

MOGALE CITY LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

This Policy is made in terms of Section 96 of the Municipal Systems Act, 2000 (Act 32 of 2000) and the Mogale City Local Municipality: Credit Control Bylaws

PREAMBLE

WHEREAS section 152 (1)(b) of the Constitution of the Republic of South Africa Act 108 of 1996 (*the Constitution*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including-

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS section 4 (1)(c) of the Local Government: Municipal Systems Act 32 of 2000 provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1)(g), read with subsection (2)(b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS section 6 (2)(c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the municipality, contents of the Policy, Bylaws that give effect to the Policy, Supervisory authority and Implementing authority.

IT IS HEREBY ADOPTED: a COLLECTION POLICY: ARREAR DEBTOR ACCOUNTS of the Mogale City Local Municipality.

1. DEFINITIONS

- 1.1 Debt Collection is the execution of functions necessary to collect unpaid income of the municipality, owed by clients who are debtors.
- 1.2 Credit Control is the limiting of further sales of services to debtors in arrears and the negotiation for payment in exchange for normalising further service delivery.
- 1.3 Accounts mean the municipal account for services rendered and for assessment rates levied by the municipality.
- 1.4 Due date means the date indicated on an account statement by which time payment of the amount on the statement is required.
- 1.5 Residential household means a debtor of whom the tariffs for all the levies for services and rates are household tariffs.
- 1.6 Indigent means a debtor whose whole household has been evaluated in terms of the Indigent Policy and who is registered as being indigent.

2. THE PURPOSE OF THE POLICY

In order to sustain the local governance and continued service delivery, the collection of income levied on account statements submitted to debtors (current accounts) must be realised within a turnover rate not exceeding 30 days. Payment of arrears must also be addressed sufficiently for the main categories of debtors in order to minimise arrear debtors.

This policy serves to clearly document the key elements of Credit Control and Debt Collection to be implemented within the jurisdiction of Mogale City Local Municipality and interventions to be implemented for non-compliance with the policy.

3. BACKGROUND

The Credit Control function is divided into Payment Demands, Cut-offs, Arrangements, Reconnections and Legal functions. The "Cut-offs" functions include services restrictions, follow-up on non-responses, no deposits and low consumption cases. Other component functions of credit control are indigent management and refunds of closed accounts.

The Debt Collection function includes the issuing of reminder letters, arrangements, summonses, telephone collections and hand-overs. The Legal functions deals with Attorneys and Collection Agents on hand-over matters as well as administration of deceased and insolvent estates, administration orders and inactive accounts with the related arrears write off.

4. POLICY OBJECTIVES

- 4.1 The objectives of this policy are:
 - (a) To maximize revenue by timeously collecting all moneys owed to the municipality.

- (b) To ensure that action taken to recover arrear debt is warranted and fair.
- (c) To enable Mogale City Local Municipality to develop and maintain a sustainable service delivery relationship with its customers.
- (d) To deliver excellent service to the communities of Mogale City Local Municipality in return for payment of their rates and service accounts.

4.2 These objectives are achievable if the following outcomes are met:

- (a) All current service accounts in Mogale City are fully paid-up.
- (b) Suitable, sustainable agreements are reached with all account holders who have outstanding accounts with an age analysis of longer than 60 days.
- (c) Relevant, accurate and complete details of account holders are collected during the opening of account phase.
- (d) Account holders ensure that when their details change, Mogale City Local Municipality is timeously notified.
- (e) Persons liable for payment receive regular, accurate and timeous accounts that indicate the basis for calculating the amount due, at their correct postal address.
- (f) A good customer relationship is established and maintained between the Council and each account holder.
- (g) Customer Care and revenue staff is skilled in the principles of Batho Pele, communication and effective negotiation techniques.
- (h) Full enforcement of the Credit Control and Debt Collection Policy.
- (i) The engagement of a reputable Debt Collection Agency with the backing of legally enforced Debt Collection processes.
- (j) The engagement of a reputable Credit Control Agency.
- (k) Creation and ongoing maintenance of an Indigent Database.

5 PRINCIPLES

- 5.1 Non-payment of their accounts by debtors has a direct negative impact on the municipality's ability to provide high quality service delivery to its clients.
- 5.2 Current levies not paid by the indicated due date are in arrears and all debtors with arrears are subject to Credit Control and Debt Collection measures. The right of access to services, and consumption thereof, can only be exercised by residents who are not in arrears on their municipal services accounts or who have arranged to pay their arrears in terms of this Policy.
- 5.3 Various methods of payment by debtors as well as sufficiently convenient payment points are available.
- 5.4 Interest on debt in arrears is levied monthly at the rate specified in item 6.12 of this policy.
- 5.5 Interest is levied on all arrears of 30 days and older. Interest levied but not paid is included in the arrear amount of such a debtor.
- 5.6 Credit control measures are applied with pro-active reminders or warnings. Account statements are regarded as notification of the arrears status of the account as well as stating the intention to take credit control measures.
- 5.7 Metered services consumed by an unknown consumer are billed to the owner of the property to which the service connection is registered. Consumers who are to be billed separately must enter into a service agreement to have access to these

services. No service agreement is valid without the written consent of the registered owner of the property.

- 5.8 Refusal by banks to honour payments by cheque or debit order is regarded as non-payment, upon which the relevant debtors are subject to credit control measures.
- 5.9 Clients who make no further use of any services but still owe an amount, are considered inactive debtors who are handed over for collection to a debt collector appointed for this purpose.
Limited collection actions (i.e. Final Letter of Demand) are applied for inactive accounts smaller than R3 000 due to the cost–benefit ratio of such cases and any further action required for these individual accounts is at the discretion of the Chief Financial Officer.
- 5.10 Debtors who are large consumers of services are managed by telephonic and personal contact with them on a higher management level, e.g. corporate business and government departments.
- 5.11 Residential household debtors form a distinct group for whom the following special measures and exceptions apply:
 - 5.11.1 Water supply to defaulting residential household debtors will not be completely discontinued, but rather be restricted due to hygienic reasons. Other types of debtors who are in default and whose water supply is involved, will be completely deprived of the service.
 - 5.11.2 Any interest free arrangements for payment of arrears are intended to assist those debtors by making their current monthly accounts more affordable.
- 5.12 All notifications served to the domicilia of clients must state the reason/s for actions taken as well as information as to how they can take corrective action to normalise the situation.
- 5.13 If it is necessary to disconnect any service in terms of this Policy, the free cross-subsidised portion of that service in terms of the municipality’s tariffs for service delivery, will also not be available for as long as that service is to remain disconnected.

6 KEY CREDIT CONTROL AND DEBT COLLECTION PROCESSES

6.1 Application for new connection

Application for new connections can only be made by property owners or with their written consent, accompanied by positive identification. Applicants must complete the prescribed “Rendering of Consumer Agreement” forms in order to obtain a new connection. A new connection fee, determined in terms of the municipality’s current Rates and Tariff Policy is payable. All new applications will be evaluated and the deposit for consumers with high risk will be increased. In certain cases additional security from prospective consumers will be required.

6.2 Billing

Consumers will receive monthly statement/s with an indicated payment due date (currently the seventh of every month). The statement shall contain messages of events within the municipality from month to month. Consumers with disputes on their account/s must pay other services and an average of the disputed service/s. Ratepayers/consumers who have not received an account for a specific month, are

advised to pay an average of the previous two months' accounts and to notify the Deputy Director: Revenue in order to ensure that correct postal details are on the system. It should be stressed that the non-receipt of an account does not exempt one from the liability of payment. A Water and Lights account cannot be opened without written consent of the owner of the property, accompanied by proper identification, provided that no arrears are owed to the municipality for that property or unless there is a formal arrangement by the owner of the property to pay the arrears.

6.3 Estimated Consumption:

The municipality may levy an estimate of the consumption of water or electricity for any relevant period if:

- (a) no meter reading could be obtained in respect of the period concerned; or
- (b) no meter has been installed to measure the consumption on the premises concerned. No interest is payable in such an instance.

The customer concerned is liable for payment of the fee in terms of the municipality's approved tariffs for service delivery in respect of such estimated consumption

The municipality may, in accordance with the provision of section 102 of Systems Act –

- (a) consolidate any separate accounts of a customer liable for payments in terms of the By-laws of the municipality;
- (b) hold any amount paid by a customer, which is in excess of an existing debt, in credit for the customer in anticipation of future rates and fees for municipal services owing.
- (c) Submit only one account for all municipal levies and services to the owner of such a property and to distinguish between various individual debtors or debtor types in this regard.

No interest will be payable on any deposit held or any credit amount including that contemplated in paragraph (b) above

6.4 Credit Control Measures

6.4.1 Reminder/Demand for payment

A reminder that the previous account has not been paid on the due date is generated after the due date and hand-delivered to the debtor's physical address. This reminder clearly states that a period of 7 days is allowed for payment or arrangement for payment, in the absence of which, services to the client will be restricted. The account of the debtor is debited with the cost of such a reminder at the approved tariff of the municipality.

In those instances where prepayment meters for service vending are installed, the municipality may block the vending of services to consumers of services on properties where arrears are owed for other municipal services or levies.

6.4.2 Electricity disconnection (level 1) and Water restriction

In the absence of reaction on the 7-day reminder, the electricity supply to the debtor is discontinued together with the notice for the reason of the discontinuance. The account of the debtor is debited with the cost of the level 1 cut-off at the approved tariff of the municipality.

In the absence of reaction to the disconnection of electricity within 7 days, in cases where the debtor has a consolidated account including water consumption levies, a disconnection (restriction for residential consumers) of water is carried out at the consumption address and a notice is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the municipality.

In the absence of reaction on the 7-day reminder, in cases where the debtor has an account for water consumption levies but not for electricity, a disconnection (restriction for residential debtors) of water is carried out at the consumption address after the 7-day period, and a notice to that effect is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the municipality.

6.4.3 Electricity disconnection (level 2) and Water restriction

In the further absence of reaction on the level 1 cut-off of electricity, the level 1 cut-off is inspected after 7 days to ensure that the service is still discontinued. If the electricity is found on, it is again discontinued with the relevant notification, but then via a more expensive procedure to ensure a more tamperproof disconnection. The account of the debtor is debited with the higher cost of the level 2 cut-off at the approved tariff of the municipality. The municipality may also opt to install a prepayment type electricity meter at the cost of the consumer or owner of the property and to then restrict the consumption of vending to the meter until the requirements of the municipality are met by the owner or consumer.

In cases where the debtor has a consolidated account that includes water consumption levies, the water supply is also disconnected (restricted for residential consumers) together with the level 1 electricity cut off inspection and a notice to that effect is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the municipality.

6.4.4 Illegal reconnection/tampering of electricity

If consecutive follow-up actions due to no reaction by the debtor reveal that illegal consumption of the service occurred or a disconnection has been tampered with, the service connection is removed and evidence against offenders is filed on an investigation document.

6.4.5 Illegal reconnection/tampering of water

The water disconnection/restriction is monitored and followed up in cases of absence of reaction by the debtor to ensure that an illegal reconnection has not occurred.

Interference with disconnections at water service points of non-residential consumers will lead to the removal of such a service connections.

Any first time discovery of tampering with a restriction device or service connection at the address of a residential consumer leads to restriction of the water flow rate to the quantity of the monthly free water allocation to residential households. Any further tampering after such a restriction will lead to the prosecution of the offending debtor.

6.5 Reinstatement of Municipality Services

6.5.1 The municipality must reinstate full levels of provision of any electricity or water service terminated or restricted after –

- (a) the full amount of arrears has been paid, or
- (b) an agreement for payment of the arrears contemplated has been entered into in terms of this Policy, or
- (c) the full amount of arrears in respect of any agreement entered into, and any increased deposit, have been paid, or any additional security required has been provided, and
- (d) any other condition of the Policy that the municipality may consider appropriate has been complied with.

6.5.2 Reconnection of services

Where services are disconnected as a result of the application of this Policy, these services can only be reconnected under the following circumstances:

- (a) Water supply restricted for non-payment by clients, can only be normalised after either receipt of the amount in arrears or conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
- (b) Water supply which has been restricted due to non-payment will only be normalised after either full payment of the arrears, or upon receipt of an appeal for normalisation due to a good payment record of three (3) months on the repayment contract and the current monthly levies. The Chief Financial Officer will receive and evaluate each appeal before normalisation.
- (c) Electricity supply discontinued due to non-payment can only be reconnected after receipt of the amount in arrears or the conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
- (d) Any services which are discontinued as a result of tampering with the Municipality's distribution networks and/or mechanisms can only be legally reconnected if a Court orders so.

ALTERNATIVELY: if the affected client admits in writing that he/she permitted or committed the tampering and undertakes to not repeat the action and concludes a settlement arrangement for payment of the reconnection charges and arrears in terms of this Policy, service reconnection can also be made. Such written admission will be kept on the case document for future use in case of repeated tampering.

6.5.3 Reconnection or reinstatement of services will be done within 24 hours.

6.6 Termination of Service Agreements

6.6.1 A customer must terminate an agreement with the municipality for the provision of any municipal service by notice in writing (completing the relevant service discontinuation and account closure forms of the municipality) not less than seven working days before the time.

6.6.2 The municipality may, subject to compliance with the provisions of the relevant By-laws and any other applicable law, terminate the agreement for the provision of a municipal service to a customer, by notice in writing of not less than 14 working days, if the customer-

6.6.2.1 has not used the municipal service during the preceding six months and has not made arrangement to the satisfaction of the municipality for the continuation of the relevant agreement; or

6.6.2.2 has made an arrangement with another service provider to provide the municipal service concerned to the customer; or

6.6.2.3 has vacated the premises to which the agreement concerned relates.

6.7 Illegal Connections and Meter Tampering

When it is ascertained that a meter had been tampered with, the cost of repairing or replacing an existing meter with another one will be charged to the account of the respective customer. The municipality can also opt to close the consumer's account in such instances and levy all municipal charges related to the property on the owner's account. The full outstanding balance is immediately payable before services will be restored.

In addition, where a meter has been tampered with or where there has been unauthorized consumption of water or electricity, the municipality shall remove the connection and the cost of this action will be charged to the account of the customer, and a criminal case will be opened with the Competent Court of law. In a case where the meter is inside the house or the yard, it shall be moved outside and the costs will be borne by the customer/s or a pre-paid meter must be installed at the owner's expense.

6.8 Free Basic Services

The municipality will provide free basic services to domestic debtors, on a monthly basis in quantities as determined from time to time in line with the Indigent Policy.

6.9 Indigent Assistance Scheme

An account holder may apply to the municipality, in the prescribed manner, to be declared indigent. Indigent customers are not excluded from this Policy.

6.10 Estates Accounts Collection

6.10.1 Estates with legal status

The accounts of debtors who are declared as insolvent, under administration or deceased are dealt with according to normal legal practices by the collection staff of the municipality.

Unsuccessful claims are written off and submitted to the Council for cognizance.

6.10.2 Estates without formalized legal status

In many cases the head of a household has died without leaving a will/final testament indicating to whom ownership of the family residence is to be transferred upon the event of his/her death OR the owner of the property has abandoned his/her family to fend for themselves. These scenarios are not provided for in the normal legal practice, which necessitates the following process in Mogale City Local Municipality:

The remaining family must report the situation to the municipality's collection office, who will require the relevant documentation to be obtained by the family, i.e. a death certificate and an order of the local Magistrate allocating right of ownership to someone of the surviving family in the case of a deceased estate OR an order of the local Magistrate allocating right of ownership to someone in the abandoned family

In all of these cases, extension for the payment of the accumulated arrears as at the date of notification will be granted by the debt collectors in the collection office, disconnected electricity will be reconnected and the remaining family must then pay all amounts levied on monthly current accounts in excess of the amount of the payment extension until such time as the matter has been finalized. This will prevent any further service restrictions/cut offs or collection actions at the residence whilst the family is in process of legalizing ownership of the property.

As soon as ownership has been officially allocated by the Magistrate, the documentation must be presented to the municipality's collection office, who will then change the name of the account to that of the new owner. They will also encourage the new owner to make an arrangement for the payment of the arrears to prevent credit control and collection actions from being taken by the Municipality.

ALTERNATIVELY, if the family qualifies to be registered for assistance in terms of the municipality's Indigent Policy, they can apply to be registered and after registration to enjoy the benefits offered in terms of that Policy regarding the arrears.

Amounts claimed and not successfully collected are submitted to the Council for approval to be written off against the reserve for bad debt.

6.11 Revenue Recovery Methods

- 6.11.1 Where the letter of final demand and the termination of services yields no response and the account is outstanding for ninety (90) days and over, the account may be handed over to external debt collectors and/or attorneys.
- 6.11.2 Liability for Rates and Municipal charges: If an amount due for rates and other municipal charges is unpaid by the owner of the property, the municipality may recover the amount from the tenant or occupier of the property. This amount due may also be recovered from the agent of the owner.

6.11.3 In-house Collections

- 6.11.3.1 this unit will deal with outstanding debts of up to two thousand rand (R2 000) and less than 90 days outstanding for households and businesses. This unit will also deal with all government accounts.
- 6.11.3.2 Summons for each outstanding account will be issued and submitted to the Sheriff for further action to be taken, where required.
- 6.11.3.3 A tariff in terms of the municipality's current Rates and Tariff Policy will be payable where such an action is taken.
- 6.11.3.4 In-house Debt Collection may include the listing of the debtor with the Credit Bureau.
- 6.11.3.5 Where there is no response, the accounts will be handed over to external debt collectors and/or attorneys.

It should be noted that the issuing of summons internally will depend on the capacity of the municipality in terms of personnel.

6.11.4 External Debt Collection with the assistance of an Attorney

Any amount above two thousand (R2 000) and over 90 days outstanding will be handed over to Mogale City Local Municipality's official Debt Collection Agency for collection and to attend to matters that are defended.

Collection charges will be levied against a customer in respect of any relevant action taken in terms of, or for the purpose of, the full implementation of this Policy and the associated Bylaw.

6.12 Payment Terms and Interest Charged on Outstanding Accounts

- 6.12.1 Normal Terms: All categories of consumers are required to effect payment of their rates and services accounts on or before the due date advised on account statements (currently 7th of each month).

- 6.12.2 Interest at the prime bank lending rate is charged on all business consumer accounts or portions of accounts which are not settled / paid on due date.
- 6.12.3 Interest at the prime bank lending rate less 4% is charged on all domestic consumer accounts or portions of accounts which are not settled / paid on due date.
- 6.12.4 Interest at the prime bank lending rate less 4% is charged on all non-profit organisation consumer accounts or portions of accounts which are not settled/paid on due date.

NOTE: For this purpose, the prime bank-lending rate of the municipality's banker at the end of each six months will be applicable for the next six months. This means that the interest rate will be changed on the debtor system twice in every financial year.

- 6.12.5 Payment/s or amount/s received will be allocated towards the oldest debt first and thereafter to current charges in the following order: Interest, Admin costs, Legal and Credit Control charges, any other charges by the municipality, Rates, Refuse, Sewer, Water and lastly to Electricity .

6.13 Dishonored Cheques

If any payment is made to the municipality by a negotiable instrument, and such negotiable instrument is dishonored, the municipality may levy costs and administration fees against the account of the defaulting customer at the prescribed rate. Council reserves the right to refuse any further negotiable instruments in such a case.

6.14 Arrangement and payment extension

- 6.14.1 No proposals for arrangement to pay arrear account balances will be considered, under normal conditions for Industrial, Business, Tenants and School accounts. This also applies to churches and non-profit organizations, as churches are exempt from paying rates and taxes, with only actual service charges being billed, while non-profit organizations can apply for grants-in-aid. Payment extension for the current account may not be allowed.
- 6.14.2 Proposals for arrangement to pay arrear account balances on domestic accounts and sundry loans will be considered, provided the following conditions are met:

6.14.2.1 An appropriate initial down payment of the arrear amount is payable on conclusion of the arrangement and is based on the following:

- Net salary range earned by the consumer:
 - R 1 000 – R 2 999 10 % of the outstanding debt
 - R 3 000 – R 5 999 15 %
 - R 6 000 – R 8 999 20 %
 - R 9 000 – R 12 999 30 %
 - R 13 000 – R 15 999 35 %

- R 16 000 – R 20 999 40 %
- R 21 000 – R 25 999 45 %
- R 26 000 and above 50 %
- Exceptional cases may be referred to the Manager: Credit Control for consideration.

6.14.2.2 The salary advice as well as proof of the initial down payment must be attached to all arrangement, which have been concluded, in order for the agreed arrangement to be implemented.

6.14.2.3 The debtor agrees to honor in full the current account while simultaneously reducing the arrears.

6.14.2.4 The municipality may allow a period of payment in excess of 24 months for the payment of arrears, but not exceeding a period of 60 months, if special circumstances, which the customer could not reasonably have prevented, warrant a longer period of payment.

6.14.2.5 Documentary proof of any special circumstances, as contemplated in 6.14.2.4 must be furnished by a customer on request by the Council.

6.14.2.6 Acknowledgement of debt and arrangement agreement forms must be completed fully and signed by the customer himself/herself and all documents required must be submitted before the arrangement can be approved.

6.14.2.7 The total arrear amount which is subject to the agreed arrangement will cease to attract interest if the arrangement is honored. If, however, the arrangement is dishonored, interest will immediately be levied retrospectively and the whole outstanding amount becomes due and payable.

6.14.2.8 Special arrangements on arrears are treated as a once-off opportunity to account holders who have fallen into arrears. Individuals who did not honor a previous agreement will therefore not be considered for a new agreement, unless exceptional circumstances are found to have existed.

6.14.2.9 Agreements may be concluded with customers who respond only after being handed over to attorneys for collection. The costs resulting from the legal process are added to the existing arrears on the account and an initial payment of at least one quarter to one third of the total outstanding amount is required to be paid.

6.14.2.10 An acknowledgement of debt and arrangement agreement must be concluded per property.

6.14.3 Businesses placed under provisional or actual liquidation, will only be allowed to purchase services on a pre-payment basis. Prepaid meters will not be installed if there is an outstanding balance on the account/s, unless an arrangement is made to settle the arrears. Payment for the prepaid meter must be carried by the business and the municipality will

notify the owner of the property that a prepayment meter has been installed on his property and why it has been done.

- 6.14.4 Customers who are indebted to the municipality for rates and services and wish to submit building plans for approval will first have to make an arrangement to pay off their arrears before such plans can be approved. Only bank guaranteed cheques or cash payments for such rates and services will be accepted.

7 CREDIT CONTROL AND DEBT COLLECTION OF EMPLOYEE ACCOUNTS

S10 states that *“a staff member of a 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 the staff member’s salary after this period.”*

Employees of the Municipality shall be subject to disciplinary hearings, as per the Municipal Systems Act (No 32 of 2 000), Schedule 2 S10, if they are found to be in arrears.

Payment of arrear amounts by staff may be extended to a maximum of 12 months in exceptional circumstances in order to deal with previous accumulated arrears and within the prescripts of the Basic Conditions of Employment Act. Thereafter no further arrears may be accumulated.

In order to ensure timeous, assured payment of employee accounts, all employees residing within the Mogale City Local Municipality shall be subject to an automatic deduction instituted against their salaries.

8 CREDIT CONTROL AND DEBT COLLECTION OF COUNCILOR ACCOUNTS

The Local Government Laws Amendment Act (No 51 of 2002) states that Municipal Councilors may not be in arrears to the municipality for rates and services for a period longer than 3 months. In addition, in terms of the Municipal Finance Management Act (No 56 of 2003), S124(b).

“The notes to the annual financial statements of a municipality must include particulars ofany arrears owed by individual councilors to the municipalityfor rates or services and which at any time during the relevant financial year were outstanding for more than 90 days, including the names of those councilors.....”

In order to ensure timeous, assured payment of councilor accounts, all councilors shall be subject to an automatic deduction instituted against their councilor allowance payments on a monthly basis.

9 COMMUNICATION WITH COMMUNITIES AND OTHER STAKEHOLDERS

On approval of the new policy, a comprehensive communication plan will be implemented through the Marketing and Communication Directorate, in conjunction with the relevant Directorates, in order to advise ratepayers and consumers regarding incentives, payment terms and arrangements in the following languages: Afrikaans, English, Sotho/Tswana, Xhosa/Zulu. This will be done in conjunction with the ward committees.

10 CLEARANCE CERTIFICATES

Before any property can be transferred from one owner to another, all arrears are payable, where after the Chief Financial Officer issues a certificate to that effect. No transfer can take place without such a certificate.

11 CLIENT CARE

Clients may lodge appeals on the accuracy of accounts at the Debtor Client services Section. Whilst such an appeal is not solved, no credit control measures are taken for that amount. Other levies on the account, which do not form part of such an appeal, are however still payable and are not included in the extension for payment.

12 REPORTING AND PERFORMANCE MANAGEMENT

12.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c).

This report shall contain particulars on cash collection statistics showing high-level debt recovery information (numbers of customers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.

12.3 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

12.4 The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

13 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.