

FRANCES BAARD DISTRICT MUNICIPALITY

**Credit Control, Debt Collection
and Indigent Policy**



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1. DEFINITIONS

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 and means the following:

“Act”

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

“Arrangement”

A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed to.

“Arrears”

Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

“Authorized Representative”

Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;

“CFO”

Person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.

“Council”

The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa Act 108 of 1996.

“Credit Control”

Functions relating to the collection of monies owed by ratepayers and the users of municipal services.

“customer”

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

“defaulter”

Any person who owing the Council arrear monies in respect of rates and / or service charges;

“debtors”

Those persons or institutions owing money to Council for:

- Contributions made to provident funds on behalf of ex-employees in terms of benefits conferred by their conditions of service; or
- Expenditure incurred on behalf of third parties which relates to services provided by Councils for which expenses, administrative costs and levies are to be recovered from such beneficiaries; or
- Any other debt

“engineer”

The person in charge of the civil and/or electrical component of Council;

“equipment”

A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

“Implementing Authority”

Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Systems Act.

“interest”

A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies

“municipal account”

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

“Municipality”

Means the Frances Baard District Municipality.

“Municipal Manager”

The person appointed as Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;

“municipal services”

Those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied;

“occupier”

Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property

“owner”

- The person in whom from time to time is vested the legal title to premises;
- In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator,

- trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon; and
 - In the case of premises for where a lease agreement has been entered into

In relation to-

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

Any legal person including but not limited to-

- A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;
- Any department of State;
- Any Council established in terms of any legislation applicable to the Republic of South Africa;
- Any Embassy or other foreign entity;

“property” means—

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;

(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or

(d) public service infrastructure;

“Supervisory Authority”

Means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act.

2. INTRODUCTION

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

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

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

- Indigent Support
- Tariff Policy

3. LEGAL FRAMEWORK

This policy will be implemented within the legal framework of the constitution and relevant national legislation outlined hereunder.

Constitution of the RSA, (Act 108 of 1996)

Section 152 of the Constitution of the RSA, (Act 108 of 1996) sets out the objectives of local government. One of which is for a municipality to ensure that services are provided to communities in a sustainable manner.

The Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000)

Chapter 9 of this Act deals with debt collection and credit control. It requires that a municipality must:

- collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
- adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of this Act

The Municipal Structures Act, 1998 (Act 117 of 1998)

In Section 84 of this Act it deals with the division of powers between a district municipality and a local municipality and the imposition and collection of taxes and levies by the municipalities.

The Municipal Finance Management Act, 2003 (Act 56 of 2003)

4. GENERAL PRINCIPLES

In relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a municipality must, within its financial and administrative capacity—

- establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality, and where applicable, a service provider;
- establish effective accounting system that produces timeous, clear and understandable account for consumers

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

5. OBJECTIVE

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

- Providing a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collections;

- Ensuring that all money due and payable to the municipality is collected and used to deliver municipal services in a financially sustainable manner;
- Setting realistic targets for debt collection;
- Outlining credit control and debt collection policy procedures and mechanisms; and
- Providing a framework to link the municipal budget to indigent support and tariff policies.

6. ARES OF APPLICATION

This policy applies within the jurisdiction area of the France Baard District Municipality in relation to the Demarcation Act.

7. SPECIFIC EXCLUSIONS

Any agreements entered into between Council and any organ of State will be dealt with in terms of said agreements, which agreements are specifically excluded from this policy.

8. SUPERVISORY AUTHORITY

The municipal council or a committee appointed by it, as the supervisory authority must—

- 1) oversee and monitor—
 - a) the implementation and enforcement of the municipality's credit control and debt collection policy and by-laws; and
 - b) the performance of the municipal manager in implementing the policy and by-laws;
- 2) when necessary, evaluate or review the policy and by-laws, or the implementation of the policy and any such by-laws, in order to improve

efficiency of its credit control and debt collection mechanisms, processes and procedures; and

- 3) at such intervals as may be determined by the council report to a meeting of the council, except when the council itself performs the duties mentioned in paragraphs (1) and (2).

9. IMPLEMENTING AUTHORITY

The municipal manager must—

- implement and enforce the municipality’s credit control and debt collection policy and by-law enacted in terms of section 98 of the Municipal Systems Act, 2000;
- in accordance with the credit control and debt collection policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality; and
- at such intervals as may be determined by the council report the prescribed particulars to a meeting of the supervisory authority referred to in section 99 of the Municipal Systems Act, 2000.

10. SERVICE CATEGORIES

Credit Control measures shall be applied in context of the type of debt owing to the Council and in accordance with the principles stated above, with specific regard to:

- Provident Fund contributions – Credit control measures providing for enquiries, merit assessment, suspension and ultimate termination
- Expenditure incurred on behalf of third parties – a combination of legal remedies following enquiries and clarification of possible disputes arising from such debt.

10.1 Application of Sundry debtors

District municipalities, apart from collecting regional services council levies, render a number of services for which costs must be recovered from the responsible parties. These include advertising costs for rezoning and subdivision of land, recovery of expenses incurred in rendering civil construction works or mechanical maintenance work done for other authorities, the recovery of sundry payments, and receipt of medical aid fund contributions from members in terms of their post-service benefits.

Although such debtors cannot strictly be classified as service consumer debtors, they have to be managed according to the same principles of credit control and quality of service envisaged in the MSA.

Specific application of credit control should be guided by the nature of the service being rendered and consequential conditions affecting such service.

10.1.1 Land Use Management

Applicants for land administration process will pay fees in advance of the commencement of such process such an advance will be sufficient to cover cost of the process.

A refund of the balance due will be payable to the applicant on completion of the process and after ensuring that all process costs have been duly recovered.

The land administration process official will be responsible for the receipts and expenditures related to this process.

10.1.2 Civil Construction Services and Mechanical Maintenance Services

Civil construction and mechanical maintenance services rendered outside of the ambit of the roads maintenance agency shall be treated as normal recovery items subject to a standard credit control arrangement which include:

- Invoicing and billing of services occurs without undue delay
- Adequate proof of indebtedness is provided in support of each invoice

- Submission of invoices and billing for partially completed work at the end of each accounting period
- Payment of bills becomes due by the 25th day of the date following such billing
- Credit control will be exercised by immediate follow-up of any debt remaining unsettled after 30(thirty) days from the date of statement
- Interest may be levied on overdue payments and such interest will be calculated at the prescribed rate per set by the Commissioner of Inland Revenue.
- Council may consider taking legal steps for the recovery of debts outstanding for periods in excess of 90(days)

10.1.3 Sundry Payments

Recovery of sundry payments will be dealt with in accordance with applicable rules and regulations. The person or body authorising such disbursement will be responsible for the recovery of that disbursement.

10.1.4 Post-Service Medical Aid Benefits

Persons retiring from a municipality's service are entitled to medical aid fund benefits for the rest of their (or their spouse's) natural life. Contributions payable by the member is a fixed percentage of the total medical aid premium. Beneficiaries of this arrangement must keep their contributions up to date.

It must be standard practice to encourage members to keep their contributions paid up in advance of payments to the medical aid fund. All reasonable attempts must be made to collect arrears contributions without jeopardising the member's medical aid fund status. Termination of membership is a drastic step and will only be contemplated by the municipal council once all other remedies have failed. If a beneficiary falls into arrears, credit control measure will be as follow:

- Contact within 15 day(fifteen)days of such arrears to ensure that the beneficiary is aware of being in arrears

- If arrears is still unresolved contact within 30(thirty) days for a second time
- Notice of intension to suspend medical aid premium payments and medical aid fund benefits if arrears have not been rectified within 45 (forty-five)days
- Suspension of medical aid premium payments and medical aid coverage of at 60(sixty)days from date of arrears
- Termination of membership of the medical aid fund and cessation of all benefits at 75(seventy-five) days from date of arrears.

Council accepts the risk of incurring potentially irrecoverable debts while bearing the burden of a beneficiary's medial aid contributions for the 60 (sixty) day period preceding suspension. Authorisation of such debt and the imposition of the above sanctions is vested in the Council or its delegated functionary.

10.2 Consumer Debtors DMA

The District Municipality will render water, refuse removal, electricity and sewerage services to Koopmansfontein. The electricity service will be rendered by the external service provider ESKOM. The external service provider will adhere to all the requirements set by Section 80 and 81 of the Municipal Systems Act, 2000.

10.3 FREE BASIC SERVICES

Council will provide free basic services to domestic debtors, on a monthly basis in quantities as determined from time to time. The commencement date hereof will be communicated to the public in due course.

11. ACCOUNTS AND BILLING

11.1 Application of service

Consumers who require a service must enter into a written service agreement with the municipality. The process must occur five (5) days prior to taking occupation of the premises so that the Municipality can ensure that a meter reading is taken on

the appropriate day and that the services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken. The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement. Consumers who illegally consume services without this agreement will be subject to punitive action.

Municipal services will only be rendered to consumers who have applied for them in a prescribed form and paid the necessary deposit. Services will be charges according to the Frances Baard District Municipality's Tariff Policy.

11.2 Municipality's right of access to premises

The occupier of premises in a municipality must give an authorised representative of the municipality or of a service provider access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict the provision of any service.

11.3 Deposits

The Council may, in any service agreement, determine and require a deposit from the customer, as security, equivalent to the charge for one month's estimated supply of the particular service to the particular customer, or as determined by the Council from time to time. The form of the deposit is cash or bank guarantee, or as determined by the Council from time to time. The Council may increase the deposit required from the customer for the supply of a service, to a greater amount, as may be determined by the Council, after the disconnection of services to a customer before resuming the supply to a customer of a service. The increased deposit may be required in addition to a reconnection fee. The deposits are payable when new customers sign-on and when existing customers move to a new supply address. Failure to pay the deposit shall result in service not being rendered.

Deposits applicable:

Please refer to Tariff policy for applicable tariff.

11.4 Accounts and Interest

Accounts will be rendered to consumers monthly. All accounts will contain at least the following particulars, where applicable:

- The name of the municipality
- The name of the customer.
- Account number.
- The service levies or rates in question.
- The period allowed for the payment of services and rates.
- The land in respect of which the payment is required.
- The date before which payment must be made.
- Business hours.
- The method and place(s) of possible payment.
- Any discount for early or prompt payment.
- Interest on late payment.
- Consequences of non-payment.
- Amount brought forward.
- Consumption for the current month reflecting units consumed, cost per unit and cost per service.
- Total amount payable.

Accounts must be paid at the offices of Frances Baard District Municipality where a cash receipting facility is available without deduction and free of exchange on or before the date specified in the account as the date before which payment must be made.

The Council may in its discretion arrange with any customer about alternative methods of payment of any monies due to it. Alternative methods of payment may complement pay points and may include direct payments to financial institutions, stop order facilities and other methods of transfer payments. Pay points must be accessible and may include the acceptance of municipal payments at food chain stores, convenience stores and post offices.

In accordance with section 102 of the Act, except where there is a dispute between the municipality and a customer about any specific amount claimed by the municipality from that customer, the Council may

- consolidate any of the accounts for any of the services rendered to any one customer;
- credit a payment by the customer against any account of that customer; and
- 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 the customer;
- All amounts outstanding after the due date for payment bear interest at the standard rate of interest as from the due date for payment.

11.5 Allocation of payment

Unless otherwise stipulated the Council will allocate consumer payments in the following ways:

- To any amount owed on rates
- To any amount owed on services
- To any amount owed to miscellaneous services
- To any interest owed on arrears

11.6 Payment of rates in terms of policy

Payment of rates will be strictly according to the Frances Baard District Municipality's Rates Policy.

11.7 Arrears

Any amount that has not been paid on the due date will be considered as amount in arrears. If a debtor fails to:

- pay by the due date the amount in arrears,
- lodge a appeal ;or
- to conclude an agreement with the municipality for payment

The municipality will send:

- Friendly reminder to pay arrears. (21 day)
- Final warning to pay arrears. (21 day)
- Summons for failure to pay arrears.
- Immediately suspend the service to the consumer
- Hand the account over to their attorneys

The Council may levy the following costs against the account of the debtor:

- All legal costs, including attorney and own client costs, incurred in the recovery of amounts in arrears;
- A penalty fee, under the Council's tariff provisions, for action taken in demanding payment from the debtor, or reminding the debtor, by means of telephone, fax, e-mail, letter or otherwise, that their payments are overdue;
- Costs and administration fees, under the Council's tariff provisions, where any payment made to the Council is later dishonoured by the bank;
- The standard disconnection fee as determined by the Council from time to time, where any service is disconnected.

The Council may appropriate any payment by a customer in any manner it deems fit including firstly to any penalties and legal costs due to the Council by the

customer, secondly to any interest due to the Council by the customer on any outstanding amount, and thereafter to the outstanding amount.

Where the exact amount due and payable to the Council has not been paid in full, any lesser amount tendered to and accepted by any Council employee, is not deemed to be in full and final settlement.

11.8 Arrangements

The contents of the agreement include this policy as well as:

An undertaking by customers:

- That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees;
- That any alleged non-receipt of an account does not stop the collection process;

An undertaking by Council:

- That it will deliver accounts to customers.
- That it will inform customers that they are required to request statements in the event that they do not receive an account.

Any customer may appeal to the Council for an extension of time within which to pay any outstanding amount. The appeals are made by way of written representations to the Council, accompanied by proof of income and expenditure. In the process of investigating an appeal, the Council is entitled to take all steps necessary to determine the customer's financial status. The implementing authority endeavours to investigate and decide any appeal within seven days of receipt of the customer's representations.

Arrangements take the form of a written agreement between the Council and a customer for the payment in regular and consecutive monthly instalments of the outstanding balance, costs and interest on it. Regular minimum payments, based

on the calculation of the average amount of the account for the preceding three months, before an appeal and accounting for interest as well as the annual amendments of tariffs of the Council, continue to be made by a customer who has lodged an appeal.

Financial or other special incentives for both employers and employees may be considered where employers enter into an agreement with Council, with the consent of the employee, where the employee is the customer, for the deduction of any outstanding amounts due by the customer to the Council, or any regular monthly amounts as may be agreed, from the salary or wage of the customer.

“Good payer” status, for example may be awarded to such customers with special benefit attached thereto, such as special queues for faster service. Customers who are employed are not permitted to arrange to pay off their debt, unless they sign a stop order that provides for deduction from salary of arrears as well as the current account over the agreed period.

12. INDIGENT ASSISTANCE SCHEME

12.1 Purpose

Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for normal municipal services. The municipality therefore adopts this indigency management policy to ensure that these households have access to at least basic municipal services.

12.2 Qualifying Criteria

An account holder (customer) may apply in the prescribed manner, to be regarded as indigent provided that the following conditions are adhered to:

- The gross household income must not exceed R1100 per month.
- The applicant should not own more than one fixed property.

- The applicant must be a resident on the property to qualify for the indigent subsidy.
- The application to be regarded as indigent must be renewed annually.
- To register as an indigent, the relevant property owner or account holder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies.

The Municipality will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place. Registration will take place on dates and at times and places determined by the Council, but shall generally be undertaken during January and/or February each year.

The successful applicant will receive a monthly indigent subsidy as determined by Council from time to time. If the total monthly charges are more than the subsidy the balance must be paid by the customer.

12.3 Application

The following application procedures must be followed to be regarded as an indigent customer:

- If the applicant is employed, a copy of the latest payslip must be produced or any other proof of income.
- The applicant must provide a copy of his/her identity document.
- The completed Indigent application form must be handed in at the Frances Baard District Municipality's office in Kimberley.
- A sworn affidavit to confirm the correctness of the information on the form.
- The CFO will approve the application and ensure the implementation of the indigent subsidy to the consumer.
- The application and subsidy will be valid for as long as funds are available and the circumstances of the household have not changed.

- The applications for the subsidies shall be reviewed every six months, that is, changes in the circumstances shall be taken into account.
- The Municipality may inspect the property occupied by the applicant and in respect of which municipal services are rendered to assess the merits of the application.
- Two (2) State Pensioners living together shall receive a 100% subsidy
- No interest shall be charged on arrear accounts
- Residents who receive the subsidy shall from thereafter be liable for the payment of any remaining outstanding amounts and account from thereon.
- The Council may implement any other procedures as may be deemed necessary from time to time as long as it is communicated with the public.

Households where verified total gross monthly income of all occupants over 18 years of age does not exceed R1 100, or such other amount as the council may from time to time determine, qualify for a subsidy on property rates and service charges for sewerage and refuse removal, and will additionally receive 6 kl of water per month and 50 kWh of electricity per month free of charge.

The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.

In respect of water, a 100% subsidy up to 6 kl per household per month will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl. Water will be provided through individual meters. The first 6 kl will be free and thereafter a rate of cost plus % determined by council will be applicable.

In respect of electricity, a 100% subsidy up to 50kWh per household per month will apply; however, if consumption exceeds 50kWh per metering period (month), the

consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 50kWh.

Electricity will be supplied by ESKOM through the coupon system. The first 50kWh will be free and thereafter actual cost based on the ESKOM account will be applicable.

Only households where the account holder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose registration has been accepted and entered into the register of indigents shall qualify for the above concessions.

A subsidy will be provided for property rates and service charges for sewerage and refuse removal. (The cost for subsidy will be determined as soon as the services have been put in place).

For a household to qualify for a subsidy on rates, the registered indigent must be both the owner and registered occupant of the property concerned. Indigency relief shall apply for a period not extending beyond the financial year in which the particular household is registered as indigent. Registration must be renewed in each registration programme if relief is to continue.

12.4 *Audit Process*

The process of auditing the indigent applications will be as follows:

- All indigent registrations will be audited.
- Should the audit establish that the person filed a false application this will be communicated to the Councillor who will be required to confirm the facts within 14 days.

- If the Councillor confirms that a false application was filed the customer will be removed from the indigent register, the parked arrears will be reinstated onto the customer's account.
- If the Councillor confirms that the indigent application was correct then the customer will remain on the indigent register.
- Should the Councillor not confirm the status of the indigent application within the stipulated 14 days it will be assumed that the application was false and the customer will be removed from the indigent register.

A customer who submitted a false indigent application may be charged a penalty charge as determined by Council.

In the event of the death of an indigent customer the following procedures will apply:

- Proof of the death of a customer must be provided.
- The occupier of the property must be allowed to open an account.
- The occupier opening the new account must complete the required disconnection form for the deceased.
- After completing the required disconnection form for the deceased the occupier must complete the required connection form for service provision and if applicable register as an indigent consumer.
- The new occupier of the property must pay the prescribed applicable consumer deposit and connection fees.
- The process of transferring the property to the new owner must be proceeded with if applicable.

When a non-indigent customer becomes indigent the debt of the customer, excluding the current year's charges must be parked. Interest on arrear charges will not be applicable to indigent customer accounts.

12.5 *Non-compliance of households registered as indigent*

When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigency relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.

The onus is on each registered indigent to advise the municipality of such failure to comply.

It may happen that even with the introduction of the indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder concerned will have to make immediate arrangements with the municipal manager to pay off these arrears owing within a reasonable time determined in terms of the municipality's credit control policy.

12.6 Withdrawal of and non-qualification for indigent subsidy

The relief to indigents may be withdrawn at the discretion of the municipal manager if:

- a registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
- any tampering with the installations of the municipality is detected.

If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay to the municipality with immediate effect all indigency relief received from the date of such fraudulent registration. Furthermore, such person may not again be considered for indigency relief for a period extending for 2 (two) years beyond the financial year in which the misdemeanour is detected.

13. APPEAL PROCEDURES

An appeal must be submitted

- in writing to the municipal manager or CFO
- prior to the final due date for payment of the contested amount and
- must contain details of the specific item(s) on the account which are the subject of appeal

Once the appeal is lodged, the debtor's obligation to pay the portion of the total amount due represented by the items appealed against is suspended until the appeal has been finalised. In the mean time, the debtor will remain liable for all the other amounts becoming due during the process of the appeal.

If the appeal is in respect of a metered consumption, the metering instrument must be tested within 7 days of lodging the appeal to establish its accuracy.

The debtor should be informed in writing of the results and any adjustments to the amount due by him\her, together with the cost of the test, for which the debtor will be liable if no error was found with the instrument. If the instrument was found to be faulty the municipality will bear the cost of the test.

14. UNAUTHORIZED CONSUMPTION, FRAUD THEFT DAMAGES AND PENALTIES

The municipality does not condone theft and fraud of Municipal services and will monitor the service network for signs of tampering or irregularities by:

- Visiting premises on house-to-house bases to detect tampers.
- Follow up after meters have been disconnected for non-payment of accounts.

When a service meter tamper is found, the meter is locked and bypassing removed. The service will only be restored on the payment of the relevant tamper fees, and the settlement of the arrear account or after a suitable arrangement to settle the

arrears. Tamper fees maybe payable for the first, second and third offences as determined annually by Council. After the third offence the meter and service connection is removed and the consumer will have to negotiate with the service distribution on the penalties and the reconnection cost to be paid before the service is reconnected. The municipal account will also have to be settled in full. The service consumption not charged due to tampering will be calculated and the consumer will have to pay the amount before the services are restored.

15. COMMUNICATION AND FEEDBACK

The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget in terms of Chapter 4 of the Municipal Finance Management Act, 2003 (56 of 2003)

The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed. Council will aim to establish:

- A central complaints/feedback office;
- A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- A communication mechanism to give council feedback on service, debt and other issues of concern.

Any amendments will be communicated in a newsletter to the public and Councillors will from time to time address ward committees on the contents of the policy and any amendments thereto.

16. ROLES AND RESPONSIBILITIES

16.1 Duties and function of Council

- To approve a budget consistent with the needs of communities, ratepayers and residents.
- May impose rates and levies and to determine service charges, fees and penalties to finance the budget.
- To facilitate sufficient funds to give access to basic services for the poor.
- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- To set an improvement target for debt collection, in line with acceptable accounting ratios and the ability of the implementing authority.
- To approve a reporting framework for credit control and debt collection.
- To consider and approve by-laws to give effect to the Council's policy.
- To monitor the performance of the Supervising Authority regarding credit control and debt collection.
- To revise the budget should Council's not met targets for credit control and debt collection.
- 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.
- To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- To delegate the required authorities to monitor and execute the credit control and debt collection policy to relevant officials.
- To provide sufficient capacity in the Municipality's Financial Department for credit control and debt collection. Alternatively to appoint a Service Provider, or debt collection agent.
- To assist the Municipal Manager in the execution of his duties, if and when required.
- To provide funds for the training of staff.

16.2 Duties and function of the Municipal Manager

- To implement good customer care management systems.
- To implement council's credit control and debt collection policy.
- To install and maintain an appropriate accounting system.
- To bill customers.
- To demand payment on due dates.
- To raise penalties for defaults.
- To appropriate payments received.
- To collect outstanding debt.
- To provide different payment methods.
- To determine credit control and debt collection measures.
- To determine all relevant work procedures for, inter alia, public relations, arrangements, and disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).
- To set performance targets for staff.
- To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- To delegate certain functions to heads of departments.
- To determine control procedures.
- To monitor contracts with service providers in connection with credit control and debt collection.
- To report to the Council.

16.3 Duties and function of the Community, Ratepayers and Residents

- To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- To observe the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials access to their property to execute municipal functions at a time that is agreeable by the consumer and municipal officials.
- To comply with the by-laws and other legislation of the municipality.
- To refrain from tampering with municipal services and property.

16.4 Duties and function of the Ward Councillors

- To hold regular ward meetings.
- To adhere to and convey council policies to residents and ratepayers.
- To adhere to the Code of Conduct for Councillors.
- Ward Committees will act in terms of roles and functions as approved by Council.

17. APPLICATION OF THE POLICY

The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying the Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.