



CREDIT CONTROL POLICY

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[A] PURPOSE

It is vital to the long term financial viability of the Council that it collects the revenues due to it for services rendered.

In rendering services the Council accepts the fact that it remains accountable for ensuring the provision of quality services which are affordable and accessible. The Council accepts the fact that access to services does not mean a right to free services. [excluding consumers who qualify as indigent persons and who are subject to the Council's policy in this regard]. The Council will endeavour to render services in accordance with affordable service levels and to set tariffs at levels which balance the economic viability of continued service provision. The Council undertakes to treat all residents equitably with regard to the provision of services and to ensure the quality of the services.

[B] MECHANISMS TO ENSURE SUSTAINABLE SERVICE DELIVERY

(i) Efficient metering

The Council will install metering devices, where applicable, in order to be able to measure the quantity of services that households consume.

(ii) Regular, accurate billing

The Council undertakes to render regular and accurate bills for the services delivered in a format which is easy to understand.

(iii) Access to relief for poor

The Council undertakes to implement an indigent policy whereby the economic cost to render the services to the poor, will be subsidized.

(iv) Measures against defaulters

The Council will take strong measures to deal with households who can afford to pay for services but are not doing so.

(v) Setting of tariffs

The Council shall determine a tariff policy that will recover the economic cost to render the service.

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(vi) Establishment of pay points

The Council will take all reasonable steps to provide adequate pay points which will allow consumers unrestricted access to settle their monthly accounts.

(vii) Communication

The Council will endeavour to, through the respective development fora, communicate the budgetary process, tariff policy and tariff setting as well as other financial issues i.e. indigent relieve policy, credit control policy etc. in order to be transparent and to render sustainable services.

(viii) Agreements

The Council will enter into service provision agreements with consumers and will render such services whilst the terms of the agreements are observed.

[C] ACTIONS AGAINST DEFAULTERS

As the accrual system is used to record income it requires that all income must be collected to finance expenditure. The principle is accepted that recurring income must finance recurring expenditure within the budget cycle of twelve months. The debtors turnover rate should not at any time exceed the national norm of forty two days.

In terms of the Council's Financial Regulations any payments received from debtors for service delivery by the Council shall be used to off-set debts to the Council in the following order :

- (i) Installment – dwelling
- (ii) Installment – stand
- (iii) Sundries
- (iv) Additional – deposit
- (v) Rates
- (vi) Penalty on arrear rates
- (vii) Collection charges on arrear rates
- (viii) Interest on arrear sewerage
- (ix) Refuse removal
- (x) Water
- (xi) Sewerage

- (xiii) Electricity
- (xii) VAT on vatable services will be proportionate among the applicable services.

NON PAYMENT OF ACCOUNTS WILL BE DEALT WITH AS FOLLOWS :

[1] Metered connections

(i) Electricity and water

Services will be discontinued with immediate effect. Should Council have complied with its policy for the supply of free services, all individual consumers whose consumption is higher than the allocated quota will have this services immediately terminated. Should it be noted that consumption is registered after disconnection, the connection will be removed at the owners cost and will not be re-instated until such time the full outstanding cost is paid to Council plus the additional service connection and consumer deposit required in accordance with the Council's Tariff of Charges and Bylaws.

(ii) Sewerage, refuse removal, rates and sundries

Council's attorneys will be instructed to institute legal action and to take steps to sell or repossess the applicable properties in lieu of outstanding rates and charges.

(iii) Land and dwelling installments

The deed of sale or lease agreement will be cancelled and eviction orders be obtained. Outstanding amounts will be recovered through legal action and/or listing with the Information Trust Corporation (Credit Bureau).

[2] Areas where no individual meters have been installed and payment factor in monetary terms is less than :-

- 35% : (i) – (vi) shall apply ;
- 65% : (i) – (iii) shall apply ;
- 85% : (i) and (iii) shall apply.

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The following will apply :-

(i) Streetlights

- * If the Council is the supply authority – the provision of the bulk service will be terminated.
- * If another authority is the supply authority and Council is responsible for the cost of such service – the supply authority will be informed that Council is no longer to honour the monthly consumption bill until such time payment is received from the applicable community.

(ii) Water

- * If the Council is the supply authority – the provision of the bulk service will be terminated.
- * If another authority is the supply authority and Council is responsible the cost of such service – the supply authority will be informed that Council is no longer to honour the monthly consumption bill until such time payment is received from the applicable community.

(iii) Refuse removal

- * Where the Council is the service delivery authority – the services will be terminated immediately.
- * Where another authority is the service delivery authority and Council is responsible for the cost of such service – the supply authority will be informed that Council is no longer to honour the monthly cost until such time payment is received from the applicable community.

(iv) Sewer services

- (a) Waterborne systems – will cease to function as bulk water service or metered services have been terminated.
- (b) Pail and VIP systems

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- * Where the Council is the service delivery authority – the services will be terminated immediately.
- * Where another authority is the service delivery authority and Council is responsible for the cost of such service – the supply authority will be informed that the Council is no longer to honour the monthly cost until such time payment is received from the applicable community.

(v) Rates / Service Charges / Sundries

- * As a first step the names will be handed to Council attorneys to collect repossess or sell the applicable property.
- * As a second step the names of defaulters will be handed to the Information Trust Corporation (Credit Bureau).

(vi) Land and dwelling installments

The deed of sale or lease agreement will be cancelled and eviction orders be obtained. Outstanding amounts will be recovered through legal action and / or listing with the Information Trust Corporation (Credit Bureau).

[3] Illegal connections and tampering with measuring devices

The connection will be removed at the owners cost and will not be reinstated until such time the full outstanding cost is paid to Council plus the additional service connection and consumer deposit required in accordance with the Council's Tariff of Charges and Bylaws.

[4] Consumer deposits

Consumer deposits shall on an ongoing basis be adjusted / recalculated to cover at least two and a half times estimated consumption. The minimum deposits required shall be calculated in accordance with the debtors and deposit ratios as applicable during May of each year.

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[5] Debtors other than consumer debtors

Unless provided for in any act of parliament, amounts due to the Council for any service rendered shall be due and payable when the service is rendered. Notwithstanding any disputes that may arise, the outstanding amounts will bear interest as indicated under (6) and all amounts remaining outstanding after 90 days shall be handed over for collection unless written arrangements have been made.

[6] Interest

Interest at the rate as determined by the Council in accordance with applicable legislation will be charged on all arrear amounts i.e. on the day following the final date for payment indicated on the account. For this purpose part of a month will be treated as a full month.

[7] Pre-paid metering

Where prepaid services have been installed and the consumer falls in arrears with immeasurable services, pre-paid services will not be allowed prior to a pro-rata amount first being paid on the arrear services. In this regard it is emphasized that Council reserves the right to refuse pre-paid services in total on the grounds of non payment for immeasurable services.

[8] Consumer management

The Council will dedicate staff to fulfill consumer management that will assist consumers experiencing financial difficulties. Agreements may be entered into to assist those consumers and disconnection will not take place as long as the terms of the agreement are observed.

[D] Legal status

In accordance with the Municipal System Act 2000 the Council must adopt by-laws to give effect to the Municipalities Credit Control and Debt collection policy its implementation and enforcement.

The Municipal Manager must implement and enforce the Municipality's Credit Control and Debt collection policy and establish effective administrative mechanism, processes and procedures to collect money that is due and payable to the Municipality.

[E] Council's Responsibility

The Council recognizes the legal obligation and will not interfere, individually or collectively, in the collection process. The Executive Committee must oversee and monitor the implementation and enforcement of the Municipality's Credit Control and Debt collection policy and the performance of the Municipal Manager in implementing the policy.