6.8.3.2 Council reserves the right to raise the deposit requirement of debtors who seek arrangements.

6.8.3.3 Where an arrangement is made outside of the conditions of payment as set out in Annexure "A" to this policy, such payments will be accepted, however the service levels will still be restricted and further credit control procedures followed.

Each defaulting accountholder shall be allowed to arrange for a down payment of an arrear account, together with the interest raised on such account, and it shall be a condition for the conclusion of any arrangement that the accountholder is bound to pay every current municipal account in full and on time during the period over which such arrangement extends.

If an accountholder breaches any material term of an arrangement, the balance of the arrear account, together with the balance of interest raised on such an account, shall immediately become due and payable to the municipality, and if the accountholder defaults on such payment, the municipal manager shall terminate or restrict services to the property in question and shall forthwith hand such account over for collection as envisaged in part 8.

An accountholder who has breached an arrangement as set out above shall not be allowed to make any further arrangements for the payment of arrear accounts, but shall be proceeded against, after the dispatch of the initial notice of default as envisaged in part 3 and failure by the accountholder to pay the arrear account, together with interest raised on such arrears as required in terms of such notice, as though such accountholder had breached a material term of an arrangement. The municipal manager or the CFO can vary from this practice if valid reasons can be given.

6.8.4 **Rates by instalments**

6.8.4.1 Customers may elect to pay the property rates account monthly, over a maximum period of 12 months at no interest cost, on the condition that there is no rates outstanding in respect of a previous period and that the rates are paid in full prior to the next rates cycle.

6.8.4.2 Any arrangement for monthly rate instalments can be cancelled by the Municipality and all rates can become payable in full with immediate effect should any three instalments become overdue.

6.8.5 **Indigent subsidy**

The municipality approved a separate policy stipulating the rules and procedures to be implemented and maintained regarding indigent subsidy.

6.8.6 **Additional subsidy categories**

6.8.6.1 Council may provide, free of charge to a customer, certain basic levels of water and electricity, as determined from time to time.

6.8.6.2 Council may provide grants in lieu of rates to certain categories of owners of domestic properties to alleviate poverty.

6.8.6.3 Rebates may be granted to sporting bodies for consumption but tariffs would at least cover the cost of the service.

6.8.6.4 Rebates may be granted to large customers to attract business to Karoo Hoogland that would benefit the community of Karoo Hoogland.

6.9 Cost of collection

All costs of legal process, including interest, penalties, service discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of th particular action.

6.10 Abandonment of Claims

6.10.1 The Municipal Manager must ensure that all avenues are utilised to collect the municipality's debt.

6.10.2 There are some circumstances that allow for the valid termination of debt collection procedures as contemplated in section 109(2) of the Systems Act, such as:

6.10.2.1 The insolvency of the debtor, whose estate has insufficient funds.

6.10.2.2 A balance being too small to recover, for economic reasons considering the cost of recovery.

6.10.2.3 Where it deems that a customer or group of customers are unable to pay for services rendered.

6.10.3. The municipality will maintain audit trials in such instances, and document the reasons for the abandonment of the action or claim in respect of the debt.

6.11 The Pre-payment System

6.11.1 In order to increase the Municipal Revenue and to increase the efficiency of the Credit Control Function the EMS Financial System initiate the 25% Prepaid Recovery Automatically when a Consumer/ Occupier is in Arrears for more than 60 days on payment of the Municipal Account. The main purpose of the pre-payment system is to link All future provision of electricity or water by the Municipality to a "pre-payment" system., a payment in respect of arrears comprising a "package" of accrued municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewage.

6.11.2 A **customer with arrears**, will be required to repay all arrears at a rate of **25 % before any amount is allocated to an electricity or water pre-payment credit.** These measures are implemented due to large amounts outstanding and/or the customer's ability to pay is limited, because of low income, cash flow problems etc.

6.12 Deposits that are unidentifiable

When a Consumer or an Institution deposits money directly into the bank account of the Municipality that can not be linked to an account (unidentified deposits), such amounts must be transferred to revenue for the Municipality. Only unidentified deposits ***older than one year*** must be transferred to revenue. Current deposits (deposits less than one year old) must reflect as unidentified deposits and must accordingly be disclosed as such in the financial statements of the Municipality.

A complete register of unidentified deposits must be kept to ensure that when consumers complain of amounts not reflecting on their accounts relevant journals can be passed. The consumer must have the necessary supporting document to enable transfer of credits and a copy of such support must be attached to the journal for auditing purposes.

7. DEBT COLLECTION POLICY

OBJECTIVE

To provide procedures and mechanisms to collect all the monies due and payable to Council 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.

7.1 Various options are available to enforce the collection of debts and include inter alia:

7.1.1 **Interruption of service**

7.1.2 Customers who are in arrears with their municipal account and who have not made arrangements with the council will have their supply of electricity and water, and other municipal services, suspended or disconnected.

7.1.3 The disconnection of services may happen when the municipal account is 1(one) day overdue.

7.1.4 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.

7.1.5 Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the service will be reconnected as soon as conveniently possible.

7.1.6 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.

7.1.7 The deposit of any defaulter can be adjusted to bring into line with relevant policies.

7.1.2 **Personal contact**

7.1.2.1 Telephonic contact, agents calling on clients:

a) Council will endeavour, within the constraints of affordability, to make personal contact, telephonic contact and by delivery of final demand notices.

7.1.3 **Legal Process/Use of attorneys/Use of credit bureaus**

7.1.3.1 Council may, when a debtor is 45 days in arrears, commence legal process against that debtor, which process could involve summonses, court trials, judgements, garnishee orders and/or sales in execution of property.

7.1.3.2 Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.

7.1.3.3 Council will establish procedures and codes of conduct with these outside parties.

7.1.3.4 Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.

7.1.3.5 All steps in the customer care and credit control procedure will be recorded for Council's records and for the information of the debtor.

7.1.3.6 All costs of this process will be for the account of the debtor.

7.1.3.7 Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus. This release will be in writing or by electronic means.

7.1.3.8 Council may consider the cost effectiveness of the legal process, and will receive reports on relevant matters, including cost effectiveness.

7.1.3.9 Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council

7.3.9.10 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.

7.1.3.11 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.

7.2 Rates clearance

On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, services and consumption charges are paid by withholding a rates clearance certificate contemplated in section 118 of the Systems Act.

8. BY-LAWS TO GIVE EFFECT TO POLICY

The council of the municipality must adopt by-laws to give effect to the municipality's credit control and debt collection policy, its implementation and enforcement.

Such by-laws may differentiate between different categories of ratepayers, users of services, debtors, taxes, services, service standards and other matters, and, if so, must ensure that such differentiation does not amount to unfair discrimination.

The by-laws must comply with the requirements of the Municipal Systems Act 2000, the Water Services Act 1997 and the Municipal Finance Management Act 2003.

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 DEBTORS

DOMESTIC CONSUMERS NOT QUALIFYING AS INDIGENT

DEBT	PAYMENT OF ARREARS (MUST SIGN AGREEMENT)
R 1,00 to R 2 500,00	**10%** of the outstanding debt, plus the cost of the credit control actions. The balance of the outstanding amount over a maximum of 12 months
R 2 501,00 to R 5 000,00	**10%** of the outstanding debt, plus the cost of the credit control actions. The balance of the outstanding amount over a maximum of 18 months
R 5 000,00 and more	**10%** of the outstanding debt, plus the cost of the credit control actions. The balance of the outstanding amount over a max of 24 months

The Municipality may increase the deposit for consumers (except for registered indigent and agriculture consumers) to 3 times the average monthly consumption ***or*** a minimum as determined annually and published in the tariff list.

The Municipal Manager or CFO may increase the period for down payment to make the payment arrangements, affordable.

The Municipal Manager or CFO may write off interest levied to encourage the consumer to honor the agreement or to make the agreement affordable. (In total or partially at the discretion of the Municipal Manager or CFO)

BUSINESS/SPORTCLUBS/CHURCHES/GUESTHOUSES

IF IN ARREARS	PAYMENT OF ARREARS (MUST SIGN AN AGREEMENT)
	10% of the outstanding amount, ***plus the current account amount***, plus the cost of credit control actions. The balance of the outstanding amount over a maximum of 12 months. Deposit adjusted to 3 months consumption.

The Municipal Manager or CFO may increase the period for down payment to make the payment arrangements, affordable.

The Municipal Manager or CFO may write off interest levied to encourage the consumer to honor the agreement or to make the agreement affordable. (In total or partially at the discretion of the Municipal Manager or CFO)

GOVERNMENT DEPARTMENTS/SCHOOLS/HOSPITALS ETC.

IF IN ARREARS	PAYMENT OF ARREARS
	Credit control processes to be followed