

GEORGE MUNICIPALITY

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY 2026/27

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1) PREAMBLE

WHEREAS section 96 of the Local Government: Municipal Systems Act, no 32 of 2000, requires a municipality to adopt, maintain and implement a credit control-, debt collection, customer care policy;

AND WHEREAS section 97 of the Systems Act prescribes what such policy must provide for;

NOW THEREFORE the Municipal Council of George Municipality adopts a Customer Care, Credit Control and Debt Collection Policy as set out in this document.

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

2) DEFINITIONS

- a) 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:
- b) **“Act”**, The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time; as well as the Protection of Personal Information Act No4 of 2013
- c) **“Authorized Representative”**, the person or institution legally appointed by the Council to act or to fulfil a duty on its behalf;
- d) **“Chief Financial Officer”** the person appointed by Council to administer its finances;
- e) **“Council”** the Municipal Council of George Municipality;
- f) **“customer”** any owner/landlord or occupier of a property to which property the Municipality has agreed to supply services or already supplies services, and any customer of a property not receiving services but for which property services had been made available, and any person liable to the Municipality for taxes, rates or other charges.
- g) **“agent”**, in relation to the owner of a property, means a person appointed by the owner of the property:
 - i) to collect income in respect of the property on behalf of the owner; or
 - ii) to effect payments in respect of the property on behalf of the owner
- h) **“defaulter”** a person who owes money to the Municipality after the due date has expired;
- i) **“equipment”** a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;
- j) **“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 arrear monies;
- k) **“Municipality”** includes a Municipality referred to in section 155 (6) of the Constitution;
- l) **“Municipal account”** an account rendered specifying charges for services provided by the Municipality, or any authorised and contracted services providers, valuations and property taxes;

- m) **“Municipal Manager”** the person appointed as Municipal 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;
- n) **“Municipal services”** those services provided by the Municipality or service providers, such as, the supply of water and electricity, refuse removal, sewerage treatment, and any other charges;
- o) **“Occupier”** any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property;
- p) **“Owner”** –
 - i) the person in whose name the property is legally vested/registered.
 - ii) in the case where the person in whose name the property is vested/registered, 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;
 - iii) in the case where the Council are unable to establish the identity of such person, the person who is entitled to derive benefit from the property or any buildings thereon;
 - iv) in the case of a lease agreement in excess of 30 years was entered into, then the lessee;
 - v) regarding:
 - (1) A portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986), without limiting it to the developer or managing body to the communal property;
 - (2) A portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a “sectional title, including the legally appointed representative of such person;
 - (3) Any legal entity including but not limited to:
 - a) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust *inter vivos*, trust *mortis causa*, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984), and any voluntary organisation;
 - b) any Provincial or National Government Department or Local authority;
 - c) any Council or management body established in terms of any legal framework applicable to the Republic of South Africa; and

- d) any Embassy or other foreign entity;
- q) **“Property”** any portion of land, of which the boundaries are determined, within the jurisdiction of the Municipality;
- r) **“Unreliable customer”**, includes an account holder, who according to his or her payment record fails to settle his or her Municipal account by the due date or who is in arrears with payments due to the Municipality or who fails to honour payments arrangements or who tampers or interferes with metering equipment, seals or the supply of Municipal services.
- s) **“Authorised person”** is a person or firm who has permission to carry on certain legally regulated activities.

3) GENERAL OBJECTIVES

The objectives of this policy are: -

- a) To provide a framework within which the Municipality can exercise its executive and legislative authority with regards to credit control and debt collection;
- b) To ensure that all monies and deposits due and payable to the Municipality are collected and used to deliver services in the best interest of the community; residents and customers; and, in a financially sustainable manner;
- c) To provide a framework for customer care;
- d) To describe credit control measures and sequence of events;
- e) To outline debt collection procedures and mechanisms;
- f) To set realistic targets for debt collecting.

4) PRINCIPLES

- a) In the execution of its Customer Care, Credit Control and Debt Collection Policy the Municipality will apply the following principles:
 - i. 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-
 - ii. All customers must complete an official application form, formally requesting the Municipality to connect them to service supply lines.
 - iii. Changes to legislation, by-laws and policies may require existing customers to complete new application forms.

- iv. A copy of the application forms, and conditions of services must be handed to every customer. On request extracts of the Customer Care, Credit Control and Debt Collection policy and By-Law are available to every customer at such fees as may be prescribed.
 - v. Billing is to be accurate, timeous and understandable.
 - vi. The customer is entitled to: -
 - 1. reasonable access to pay points;
 - 2. a variety of reliable payment methods; and
 - 3. an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of such an appeal.
 - vii. Enforcement of payment must be prompt, consistent and effective.
 - viii. 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.
- b) Incentives may be used in the collection process.
 - c) The collection process must be cost-effective.
 - d) The Executive Mayor must report the customer care, credit control and debt collection performance results, regularly and efficiently to Council.
 - e) Application forms will be used to, *inter alia*, categorise customers according to credit risk and to determine relevant levels of services and deposits required.
 - f) Performance targets for customer service, credit control and debt collection will be set and pursued, and remedies implemented for non-performance.
 - g) Where practically possible customer care, credit control and debt collection should be handled independently, and the organisational structure will reflect the separate functions.

5) DUTIES AND FUNCTIONS

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.

a) Duties and Functions of Council

- i. To approve a budget consistent with the needs of communities, ratepayers and residents.

- ii. To impose service charges, rates on property and other taxes, levies and fees to finance the budget.
- iii. To source and provide sufficient funds to give access to basic services for the poor.
- iv. 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.
- v. To set improvement targets for customer care, credit control and debt collection, in line with acceptable standards and the ability of the implementing authority.
- vi. To approve a reporting framework for customer care, credit control and debt collection.
- vii. To consider and approve a by-law to give effect to the policy.
- viii. To be a supervisory authority to monitor the performance of the Municipal Manager regarding to customer care, credit control and debt collection.

To revise the budget should the targets for customer care, credit control and debt collection not be met.

- i. To take disciplinary and/or legal action against Councillors, officials (as per the collective agreement) and agents who do not execute the policy and by-law or act improperly in terms thereof.
- ii. 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.
- iii. To provide sufficient capacity in the Financial Services Department to execute customer care, credit control and debt collection or alternatively appoint service providers, or debt collection agents.
- iv. To provide funds for the training of staff.

b) Duties and functions of Executive Mayor

- i. To ensure that the budget, cash flow and targets for customer care, credit control and debt collection are met.
- ii. To monitor the performance of the Municipal Manager with implementing the policy and by-law.
- iii. To review and evaluate the policy and by-laws in order to improve the efficiency of customer care, credit control and debt collection procedures, mechanisms and processes.
- iv. To report to Council.

c) Delegated duties and functions of the Municipal Manager

- i. To implement a customer care management system.
- ii. To implement the Customer Care, Credit Control and Debt Collection Policy and By-Law.
- iii. To maintain an appropriate accounting system.
- iv. To bill customers.
- v. To demand payment on due dates.
- vi. To raise penalties for defaults.
- vii. To appropriate payments received.
- viii. To collect outstanding debt.
- ix. To provide different payment methods.
- x. To determine customer care, credit control and debt collection measures.
- xi. To determine relevant work procedures for, inter alia, public relations, reminders, final demands, arrangements, and disconnections of services, summonses, judgements and write-off of debts.
- xii. To instruct attorneys to proceed with the execution of judgements obtained.
- xiii. To set performance targets for staff.
- xiv. To appoint staff to execute the policy and by-law.
- xv. To delegate certain functions to heads of departments.
- xvi. To determine control procedures.
- xvii. To monitor contracts with service providers in connection with credit control and debt collection.
- xviii. To report to the Executive Mayor.

d) Duties and functions of communities, ratepayers and residents

- i. To fulfil certain responsibilities, as part of the privilege and or right to use and enjoy public facilities and Municipal services.
- ii. To pay service charges, rates on property and other taxes, levies and duties imposed by the Municipality on or before the due date.

- iii. To observe the mechanisms and processes of the Municipality in exercising their rights.
- iv. To allow Municipal officials reasonable access to their property to execute Municipal functions.
- v. To comply with the policy and by-law and other legislation related to customer care, credit control and debt collection.
- vi. To refrain from damaging and or tampering with Municipal services and property.
- vii. To inform the Municipality in writing of any changes in his/her address or contact details.

e) Duties and functions of Councilors

- i. To hold regular ward meetings.
- ii. To adhere to and convey the policy and by-law to customers, residents and ratepayers.
- iii. To adhere to the Code of Conduct for Councillors.
- iv. To always pay amounts that are owed in respect of Municipal rates, taxes and services and not to default on payments. The Municipality may deduct any outstanding amounts from a Councillor, if the Councillor has not paid amounts that are due to the Municipality for more than three (3) months.
- v. The normal credit control procedures shall also apply to any arrear account of a Councillor, excluding arrangements as per section 164 of the MFMA.

f) Duties and Responsibility of Municipal Staff

- i. To always pay amounts that are owed in respect of Municipal rates, taxes and services and not to default on payments.
- ii. The Municipality may deduct any outstanding amounts from a staff member, if the member has not paid amounts that are due to the Municipality for more than three (3) months. Municipal payments will thereafter automatically be deducted from an employee's salary.
- iii. The normal credit control procedures shall also apply to any arrear account of Municipal staff.
- iv. Where the Municipality provides temporary employment to members of the community who are in arrears with payments for Municipal rates and services, they will be required to enter into an agreement, to pay 20% of their gross remuneration towards these arrears of debt.

6) PERFORMANCE EVALUATION

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

a) Income Collection Targets

The Municipal Council will create income collection targets that will include the reduction in the monthly increase of debt in line with the performance agreements for officials.

b) Customer Service Targets

The Municipal Council will create targets that will include:

- i. Response time to customer queries.
- ii. Date of first account delivery to new customers.
- iii. Reconnection time lapse.
- iv. Meter reading cycle.

c) Administrative Performance

The Municipal Council will create targets that will include:

- i. Cost efficiency of debt collection.
- ii. Query and appeal periods.
- iii. Enforcement mechanism.

7) REPORTING

The Chief Financial Officer can report monthly to the Municipal Manager in a suitable format to enable him/her to report to the Executive Mayor as supervisory authority in terms of Section 99 of the Systems Act, read in conjunction with Section 100(c).

a) This report can include:

- i. The total debt analysis as at month-end.
- ii. Month-end balances after debit raising.
- iii. Balances brought forward at month-end.
- iv. Number of fully recovered accounts.
- v. Indigent progressive growth.
- vi. Rand value indigent growth.
- vii. Number of indigent applications.

- viii. Cash flow improvement.
 - ix. Net effect on arrears.
 - x. Number of collection arrangements
 - xi. Cash receipts.
 - xii. Cash received versus debits raised.
 - xiii. Cash received exceeding debits raised.
 - xiv. Attorneys brought forward balances.
 - xv. Meter reading functions.
 - xvi. Domestic application for services
 - xvii. Business application for services
 - xviii. Number of hands delivered final demands.
 - xix. Number of posted final demands.
 - xx. Electricity cuts versus reconnections.
 - xxi. Water restrictions versus reconnections.
 - xxii. Electricity and water revisits.
 - xxiii. Summonses and Judgments issued.
 - xxiv. Debt recovered through prepaid metering system.
- b) If the actual cash receipts do not match the budgeted income the Chief Financial Officer 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.
- c) 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.

8) CUSTOMER CARE SECTION

a) Objectives

The objectives of the customer care section are–

To focus on the customer's needs in a responsible and pro-active way to create a positive and cooperative relationship between customers responsible for the payment of services received, and the Municipality, and where applicable, any

service provider. To facilitate financial assistance and basic services for the community's poor.

b) Communication and feedback

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 care.

- i. The Customer Care, Credit Control and Debt Collection Policy or relevant extracts thereof, will be available free of charge on the official website and on special request via email or collection at such fees as may be prescribed.
- ii. Council will endeavour to distribute a regular newsletter on all official social media platforms, which will give prominence to customer care and related issues.
- iii. Ward Councillors will be required to hold quarterly ward meetings, at which customer care and related issues will be given prominence.
- iv. The media 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.

c) Handling of Complaints

Within its financial and administrative capacity, the Municipality will establish: -

- i. Accessible complaints/feedback offices;
- ii. A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
- iii. Appropriate training for officials dealing with the public to enhance communications and service delivery; and
- iv. A communication mechanism to provide feedback on service debt and customer care and related issues.

d) Accounts and billing

- i. Customers will receive an understandable and accurate bill from the Municipality, which will consolidate all service charges for that property.
- ii. Accounts will be levied in accordance with the meter reading cycle.
- iii. Accounts will be rendered monthly in cycles of approximately 30 days at the address (including email address) last recorded with the Municipality or its authorised agent. It remains the responsibility of the customer to ensure that the Municipality has the latest contact details for the customer. It is the

responsibility of the customer to inform the Municipality of any changes in their contact details. The Municipality will provide various electronic methods to facilitate the updating of customer contact details.

- iv. Account and/or property information will only be supplied to the property owners or to a person acting on a written authority of the owner, according to the Protection of Personal Information Act (POPI) Act no 4 of 2013.
- v. Where adjustments are made to a customer's services account, the accounts under query will be rectified for the current financial year and two (2) preceding financial years.
- vi. Adjustments to a customer's services account, when in favour of the municipality, will apply to the preceding twelve (12) months (one year).
- vii. Notwithstanding the above, where it can be demonstrated that an error occurred on the part of the Municipality, and sufficient supporting evidence is available, the Chief Financial Officer or his/her delegate may, at his or her discretion, approve a correction to the customer's account from the date of which the error occurred.
- viii. Where the customer caused the adjustment, for example, by by-passing meters or providing incorrect information, the adjustment will be applied for the current financial year and two (2) preceding years.
- ix. The property owner remains responsible for the payment of the municipal account, regardless of whether tenants or other occupants reside on the property.
- x. In the case of multiple ownership, all owners are jointly and severally liable for the payment of the account.
- xi. It is the customer's responsibility to ensure timeous payment in the event of accounts not received; the onus shall be on such person to make the necessary inquiries to obtain a copy of the account before the due date.
- xii. All accounts rendered by the Municipality shall be payable on the due date. The due date will be as indicated on the monthly statement.
- xiii. Any amount which remains due and payable after the due date shall attract interest as more fully set out in section "m".
- xiv. 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.
- xv. Existing tenant accounts with an outstanding balance of thirty (30) days or more may be consolidated with the owner's account without prior communication.

- xvi. The owner is responsible for full payment of the account on or before the due date and must invoice his tenant accordingly.
- xvii. No refunds for new connections which could not be installed if the municipal account is in arrears.
- xviii. Account users making use of agents for audit or statistical purposes must provide these agents with historic account information themselves.
- xix. Where any payment is made by a negotiable instrument and is later dishonoured by a bank, the Municipality or its authorised agent: -
 - 1. Must recover the bank charges related to the transaction against the account of the customer; and
 - 2. Shall regard such an event as a default on a payment.

The Municipality or its authorised agent must, if administratively possible, issue a free current statement to a customer on request, and any other duplicate statements or history details at a cost as determined by Council and tariff list.

- 3. Where after finalisation of a customer's municipal account, there is a credit/debit balance on the account:
 - (i) The municipality may transfer such balance to any other existing account on a property owned by that customer, without authorisation of that customer.
 - (ii) If no other account exists as provided for in 3(i) above, then the credit will be refunded to the customer.
 - (iii) Where a credit occurred after a property was sold, the request for refund must be made by the conveyancing attorney.
 - (iv) Any remaining debit will be collected in terms of this policy.
 - (v) All municipal charges may be collected from the new owner in terms of Section 118(3) of the Municipal Systems Act- as from registration date.
 - (vi) If a client makes use of an agent to make payments, arrangements for payment will be between themselves regarding the address where the original statements should be sent. Estate agents will not request duplicate statements from the Municipality if the original statements have already been sent to the owner. The owner must provide the agent with a copy of the statement and vice versa.
 - (vii) In cases where an occupier account is in arrear for more than 30 days, a process may be followed to consolidate the occupier

account with the owner's account. In the case of indigent applications accounts will be consolidated.

(viii) Credit balances on accounts may be transferred to other accounts in the same owner's name or to a hand-over account.

e) Proof of Address

- i. Proof of address documents will only be provided to the legal account holder of a property situated within the Municipal area of George in terms of the POPI Act no 4 of 2013.
- ii. Proof of address will not be provided to:
 - Spouses of account holder
 - Children of account holder
 - Parents of account holder
 - Any other person / institution / student
- iii. Proof of address will only be provided to a family member under the following circumstances:
 - 1) The owner is unable to collect it due to illness, written permission must be provided.
 - 2) The owner is deceased, and a death certificate is provided.
- iv. Proof of address to any person other than the rightful owner should be obtained from the South African Police Service (SAPS) by affidavit.
- v. A black and white signed and stamped statement will be provided by the Municipality as proof of address.
- vi. In the case of Indigent Customers, a letter will be provided as proof of address as no statements are generated for these customers.
- vii. Written proof of address will only be provided to new homeowners for which no Municipal account exists at that stage. Proof of ownership must be provided.

f) Metering

- i. Within practical and financial limits, the Municipality will endeavour to provide meters for every consumable service.
- ii. The Municipality may introduce various metering equipment and may require customers to convert to a system which is preferred by the Council when Council considers this to be beneficial to its functioning and operations.
- iii. All meters will be read monthly, on the same cycle, if possible.

- iv. The calculation of charges for metered services shall be based on a per day methodology, determined by the number of days between consecutive meter readings.
- v. Consumption recorded between two meter readings will be apportioned over the number of days in the reading period to determine the average daily consumption for the purpose of billing.
- vi. Where applicable, the allocation of Free Basic Services, including Free Basic Water, will be applied on a proportional basis according to the number of days in the meter reading period.
- vii. Any consumption exceeding the proportional allocation for the applicable reading period will be billed in accordance with the relevant approved tariff structure.
- viii. Water meter readings submitted by owners will be accepted, provided they are accompanied by an image clearly showing the reading and date.
- ix. If it is not possible to read all meters monthly the consumption will be estimated, but it should be read at least every three (3) months by the Municipality, or its authorised agent.
- x. Customers are entitled to request verification of meter readings within 21 days but may be held liable for the cost thereof if verification of special meter reading appear to be correct.
- xi. Customers will be informed of meter replacements.
- xii. If a service is metered but it cannot be read due to constraints or circumstances out of the control of the Municipality or its authorised agent, the customer may be billed based on estimated consumption. Once an actual meter reading is obtained, the account must reflect the difference between the actual consumption and the estimated consumption previously billed, and the resulting credit or debit adjustments will be applied to the customer's account.
- xiii. Customers must be informed of any adjustments /journal entries above R2000 that may appear on the statements.
- xiv. The owner or occupier must see that the meter is always clean and readable.

g) Payment facilities and methods

- i. The Municipality will operate and maintain suitable and accessible payment facilities.
- ii. The Municipality will, at its discretion allocate payments between service debts and customers may not specify that payments are for specific portions of the account.
- iii. With the consent of a customer the Municipality may in terms of section 103 of the Systems Act, approach an employer to secure a debit or stop order arrangement.

- iv. The Municipality may provide for special incentives as contemplated in section 103 of the Systems Act.
- v. The customer will acknowledge, in the customer agreement, if he/she uses agents to transmit payments to the Municipality. He/she as owner will be held liable and responsible for late and non-payments.
- vi. Electronic payments must be received in the municipal bank account on the due date. Customers must provide for the delay in transferring funds between banks, which can take up to three (3) working days. Payment is only received once it is reflected on the municipal bank account.
- vii. In the case of multiple owners/shareholders, the payment of the account is to be sorted out between themselves for payment before the due date.
- viii. Clients who make payments for multiple accounts are required to submit an allocation schedule together with proof of payment on or before due date. The allocation schedule must be provided in Excel or CSV format; PDF's, scanned documents, or other formats will not be accepted. Failure to comply with this requirement will result in interest charged even though payment was received on time.
- ix. Payments will always be appropriated to the oldest debt account (notwithstanding the kind of service), where after it will be appropriated in order of a predetermined priority as approved by the Municipality.
- x. Payments from clients in correctional care or clients who were imprisoned:
 - (a) Must obtain letter from correctional services, which indicates the date of release.
 - (b) If a lodger occupies the dwelling while the owner is imprisoned, such lodger should accept responsibility for the account.
 - (c) If nobody is occupying the dwelling the services should be restricted until the owner is released from prison.
- xi. The Municipality reserves the right to enforce the Prescription Act No. 68 of 1963 on all unidentified and unallocated monies after 3 years.

Where an owner has made a payment on an overdue account in error, the payments shall be considered final and non-refundable.

h) Enquiries, appeals and service complaints

- i. If a customer is convinced that his or her account is inaccurate, he or she can lodge a written query with the Municipality to investigate and adjust the account if found valid.
- ii. In the interim the customer must pay an amount equal to the average of the last three month's consumption where such history of the account is available.

Where no such history is available, the customer must pay an estimated amount as calculated by the Municipality until the matter is resolved.

- iii. The relevant department will investigate the query lodged in accordance with the Systems Act and inform the customer within the timeframe specified in the policy targets (Annexure B) and applicable KPI's and provide written communication.
- iv. Failure to make interim payments will subject the customer to the normal credit control and debt collection procedures.
- v. A customer may appeal to the Municipal Manager against the finding of the Municipality or its authorised agent in terms of Section 62 of the Systems Act.
- vi. An appeal in terms of Section 62 may be made against a decision, if the decision was made in terms of a delegated power or duty by a delegated authority. The appeal must be made and lodged within 21 (twenty-one) days after the notification of such finding has been received and must: -
 - 1. Set out the reasons for the appeal; and
 - 2. Be accompanied by any proof determined for the testing of a measuring device, if applicable.

i) Customer Categories

- i. Customers will be categorised according to specific classifications based on *inter alia* the type of entity and applicable tariffs and risk levels.
- ii. Processes for credit control, debt collection and customer care may differ from category to category, as deemed appropriate by the Municipal Manager.
- iii. These processes will be applied fairly and without discrimination or prejudice.

j) Customer assistance programs

- i. Water leakages

The customer is responsible for controlling and monitoring his/her water consumption.

- (1) If the leakage is on the customer's side of the meter, the customer will be responsible for the payment of all water supplied to the property. This, however, does not apply to Indigent customers.
- (2) A customer may qualify for a reduction in levy as determined by Council in his/her account in the event of a water leakage, if:

- (a) The leakage was repaired at least within sixty (60) days of detection/notification by the municipality.
 - (b) Customers only qualify for one (1) reduction in levy per financial year.
- (3) Adjustments will take place after confirmation that the leakage has been repaired.
 - (4) Where suitable proof of repair is provided, the Municipality may provide relief to a maximum of 90% of the charge raised for the water lost due to the leak, for a period not exceeding twelve (12) months.
 - (5) Adjustments will be based on at least the consumption for the 3 months before the leakage took place, or less if fewer than three months data exists.
 - (6) Suitable proof of repair cost includes an invoice and corresponding receipt for payment to a plumber, evidence of an insurance claim submitted, excess payment or any other reasonable documentation.
 - (7) Where repairs were conducted by the owner, an affidavit certified by a commissioner of oaths, must be provided as evidence. The affidavit must indicate the date of the leak being detected and when it was subsequently repaired.
 - (8) Where the municipality has notified an owner of a suspected water leakage arising from unusually high consumption, and the owner fails to remedy the leak within sixty (60) days of such notice, the municipality reserves the right to install a water-flow restrictor at the owner's cost.
- ii. Abnormal water consumption
 - a. Where there is an abnormal water consumption that cannot be substantiated after the meter test results are obtained, the Director Civil Engineering Services or his delegated official must furnish the Chief Financial Officer with a recommendation for an adjustment to the account.
 - b. This rebate will not be applicable to customers that have leak with their irrigation system, toilet and geyser.

k) Arrangements for settlements

- i. All consumers with electricity and water in arrears shall be converted to prepaid electricity meters and flow restrictors for water supply. The costs to install such meters and restrictors will be for the account of the consumer.
- ii. Installation of prepaid meters and flow restrictors are free of charge if the customer/consumer is indigent.
- iii. Where a pre-paid meter is installed, and/or due to defaults on municipal account payments, the amount in arrears can be collected:
 - (1) monthly over an agreed period; and/or

- (2) by adding the arrears debt as a surcharge to the pre-paid electricity cost, and then allocating a surcharge to every purchase of pre-paid electricity as a payment against the outstanding debt for the affected consumer, until the debt is fully recovered.
- (3) The surcharge can be applied as follows:
 - 55% for all households in arrears between 30 days and 60 days.
 - 65% for all households in arrears between 60 days and 90 days.
 - 75% for all households in arrears over 90 days
- iv. The Municipality reserves the right to raise the deposit requirement of customers who seek arrangements:
- v. In terms of the one account principle, an owner must grant permission for the occupier before an arrangement can be made with the occupier. If an occupier defaults or does not pay, the owner remains liable for the debt.
- vi. Where an occupiers' account becomes overdue, the municipality may consolidate that account with the owner's account.
- vii. 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.
- viii. Where a customer does not honour the arrangement entered, the agreement will be cancelled without further notice and the debt collection process, which may include disconnection of services or legal action will follow.
- ix. Any instalment agreement will be cancelled if the customer is placed under administration or debt review.
- x. The Principal Debt shall become due and payable immediately in the event of the liquidation of the customer, or if the customer commits an act of insolvency, or if the property is judicially attached for execution.
- xi. Connection fees and capital contributions should be paid upfront with no option for payment arrangement.
- xii. Accounts must be settled in full before any connection requests will be actioned.

I) Payment of Rates as annual charge

- i. Customers who may elect to pay their property rates account annually, must pay on or before 30 September, excluding all other service accounts.
- ii. Any arrangement for annual rates shall be made as prescribed in the Municipality's Rates Policy, and the arrangement will be cancelled, and all

rates will become payable in full with immediate effect should any three instalments become overdue.

- iii. Requests for annual payments must be submitted in writing before 30 June of each year.

m) Indigent subsidy

- i. Customers may apply for an indigent subsidy on the conditions as stipulated in the Municipality's Indigent Policy.

n) Free basic services

- i. Council may provide, free of charge to a customer, certain basic levels of services, as determined from time to time as stipulated in the Indigent Policy and Tariff list.
- ii. Rebate on rates applications to be implemented once a year before July charges.

9) CREDIT CONTROL SECTION

a) OBJECTIVES

The objectives of the credit control section are to –

- i. Implement procedures that will ensure the prevention of escalation in arrear debt;
- ii. Limit risk by employing effective management tools.

b) Application for supply of Municipal services and service agreements

- i. An application for new water, electrical connections and other services must be requested at least 20 working days prior to the service being needed. Contractual restraints can cause this period to be extended without prior notification.
- ii. Only the owner of a property and/or his or her duly authorised delegated agent (in writing) may apply on his or her behalf for Municipal services to be supplied to a property.
- iii. The owner is responsible for all charges on the property in respect of the tenant or occupiers account, in terms of Section 118(3) of the Act.
- iv. No services will be supplied unless and until a service agreement in the format prescribed by the Municipality has been entered into and a deposit as per tariff has been paid.

- v. 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.
- vi. On the signing of the agreement, customers will receive a copy of the agreement for their records.
- vii. Customers are responsible for costs of collection, interest and penalties in the event of delayed and/or non-payment.
- viii. Existing customers of services will be required to sign new agreements as determined by the Municipal Manager from time to time.
- ix. Applications for services from businesses, including but not limited to Trusts, Companies, Close Corporations and partnerships must include a resolution delegating authority to the applicant to apply for the relevant services furnishing, if applicable, the business entity's registration number or ID number, the names, addresses and all relevant contact particulars of all the business's directors, members, trustees, proprietors or partners.
- x. An applicant must provide any information and documentation which the Municipality requires.
- xi. Any person who illegally consume services without this agreement will be subject to legal action.
- xii. A property developer must inform the Municipality of the nature and extent of the Municipal services or services that will be required as well as the measuring devices that will be used.
- xiii. A property developer who fails to comply with the provisions of (xiii) shall be liable for the payment of all the applicable charges that would have been payable by customers in respect of Municipal services that have been used or consumed by such customers.
- xiv. Transfer Attorneys must inform the purchaser and seller to open or close his or her account when the property is sold and to pay their deposit as prescribed in the tariff list. Normal Credit Control actions may be taken.
- xv. In the event of failure by the new owner to pay his or her deposit as mentioned above, the deposit will be debited on the account and all services (eg: water, electricity, refuse removal) to the property will be transferred to the new owners account, and charged at the tariffs charged as to the previous owner, from date of registration in terms of Section 118(3) of the Act, irrespective of whether the owner has applied for or signed the customer agreement.
- xvi. The deposit amount will be credited against the account if the owner has paid the deposit as well.
- xvii. Credit Control actions can be taken to ensure that the new owner opens an account and pays his deposit for services.

- xviii. With closing of an existing tenant account, the necessary service(s) will be transferred to the owners account and a deposit will be raised by debit journal without prior notification to the owner.
- xix. The credit balance available due to clearance payment on a sold property cannot be utilized as deposit on your new property.

c) Customer screening and securities

- i. All applicants for Municipal services may be checked for creditworthiness including checking information from banks, credit bureaux, other local authorities, trade creditors and employers.
 - (1) On application, customers may be grouped into high, medium or low risk customers.
 - (2) A customer will be granted a low-risk status if he/she/it has not defaulted on any payment to the Municipality, medium risk for defaults on payments and high risk if any legal action and judgements were taken.
- ii. Based on the risks assessment deposits either in cash or any other security acceptable to the Municipality may be charged for any new connection or any default on existing payment arrangement.
- iii. Deposits can be increased at the discretion of the Municipality up to a maximum of three months' average consumption.
- iv. Bulk consumer deposits will be based on three (3) consecutive monthly debits consumed by the previous occupier. By consent of the Chief Financial Officer this amount may be adjusted. These monies can either be paid on the account by means of cash or original bank guarantee which must be supplied within 5 working days after initiating the service.
- v. Deposits can vary according to the creditworthiness or category of the applicant.
- vi. The Municipality will not pay any interest on deposits.
- vii. On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Municipality, will be refunded to the customer, and the Municipality may transfer such balance to any other existing account on a property owned by that customer.

d) Right of access to premises

- i. The owner and or the occupier of the property must allow an authorised representative of the Municipality access at reasonable hours to the property in order to read, inspect, install, repair, change or confirm any meter or service

connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.

- ii. The Municipality reserves to right to restrict or terminate services should access be denied and the occupier fails to adhere to the request for access.
- iii. The owner is responsible for the cost of relocating a meter if satisfactory access is not possible.
- iv. If a person fails to comply with Section 7 (13) the Municipality or its authorised representative may: -
 - (1) by written notice require such person to restore access at his/her own expense within a specified period; and
 - (2) as a matter of urgency, without prior notice restore access and recover the cost from such person.

e) Personal contact

- i. Within the constraints of affordability Council will endeavour to notify customers of their arrear's situation by telephonic, electronic contact or by delivering a final notice.
- ii. 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.
- iii. Such contact is not a right and disconnection of services and other collection proceedings may continue in the absence of such contact.
- iv. Notices may be delivered to the owner and/or the occupier where possible.

f) Restriction and Disconnection of service(s)

- i. Customers who are in arrears with their Municipal account(s) and who have not paid or made arrangements with the Municipality may have their supply of electricity and water, and other Municipal services, restricted and/or disconnected.
- ii. **Restriction of services:** The following credit control actions will apply:
 - SMS's and Email notifications for arrear account/payment reminders.
 - Interest is charged on arrear accounts.
 - Recovery of arrears through prepaid metering system.
 - Debt Collection actions: Final Demand/ Arrear notice / Payment arrangements.

- Legal handover.
- iii. Upon the payment of all arrears, or the conclusion of acceptable arrangements, the service will be reconnected;
 - iv. All costs related to notices such as the restrictions, dis- and reconnections and pre-paid blocks will be determined by tariffs approved by the Municipal Council, and will be payable by the customer;
 - v. The deposit of any defaulter may be adjusted and brought into line with the policy and tariff structure of the Municipality;
 - vi. A person with a disability or persons who are dependent on a respirator or life supporting machine:
 - (a) All limitation of service actions can be suspended where needed with the Chief Financial Officer or his/her delegated officials' consent;
 - (b) A medical certificate to confirm the client's health condition must be obtained at regular intervals to qualify for this support.
 - vii. **Disconnection of services:** The Municipality may disconnect services by blocking the prepaid meter in the following circumstances:
 - Tampering cases.
 - No/low consumption in the past twelve (12) months.
 - Legal issues/ concerns on account.
 - No access provided to premises.
 - Meter verification.
 - viii. The Municipality may disconnect Municipal Services after issuing a fourteen (14) days' written notice, except for the specific circumstances listed above.
 - ix. Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or any other Municipal charges or for any other reason related to right of access.

g) Termination of service(s)

- i. It is the responsibility of the customer to notify the Municipality when the Municipal services are required or no longer required due to the sale/purchase of the property or other reasons.
- ii. The Municipality will not get involved in disputes between an owner and an occupier in respect of collections of account in arrears debt through the pre-paid vending system, disconnection, restriction, or terminations of services. Services will only be disconnected in terms of the Credit Control Policy, and will

be reconnected on payment of outstanding debt, by any party, irrespective of who the account holder is. An owner may not disconnect services in an effort to evict a tenant or occupier.

- iii. Failure to comply with the conditions above renders the customer liable for all service charges and interest thereon accumulated from the date when the premises are vacated to the date when Council becomes aware of such vacation.
- iv. A customer may terminate agreement for the supply of Municipal services by giving at least 21 (twenty-one) days written notice to the Municipality of such termination.
- v. The Municipality may terminate an agreement for supply of Municipal services by giving at least 21 (twenty-one) days written notice to a customer where:
 - a) Municipal services were not utilized by such customer for a consecutive period of 2 months and without an agreement, to the satisfaction of the Municipality, having been made for the continuation of the agreement; or
 - b) Premises have been vacated by the customer concerned and no arrangement for the continuation of the agreement has been made with the Municipality provided that, in the event of the customer concerned not being the registered owner of the premise, a copy of the aforesaid notice shall also be served on such registered owner.
- vi. The Municipality may terminate services to a property immediately when it receives notice or verified information that the customer has been placed under provisional sequestration, provisional liquidation, or deregistered or deceased, or execution of notice of sale, unless suitable arrangements have been made for the payment of services after the date of sequestration, liquidation, deregistration, death or date of sale.

h) Rates clearance

- i. On the sale of a property in the Municipal jurisdiction, the Municipality will issue a rates clearance certificate as contemplated in section 118 of the Systems Act.
- ii. When a property is sold, the previous owner must terminate this service and the new owner must register the services in his own name and pay the required deposit.
- iii. The Municipality can hold both the account holder and the new owner liable for services rendered to the property, if sub paragraph "ii" is not complied with.
- iv. An advance payment equal to 4 (four) months rates and services and 3 (three) months water and electricity usage will be collected as part of the Rates Clearance processes.

i) Rates clearance certificate

- i. The Municipality will not issue a rates clearance certificate in terms of Section 118(1) of the Local Government: Municipal Systems Act 2000 (Act no 32 of 2000), if the preceding two years' municipal services charged to the property, and any associated charges for interest and legal costs have not been paid.
- ii. In terms of Section 118 (3) of the Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal rates, levies and duties are a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.
- iii. All debt is deemed to be collectable from the seller of a property by the municipality despite a Clearance Certificate issued in terms of section 118 (1)(b).
- iv. Where an owner receiving an indigency subsidy sells his property within one year of receiving an indigency write-off, the amount payable in terms of Section 118(1) will be determined by the Municipality as all amounts levied in the preceding two years, irrespective of whether such amounts were written off as part of the indigency relief.

j) The Pre-payment Meter System

- i. The Municipality will use its electricity pre-payment system to recover outstanding debt on municipal accounts in arrears.
- ii. The Municipality will use its pre-payment system to recover capacity charges for indigent household selecting a greater than 20 Amp pre-paid electricity supply.
- iii. A customer with arrears, who applies for a pre-payment meter will be required to either make full payment on the account or enter a payment arrangement.
- iv. Only bank transfers, cash and bank cards will be accepted for the sale of prepaid electricity.
- v. No refund for pre-paid tokens will be given to customers that move to another address with a different prepaid meter.
- iv. Customers will only be refunded for electricity purchases with the incorrect meter number within the current financial year.

k) Social Assessments

- i. Social assessment visits and investigations may be done as and when required and deemed necessary by the Municipality.

- ii. In cases where the assets of the customer are less than the outstanding debt an alternative action could be considered, such as applying for indigence, writing off for a portion of the debt to enable the customer to make a suitable arrangement.

l) Incentives for prompt payment

- i. To encourage payment or to reward regular payers, the Municipality can consider incentives for the prompt payment of accounts.
- ii. If introduced, such an incentive scheme will be reflected in the operating budget as an additional expenditure.

m) Interest

- i. Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation at the current prime rate.
- ii. Irrespective of interest charged or any other penalty, the Municipality shall have the right to restrict or discontinue the supply of services or to implement any other debt collection action necessary due to late or non-payment of accounts, relating to any customer, owner, or property.
- iii. The above interest will not be raised on Government accounts with arrears to avoid fruitless and wasteful expenditure in terms of the PFMA and MFMA.
- iv. Indigents as per the Indigent Policy are exempt from interest.
- v. Hand-over accounts are exempt from interest on the Municipal Financial system, as it is charged by the Hand-over attorney.
- vi. Interest charged due to the use of incorrect account reference details may be reversed.
- vii. If an account is queried and corrections are made in favour of the customer, any interest that accrued during the query period should be reversed.

n) Theft and fraud

- i. Any natural or juristic person found to: -
 - 1. Illegally connected to Municipal services;
 - 2. Tampered with meters, the reticulation network or any other supply equipment;
 - 3. Committed any unauthorised act associated with the supply of Municipal services; and

4. Be involved in theft of and fraudulent activity will be prosecuted and/or held liable for penalties as determined from time to time.
5. Any person that supplies information with regards to any illegal actions as set out in subparagraph (i) above, and where such information when verified is found to be true in a court of law, will upon conviction of the guilty party and authorisation by the Municipal Manager be rewarded as determined by the Municipality from time to time. The name of the informant and the information supplied will at all times be kept confidentially so as to protect the informant against any retaliatory action.
 - ii. The Municipality will immediately terminate the supply of services to a customer should such conduct as outlined in Section 7(31), be detected.
 - iii. The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by the Municipality if applicable, will be due and payable before any reconnection can be sanctioned.
 - iv. The Municipality will maintain monitoring systems in order to identify customers who are undertaking illegal actions.
 - v. The Municipality reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves and customers who are undertaking illegal actions.
 - vi. The municipality will determine the meter debt at the rates charged for electricity during the current financial period during which the theft or fraud was discovered or detected.
 - vii. The responsibility for outstanding costs for meter tampering and penalties will be the responsibility of the owner of the property in cases where the occupier tampered with the prepaid meter (jointly).
 - viii. Tamper fees to be paid in full.

10) DEBT COLLECTION SECTION

a) Objective

- i. The objectives of the debt collection section are to –
- ii. 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.

b) Legal Process / Use of attorneys / Use of Accredited Service Provider

- i. The Municipality may, when all other credit control actions have been exhausted, commence legal process against customer's which process could involve summonses, judgments and execution actions.
- ii. The Municipality will exercise strict control over this process and will require regular reports on progress from service providers.
- iii. The Municipality will establish procedures and codes of conduct with these outside parties.
- iv. All steps in credit control and debt collection procedures will be recorded for the Municipality's records and for the information of the customer.
- v. Individual customer account information is protected and not the subject of public information.
- vi. The Municipality may release customer information to credit bureaus, subjected to the requirements of the POPI Act. No 4 of 2013.
- vii. The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.
- viii. The Municipality may consider the use of agents as service providers and innovative debt collection methods and products. 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.
- ix. Any agreement concluded with an agent, service 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.
- x. Where an owner is a Company or Close Corporation, which has been deregistered by CIPC the municipality may make application to the High Court to reinstate the registration of the Company or Close Corporation, and the owner will be liable for payment of those legal costs at the scale as between attorney and customer.
- xi. Interest and relevant costs to be reversed at the discretion of the Chief Financial Officer and Accounting Officer regarding hand-over accounts.
- xii. Handed over accounts may be rolled back to the current account under the following circumstances:
 - a. Where a system-related or administrative error has been identified.
 - b. Where a duly authorised management decision has been made.
- xiii. Inheritor of an insolvent estate:

- a. Where the inheritor of a property, with no/or an insolvent estate, qualifies for an indigent subsidy, the outstanding debt can be written off by Council in order for clearance to be given and the property to be transferred.

xiv. Deceased Estates:

- a. A death certificate of the deceased should be presented;
- b. Proof from the Registrar of Estates should be obtained that the deceased estate is not liable for any claims;
- c. Child headed families, where the parents are deceased and only unemployed minor children lives in the dwelling, the debt can be written off;
- d. In the case where a property owner is deceased, the authorised person(s) may give permission via an affidavit to the occupier of the property, to be responsible for all services and rates on the property. This occupier may apply for indigent or subsidy benefits. The account will stay in the name of the registered owner but will be the responsibility of the authorised occupier.

c) Cost of collection

- i. All costs associated with credit control and debt collection including interest, penalties, service discontinuation costs and legal costs are for the account of the customer and should reflect at least the cost of the particular action.
- ii. All legal cost including attorney and customer costs incurred in the recovery of arrears will be debited against such customer's account.
- iii. The registered owner and/or the occupier shall remain liable for all legal and collection costs charged in collection of the municipal debt of an occupier.
- iv. The cost incurred in demanding payment from such customer and for reminding him/her by means of telephone, fax, e-mail, letter or otherwise the payment is due, provided that in respect of an incidental credit agreement, default administration and collection charges may only be charged on condition that they do not exceed the applicable limit permissible in terms of the National Credit Act, No 34 of 2005, in the event of the customer concern defaulting on a payment obligation under such agreement and provided that proper notice in terms of this Act has been given.
- v. The cost of collection may not exceed 100% of the original capital handover amount, and the municipality must consider the cost effectiveness of the external debt collection process in such instances.

d) Abandonment of Claims

- i. The Municipal Manager must ensure that all revenues are utilised to collect the Municipality's debt.
- ii. The valid termination of debt collection procedures as contemplated in Section 109(2) of the Systems Act, may be considered under the following circumstances: -
 - a) the insolvency of the customer, whose estate has insufficient funds;
 - b) a balance being too small to recover, for economic reasons, considering the cost of recovery; and
 - c) where the Municipality deems that a customer or group of customers are unable to pay for services rendered.
- iii. The Municipality must maintain audit trails in such instances and document the reasons for the abandonment of the actions or claims in respect of the debt.

e) Debt Write-Off

Debt may be written off where any of the following conditions exist:

Conditions for Debt Write-Off:

- 1) Exhaustion of Recovery Steps: All reasonable steps to recover the debt must have been taken, including legal actions where applicable.
- 2) Economic Viability: Debt may be written off if the cost to recover the debt exceeds the amount owed.
- 3) Debtor Status: Debt may be written off if the debtor is:
 - a) Deceased with no recoverable assets.
 - b) Insolvent, sequestrated or liquidated.
 - c) Indigent with no assets.
 - d) Untraceable despite exhaustive efforts to locate them.
 - e) Prescribed Debt: Debt that has prescribed may be written off.
 - f) The debt is deemed irrecoverable in terms of accounting standards and legal advice.
 - g) Special Cases:
 - Debts of indigent consumers and absconded owners as defined in the Indigent Policy.
 - Special incentives may apply for churches and welfare organizations.

Delegations for Debt Write-Off:

- a) Authority to recommend debt for write-off to Council: Finance Portfolio Committee.

Impairment of debts in terms of GRAP 104

Amounts owing by account holders to the municipality meet the definition of financial assets in terms of GRAP 104: Financial Instruments, as these amounts represent a contractual right of the municipality to receive cash from account holders.

In accordance with GRAP 104, the municipality applies the incurred loss model when assessing the impairment of financial assets. At each reporting date, the municipality assesses whether there is objective evidence that a financial asset, or group of financial assets, is impaired. This assessment considers events that occur after initial recognition of the debtor and that have an adverse impact on the estimated future cash flows of the municipality.

Objective evidence of impairment

Objective evidence that an amount owing to the municipality may be impaired includes, but is not limited to, the following:

- a) Significant financial difficulty of the account holder;
- b) Breach of contract, such as default or delinquency in payment of principal and/or interest;
- c) In respect of a business account holder, circumstances indicating that it is probable that the account holder will enter sequestration, liquidation or similar financial distress proceedings;
- d) Observable economic conditions, such as an increase in unemployment rates or other adverse socio-economic indicators in the geographical area where the account holder resides, which correlate with a higher level of default.

Method of assessment

The municipality performs impairment assessments using the following categories:

Individual assessment

Individual impairment assessments are performed on accounts that are determined by the municipality to be individually significant. The municipality defines significance based on materiality thresholds, such as the size of an individual balance relative to total outstanding debtors.

This category also includes account holders that are known to be non-paying, regardless of whether their balances are individually significant.

Collective assessment

Accounts that are not individually significant are assessed collectively. These accounts are grouped based on similar credit risk characteristics, including but not limited to:

- Area or zone of residence within the municipality;
- Type of account holder (e.g. residential, commercial, industrial);
- Government or public sector entities;
- Historical payment behaviour, arrears profiles, and length of default.

Measurement of impairment

Where objective evidence of impairment exists, the municipality recalculates the recoverable (carrying) amount of the debtor by:

- Estimating the future cash flows expected to be collected from the account holder;
- Estimating the timing of those expected cash flows; and
- Discounting the expected cash flows using the original effective interest rate determined at initial recognition of the debtor.

Where receivables are non-interest-bearing, the original effective interest rate is considered to be zero, and discounting does not have a material impact.

The difference between the carrying amount of the debtor and the recalculated recoverable amount is recognised as an impairment loss through an allowance for impairment of receivables, with the corresponding expense recognised in surplus or deficit.

Reversal of impairment

If, in a subsequent reporting period, there is objective evidence that the impairment loss recognised in prior periods no longer exists or has decreased as a result of an event occurring after the impairment was recognised, the municipality recalculates the carrying amount of the debtor using the same methodology described above.

The reversal of an impairment loss is recognised through the allowance for impairment, with the resulting amount recognised as income in surplus or deficit, provided that the revised carrying amount does not exceed the amount that would have been recognised had no impairment loss previously been recognised.

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

This Policy is effective from the date of approval by the Council, as per the approved system of Delegations of the George Municipality.

Signed at GEORGE on the 01 day of June 2026.

BR ELLMAN

**MR BR ELLMAN
ACTING MUNICIPAL MANAGER**

ANNEXURE “A”

Arrangements

If a customer cannot pay his/her account with the Municipality then the Municipality may enter into an extended term of payment with the customer according to the applicable category of the customer. The customer must:

- i. Sign an acknowledgement of debt;
- ii. Sign a consent to judgement;
- iii. Provide a garnishee order/emolument order/stop order (if he or she is in employment);
- iv. Acknowledge that interest could be charged at the prescribed rate;
- v. Pay the current portion of the account;
- vi. Sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible, and that disconnection of water and electricity will follow immediately, as will legal proceedings;
- vii. Acknowledge liability of all costs incurred.

CATEGORIES OF CUSTOMERS:

1. Domestic Customers, Government Departments:

PAYMENT OF ARREARS

- 10% of outstanding debt plus the cost of the credit control actions, or an affordable amount based on the consumer's individual circumstances subject to the discretion by the Chief Financial Officer and/or Accounting Officer.
 - The balance over a maximum of 36 months or by discretion of Chief Financial Officer and/or Accounting Officer, or as per sub-delegation issued by the CFO and/or MM.
-
- The Chief Financial Officer and/or Accounting Officer have discretion to authorise exceptions to the above or to waive the above and may sub-delegate this authority.
 - With all arrangement requests, deposits may be adjusted to the current tariff as determined annually and published in the tariff list.

2. Business:

PAYMENT OF ARREARS

- 20% of outstanding debt plus the cost of the credit control actions, or an affordable amount based on the consumer's individual circumstances subject to the discretion by the Chief Financial Officer and/or Accounting Officer.
- The balance over a maximum of 12 months or by discretion of Chief Financial Officer and/or Accounting Officer, or as per sub-delegation issued by the CFO and/or MM.

3. Schools, Hospitals, Old Ages Homes, Disability, Pensioners, NGO's and Indigent Customers:

PAYMENT OF ARREARS

- 10% of outstanding debt plus the cost of the credit control actions, or an affordable amount based on the consumer's individual circumstances subject to the discretion by the Chief Financial Officer and/or Accounting Officer.
- The balance over a maximum of 36 months or by discretion of Chief Financial Officer and/or Accounting Officer, or as per sub-delegation issued by the CFO and/or MM.

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

4. Sport Clubs:

- Cash payments in advance based on consumption.

For categories 2 – 4:

- The Chief Financial Officer and/or Accounting Officer have discretion to authorise exceptions to the above or to waive the above and may sub-delegate this authority.

ADMINISTRATIONS

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

1. 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.
 - (i) The administrator is to open a new account on behalf of the customer, with a new deposit – No account is to be opened/operated in the customer's name as the customer is not entitled to accumulate debt (refer Section 74S of the Magistrates Courts Act 32 of 1944).
 - (ii) Until such time as this new account is opened, the customer is to be placed on limited services levels. The customer will be compelled to install

a prepaid electricity meter, should one 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.

- (iii) 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.

ANNEXURE "B"

GEORGE MUNICIPALITY

CUSTOMER SERVICE TARGETS

- 4) Response time to customer queries – initial response within 10 working days
- 5) Resolution of queries/appeals – 45 working days to resolve queries and appeals
- 6) Date of first account delivery of new customers – by second billing cycle after date of application or occupation whichever is the latest date of application or occupation whichever is the latest.
- 7) Reconnection time – within 24 hours or as soon as the technical department can facilitate the request, after appropriate payment/arrangement.
- 8) Meter reading cycle - 80% of meters being read on monthly basis on a similar date with a maximum of 3 consecutive months estimated.

ADMINISTRATIVE PERFORMANCE TARGETS

- (i) 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.

CONCLUDING REMARKS

In cases when we have a National Disaster, the Municipal Manager may grant permission to deviate from the normal Customer care, Credit Control and Debt Collection Policy.