to time.
"actual consumption**"**	Means the measured consumption of any customer.
"agreement"	Means the contractual relationship between the Municipality or its authorised agent and a customer, whether written or deemed.
"applicable charges"	Means the rate, charge, tariff, flat rate, or subsidy determined by the municipality.
"area of supply**"**	Means any area within or partly within the area of jurisdiction of the municipality or such other areas where the service is requested.
"arrears"	Any amount due, owing and payable by a customer to the Municipality in respect of municipal services, sundry charges, housing services and rates not paid by due date.
"arrangement"	Means written agreement entered into between the Council and the debtor where specific repayment parameters are agreed.

"authorised agent" Means

(a) any person authorised by the municipality to perform any act, function or duty in terms of, or exercise any power under these bylaws, and/or

(b) any person to whom the municipality has delegated the performance of certain rights, duties and obligations in respect of providing revenue services; and/or

(c) any person appointed by the municipality in terms of a written contract or a service provider to provide revenue services to customers on its behalf, to the extent authorized in such contract.

"average consumption"	Means the average consumption of a customer of a municipal service during a specific period, which consumption is calculated by dividing the customer's total measured consumption of that municipal service over the preceding six months by six.

"Chief Financial Officer"	Means a Person employed by the Municipality as its Chief Financial Officer
"commercial customer"	Means any customer other than household and indigent customers, including without limitation, business, government and institutional customers.
"connection"	Means the point from which a customer gains access to municipal services.
"Consolidated Bill"	A monthly bill reflecting all monies due to the Municipality in terms of Section 102 of the Act..
"councillor"	Means a person as defined in terms of the Act;
"Credit Control"	All functions relating to the collection of monies owed to the Municipality.
"customer"	A person with whom the Municipality or its authorised agent has concluded an agreement or has an account with the Municipality
"debtor"	Means any person indebted to the Municipality;
"defaulter"	Any customer or ratepayer in arrears.
"deposit"	An amount required as security to be determined by the Municipality.
"due date"	(i) **Monthly** The monthly date on which all accounts become due and payable which date shall be within 30 days after the date of the account during normal cashier hours. (ii) **Annual** Where the owner has entered into an agreement with the Municipality to pay property rates annually, the due date shall be a date to be determined by the Municipality.
"household customer"	Means a customer that occupies a dwelling, structure or property primarily for residential purposes.
"household"	Means a traditional family unit consisting of a combination of persons over the age of eighteen and persons eighteen years and younger living together as a family unit.
"housing services"	Means any rental (rates if applicable) instalment, administration charges, insurance premiums and housing interest.
"interest"	A charge with the same legal authority as service fees and calculated at a rate determined by Council from time to time on all arrear accounts.
"illegal connection"	A connection to any system through which the municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.
"Indigent Customer"	Means a household customer qualifying and registered with the municipality as an indigent.
"MFMA"	Means the Municipal Finance Management Act No 56 of 2003

"Municipality or Council"	Means the NDWEDWE MUNICIPAL COUNCIL and includes the Mayor, Political Office Bearers, Political Structures, Municipal Manager and any Official who has delegated powers in terms of Section 59 of the Local Government Municipal Systems Act (Act No. 32 of 2000).
"municipal area"	Means the area of the NDWEDWE MUNICIPALITY as determined by the demarcation board in terms of the Demarcation Act;
"municipal manager"	Means the person appointed by the municipality as the manager of the municipality in terms of section 55 and 57 of the Municipal Systems Act read with Section 82 of the Local Government Municipal Structures Act 1998 (Act No. 117 of 1998) and includes any person: (a) acting in such position; and (b) to whom the municipal manager has delegated a power, function or duty in respect of such a delegated power, function or duty.
"municipal service"	Means services provided by the municipality or its authorised agent, including refuse removal and electricity services.
"occupier"	Includes any person in actual occupation of the land or premises without regard to the title under which he occupies, and in the case of premises sub-divided and let to lodgers or various tenants, shall include the person receiving the rent payable by lodgers or tenants whether for his own account or as an agent for any person entitled thereto or interested therein.
"owner"	a. the person in whom from time to time is vested the legal title to immovable property; b. in case where a person in whom the legal title to immovable property is vested is insolvent or deceased, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative; c. in any case where the Municipality or its authorised agent is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such immovable property or a building thereon; d. in the case of premises for which a lease agreement of 30 years or longer has been entered into, the lessee thereof; e. in relation to: i A piece of land delineated on a sectional plan registered in terms of Sectional Title Act, 1986 (Act No. 95 of 1986), the developer or the body corporate in respect of common property; or ii a section as defined in the Sectional Title Act, 1986 (Act No. 95 of 1986), the person in whose name such section is

registered under a sectional title deed and includes the lawfully appointed agent of such person; or

iii a 'Home Owners Association', all members of the Association.

f the Ingonyama Trust, where the land is vested in the Trust by virtue of the provisions of the Ingonyama Trust Act.

g. any legal person including but not limited to:

i a company registered in terms of the Companies Act, (Act 61 of 1973), a trust, a close corporation registered in terms of the Close Corporation Act, (Act 69 of 1984) a voluntary association and any department of State;

ii any Council or Board established in terms of any legislation applicable to the Republic of South Africa;

iii any Embassy or other foreign entity.

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

"public notice" Means publication in an appropriate medium that may include one or more of the following: -

(a) publication of a notice, in an official language determined by the Municipality in the local newspaper or newspapers in the area of the municipality; or in the newspaper or newspapers circulating in the area of the municipality determined by the Municipality as a newspaper on record; or by means of radio broadcast covering the area of the municipality; or displaying a notice at appropriate offices and pay-points of the municipality or its authorised agent, or

(b) communication with customers through public meetings and ward committee meetings; "rates" means municipal tax levied on the valuation of property. The rate is expressed as cents in the rand;

"Ratepayer" Means a person who is liable to the Municipality for the payment of:

a) Rates on the property within in the Municipal area.

b) Any other tax, duty, or levy imposed by the Municipality

or

c) Fees for the services provided either by the Municipality or in terms of a service delivery agreement,

"resident" Means a person who ordinarily resides in the Municipal area;

"Service Authority" Means the power of a Municipality to regulate the provision of a municipal service by a service provider;

"Service Delivery Agreement"	Means an agreement between a municipality and an institution or person mentioned in section 76(b) of the Act in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the Municipality.
"Service provider"	Means a person or institution or any combination of persons and institutions which provide a municipal service;
Service Utility"	Means a municipal entity established in terms of Section 82B;
"Staff"	Means the employees of the municipality, including the municipal manager;
"supply zone"	Means an area, determined by the municipality or its authorise agent, within which all customers are provided with service from the same bulk supply connection;
"rates"	Municipal tax levied on the valuation of property. The rate is expressed as cents in the rand.
"Rates Act"	Municipal Property Rates Act 6 of 2004.

"Vat"	A charge legislated in terms of the Vat Act.
"Sundry charges"	Any charge excluding a municipal service, housing service and rates.

2. <u>PURPOSE</u>

This policy has been compiled as required in terms of Section 96 & 97 of the Local Government: Municipal Systems Act 32 of 2000 and is designed to provide credit control and debt collection procedures and mechanisms.

3. APPLICATION AND REGISTRATIONS FOR MUNICIPAL SERVICES

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

3.2 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;
And

3.3 With respect to residential registrations, where the customer is the owner of the property the following documents must be produced:

i. Certified copy of identity document or passport;

ii. A letter from the transferring attorney confirming ownership or a copy of the Title Deed; and

iii. Ratable details or rate number of the property, if available.

3.4 With respect to residential registrations, where the customer is the tenant of the property the following documents must be produced:

i. Certified copy of identity document or passport;

ii. A signed lease agreement and if available

iii. A letter of consent from the property owner acknowledging that he is aware of his liability in terms of Section 118 (3) of the Act in respect of outstanding Municipal service fees, surcharges on fees, property rates and other Municipal taxes and levies which is a charge upon the property.

iv. A Body Corporate levy statement, share certificate, purchase and sale agreement or a letter from the transferring attorney confirming the details of the property owner, or Title Deed.

3.5 With respect to commercial registrations the following documents must be produced:

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i. The Certificate of Registration or incorporation of the Company, CC, Trust, or Partnership. In addition, in the case of company, the CM29;

ii Certified copy of the identity document or passport of one of the directors, members, trustees or owners in the case of a sole proprietor, who would open an account.

iii Letters of authority in the case of a partnership or sole proprietor.

iv. Personal sureties from one or more of the Directors / Members of a Company / CC / Trust or Partnership.

v. Proof that the business is duly registered as a business levy payer or is exempted therefrom.

vi. VAT registration numbers if applicable

vii. landlords consent / lease agreement / agents mandate between landlord / agent

viii. proof of ownership of property

ix. In the event of the company leasing the property a letter from the owner acknowledging that he is aware of his liability in terms of Section 118 (3) of the Act in respect of outstanding Municipal service fees, surcharges on fees, property rates and other Municipal taxes and levies which is a charge upon the property.

3.6. Customers who fail to register and who illegally consume services will be subjected to punitive measures or such civil or criminal action as the Municipality deems appropriate in terms of Section 53 of the NDWEDWE MUNICIPALITY Bylaws relating to Credit Control and Debt Collection.

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

4. ACCOUNTS MANAGEMENT

4.1 Assessment rates shall be billed on a monthly basis in terms of Section 64 (2) (b) of MFMA.

4.2 Monthly rates shall be levied in eleven equal installments, and subject to change as determined by the Chief Financial Officer from time to time.

4.3 The Municipality will undertake to have the accounts posted to all customers. However, 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.

4.4 The Municipality or its authorised agent must, if administratively possible, issue a duplicate account to a customer on request. Landlords may request copies of their tenants accounts.

4.5 The Accounts shall reflect at least:

a. The services rendered

b. The consumption of metered services or average, or estimated consumption.

c. The applicable charges

d. The amount due

e. property rates payable

d. Surcharges

g. Value Added Tax

h. Any rebates

i. The adjustments, if any, to metered consumption that has been previously estimated.

j. The arrears

k. The interest payable on arrears

l The final date of payment

m. The methods, places and approved agents where payment may be made.

n. Collection charges

o. Payments received.
p. Period stipulated in the account.

q. Any subsides.

4.6. The Municipality shall post or email the rates assessment.

5. PAYMENT OPTIONS

5.1 The Municipality must endeavour to establish a payment network to ensure that, wherever practically possible, customers in receipt of accounts have access to a payment site.

5.2 Every effort will be made to ensure that all payments, particularly from third-party agents, are received at least 5 working days prior to the due date for payment. However, the onus is on the customer to make allowance for delays in respect of such payments. Customers must ensure that payments made through third party agents (post-office: easy pay; etc) are received into the Municipalities bank account by due date. The Municipality will not accept responsibility for delays in receipt of payments.

5.3 The methods of payment shall be pronounced by the Chief Financial Officer from time to time.

6. DISHONOURED PAYMENTS

Where any payment made to the Municipality or its authorised agent by negotiable instrument, is later dishonoured by the bank, the municipality or its authorised agent:

A. will recover the bank charges, penalties and collection charges incurred relating to a dishonoured negotiable instrument against the account of the customer;

B. shall regard such an event as default on payment and shall be dealt with as an arrear account;

C. reserves the right to take legal action.

7. CASH ALLOCATION PRIORITIES

7.1 When part payments are received against a Consolidated Account, the Municipality shall allocate such payments first to the oldest debt and then to the current debt in terms of the following table of priorities as determined from time to time:

PRIORITY NO.	STATUS	SERVICE
1	Arrears	All other Municipal charges including interest, collection charges and penalties.
5	Arrears	Refuse Charges
6	Arrears	Rates
12	Current	Refuse Charges
13	Current	Rates

8. RESPONSIBILITY FOR AMOUNTS DUE AND PAYABLE

8.1 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.

8.2 Accordingly, all such Municipal debts shall be a charge upon the property, the subject thereof, and shall be payable by the owner of such property.

8.3 Any person who purchases or otherwise acquires or leases immovable property from the Municipality shall be deemed to be the owner thereof from the date of such purchase or other acquisition by him or from the commencement of such lease, as the case may be.

8.4 Where the property is owned by more than one person, each such person shall be liable jointly and severally for all Municipal debts charged on the property.

8.5 Owners shall be held jointly and severally liable, with their tenants who are registered as customers for municipal services.

8.6 Tenants and/or agents shall be held liable for any arrear rates restricted to the rental, in terms of both the Ordinance No 25 of 1974 and the Rates Act 6 of 2004.

9. INTEREST / PENALTY CHARGES ON OUTSTANDING ACCOUNTS

The Municipality may in terms of Section 97(1)(e) read with Section 75A (as amended by G.G. No. 24149 dated 05/12/2002) of the Act shall:

9.1 Charge interest/penalty as specified in the tariff of charges from time to time.

9.2 Recover 1% collection charges:

(a) On all arrear rate accounts not paid within sixty (60) days of final due date.

(b) On all arrear monthly rate account not paid as of the 30th June each year.

9.3 Once the debt is handed over for collection to charge all costs incurred in the debt collection including any collection commission (if applicable).

9.4 The general power to levy and recover collection charges and interest on any outstanding amount shall be determined by the municipality by resolution passed by the Municipal Council from time to time.

10. BUSINESSES WHO TENDER TO THE MUNICIPALITY

10.1 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 municipality 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 on-compliance) have been made for the payments of arrears. To this end, copies of the municipality account and the identity documents of all directors, members or partners.

10.2 No tender shall be allocated to a person / contractor until suitable arrangement for the repayment of arrears, has been made. The tenderer must maintain arrangements and pay current installments as provided for in any contract with the Municipality.

10.3 Where payments are due to a contractor in respect of goods or services provided to the Council, any arrear amount owing to the Council shall be offset as a first charge against such payments as provided for in the contract with the Municipality.

10.4 A condition allowing the Municipality to deduct any moneys owing to the Municipality from contract payments.

11. MUNICIPAL CLEARANCE CERTIFICATES

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

11.1 **Assessments**

13.1.1 Application shall be made by the Conveyancing Attorney, in the prescribed format by providing the following information in respect of the property in question:

i. Present owner of the property;

ii. Property description;

iii. Physical address;

iv. Rates Account No's;

vii Purchasers details; identity numbers and postal address and Purchasers domicilium citandi et executandi;

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

13.1.2 Every effort will be made to issue an assessment within five days of receipt of application. Certain delays may be experienced in respect of:

i. New sub-divisions;

ii. Pending building plans;

iii. Special investigations.

With respect to the aforesaid, the following is required to be submitted to the consultant valuers:

a. a copy of the survey diagrams/general plans;

b. a copy of the sale agreements;

c. a copy of the relevant proclamation notices;

d. seller contact details; and

e. building plans on request.

Conveyancers will be notified of possible delays.

11.1.3. The **assessment shall include the following:**

i. Rates for the balance of the year (to 30 June) still outstanding. Where application is made after 01 January the assessment shall be for a period of six (6) months until the rate increases for the new financial year have been finalized and approved. After the 01st March the assessment will revert to the end of the new financial year.

iv Assessment Fee - As per the prescribed tariff.

11.1.4 **Period of validity**

The assessment shall remain valid for a period of 60 days. If payment has not been received within this period, a re-assessment may be required and payment of a further municipal clearance fee will apply.

11.1.5 T**he onus rests with the seller to ensure:**

i that all buildings on the property are in accordance with the building plans approved by the Municipality;

ii the premises in question are being utilised in accordance with its zoning;

iii that all outstanding accounts accruing to the Municipality in respect of the property is fully paid.

11.1.6 Any 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.

11.1.7 Any amounts paid shall be appropriated to the oldest debt first.

11.1.8 **Clearance Certificates**

i Every effort will be made to issue a Municipal Clearance Certificate within five days of receiving payment;

ii Payment on the assessment must be made in cash or by bank guarantee cheque;

iii An unconditional letter of undertaking maybe accepted in lieu of a cash payment in fully motivated exceptional circumstances, and subject to the written approval of the Chief Financial Officer of the Municipality.

iv The letter of undertaking must be :

Issued by the Conveyancing Attorney, in the prescribed format;
Unconditional;
For the full amount outstanding; and
For a specified period of time acceptable to the Municipality

11.1.8.1 Bank Guarantees shall not be accepted.

11.1.8.2 An Attorney's Trust cheque may be accepted in lieu of cash payment.

11.1.8.3 There shall be no refunds on the cancellation of a sale.

11.1.8.4 The Certificate shall be valid for a period of 90 days from date of issue.

12. **PROPERTY RATES**

12.1 All properties within the boundary of the NDWEDWE MUNICIPALITY are to be valued in terms of the legislation applicable to the valuation of properties for the purposes of levying property rates.

12.2 Rebates on rates may be granted by Municipality in terms of the Municipality's rating policy.

12.3 Owners must pay the property rates in eleven equal monthly installments or over a period as determined by Council. Regular monthly instalments payments must be maintained.

PAYMENT OF CURRENT RATES

12.4. In terms of Section 26 of the Municipal Property Rates Act:

i) A municipality may recover a rate –

(a) on a monthly basis or less often as may be prescribed in terms of the Municipal Finance Management Act; or

(b) annually, as may be agreed to with the owner of the property.

ii) (a) If a rate is payable in a single amount annually it must be paid on or before a date determined by the municipality.

(b) If a rate is payable in instalments it must be paid on or before a date in each period determined by the municipality.

12.5 In the event of the ratepayer failing to pay any three monthly instalments during the financial year in which the rates are raised then the ratepayer shall be liable to pay the full outstanding rates.

13. ASSISTANCE TO THE POOR

13.1 a) This policy document aims to ensure that this Municipality's approach to debt recovery is sensitive, transparent and is equitably applied through out the area of jurisdiction.

b) The Municipality has taken cognizance of the high level of poverty and unemployment, which is prevalent in various areas and has developed several initiatives to assist those customers who are economically unable to meet normal rates and service charges.

c) Indigent subsidy shall apply to a household and not an individual as the underlying principle of the Municipality in the provision of a service is that the service is provided to a property. Where therefore the aggregate income of the members of the household exceeds the applicable subsidized levels, such a household would not be entitled to a subsidy.

d) A private residential property can only be registered as indigent under the following conditions:

- The municipal value of the land and buildings must not exceed R60 000-00.
- The member of a private household who is responsible for the payment of the service account must apply for the household to be registered as indigent.
- The total gross monthly income of all members of the household must not exceed the limit set by Council from time to time.
- The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside.

- The onus is on the recipient to inform the Municipality of any change in his/her financial status or personal household circumstances.

- All existing indigent applicants shall be reviewed /entertained after a period of equal to financial year from the date of registration to assess the provision of continued basic service for the ensuing financial year.

e) Indigent support shall be withdrawn by the Municipality in the event of the recipient misusing the system or providing incorrect information. In this regard the Municipality shall:

i. Recover from the recipient the amount of relief furnished by debiting his account.

ii Apply the normal credit control in accordance with the Credit Control and Debt Control policy.

iii Institute a criminal charge of fraud against the recipient.

13.2 The Municipality shall apply the following indigent policies:

13.2.3 Rates in line with the policy

14. AGREEMENT WITH EMPLOYERS

14.1 Section 103 of the Act reads as follows:--

" A Municipality may:

14.1.1 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-

14.1.1.1 any outstanding amounts due by that person to the Municipality; or

14.1.1.2 such regular monthly amounts as may be agreed."

14.2 the onus to introduce such arrangements remains with each employer / employee.

15 STAFF IN ARREARS

15.1 Item10 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 member's salary after this period."

15.2. The Municipality, shall liaise with the relevant staff and their departmental representatives and issue the necessary salary deduction instruction where appropriate after compliance with the Provisions of the Basic Conditions of Employment Act.

16. COUNCILLORS IN ARREARS

A councilor may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months in terms of Section 12A of the Act.

The Municipality upon consultation with the Councillor, shall make appropriate arrangements to have the arrears paid.

PART B – DEBT COLLECTION PROCEDURES

17. ARREAR MESSAGE ON ACCOUNTS

17.1 When a monthly account is in arrears, the next account will clearly highlight an appropriate reminder message.

18. CREDIT AGREEMENTS

18.1 The Municipality may, at its discretion, enter into a Credit Agreement with customers in arrears for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies, duties and community charges. Such agreement must include maintenance of the current monthly charges.

18.2 Credit Agreements negotiated on business accounts shall require the agreement to be signed by a duly authorised Director / Member of the company and or close corporation. Such director and member shall be obliged to sign a personal surety to secure the payment of the company and or close corporation's liability to the Municipality. **Under no circumstances are agreements to be completed without such sureties.**

18.3 Credit agreements negotiated with Trusts shall require such agreement to be signed by a duly authorised trustee of the trust. However, all trustees are obliged to secure the indebtedness of the trust by signing a personal surety jointly and severally to secure the payment of the trusts liability to the Municipality. **Under no circumstances are agreements to be completed without such sureties.**

18.3 Details of the original amount of the Credit Agreement, the monthly installments and the current balance outstanding thereon are included on each subsequent account until such time as the Credit Agreement is liquidated by full payment of the debt.

18.4 Credit Agreements may **not** be granted where:

a. Arrears have arisen due to dishonoured cheques, direct debit reversals etc;

18.5 Telephonic and SMS request for payment. Council shall authorise credit control to:-

a) Telephone customers between the hours of 18h00 to 20h00 to advise of the arrear account and request payment

b) To engage the services of a service provider to forward SMS messages to all customers in arrears

19. PROPERTY RATES AND CONSOLIDATED BILLING

19.1 Property rates shall form part pf the Consolidated Bill

19.2 Arrear rates or any other consolidated debt may result in disconnection of certain services.

19.3 The Municipality may, in terms of Section 28 of the Municipal Property Rates 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.

19.4 The Municipality may make application to court for judgment, costs and the summary sale of the property in appropriate circumstances. Legal costs and collection commission shall be debited to the relevant debtors accounts In the event of the Municipality through its internal collection procedure recovering the debt from the customer, the customer shall be liable for any disbursements and collection commission.

19.5 Once judgment is obtained the properties will be advertised and sold through public auction.

19.6 The municipality shall follow the legal process to recover any portion of the debt outstanding once the account is in arrears for more than **sixty (60) days**. The municipality shall annually assess the appropriate minimum amount below which it will not attach immovable property.

20. LEGAL ACTION

20.1 Legal steps may be taken to collect arrears such as in the following cases;

- Where cut-off action yielded no satisfactory result;
- Where no cut off action is possible due to the nature of the services for which the account has been rendered
- Where the arrears are older than 60 days

A pre-investigation into the account and debtor details is carried out before the preparation of a summons. The data of an appointed Credit Bureau is utilized. Telephonic Contact is made with the debtor before summons is issued to curb costs.

Guidelines, as tabulated, must be set and reviewed at least on an annual basis to ensure that they remain relevant:

DEBT VALUE RAND	**RECOVERY ACTION**
Up to R500	Letter of Demand and/or Summons at the discretion of the C.F.O.
from R501 to R1000	Proceed to the issue of summons should the debtor appear to be of sufficient financial stature.
From R1000 onwards	Assess the likely financial stature of the debtor, incur tracing costs where appropriate and proceed along the legal route reviewing at each stage whether it is viable to continue incurring costs.

20.2 All Offers of Compromise, out of court settlement offers and/ or settlement offers for full and

final payment received are to be approved by the Chief Financial Officer.

20.3. The Municipal Manager 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.

20.4 The Municipality may enforce any other rights or exercise any power conferred on it by any other legislation.

20.5 The Municipality may through its own internal policy proceed to recover all outstanding debt and charge disbursements and collection charges.

DEBT COLLECTION PROCEDURES

The debt collection policy determines that municipal accounts be paid on the due date as indicated on the account and that non-payment of accounts will result in debt collection action.

20.6 **ARRANGEMENTS – DEBT COLLECTION**

a) A customer who cannot pay the municipal account except for electricity may enter into an arrangement agreement to pay the account over an extended period of time.

b) The customer must:

- Sign an acknowledgement of debt;
- Acknowledge that interest will be charged at the prescribed rate.
- Acknowledge that if the arrangements being negotiated later are defaulted on, legal proceedings will immediately take place.

20.8 **DISHONOURING OF ARRANGEMENT**

In the event that an arrangement has been dishonoured, all arrears plus the current monthly account has to be paid in full.

20.9 Customers have been categorised into the following income categories:-

- Indigent (Gross household income of less than the monthly amount determined by Council)
- Not indigent (Gross household income of more than the monthly amount determined by Council for indigent)
- Non-domestic (excludes Government Departments)
- Government Departments.

20.10 Arrangements by non indigent customers must include the following:

- Payment of the current monthly account.
- Payment of arrears for the current financial year over a maximum period of 12 months.

20.11 Arrangements by indigent customers:

(b) Arrangement for the payment of debt will be as determined for the payment of arrears

(c) Income group as determined by Council from time to time over a maximum period of 36 months.

20.13 **DEBT ARRANGEMENT**

25.13.2 The principle that the monthly account must be paid, will apply.

25.13.3 Indigent Customers
(a) All indigent customers with arrears will be put on the percentage block type and a percentage of payment received to purchase electricity will be allocated to arrears.

21. **PROVISION FOR BAD DEBTS**

21.1 The municipality must make provision for the debts that are identified as being irrecoverable. However, the municipality must ensure that all the means applicable to recover the debts as outlined in the Credit Control and Debt Collection policy are utilized.

The above stated in 21.1 will not be applicable to government debtors, as these are generally considered to be low risk due to historical experience and engagements that have transpired **.**

21.2 Provision for bad debts on municipal accounts will therefore be calculated as follows:

Debtors with Credit balances - 0%

Government Debt -0%

0 - 30 Days debt - is not to be considered bad

60-90 Days debt - 25% of the debt is considered bad

120-150 Days debt - 50% of the debt is considered bad

+**180 Days debt** - 90% of the debt is considered bad / Irrecoverable

22. UNCOLLECTABLE ARREARS

22.1 The effective implementation of the present policy also implies a realistic review of the Municipality's debtors' book at the conclusion of each financial year. The Municipal Manager shall as soon as possible before 30 June each financial year present to the Council a report indicating the amount of arrears which it is believed is uncollectable, together with the reasons for this conclusion.

22.2 The Council shall then approve the write off of such arrears, if it is satisfied with the reasons provided.

PART C

23. CUSTOMER CARE MANAGEMENT

The municipality shall, for the levy of rates and taxes for the municipal charges, within its final and administrative capacity, have the following principles pertaining to customer care and management:

23.1 Establish a sound management system between the consumer and the municipality, to create a harmonious relationship between the consumer and the municipality so that consumers are treated with respect and dignity.

23.2 To establish a customer call centre, with a shared call facility to attend to the following:

23.3. To receive communication from consumers regarding the quality of service, performance of the municipality and the accuracy of the accounts.

23.4. To enable consumers to query and verify their accounts (rates and refuse) and to promptly resolve the query and rectify the inaccurate account. The queries or complaints in respect of account may be dealt with as follows:

23.4.1 A customer may lodge a query or complaint in respect of any accuracy of an amount due and payable in respect of a specific municipal service as reflected on the account rendered.

23.4.1 A query or complaint must be lodged with the municipality or its authorized agent before the due date for payment of the account.

23.4.2 A query or complaint must be accompanied by the payment of the average of the last three month's accounts where history of the account is available or an estimated amount provided by the municipality before payment due date until the matter is resolved.

23.4.3 The municipality or its authorized agent will register the query or complaint and provide the customer with a reference number.

23.4.4 The municipality or its authorized agent:-

(a) shall investigate or cause the query or complaint to be investigate and

(b) must inform the customer, in writing, of its finding within fourteen (14) days after the query or complaint was registered.

23.4.5 Failure to make such agreed interim payment or payments will render the customer liable for disconnection.

23.5. To inform the ratepayer that if they are dissatisfied with the manner in which their query was handled to follow a stipulated procedure of appeal to the Chief Financial Officer who shall promptly attend to the complaint. The ratepayer may appeal against finding of a municipality in respect of queries or complaints as follows:

23.5.1. A customer may appeal in writing against a finding of the municipality or its authorized agent in terms of Section 19.

23.5.2 An appeal and request in terms of subsection (1) must be made in writing and lodged with the municipality within 21 days after the customer became aware of the finding referred to in section 19 and must:

(a) set out the reason for the appeal; and

(b) be accompanied by any security determined for the testing of a measuring device, if applicable.

23.6. To ensure that the Manager Accountant Credit Control receives daily reports on such queries and monitors the response time and the efficiency in dealing with the query.

23.7 To take reasonable steps to inform ratepayer of the costs involved in the service, the changes to tariffs and policies, reasons for payment of the service fees and how their payments are utilized to provide the service.

23.8 To provide:

22.8.1 An electronic facility for the payment of accounts to the municipality's bank account.

22.8.2 Adequate and accessible pay points within the jurisdiction of the municipality for the payment of accounts.

The municipality shall, for the levying of rates and taxes for the municipal charges, within its final and administrative capacity, have the following principles pertaining to customer care and management:

23.8.3. Establish a sound management system between the consumer and the municipality, to create a harmonious relationship between the consumer and the municipality so that consumers are treated with respect and dignity.

23.9 To establish a customer call centre, with a shared call facility to attend to the following:

23.9.1 To receive communication from consumers regarding the quality of service, performance of the municipality and the accuracy of the accounts.

23.9.2 To enable consumers to query and verify their accounts (rates and refuse) and to promptly resolve the query and rectify the inaccurate account. The queries or complaints in respect of account may be dealt with as follows:

- a)A customer may lodge a query or complaint in respect of any accuracy of an amount due and payable in respect of a specific municipal service as reflected on the account rendered.

- A query or complaint must be lodged with the municipality or its authorized agent before the due date for payment of the account.

- A query or complaint must be accompanied by the payment of the average of the last three month's accounts where history of the account is available, or an estimated amount provided by the municipality before payment due date until the matter is resolved.

  The municipality or its authorized agent will register the query or complaint and provide the customer with a reference number.

- The municipality or its authorized agent:-

  (a) shall investigate or cause the query or complaint to be investigate; and

  (b) Must inform the customer, in writing, of its finding within one month after the query or complaint was registered.

This policy takes effect on the date on which it is adopted by the Council.

Policy adoption date	29 May 2025
Policy implementation date	1 July 2025
Next Review date	May 2026
Signed by……	Date.....