



NQUTHU LOCAL MUNICIPALITY

**CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION
POLICY 2024-25**

INDEX

	Page No.
1. Definitions	4
2. General principles	6
3. Duties and functions	7
4. Performance evaluation	8
5. Reporting	10
 CUSTOMER CARE SECTION	
1. Objectives	13
2. Customer care	13
3. Municipality aim	14
4. Communication and feedback	14
5. Handling of complaints	14
6. Accounts and billing	15
7. Metering	15
8. Payments facilities and method	16
9. Enquiries, appeals and service complaints	16
10. Customer categories	17
11. Priority customer management	17
12. Customer assistance programmes	18
 CREDIT CONTROL SECTION	
1. Objective	20
2. Service application and agreements	20
3. Customer screening and security	20
4. Right of access to premises	21
5. Personal contact	22
6. Interruption of service	22
7. Rates clearance	23

8.	The pre-payments system	23
9.	Incentives for prompt payments	23
10.	Interest	23
11.	Theft and fraud	24

DEBT COLLECTION PERIOD

1.	Objective	25
2.	Legal process/use of attorney/use of credit bureaus	25
3.	Cost of Collection	26
4.	Abandonment of claims	26
5.	Uncollectable arrears	26
6.	Arrangements for settlement	27

7.	Policy Adoption	27
----	------------------------	----

ANNEXURE A: ARRANGEMENTS OF SETTLEMENTS

ANNEXURE B: INCOME COLLECTIONS TARGETS

1. DEFINITIONS

For the purpose of this policy, the wording or any expression used has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

“Act” the local government: Municipality System Act, 2000 (Act no 32 of 2000) as amended from time to time.

“Authorised Representative” the person or institution legally appointed by the Council to act or to fulfill a duty on its behalf.

“CFO” Chief financial Officer is the person appointed by the Council to administer finances.

“Council” is the Municipal Council of Nquthu Local Municipality.

“Customer” “is any occupier or owner of any property to which the Municipality has agreed to supply services or already supplies services to, or failing such an occupier, the owner of the property.

“Defaulter” is a person who owes money to Municipality after the due date has expired.

“Equipment” is a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories.

“Interest” is a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on arrear monies.

“Municipality” for the purpose of this policy it means Nquthu Local Municipality.

“Municipal account” is an account rendered specifying charges for service provided by the Municipality or any authorised and contracted service provider or assessment rates levies.

“Municipal services” are those services provided by the Municipality, such as Inter alia the supply of electricity, refuse removal, and for which services charges are levied.

“Occupier” is any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property.

“Owner” –

- a) The person in whose name the property is legally vested.
- b) In the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator or any other legal representative.
- c) In the case where the Council are unable to establish the identity of such person, the person who are entitled to derive benefit from the property or any buildings thereon.
- d) In the case of lease agreement in excess of 30 years was entered into, then the lessee.

“Property” is any portion of land, of which the boundaries are determined, within the jurisdiction of the Municipality.

2. PRINCIPLES

2.1 In the execution of customer care, credit control and debt collection policy the Municipality will apply the following principles:

- a) The administrative integrity of the Municipality will be maintained at all costs meaning that democratically elected Councillors are responsible for the adoption of the policy, while the Municipal Manager must execute the policy.
- b) All customers must complete an official application form, normally requesting the Municipality to connect them to service supply lines.
- c) Changes to legislations, by-laws and policies may require existing customers to complete new application forms.
- d) A copy of the application form, conditions of service and extracts of the customer care, credit control and debt collection policy and by-law must be amended to every customer on request at such fees as may be prescribed.
- e) Billing is to be accurate, timeous and understandable.
- f) The customer is entitled to:
 - i) Reasonable access to pay points.
 - ii) A variety of reliable payment methods.
 - iii) An efficient, effective and reasonable response to appeals, and should not suffer no disadvantage during the processing of such an appeal.
- g) Enforcement of payments must be prompt, consistent and effective.
- h) Unauthorised consumption, illegal connection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.

- i) Incentives and disincentives may be used in collection procedures.
- j) The collection process must be cost effective.
- k) The executive mayor must report the customer care, credit control and debt collection performance results, regularly and efficiently to Council.
- l) Application forms will be used to, inter alia, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
- m) Targets for performance in both customer services, credit control and debt collection will be set and pursued and remedies implemented for non-performance.
- n) Where should practically possible customer care, credit control and debt collection should be handled independently and the organisational structure will reflect the separate functions.

3. DUTIES AND FUNCTIONS

- 3.1 The following duties and functions are assigned to the under mentioned role-players relating to the management, control and implementation of customer care, credit collection and debt collection.

Duties and functions of Council

- a) To approve a budget consistent with the needs of communities, rates payers and residents.
- b) To impose service charges, rates on property and other taxes, levies and duties to finance the budget.
- c) To source and provide sufficient funds to give access to basic services for the poor.
- d) To provide for bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial

statements of the Municipality.

- e) To set improvement targets for customer care, credit control and debt collection, in line with acceptable standards and the ability of the implementing authority.
- f) To approve a reporting framework for customers care, credit control and debt collection.
- g) To consider and approve a by-law to give effect to the policy.
- h) To establish a supervisory authority to monitor the performance of the Municipal Manager regarding customer care, credit control and debt collection.
- i) To revise the budget should the targets for customer care, credit control and debt collection not be met.
- j) To take disciplinary and legal action against Councillors, officials and agents who do not execute the policy and by law or act improperly in terms thereof.
- k) To delegate the required authorities to monitor and execute the customer care, credit control and debt collection policy to the Executive Mayor, Municipal Manager and service providers respectively.
- l) To provide sufficient capacity in the finance directorate to execute customer care, credit control and debt collection or alternatively appoint service provider, debt collection agents.
- m) To provide funds for the training of staff.

Duties and function of the Municipal Manager

- a) To implement a customer care management system
- b) To implement the customer care, credit control and debt collection policy and by-law.
- c) To install and maintain an appropriate accounting system.
- d) To bill customers
- e) To demand payments on due date.
- f) To raise penalties for defaults.

- g) To appropriate payments received.
- h) To collect outstanding debt.
- i) To provide different payment methods.
- j) To determine customer care, credit control and debt collection measures.
- k) To determine relevant work procedures for, inter alia, public relations, reminders, final demands, arrangements, and disconnections of service, summonses, judgments and write-off of debts.
- l) To instruct attorneys to proceed with the execution of judgments obtained.
- m) To set performance targets for staff.
- n) To appoint staff to execute the policy and by-law
- o) To delegate certain functions to heads of departments
- p) To determine control procedures.
- q) To monitor contracts with service providers in connection with credit control and debt collection.
- r) To report to the Executive Council.

Duties and function of communities, ratepayers and residents

- a) To fulfill certain responsibilities, as brought about by the privilege and right to use and enjoy public facilities and Municipal services
- b) To pay service charges, rates on property and other taxes, levies and duties imposed by the Municipality on or before the due date.
- c) To observe the mechanisms and processes of the Municipality in exercising their rights.
- d) To allow municipal official reasonable access to their property to execute Municipal functions.
- e) To comply with the policy and by-law and other legislation related to customer care, credit control and debt collection.
- f) To refrain from tampering with Municipal service and property.

Duties and function of Councillors

- a) To hold regular ward meetings
- b) To adhere to and convey the policy and by-law to customers, residents and ratepayers.
- c) To adhere to the code of conduct for Councillors

4. PERFORMANCE EVALUATION

The Municipal Council will create a mechanism wherein the following targets can be assessed, evaluated and whereby remedial steps can be taken.

4.1 Income collection targets

The municipal Council will create targets that will include:

- a) The reduction in the monthly increase of debt in line with the performance agreements for officials

4.2 Customer service targets

The Municipal Council will create income collection targets that will include:

- a) Response time to customer queries
- b) Date of first account delivery to new customers.
- c) Reconnection time lapse.
- d) Meter reading cycle

4.3 Administrative performances

The Municipal Council will create income collection targets that will include:

- a) Cost efficiency of debt collection.
- b) Query and appeal periods.
- c) Enforcement mechanism ratios.

5. REPORTING

- 5.1 The CFO shall report monthly to the Municipal Manager in a suitable format to enable him/her to report to the Executive Committee.

5.2 This report contemplated above will include:

- a) The total debt analysis as at month end
- b) Summarise month end balances after debit raising
- c) Brought forward balances at month end
- d) Number of fully recovered accounts.
- e) Indigent progressive growth
- f) Rand value indigent growth
- g) Number of indigent applications
- h) Cash flow improvement
- i) Net effect on arrears
- j) Collections of arrangements
- k) Cash receipts
- l) Cash received versus debit raised
- m) Cash received exceeding debit raised
- n) Attorneys brought forward balances
- o) Meter reading function
- p) Domestic application for services – ITC checks
- q) Domestic application for services – ITC risk level
- r) Business application for services – ITC checks
- s) Business application for services – ITC risk level
- t) Arrangements made
- u) Number of hand delivered final demands
- v) Number of posted final demands
- w) Electricity cuts versus reconnections
- x) Electricity revisits
- y) Summonses and judgments issued

5.3 Performances in all areas against targets agreed to in Annexure “B” of this policy document.

5.4 If the actual cash receipts do not match the budgeted income the CFO

must report this with motivation to the Municipal Manager who will, if he agrees and the trend continuous, immediately move for a revision of the budget according to realistically realisable income levels.

- 5.5 The Executive Committee as supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99 (c) of the Act.

CUSTOMER CARE SECTION

1. OBJECTIVES

- 1.1 The objective of the customer care section are to focus on the client needs in a responsible and pro-active way to create a positive and cooperative relationship between customers responsible for the payment of services received, by the Municipality and where applicable, any service provider.
- 1.2 To facilitate financial assistance and basic services for the community's poor.
- 1.3 To define a manageable customer care framework to ensure loyalty and participation of consumers into the objectives of the Municipality.
- 1.4 To encourage those not paying, to do so in the interest of sustainable services delivery.
- 1.5 To restore and promote the culture of paying for services rendered and used.

2. CUSTOMER CARE

Customer Care is a comprehensive approach that provides seamless coordination between all departments of the Municipality. Promoting awareness amongst employees to become more consumer orientated. To provide a good, efficient service, communicating this to a customer or consumer which in turn would achieve a higher customer satisfaction.

This awareness should also make it much easier to manage revenue for services rendered and elevate Revenue protection to a whole new level.

3. MUNICIPALITY AIM

- 3.1 It is Nquthu Local Municipality's aim that whenever customers have contact with the Municipality they will consistently experience standards of service excellence. Our Municipality is committed to ensuring that the human rights principles set out in our National Constitution, the eight Batho Pele (People First) principles that aim to transform public service delivery as well as "getting it right the first time" are experienced whenever customers access our Municipal services.
- 3.2 In this way the Municipality will display commitment to the principle of Customer First and ensure that service excellence is an integral part of the planning and delivery of all Municipal services to its people.

4. COMMUNICATION AND FEEDBACK

- 4.1 The Municipality will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget, which will include revised targets for customer.
- 4.2 Councillors will endeavour to distribute a regular newsletter, which will give prominence to customers care and related issues.
- 4.3 Ward Councilors will be required to hold regular ward meetings, at which customer care and related issues will be given prominence.
- 4.4 The press will be encouraged to give prominence to customer care and related issues and will be invited to Council or Committee meetings where these matters are discussed.

5. HANDLING OF COMPLAINTS

- 5.1 Within its financial and administrative capacity the Municipality will establish:
- a) A central complaints/feedback office.
 - b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication

with customers.

- c) Appropriate training for officials dealing with the public to enhance communications and service delivery.
- d) A communication mechanism to give feedback on service, debt and customer care and related issues.

6. ACCOUNTS AND BILLING

- 6.1 Customers will receive an understandable and accurate bill from the Municipality which will consolidate all services charges for that property.
- 6.2 Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statements date, due date days will not be less than 20 days.
- 6.3 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Municipality or its authorised agent.
- 6.4 It is the customer responsibility to ensure that postal address and other contact details are correct.
- 6.5 Settlement or due dates will be as indicated on the statement.
- 6.6 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- 6.7 Where any payment is made by a negotiable instrument and is later dishonored by a bank, the Municipality or its authorised agent.
 - a) May recover the bank charges related to the transaction against the account of the customer.
 - b) Shall regard such an event as a default on a payment.
- 6.8 The Municipality or its authorised agent must if administratively possible issue a duplicate account to a customer on request, at a cost as determined by Council.

7. METERING

- 7.1 Within practical and financial limits the Municipality will endeavour to

- provide meter for every consumable service.
- 7.2 All meters will be read monthly on the same date if possible.
- 7.3 If it is not possible to read all meters monthly the consumption will be estimated.
- 7.4 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 7.5 Customers will be informed of meter replacements.
- 7.6 If a service is metered but it cannot be read due to constrains or circumstances out of the control of the Municipality or its authorised agent, and the customer is charged for an estimated consumption, the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption and the resulting credit or debit adjustments.

8. PAYMENTS FACILITIES AND METHODS

- 8.1 The Municipality will operate and maintain suitable and accessible payment facilities.
- 8.2 The Municipality will at its discretion allocate payments between service debts and debtors may not specify that payments are for specific portions of the account.
- 8.3 With the consent of a customer the Municipality may in terms of section 103 of the Municipal System Act, approach an employer to secure a debit or stop order arrangement.
- 8.4 The Municipality may provide for special incentives as contemplated in section 103 of the Municipal System Act.
- 8.5 The customer will acknowledge, in the customer agreement, if he/she uses agents to transmit payments to the Municipality he/she is responsible for late and non payments.

9. ENQUIRIES, APPEALS AND SERVICE COMPLAINTS

- 9.1 If a customer is convinced that his or her account is inaccurate, he or she can lodge a query with the Municipality to investigate and adjust the account if found valid within three months of the invoice date.
- 9.2 In the interim the debtor must pay an amount equal to the average of the last three month's consumption where such history of the account is available. Where such history is available, the debtors must pay an estimated amount as calculated by the Municipality until the matter is resolved.
- 9.3 The relevant department will investigate the query lodged and inform the debtors within the period specified in the policy targets.
- 9.4 Failure to make interim payments will subject the customer to the normal credit control and debt collection procedures.
- 9.5 A customer may appeal to the Municipal Manager against the finding of the Municipality or its authorised agent.
- 9.6 An appeal must be made and lodged with the Municipality within 21 days after the notification of such findings has been received and must:
- a) Set out the reasons for the appeal.
 - b) Be accompanied by any security determined for the testing of a measuring device, if applicable.

10. CUSTOMER CATEGORIES

- 10.1 Customers will be categorised according to specific classification based on inter alia type of entity and applicable tariffs and risk level.
- 10.2 Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

11. PRIORITY CUSTOMER MANAGEMENT

- 11.1 Certain customers will be classified as priority customers based on criteria determined by the Municipal Manager

- 11.2 A priority customer liaison officer may be appointed to take care of priority customers.
- 11.3 The envisaged priority liaison officer will be responsible for the ongoing management of the customers so classified and will be perform tasks such as the review of monthly accounts to ensure accuracy, the monitoring of prompt settlement of accounts and response to queries.

12. CUSTOMER ASSISTANCE PROGRAMMES

12.1 Rates rebates

Categories of property or owners may qualify for exemptions, rebates and reductions of rates as determined in the Municipality's property rates policy.

12.3 Arrangements for settlements

- a) Customers with consumption arrears must agree to the conversion to prepayment meters.
- b) When a prepayment meter is installed due to defaults on payments, the cost of the meter and all arrears can be paid off:
 - i) Monthly over an agreed period.
 - ii) At the discretion of the Municipal Manager, by adding the debt as a surcharge to the prepaid electricity cost, and be repaid with each purchase of electricity until the debt is liquidated.
- c) The Municipality reserves the right to raise the deposit requirement of debtors who seeks arrangements.
- d) Where an arrangement is made outside of the conditions of payment as set out in Annexure A, such payments will be accepted, subject to the normal credit control and debt collection procedures.
- e) Customers may elect to pay their property rates account monthly, at no interest cost on the condition that there are no rates outstanding in respect of a previous period and that the rates are paid in full prior to the next rates cycle.
- f) Any arrangements for monthly rates installments will be cancelled and all rates will become payable in full with immediate effect should any three installments become overdue.
- g) Any customer who pays full account settlement in excess of R1 million rands for rates and services during the financial year may apply for interest exemption for up to three years prior to full settlement of account, the account should be settled in full. The remaining interest in excess of three years should be paid by the customer. The application for waiving the three-year interest should be made to the CFO if approved the interest for three years will be waived.

12.4 Indigent subsidy

Customers may apply for an indigent subsidy on the conditions as stipulated in the Municipality's indigent policy.

12.5 Free basis services

A Council may provide, free of charge to a customers, certain basic level of services, as determined from time to time.

CREDIT CONTROL SECTION

1. OBJECTIVE

- 1.1 Ensure that all money due and payable to Municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly;
- 1.2 The objectives of the credit control are to implement procedures that will ensure the prevention of escalation in arrear debt.
- 1.3 Limited risk by employing effective management tools.

2. SERVICE APPLICATION AND AGREEMENTS

- 2.1 All customers of services will be required to sign an agreement governing the supply and cost of Municipal services.
- 2.2 Owners may not allow tenants to sign separate agreements with the Municipality, the Municipality shall bill the owner and not the tenant for services used.
- 2.3 Prior to signing these agreements, customers will be entitled to receive the policy document of the Municipality on request at a cost determined by Council.
- 2.4 On the signing of the agreement, customers will receive a copy of the agreement for their records.
- 2.5 Customers are responsible for cost of collection, interest and penalties in the event of delayed and nonpayment.
- 2.6 Existing customers of service will be required to sign new agreements as determined by the Municipal Manager from time to time.

3. CUSTOMER SCREENING AND SECURITY

- 3.1 All applicants for Municipal service will be checked for credit worthiness including checking information from banks, credit bureau, other local authorities, trade creditors and employers.

- a) On application consumers will be grouped into high, medium or low risk consumers.
 - b) A consumers will be granted a low risk status if he or she it has not defaulted on any payments to the Municipality, medium risk for defaults on payments and high risk if any legal action and judgments were taken.
- 3.2 Based on the risk assessment deposit either in cash or any other security acceptable to the Municipality will be charged for any new connection or any default on existing payments arrangement.
- 3.3 Deposits can vary according to the discretion of the Municipality to a maximum of three months average consumption.
- 3.4 Deposit can vary according to the credit worthiness or category of the applicant.
- 3.4 The Municipality will not pay any interest on deposits.
- 3.5 On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the consumer.

4. RIGHT OF ACCESS TO PREMISES

- 4.1 The owner and or occupier of property must allow an authorised representative of the Municipality access at reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect stop, or restrict or reconnect, the provision of any service.
- 4.2 The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- 4.3 If a person fails to comply with the Municipality or its authorised representative may:
- a) By written notice require such person to restore access at his/her own expense within a specified period.
 - b) As a matter of urgency, without prior notice restore access and

recover the cost from such person.

5. PERSONAL CONTACT

- 5.1 With the constraints of affordability Council will endeavor to notify customers of their arrears situation by telephonic contact or by delivering a final demand notices.
- 5.2 During the contact customers will be informed of their rights and obligations in terms of the customer care, credit control and debt collection policy including making arrangements and applying for indigent support.
- 5.3 Such contact is not a right and disconnection of service and other collection proceedings may continue in the absence of such contact.

6. INTERRUPTION OF SERVICE

- 6.1 Customers who are in arrears with their Municipal account and who have not made arrangements with the Municipality will have their supply of electricity and other Municipal services, suspended or disconnected.
- 6.2 The disconnection of service may happen when the Municipal account is one day overdue.
- 6.3 Council reserves the right to deny or restrict the sale of electricity to customers who are in arrears with their rates or other Municipal charges.
- 6.4 Upon the liquidation of arrears, or the conclusion of acceptable arrangements, the service will be reconnected as soon as conveniently possible.
- 6.5 All costs related to notices, the restrictions or disconnection and reconnections, will be determined by tariffs approved by the Municipal Council and will be payable by the customers.
- 6.6 The deposit of any defaulter will be adjusted and brought into line with the policy and tariff structure of the Municipality.

7. RATES CLEARANCE

On the sale of any property in the Municipal jurisdiction, the Municipality will withhold the transfer until all rates, services and consumption charges are paid by withholding a rates clearance certificates as contemplated in section 118 of the Municipal System Act 2000.

8. THE PRE-PAYMENTS SYSTEM

8.1 The Municipality may use its pre-payment system to recover arrears in respect of accrued Municipal taxes and other Municipal levies, tariffs and duties in respect of services such as refuses removal.

8.2 A customer with arrears, incurred after 30 June 1999 who applies for a pre payment system, will be required to repay all arrears in full before a pre-payment electricity meter is installed or, if the amount outstanding is larger and the customer ability to pay is limited the arrears can be repaid by allocating 50% of all purchases before any electricity credit is given.

9. INCENTIVES FOR PROMPT PAYMENT

9.1 To encourage prompt payment and to reward payers the Municipality may consider incentives for the prompt payments of accounts or payments by debit or stop orders.

9.2 If introduced such a incentive scheme will be reflected in the operating budgets as an additional expenditure.

10 INTEREST

Interest will be raised as a charge of 8% on all accounts not paid by the due date in accordance with applicable legislation, with the exception of approved indigent accounts whereby 0% interest will be applicable.

11. THEFT AND FRAUD

- 11.1 Any natural or juristic person found to:
- a) Be illegally connected to Municipal service
 - b) Has tampered with meters, the reticulation network or any other supply equipment.
 - c) Has committed any unauthorised act associated with the supply of Municipal services.
 - d) Be involved in theft of and fraudulent activity will be prosecuted and held liable for penalties as determined from time to time.
- 11.2 Council will be immediately terminate the supply of service to a customers should such conduct as outlined in 11.1 be detected.
- 11.3 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees and increased deposit as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
- 11.4 The Municipality will maintain monitoring systems in order to identify customers who are undertaking illegal actions.
- 11.5 The Municipality reserves the right to lay criminal charges and to take any other legal action against both vandals and thieves.
- 11.6 Any person failing to provide information or providing false information to the Municipality may face immediate disconnection and legal action.

DEBT COLLECTION SECTION

1. OBJECTIVE

The objective of the debt collection section is to provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of Municipal services in the interest of the community.

2. LEGAL PROCESS/USE OF ATTORNEYS/USES OF CREDIT BUREAUS

- 2.1 The Municipality may, when all other credit control actions have been exhausted, commence legal process against debtors which process could involve summonses and judgments.
- 2.2 The Municipality will establish procedures and codes of conduct with these outside parties.
- 2.3 Garnishee orders, in the case of employed debtors, are preferred to sell in execution but both are part of the Municipality's system of debt collection.
- 2.4 All steps in credit control and debt collection procedures will be recorded for the Municipality's records and for the information of the debtors.
- 2.5 Individual Debtor account information is protected and not the abject of public information.
- 2.6 Municipality may release debtor's information to credit bureaus.
- 2.7 Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.
- 2.8 Municipality may the use of agents as service providers and innovative debts collection methods and product.
- 2.9 Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.

- 2.10 Any agreement concluded with an agent, services provider or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute a breach of the contract.

3. COST OF COLLECTION

All costs associated with credit control and debts collection including interest, penalties, service discontinuation costs and legal costs are for the account of the debtor and should reflect at least the cost of the particular action.

4. ABANDONMENT OF CLAIMS

- 4.1 The Municipal Manager must ensure that all revenues are utilised to collect the Municipality debt.
- 4.2 The valid termination of debt collection procedures as contemplated in section 109(2) of the Municipal System Act 2000, may be considered under the following circumstances:
- a) The insolvency of the debtors, whose estate has insufficient funds.
 - b) A balance being too small to recover for economic reasons, considering the cost of recovery.
 - c) Where the Municipality deems that a customer or groups of customers are unable to pay for services rendered.
- 4.3 The Municipality must maintain audit trails in such instance and document the reasons for the abandonment of the actions or claims in respect of the debt.

5 UNCOLLECTABLE ARREARS.

- 5.1 The effective implementation of the present policy also implies a realistic review of the Municipality's debtor's book at the conclusion of each financial year. The Municipal Manager shall as soon as possible after 30 June each financial year present to the Council a report indicating the

amount of the arrears which it is believed is uncollectable, together with the reasons for this conclusion.

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

6. ARRANGEMENTS FOR SETTLEMENT.

For all arrangements to settle all in arrears accounts please see Annexure A below.

7. POLICY ADOPTION

This policy has been considered and approved by the Council of **Nquthu Municipality** on this day 01 July 2024.

ANNEXURE A

Arrangements

If a customer experiences difficulties in paying his/her account with the Municipality then the Municipality may enter into an extended term of payments with such a customer according to the applicable categories of the customers.

The customer must do either of the following:

- a) Sign an acknowledgement of debt
- b) Sign a consent to judgment
- c) Provide a garnishee order/emolument order/stop order (if he or she is in employment)
- d) Acknowledge that interest could be charged at the prescribed rate.
- e) Pay the current portion of the account.
- f) Sign an acknowledgement that, if the arrangement being negotiated are later defaulted on, that no further arrangement will be possible and that disconnection of electricity will follow immediately, as will legal proceedings.
- g) Acknowledge liability of all costs incurred

CATEGORIES OF DEBTORS

Domestic customers

DEBT	PAYMENT OF ARREARS
R0- infinite	Enter into arrangement of six, twelve and 18 months, take into consideration the current amount plus arrear amount, consolidate arrear and current amount to give monthly installment for the period.

In all cases electricity deposit to be increase to 3 times the average monthly consumption or a minimum as determined annually and published in the tariff schedule.

Business

	PAYMENT OF ARREARS
1 st default I any twelve month cycle:	Enter into arrangement of six, twelve and 18 months,

	take into consideration the current amount plus arrear amount, consolidate arrear and current amount to give monthly installment for the period.
2 nd default I any twelve month cycle:	Full outstanding plus current account. No arrangements. Deposit adjusted to 3 months consumption.
3 rd default I any twelve month cycle:	Deposit adjusted to 3 months consumption. Weekly cash payments based on consumption Plus contribution to increased deposit

GOVERNMENTS DEPARTMENT

Schools/hospital etc

	PAYMENT OF ARREARS
1 st default I any twelve month cycle:	14 days' notice – no arrangements. Deposit adjusted to 3 months consumption
2 nd default I any twelve month cycle:	14 days' notice – no arrangements. Deposit adjusted to 3 months consumptions
3 rd default I any twelve month cycle:	14 days' notice Deposit adjusted to 3 months consumption.

Old age and disability pensioners

DEBT	PAYMENT OF ARREARS
R0- infinite	Enter into arrangement of six, twelve and 18 months, take into consideration the current amount plus arrear amount, consolidate arrear and current amount to give monthly installment for the period.

Arrangements for this category of debtor will be free of interest, should the payment arrangement be maintained regularly.

ADMINISTRATION/ DEBT REVIEW

Where a person has been placed under administration the following procedures will be follows:

- a) The debt as at the date of the administration court order will be placed on hold and collected in terms of the court order by the administrator's dividend.
- b) The administrator is to open new account on behalf of the debtor, with a new deposit. No account is to be opened/operated in the debtor's name as the debtor is not entitled to accumulate debt (refer section 74S of the magistrates courts act 32 of 1944)
- c) Until such time as this new account is opened, the debtor is to be placed on limited-service levels. The consumer will be compelled to install a prepaid electricity meter, should on not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the prepaid meter.
- d) Should there be any default on the current account, the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.

INDIGENT

All customers qualifying as indigent and having remaining arrear debt after any relief has been granted will be treated as the indigent policy stipulates.

ANNEXURE B

INCOME COLLECTION TARGETS

- a) Payment level on current accounts
Increase level by 5% every 3 months to 98% payments level of all customers who can afford to pay.
- b) Recovery of arrears (accumulated and older than five years)
To collect all arrears over a maximum period of three years.
To achieve this goal the level of recovery should be:
- | | | | | |
|--------|---|-----------|---|-----|
| Within | - | 6 Months | - | 20% |
| | | 12 Months | - | 20% |
| | | 18 Months | - | 20% |
| | | 24 Months | - | 20% |
| | | 36 Months | - | 20% |
- c) Recovery of arrears (accumulated within last 3 years)
To collect all arrears over a maximum period of two years, save for those specific categories where the period is extended to three years.
To achieve this goal the level of recovery should be:
- | | | | | |
|--------|---|-----------|---|-----|
| Within | - | 6 Months | - | 40% |
| | | 12 Months | - | 30% |
| | | 18 Months | - | 20% |
| | | 24 Months | - | 10% |

CUSTOMER SERVICE TARGETS

- a) **Response time to customer queries:**
Initial response within 10 working days
- b) **Resolution of queries:**
30 working days to resolve queries and appeals.
- c) **Date of first account delivery of new customers:**
By second billing cycle after date of application or occupation which ever is latest

- d) **Reconnection Time:**
Within 24 hours after appropriate payments/arrangement.
- e) **Meter reading cycle:**
100% of meters being read on monthly basis on a similar date with a maximum of 3 consecutive months estimated.
- f) **Equity application:**
Within 2nd billing cycle response for approval of disapproval as well as provision of subsidy

ADMINISTRATIVE PERFORMANCE TARGETS

- a) Cost efficiency of debt collection:
Cost of collection not to exceed the capital debt amount
All reasonable steps to be taken to limit cost to Council or the customer.
Cost of collection is to be recovered from the defaulting customers.
Total cost of collection to be recovered by means of applicable credit control tariffs.
- b) Enforcement mechanism ratios:
95% of total number of arrear customers being successfully notified or disconnected.