

PHOKWANE LOCAL MUNICIPALITY
CUSTOMER CARE, CREDIT CONTROL AND
DEBT COLLECTION MODEL POLICY 2020/21

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Preamble

WHEREAS section 229(1) of the Constitution enjoins a municipality to impose rates on properties and surcharges on fees for the services provided by or on behalf of the municipality.

AND WHEREAS section 4 (1) (c) of the Municipal Systems Act provides that a municipality has a right to finance its affairs by charging fees for services, imposing surcharges on fees, rates on property and, subject to national legislation, other taxes, levies and duties.

AND WHEREAS section 5 (1) (g) provides that the members of the community have a right to have access to municipal services which the municipality provides; section 5 (2) (b) places a duty on the members of the community to pay promptly for services fees, surcharges on fees and other taxes, levies and duties imposed by the municipality.

AND WHEREAS section 95 of the Municipal Systems Act provides for the municipality must, within its financial and administrative capacity, establish a total responsive Customer Relations Management System to cater for:

- Positive and reciprocal relationship with the Rates Payers and Users of municipal services who are liable for payment thereof.
- Mechanism for Rate Payers and Users of municipal services to give a feedback on the quality.
- Informing the Users of services of the costs of services, the reasons for payment for services and the utilisation of the money raised from services.

- Measurement and accurate/verifiable quantification of consumption of services.
- Regular and accurate accounts to Rate Payers/Users of services, showing the basis of the calculation of the due to municipality.
- Accessible pay points and other mechanism for settling accounts including pre-payments for services.
- Query and Complaints management and procedure thereof for prompt response and corrective action on one hand and monitoring thereof on the other

AND WHEREAS section 96 of the Municipal Systems Act and section 62 (1) (f) of Municipal finance Management Act read together with section 21 (2) of Water Services Act, 1997, place an obligation on the municipality to collect all money due and payable to the municipality; and, for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with rates and tariff policies and compliant with the Act.

AND WHEREAS section 96 (2) of the Municipal Systems Act requires the municipality to adopt, maintain and implement a credit control and debt collection policy which is consistent with rates and tariff policies for the purpose of collection of all moneys due and payable to the municipality

AND WHEREAS section 100 of the Municipal Systems Act places obligation on the Municipal Manager or the Service Provider to implement and enforce the Municipality's Credit Control Policy and the By-law enacted in terms of section 98 of the Municipal Systems Act.

AND WHEREAS section 97 of the Municipal Systems Act requires that the said policy must provide for the:

- Credit control procedure and mechanisms
- Debt collection procedure and mechanisms
- Provision for the indigent debtors which is consistent with the rate and tariff policies and national policy on indigents
- Interest on arrears, where appropriate
- Extension of time for the payment of accounts
- Termination of services or restriction of services when the payments are in arrears

- Illegal consumption of services and damage to municipal infrastructure
- The credit control and debt collection policy may differentiate between different categories of ratepayers, users, debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to unfair discrimination

AND WHEREAS section 102 of the Municipal Systems Act permits the municipality to consolidate the accounts of a debtor liable for payment to the municipality; credit payment from such debtor against any of the debtor's accounts; and implement any of the credit control and debt collection measures provided for in the Act in respect of any of the debtor's accounts which remains in arrears; subject to subsection 2 of the said section.

AND WHEREAS section 62 of the Municipal Systems Act, makes ample provisions for consumers or debtors to appeal decisions or actions of municipal officials in instances of disagreement with such decisions or actions.

AND WHEREAS section 98 of the Municipal Systems Act requires the municipality to adopt a By-law to give effect to the municipality's credit control and debt collection policy including its implementation and enforcement.

NOW THEREFORE the Council of the municipality in terms of section 156 of the Constitution of the Republic of South Africa read together with sections 11 and 96 of the Municipal Systems Act hereby makes and approve the Credit Control and Debt Collection Policy set out in full hereinafter.

Definitions

“Act” means Local Government: Municipal Systems Act, 2000;

“Account” means a statement of account in respect to rates, services and/or charges addressed to the person liable for the payment thereof;

“Arrears” means an amount owing and payable by the consumer to the municipality which remains unpaid by the due date;

“Authorised Official” means the Head of the Revenue Collection or Head of Credit Control or dully authorised official for the purpose;

“Auxiliary Charges” means sundry charges which are applicable to an assortment of many diverse services or activities for which there is nominal charge of one degree or other

“Billing date” means the date on which the monthly statement is generated and debited to the consumer’s account;

“Bulk Consumer” means a consumer who consume large amount of electricity or water;

“Bylaw” means Credit Control and Debt Collection Bylaw of the municipality;

“Collection Charges” means tariffs, fees and charges in terms of section 75A of the Act; including the cost of the implementation of the different levels of credit control against the debtor whose account is in arrears;

“Consolidated Account” means a consumer’s account consolidating all the consumer’s accounts of different services with the municipality in terms of section 102 (1) of the Act;

“Consumer” means customer of the municipality for municipal services including rates in terms of the agreement for municipal services;

“Council” municipal Council of the municipality

“Day/days” means calendar days;

“Debtor” means a consumer whose account remains unpaid after the due date for payment of the monthly account;

“Disconnection Fee” means a charge to the consumer on termination or restriction of a municipal service as result of the consumer’s account being arrears

“Due Date” means the date indicated on the statement of account as the date by which the account must be paid;

“Flow Limiter” means an electronic device installed in the water connection which allows normal flow of water but limit the volume of water to a predetermined number of litres per day;

“Flow Restrictor” means a washer installed in the water connection which reduces the flow rate of water in order to limit water consumption per day;

“Implementing Authority” means the Municipal Manager / City Manager or her/his nominee in terms of section 100 of the Act;

“Illegal Connection” means unauthorised connection in terms of clause 9.10 hereof;

“Indigent Support Programme” means provision of free basic services to the indigent households in terms of Indigent Support Policy of the municipality;

“Indigent household” means a household without any income whatsoever or household whose total monthly income falls within the bracket of indigent income in terms of the municipality’s Indigent Support Policy;

“Indigent Support Policy” means the Policy for Indigent support Programme;

“Interest” means a charge levied on all arrears in terms of section 64 (2) (g) of MFMA;

“Meter” means a device which demand, consumption or quantity of either electricity or water passing through the meter

“MFMA means Local Government: Municipal Finance Management Act, 2003

“Month” means calendar month

“Monthly Average Consumption means monthly average consumption based on the previous three months meter readings for the account

“MPRA” means Local Government: Municipal Property Rates Act, 2004

“Multi-Property Owner” means a Landlord who owns no less than ten Properties for lease in terms Paragraph 10.3 hereof

“Municipal Charges” means municipal service fees, surcharges on fees, penalties, interests, property rates and other municipal levies and charges

“Municipal Services” means all services provided by the municipality or by an outside agent on behalf of the municipality

“Municipality” means XXXX Municipality

“Owner” means a person defined as such in MPRA including the following:

- An owner in a sectional title scheme who owns a separate granny flat, garage, parking or storage room
- The administrator of the body corporate of a sectional title scheme
- The managing Agent duly appointed as such

“Policy” means Credit Control and Debt Collection Policy

“Rates” means municipal rate on property in terms of MPRA

“Revenue Clearance Certificate” means a certificate in terms section 118 (1) of the Act

“Service Account” means an account in relation to the consumption of either water or electricity and related charges

“Special Arrangement” means debtor rehabilitation programme arrangement as outlined in the policy

“Statement of Account” means a service account for municipal services and rates

“Sundry Charges” means auxiliary charges as defined in the foregoing

“Systems Act” means Act as defined in the foregoing

“Tariff” means fees, charges and/or surcharges levied by the municipality in respect of municipal services and activities; but exclude rates as defined in MPRA

“Water Services” means potable water and conveyance and disposal of sewerage unless qualified otherwise

% Split of Prepayment means a debt recovery system whereby a certain portion of prepayment is allocated to payment of arrears and the remaining portion is allocated to the purchase of electricity

2. Purpose

The purpose of this policy is as follows:

2.1. It is a legislative and executive compliant response to section 96 of the Municipal Systems Act which requires the municipality to adopt and implement a policy which is consistent with its rates and tariff policies and compliant with the provisions of the Act;

2.2 To provide a policy framework for the principles underlying the credit control and debt collection system of the municipality, including the process thereof;

2.3 To provide an enabling and enforcement policy framework for the credit control and debt collection of all money due and payable to the municipality, including activities incidental thereto;

2.4 To provide a policy framework for credit control and debt collection mechanism and procedure for the payment of municipal account and all debt due to the municipality in terms of the Tariff and Property Rates Policies;

2.4 To, generally, give effect to credit control and debt collection principles and processes outlined hereinafter.

3. Principles

The following is set of principles underlying this Policy:

3.1 The basic values and principles set out in section 195 of the Constitution.

3.2 Sound Customer Relations Management principles and ethos; with mechanism for rate payers and users of municipal services to give feedback to the municipality on the quality of services and revenue collection system.

3.3 Positive and reciprocal relationship between the municipality and the persons liable for the payment of property rates and municipal services.

3.4 Take reasonable steps to ensure that users of municipal services are informed of the costs of such services and the utilisation of the monies from rates and services.

3.4 Objective and verifiable measurement system of services consumption, where such is possible and feasible and consumption is measurable for individual consumer account.

3.5 Regular and accurate accounts/statement of consumption to the person liable for the payment, indicating the basis of the calculation of consumption and amounts thereof.

5.6 Regular endeavours to maintain correct data on consumers/debtors Masterfile including correct contact details of the consumers/debtors for prompt communication of the consumer's account information.

3.7 Clear accessible mechanism, which is widely disseminated for public information, for the management of queries, disputes and/or appeals by persons liable for the payments of property rates and/or municipal services.

3.8 clear mechanism for monitoring the response content and response time to queries, disputes and/or appeals in terms of 3.7 hereof.

3.9 Consistent implementation and enforcement of the credit control and debt collection policy including processes and procedure on all debtors

without exception or discrimination, except for the provisions of the Indigent Policy.

3.10 Debt collection action measures to be instituted promptly and efficiently before the debt accumulates to an amount beyond the paying ability of the debtor.

3.11 Regular review of the consumers deposit amounts, taking into consideration the consumption level and/or paying behaviour pattern of the consumer/debtor.

3.12 All arrears shall attract interests in term of the applicable legislation; unless there is an agreement otherwise between the debtor and the municipality.

4 Objectives

The objectives of the policy are as follows:

4.1 To establish and implement good Customer Relations Management System to expedite payment of rates and services by the Consumers of the municipal services

4.2 To provide for a common Credit Control and Debt Collection Policy Framework for the regulation and enforcement of revenue and debt collection throughout the area of jurisdiction of the municipality.

4.3 To provide generally for the expedient mechanism and procedure for the Management and resolution of Consumer Queries and/or Disputes regarding the accuracy of the consumer's account including the credibility of the consumption measurement system.

4.4 To collect promptly and efficiently all moneys due, owed and payable to the municipality.

4.5 To provide for mechanism and procedure for the payment of current account and arrears to the municipality including the procedure for alternative arrangement between the debtor and municipality.

4.6 To endeavour to collect adequate revenue to maintain reasonable level of working capital for investment in the infrastructure and delivery of municipal services.

4.7 To endeavour to improve the revenue collection rate to 95+% of the monthly and annual billing by the municipality.

4.8 To provide generally mechanisms and procedure for the enforcement of the Customer care, Credit Control and Debt Collection Policy as provided for hereinafter.

5 Scope of the Policy

This Policy shall be applicable throughout area of jurisdiction of the municipality in respect of all moneys owing to the municipality in term of the Tariff and/or Property Rates Policies of the municipality in terms of Municipal Systems Act, 2000 and Municipal Property Rates Act, 2004 respectively on one hand and the Operating Budget of the Municipality in terms of Municipal Finance Management Act, 2004 on the other. These shall be rates dully levied on properties in term of the General Valuation and Supplementary Valuation Rolls and fees and surcharges on services rendered; such as water, sanitation/sewer, electricity, refuse collection and other charges provided for in terms of Tariff Policy and approved Schedule of Tariffs for the financial year.

6 Billing and Consumers Statements of Account

6.1 The municipality shall maintain a record of the Billing Masterfile of all registered consumers; containing details of each consumer and the details of the consumption measurement meter linked exclusively to the property/premises of the consumer. The data on the Masterfile shall be captured from the consumers' application forms for services and regular updates by the consumers on their respective accounts.

6.2 The municipality shall endeavour to bill consumers for their monthly account between the 21st and 30th of each calendar month; so that consumers receive their statements of account in the 1st week of the calendar month following the monthly billing. The due date for payment of the current account must be on a date before the next date of billing of the consumers' accounts.

6.3 The municipality must render regularly and timeously the statements of accounts to the consumers; using any or all of the modes of the delivery of the statements of accounts. The paramount information on the statement is the amount of the current account as distinct entry on the statement and the total balance, including the arrears, owing and payable to the municipality. The amount of the current account shall be supported by statement of the consumption quantities of the services for the accounting period/month

6.4 The consumers' statements of accounts shall be prepared with the data of the actual reading of the electricity and water meters or estimated monthly consumption of the same services. Consumption shall not be estimated for more two consecutive months unless the fault for not reading the meter is due to the consumer's action.

6.5 The statement of account to consumers shall contain the following information:

- Name and Surname of the registered consumer
- The physical address of the service (s)
- Postal address of the consumer or email address of the consumer
- Alternative email address of the consumer
- The property description in terms of GV/SV Roll and the amount of the property valuation
- The property rate levied on the property
- The monthly amount of the rate payable on the property or the annual amount of the rate payable on the property (Whichever is applicable)
- Details of services rendered and amounts thereof and the tariff for each service
- Total amount of the current account payable to the municipality

- Total balance owing and payable to the municipality, including the current account and arrears
- The due date for payment

6.6 The modes of the delivery of statement of accounts of the consumer shall include postal services, email, WhatsApp and SMS.

6.7 The onus to pay the account on or before the final due date is on the consumer regardless whether or not the consumer has received his/her monthly statement of account from the municipality.

6.8 Accounts in arrears shall attract interest payable on the amount of arrears in terms of Regulation 9 of MPRA Regulations, 2006 for the rates arrears and section 103 of National Credit Act, 2005 for other services.

6.9 on request, the municipal may provide the consumer with billing record of up to five (5) years.

7 Metering of Municipal Services

7.1 Municipal services are many and varied. Some of them are more obvious and empirical to one's eye and surroundings than others. Some municipal services are acquiescent to individual consumption whilst others are of the nature of collective consumption. There are also other municipal services which are of the nature of individual consumption, but the negative implication of which are collectively felt and are a health hazard to the community at large.

7.2 The focus of this policy is on the municipal services which lend themselves to individual consumption which consumption can be measured objectively. These are municipal services such as electricity, water, sewer, refuse collection, public transport and special requests as contemplated in the Tariff Policy.

7.3 Notwithstanding the aforesaid services, this clause shall confine itself to the consumption as well as measurement of electricity and

water. All meter equipment's remain the property of the municipality regardless of the type and physical location of the meter.

7.4 Currently, there are two types of metering system for both electricity and water; namely, Credit and Prepaid Meter Equipment's. The credit meter is commonly referred to as "conventional meter". The prepaid meters range from basic prepaid meter to smart prepaid meter. The latter is prepaid meter and more functions for ease and convenience of the management of the meter and meter reading.

7.5 Credit meters: the following shall apply to the reading of all credit meters:

- The municipality shall read the meter for the actual consumption by the consumer in a cycle of approximately thirty (30) days.
- The municipality may estimate the consumer's monthly consumption; but the consumer's consumption may not be estimated for more than two consecutive months unless the consumer is responsible for the inaccessibility to the meter point.
- The estimated monthly consumption balance shall be adjusted on the consumer's account accordingly, after the actual reading of the meter in the month following the month of estimated consumption.
- Notwithstanding the ownership of the meter equipment, the consumer is responsible for the safety of the meter equipment for his/her property; and as such he/she has a duty to report immediately to the municipality any mishap to the meter equipment.
- The consumer is responsible and liable for the supply reticulation system from the meter to his/her property. In this regard the consumer must ensure that his/her service reticulation system (power line, water pipes, sewer pipes and other equipment's) is of the nature and size specification which are approved by the municipality.
- It is the duty of the consumer to make the meter accessible at all times to the municipality for the purpose of meter reading for the monthly billing of the consumer's account; failing which the consumption shall be estimated plus 20% of the estimated amount as the default penalty against the consumer. The consumption estimation by the default of the consumer shall continue on a

month-to-month until the municipality has reasonable access to the meter; where after the consumer's account shall be adjusted accordingly, subject to the above mentioned 20% default penalty.

- If any error is discovered; whether due to calculation, meter reading or meter malfunction, the cause and extent of the error shall be investigated immediately by the municipality for immediate correction including appropriate repairs of the meter or the supply reticulation system. Depending on the cause of and/or the fault for the error, the consumer's account shall be adjusted accordingly, taking into account the period of the error, applicable tariff during the period of the error and liability for the error or malfunction.
- On vacation of the property by the consumer, there shall be final reading of the meter for the closure of the consumer's account.

7.6 Prepayment meters/Smart meters

- Prepayment units (tokens) must be purchased from a vendor authorised by the municipality to sell prepaid units (tokens) for and on behalf of the municipality.
- Prepayment units (tokens) must be purchased from vending points authorised by the municipality to transact prepaid units (tokens) for and on behalf of the municipality.
- There shall be no refund after the prepayment meter transaction has been completed and token for same produced.
- No reimbursement of the credits remaining in the prepayment on vacation of the property of the meter.
- The municipality shall use the prepayment system of the consumer to recover arrears of the same consumer for other services and/or property rates if the consumer fails to make acceptable arrangement with the municipality for the payment of the arrears for other services and/or property rates.

8 Queries, Disputes and Appeals (sections 62 & 94 (1) (f) (g) of MSA)

8.1 The municipality shall establish a system to provide mechanism and procedure for the submission, management and resolution of Queries, Disputes and Appeals by consumers and persons liable for the payment of the municipal accounts for services and/or rates.

8.2 The Query-dispute system must be published copiously in the area of the municipality and included in every statement of accounts of consumers with details of the official to contact if not satisfied with a response to a query.

8.3 A query is a question to the municipality by a rate payer or consumer of a municipal service regarding a certain aspect or some aspects of his/her statement of accounts. The municipality must provide the said consumer with clear, accurate and definitive answer; where after the consumer will either live with the response or declare a dispute regarding the matter of his/her query.

8.3 A consumer may declare a dispute on the matter of the query if he/she is not satisfied with the response to his/her query. The dispute should lie to an official who is senior to the official who handled the query.

8.4 Generally, queries should be responded to instantly unless the query is of such nature the information of which is not readily available. In the instance of the latter, the query must be responded to **within 24 hours** with clear, accurate and definitive answer.

8.5 If the consumer is challenging the accuracy of the meter reading or the functionality of the meter to his/her property, such shall be deemed and dealt with as a dispute from onset.

8.6 A dispute shall be escalated to the senior official in the hierarchical ladder of the department who shall advise the consumer on how the query would be dealt with. The standard time for resolving a dispute is **three (3) working days** unless the dispute is of complex nature requiring more time for wider consultation. In case of the latter, the official must inform the consumer in writing of the estimated date by which the official would be in a position to process and finalise the dispute. In the meantime pending the outcome of the dispute, the official and the consumer must agree (compromise) on the fate of the account on the

final due date for payment if the outcome of the dispute is expected after that date.

8.7 Query may be lodged any time in person, email, SMS or telephonically. The dispute must be lodged at least ten (10) days before the final due date for payment of the account so that the dispute is processed and finalised before the said final date for payment.

8.8 If the consumer is not satisfied with the outcome of dispute, he/she may lodge an appeal to the Municipal Manager in terms of section 62 of MSA. In the meantime, the compromise agreement between the consumer and the official who handled the dispute shall remain in force pending the outcome of the appeal.

8.9 Disputes and Appeals on General Valuation Roll shall be dealt with in terms of sections 50 and 54 respectively of MPRA

9 Credit Control Measures Regime

The Credit Control and Debt Collection regime of debt management consist of the following measures for different stages of debt management:

9.1 Statement of the current account of the Consumer/Debtor as per the data on Consumer/Debtor's Masterfile: The statement shall contain the balance of the total arrears brought forward; a brief summary of the current account consumption per service and consolidated total of the current account. The current account statement shall state the final due date of the current account for payment which should be a date before the date of the next cycle of the monthly billing. Ideally, the current account due date should be about the same date of every month to enable the consumers of the municipality to standardise the monthly payment of the municipal account.

9.2 Notice and Demand: Should the debtor's account remain unpaid for seven (7) or more days after the final due date, the debtor shall receive

a Notice that his/her account remained unpaid after the last due date. The Notice shall also be a Demand for immediate payment in full of the last account within seven (7) days of the date of the Notice; failing which services shall be disconnected without further Notice. Or alternatively, the debtor has made an arrangement with municipality for the payment of the arrears.

9.3 Electricity Disconnection (“Level 1”): In the absence of payment or arrangement in terms of 9.2 above and the consolidated account includes electricity consumption, electricity disconnection “Level 1” of service shall be carried out on the premises of the debtor. If the consolidated account of the debtor excludes electricity but includes water supply to the premises, the water supply to the premises shall be disconnected. In both instances, the debtor’s account shall be debited with the cost of the disconnection in terms of the municipal tariffs.

9.4 Electricity Disconnection (“Level 2”): In the absence of appropriate reaction to electricity disconnection Level 1 after seven (7) days of the said disconnection, inspection shall be carried out on the premises to ensure that electricity service disconnection Level 1 remains in place. If the electricity service has been re-connected on illegally; the municipality shall carry out electricity disconnection level 2 which is more intensive and extensive and attracts higher punitive tariff. The account of the debtor shall be debited with amount of electricity disconnection level 2 penalty charges. A similar action shall be carried out in respect of water, if water service has been reconnected illegally.

9.5 The foregoing paragraphs 9.3 and 9.4 apply to water disconnections *mutatis mutandis*. The municipality may effect disconnection of both electricity and water services simultaneously on the same debtor.

9.6 Prepaid Electricity/Water Meters: if the property of the account is on prepaid meter system and consumer of the property is in arrears for other services including rates, the municipality shall block the prepaid account of the consumer to disable the account from accepting any purchase of prepaid units until the consumer has made an arrangement with municipality regarding the payment of the arrears on other services and rates in the form of a split of between 30/70 and 10/90 principle

where 30% and 10% respectively will be allocated to the arrears and 70% and 90% respectively will be allocated to the prepaid electricity purchases. **A similar split scheme shall be applicable in the case of prepaid water meters**

9.7 If the debtor's account remains in arrears after the above mentioned actions, the premises of the unpaid account must be placed on a **weekly inspection schedule/register** to ensure that the services remain disconnected at the premises until the account is paid or an arrangement is made between the debtor and municipality.

9.8 If any or the combination of the above mentioned measures fail to yield any positive result and the account remains in arrears for more than more than 60 days, **the account must be handed over to Attorneys for civil recovery Summons in order to obtain a court judgement and a writ of execution against the debtor.** The municipality may however delay or suspend the actual sale-in-execution on the ground of an acceptable arrangement with the debtor regarding payment of the arrears and the full cost of litigation against the debtor. Reference to Attorneys in this section may include "debt collectors" at the discretion of the Municipal Manager/CFO.

9.9 Illegal consumption of municipal services: any connection of a municipal service which is unauthorised by the municipality is illegal consumption. Illegal consumption includes tampering with meter in order to manipulate the functioning of the in one way or other. Illegal consumption shall attract the following actions:

- Immediate disconnection of illegal connection
- Removal of all the materials used in the illegal connection
- Relocation of the meter to a new point for the ease of monitoring of the meter by the municipality
- Convention of the meter to meter-type of the choice of the municipality
- Estimate consumption of the service during the period illegal consumption
- Debit the consumer's account with the costs of all the above actions

- Penalty charge of R3 000.00 for illegal consumption/connection in addition to the cost the removal of all the materials use in the illegal connection
- Arrangement acceptable to the municipality

9.10 Notwithstanding any provision of this policy, the municipality may avail itself to other legal remedies at law including remedies in terms of sections 57 and 58 of the Magistrate Act as amended, 1944.

9.11 Debt prescription: the prescription period a consumer debt is three (3) years for all municipal services except a debt in respect of property rates, which is thirty (30) years. In the circumstances, it makes business sense to subject the debt book to an “age-analysis review” every biannually to pick up and prioritise debt collection action and legal process, on all the “recoverable debts” which are nearing prescription cut-off period.

10 Applications for Municipal Services

10.1 Natural Person: A registered owner of the property who requires the provision of municipal services on his/her premises shall fill out and sign an application form, for the purpose, of the municipality and submit the said application form together with the requisite documents; such as, ID of SA, valid passport (foreigner), resident permit, proof of income (payslip or bank statements of 3 months), etc. In instances of the property being on lease arrangement with tenants, the municipal services to the property shall be in the name of the owner of the property. Social Housing Tenants shall qualify as property owners for the purpose of application for provision of municipal services to their social housing scheme property.

10.2 Tenants’ registration currently in place shall continue until either the termination of the current lease or the service contract between the tenant and municipality is terminated by the tenant’s default on payment for services. ***In the case of Indigent tenant, refer to the Indigent Policy for the applicable exemptions.***

10.3 Business Entity: The provision of 10.1 shall apply *mutatis mutandis*, except in the following cases:

- I. The property of the lease between the landlord and tenant is a business property, trading as property/building for lease on the GV of the municipality; and the landlord signs a consent letter authoring municipality to register provision of municipal services to the property in the name of the tenant. The said consent letter/form shall operate as suretyship for the debt of the tenant to municipality in the unforeseen circumstances of default by the tenant.
- II. The landlord submit proof that he/she owns no **less than ten (10)** properties in the area of jurisdiction of the municipality and the landlord sign a consent letter/form for the registration of the provision of municipal services to property in the name of the tenant. The consent letter/form shall operate as suretyship for the debt of the tenant to municipality in the unforeseen circumstances of default by the tenant.

10.4 Government departments/entities, as tenants, shall be allowed to apply and register for provision of municipal service in their respective names and title; and not in the name of the landlord.

10.5 Consolidation of accounts: The municipality shall be at liberty to consolidate different accounts for different services for the same consumer into a single consolidated account for the consumer; reflecting all services and the consumption and cost of each of them

10.6 The signed application form for municipal services and the acceptance and registration of the consumer shall be constitute a valid contract for municipal services between the municipality and the consumer of whatever description of type.

10.7 Application of Consumer's payment to the municipality: All payments by the Consumer to the municipality in respect of a municipal account shall apply towards defraying the oldest amount of the debtor total balance owing to municipality unless there is

agreement between the debtor and the municipality indicating otherwise in terms of an arrangement for the payment of arrears.

11 Deposits

11.1 All registration for provision of municipal services to the property shall attract an appropriate deposit. Ideally the size of the deposit should be determined by ones consumption and payment pattern. In the absence of these two elements, the amount of the deposit shall be based on the criteria by the CFO or an official with appropriate delegations for the purpose.

11.2 The CFO may exempt a category of owners of property or consumer of services from payment of deposits. The beneficiaries of the exemption must be reported to the Council for noting and monitoring.

11.3 If the consumer account is in arrears, the amount of the deposit may, on due notice to the consumer, be increased to an amount to be determined by the CFO

11.4 No deposit shall be raise on the property where there is no registered consumption. Notwithstanding no consumption, the availability tariff shall be applicable to the property and the owner shall be liable for the said tariff in the same way the owner is responsible and liable for the rate on the property.

11.5 Interest earned on deposit shall accrue to the consumer and shall be computed and added to the amount of the deposit in July of every calendar year which is start of the financial year for municipalities.

12 Debtors Management

12.1 The best system of Debt Management is “minimisation of indebtedness” of the consumer; long before the consumer becomes a debtor. The conventional logic behind charging interest on arrears was based on the assumption that the threat of the additional cost of indebtedness would dissuade the consumer against allowing his/her account to fall into arrears. Thus, the consumer pays her/his municipal account on or before the due date to avoid interest charges. This practice is efficacious where consumers pay their municipal account as normal course of events. In the South African municipal context, this has simply not worked because the payment of municipal accounts is not part of the normal course of events for a sizeable number of consumers of municipal service and property rates. It is perhaps no exaggeration that more than 50% of consumers of municipal services do not take it kindly to the payment of a municipal account for one reason or another. There are now rolling questions regarding the efficacy of interest charging on a municipal debt; particularly if there are no prospects of the payment of the account. At best, it can only contribute to the build-up of irrecoverable debt book.

12.2 The growth rate of consumer debt to municipality is higher than the “poverty growth rate” in the country because the former consist of genuine indigent households and the “delinquent households” that simply would not pay for municipal services; whatever the interest payable on the arrears, is. The virus of non-payment for municipal services is virulent and pervasive, the extent and depth of which has not been fully fathomed. The virus is facilitated by active or passive complicity of the lack of appropriate action by top management as discussed in details hereinafter

12.3 The new technique of debtors’ management is managing the consumer and the risk profile of the individual consumers. The new approach requires the municipality to categorise consumers into the following categories and set consumption a threshold for each category. Excessive consumption as per the threshold would set off alarms for prompt credit control intervention even before the account falls into arrears:

- Business-large
- Business-medium
- Business-small
- Business-leisure
- Business-shops/restaurant
- Factories
- Mining
- Farming-crop
- Farming-animal
- Government
- Households-R200 000 and above
- Households-R100 000-R200 000
- Households-R80 000-R100 000
- Households-R50 000-R80 000
- Households-R30 000-R50 000
- Households-R20 000-R50 000
- Households-R10 000-R20 000
- Households- R7 000-R10 000
- Households- R7 000-R5 000
- Households- below R5 000

12.4 The next level of consumer profiling, is profiling the payment behaviour of each consumer into the following standing:

- Excellent
- Good
- Average
- Bad
- Very bad

12.5 The general purpose of profiling consumers is determine in advance the low-hanging fruits in term of the ease of collection and probability of collection realising cash receipt. The second reason is to create special payment arrangements with the consumers whose accounts are big enough to warrant such, for ease of payment. The third reason is to inform and guide the process of making an arrangement with consumer should such a need for the consumer arise.

12.6 An excellent or good consumer is more likely to honour the terms of an arrangement to defer payment of the current account for one reason or other.

12.7 The notion of arrangements between the municipality and consumers/debtors is now made a norm of our customer relations management in the municipal space. The consumer total debt is too big to be managed via an ad-hoc arrangement. Moreover; the individual debtors' balances are just too high to be paid off in shorter period of time. This is so because management did not take the right decisions at the time when such individual debtors' balances were within financial means or remit of the consumer/debtor. Instead, management opted to mortgage their duties to collect municipal revenue to political expediency; thus, allow the debt balance of the consumer to grow to a level beyond the means of the consumer. The sheer size of the debt balance has forced some of the consumers to be persistent defaulters.

12.8 Debtors' arrangements, as both a principle and practice, must be function of a Debt Collection Strategy of the municipality. It has be part of the long term planning of revenue collection rather than just debt collection. In the past there was a tendency to focus arrangements strictly on the payment of the debt to a point of suffocating the payment of the current account. In some instances, the debt payment amount was even bigger than the amount of the current account. The result was non-payment of both the current account and the debt arrangement.

12.9 The focus in the new order should be to do everything and anything to leverage the collection of the current account. The debt is the critical part of the arsenal to leverage the collection of the current account. In this sense, we use the "dead money" (debt) as a bait to collect the living money in the form of the current account and whatever else is owing to the municipality. In this sense of the endemic non-payment for municipal services for one reason or other, the primary objective of any debt collection strategy must be the hedging of the payment of the current account from the risk of non-payment; anything else is a welcomed bonus. If the hedging (of the current account) strategy succeeds, then that means the end to the new debt. Presently, municipalities roll good current accounts (good money) into debt (dead money) every month

simply because of misplaced priorities on the trade-offs between the current account and the debt owing to the municipality.

13 Debt Collection Models (Options)

The debt collection models are the types of immediate action at the disposal of a creditor against a debtor. They may vary from industry to industry; but the common thread is immediate suspension of the credit-line and the benefits of the credit-line pending the payment of the arrears on one hand and imposition of an interest charge on the principal debt on the other. The discontinuation of service benefits and the imposition of an interest charge on the principal debt were both a penult and incentive for paying the debt before the penalty kicks-in. This has worked in relation to private services as opposed to public services. It is just not possible to lock away public services from a defaulting consumer.

In the context of local government, the suspension of the credit-line takes the form of a temporary disconnection/termination of the municipal service pending payment of the overdue account (arrears). The challenge, however, with municipal services is that they are laid-out in the open and accessible to all and sundry. Although supply of service may be limited or cut-off, it is not possible to discriminate access between the paying consumers and the non-paying consumers. The public nature of municipal services make them vulnerable to “delinquent -abuse” in all manner of ways, including illegal connections and political protests; thus, diminishing the efficacy of the credit control measure. Moreover, the notion of service discontinuation/disconnection is not universally applicable to types of municipal services in all circumstances.

Notwithstanding, there are five (5) debt collection models with or without modifications. There is no one cut fit all, circumstances of each case will determine the most applicable model.

- I. Immediate suspension of the account and discontinuation of the supply of services pending payment of the arrears or acceptable arrangement for the payment of the arrears within a period of no more than six months and payment in full of the current account

every month. This means during the period of the arrangement over the arrears (debt), the consumer will make payment of the current account and agreed instalment payment of the arrears.

- This is typically one-three months debt arrangement period. This is typical traditional credit control measure which works well if action is taken promptly on the first default and the default to pay the municipal account is not epidemic in the area.
- II. Immediate suspension of the account and discontinuation of the supply of services pending payment of the arrears or acceptable arrangement for the payment of the arrears within extended period of time (taking into account the amount of the arrears and the “income bracket” of the debtor) and payment in full of the current account every month.
- This option is similar to the above mentioned credit control measure and circumstances except that municipality may have to agree to an extended period of time for payment to ensure that the amount is manageable in the circumstances of the debtor, including the estimated monthly current account of the debtor.
- III. Immediate suspension of the account and discontinuation of the supply of services pending payment of the arrears or a compromise arrangement involving writing-off of certain percentage of the debt on condition of payment of the balance by the debtor over a mutually agreed period of time; and payment in full of the current account every month.
- There are many factors which may inform this model; such as the objection by the debtor for one reason or other and/or the availability (or lack thereof) of the supporting data for the arrears. This is typically where the debtor has registered an objection to the account and the objection remains unresolved. This could be a “win-win” if the objection is confined to the past and not ongoing.
- IV. Immediate suspension of the account and discontinuation of the supply of services pending payment of the arrears or a compromise arrangement involving payment in full of the current account every month and payment of a “nominal amount”

towards the reduction of the arrears balance for which nominal amount paid, the municipality shall write-off an amount equal to the nominal amount from the balance of the arrears. If the current account up-to-date with monthly payment, the debt shall not attract any credit control action against the debtor regardless of the size (amount) of the debt (arrears). A nominal amount could be any amount, including one Rand.

- This model may be an option where non-payment for services is epidemic, and mass-disconnection of services is no longer a practical option. This is typically “Rand-for Rand” (R4R) debt collection strategy, it is applicable to “impaired arrears” of many months/years and on-going non-payment for services by a large portion of the consumers of the municipality. The mass-disconnections make the option not practical from security, logistical and health points of view.
- The strategy places a premium on ways and means of hedging of the current account against non-payment, even if it means sacrificing the benefits of the arrears. Moreover, it is taking “red herring of the debt” off the relationship between the consumer and the municipality; to a point of making the payment of a “nominal amount” a choice/discretion of the consumer on condition that the current account is paid in full on time.

V. Placement of the debtor on a “debtor rehabilitation programme” on terms and conditions of the programme as more fully outlined hereinafter.

The thrust of all the debt collection models is the hedging of the current account for payment as non-negotiable. The win-win is that municipality will receive at least its budgeted monthly revenue from the payment of the current account and the debtor shall be insulated from the consequences of the arrears. The payment in full of the current account wards-off the consequences of the arrears in the form of either service discontinuation or debt recovery summons against the debtor. It must be said without any iota of doubt that the said debt collection models are experimental, in the face of the failure of the rigidity of the traditional credit control models. What we do know for certainty is that the

traditional credit control models have come to a big nought in the face of endemic public boycott of payment for municipal services coupled with the “public unrest”. Moreover, the traditional debt recovery models are premised on the assumption that the defaulting consumers are an isolated number which can quickly be dealt with through quick credit control actions in the form of service disconnections and court judgements.

There is no basis for this assumption anymore; more than half of some of our communities are defaulting on payment for public services with particular reference to municipal services, including Eskom. Can we take them to court? Public expenditure is outstripping the revenue streams to the detriment of the very limited existing infrastructure; let alone rolling of infrastructure to the rest of the country. In the circumstances, we have reasons (or even a duty) to experiment in search of different outcomes, including trading the debt for a hope of a different outcome. It cannot be any worse. In the paragraph hereinafter, we ponder on some of the specifics of the experiments. The adage goes; should rather fail trying than fail to try!

14 Debtor Rehabilitation Programme

14.1 The “debtor rehabilitation programme” (DRP) also known as “debt relief programme” is not a notion the discourse but the concept has struggled to find a space the practice of municipal financial management in general and municipal revenue collection in particular. There is a small pack (very small) of municipalities who have broached the concept in their respective revenue collection policies, but fell short of taking it right through to their respective “revenue collection strategy” and standard revenue/debt collection procedure. At some municipalities, there has been an unintended tendency to confuse the concept of debtor rehabilitation or debt relief with the notion of “indigent support programme”. The latter is focussed on municipal consumers who are indigents are registered

as such with the municipality in terms of the municipality's Indigent Support Policy. The focus of the "debtor rehabilitation programme" is not the households without income or household's income falling within the indigent bracket. When a household is registered as an indigent household or consumer, the old debt (historical debt) of that household should be written off in terms of the municipal policy for same. The policy assumption is that indigent status is temporary. However, in the circumstances of the economic situation in the country, this could be semi-permanent.

14.2 The focus of the debtor rehabilitation programme is your normal standard household with income level higher than the indigent bracket. This is a household which in normal circumstances and subject to the applicable service level, should be paying for all municipal services the household consumes. The debtor rehabilitation programme is a "policy attempt" to respond to the phenomenon of a "perennial municipal debt trap" which is being experience by a substantial number of households in the country. This phenomenon is particularly prevalent in the "township neighbourhoods" in the country.

14.3 What is "perennial municipal debt trap"? This is a municipal consumer debt (arrears) which has accumulated on the household over a long period of time to a point where amount of the arrears is manifestly unaffordable to consumer in the circumstances of the income level of the household. Once the amount of the arrears becomes greater than the total monthly income of the household, such arrears become a potential for unaffordability of the debt. There is some empirical evidence that high consumer debt levels, whatever the reasons, are the main driver of non-payment of municipal services. High debt levels of monthly accounts turn consumers into "delinquent consumers" of municipal services; thus, make consumers not pay the entire municipal account including the current portion of the account.

14.4 Households who are increasingly getting engulfed in perennial debt trap are not the indigent households; but the standard households who are the core of revenue-base of a municipality and can afford to pay for standard municipal services; and would probably have paid their respective current accounts, had it not been for the

debt trap to the municipality. The historical debt has since become an obstacle between the consumer/debtor and municipality and the single threat to the very revenue-base of the municipality. Part of our hypothesis is that non-payment for municipal services consists of two types of households/consumers: a down right delinquent consumer who would not pay for any municipal service regardless of the personal circumstances; and an innocent consumer who is buckling under the pressure of the debt trap, thus made to join the delinquent lot as the only escape route. The debt trap is thus providing the “consumer delinquency” with numbers of the innocent debt trap victims for public boycott and protest actions. If one isolates the latter in one way or other, the impact of “consumer delinquency” is reduced to the minimum; thus, denying “consumer delinquency” the numbers and impact thereof. The load of the debt to municipality is compromising the commitment and ability of the debtor to be obedient and lawful consumer of municipal services. Moreover, the debt is preventing the payment of the current account of municipal services; thus, a double loss.

14.5 The concept and notion of debtor rehabilitation (debt relief) programme is gaining traction in the municipal environment as the revenue management strategy first and debt management second. The best debt management strategy is debt prevention/minimisation. The rationale and motivation for the concept of debtor rehabilitation is born out of the following reasons:

- The persistence of the ever bulging indebtedness municipalities to Eskom and Water Boards
- Collapsing service infrastructure due to cash constraints
- Magnitude of the debt trap has become bigger than the efficacy of the traditional credit control regime

If the notion of debtor rehabilitation programme seems seismic shake, it is because of the calamitous effect of the perennial debt trap on the revenue-base of municipalities and the future of our communities. Can one imagine the sewer running into the streets of our neighbourhood? Debtor rehabilitation programme is indeed a “paradigm shift” to revenue and debt management in the context of current revenue deficit in municipal space. It is a different game to the

traditional debt management strategies. Traditional credit control measures of debt collection have reached an institutional cul-de-sac. The ultimate potency of credit control regime is the legal system in the form of courts and court judgements, including the writ of execution. This may work perfectly in a suburb setting, but not in the township setting because of community solidarity in the township that “an injury to one is an injury to all”. “None in our neighbourhood should lose a house (home) because of one’s poverty”. The municipality may get the court judgement but not the buyer of the house on sale. Imagine selling half of the houses in the township to no buyer!

14.6 Municipalities are facing a credit control environment which is unparalleled in the private sector; yet municipalities continue to follow credit control methods which resonate more efficaciously with the private sector practices. The private sector has the liberty to decline granting credit line/facility to a person if the person has a bad credit record from other service providers. There is not such option for municipalities. A municipality has a constitutional obligation provide all people in its area of jurisdiction with municipal services. Moreover, there are no other alternative providers of the type of services which the municipalities are responsible for. Municipalities are not in position of cherry-picking when it comes to the consumers of municipal services or persons liable for paying rates. These elements call for a different approach to revenue and debtor management. We cannot expect different outputs from the same inputs.

14.7 The objective of the debtor rehabilitation is for the municipality to offer an alternative escape route to debt trap through a systematic rehabilitation of a debtor into normal consumption of services and re-entry into the revenue streams of the municipality. This is important for the control and regulation of services on one hand and revenue base and forward planning of the municipality on the other. A delinquent consumer left on the loose is a risk to both the quality and financial sustainability of services. The measurement of service consumption is not just for the municipal account, but also management of the quality of the services; so that consumers pay for the right quality of the service.

14.8 The consumers of municipal services are the only bedrock of the financial base of a municipality. The more these consumers remain under the debt trap, the more diminished is the revenue base of the municipality. The debt trap is trashing the revenue base to the detriment of the municipality and community. Non-payment of services makes services more expensive and unaffordable to the paying consumers. This is so because municipalities would balance their respective budget through excessive tariffs increase to compensate for the lost revenue (non-payment) and increased cost of services.

14.9 It is important for the municipality to take responsibility for some of the reasons for the growth of the debt trap and the “proverbial Frankenstein monster” that the consumer debt has become. The reasons are many and vary from one case to the other; such as:

- Lack of attention urgency to consumer queries or complaints
- The quality and reliability of services
- Service levels for different consumers
- Appropriate tariff structure to accommodate differentiated consumer appetite/ability
- Accuracy of consumption where consumption is measured (lack of regular meter testing and calibration)
- Mortgaging debt collection duty to political expediency when the debt is still small and within the financial reach of the consumer.
- The debt was allowed to grow from a paltry amount to a six digits amount for an average household
- The arrears' balances are too high and old for an average working consumer to pay without being assisted to do so in one way or other
- Instances where record of supporting data for arrears has been lost due to the change from one financial system to the other or lack of credible backup.
- Uninformed budget process on tariffs and drivers thereof
- Profligate expenditure on non-core functions
- The affordability of municipal basic services

- Community trust deficit in the management of municipal fiscus (governance)
- Consumer dissatisfaction with services and quality thereof. Instances of raw sewer running through the streets our township, domestic refuse remaining uncollected for month(s), some neighbourhood being without streetlights for weeks to months etc.
- Lack of consistent service standards (service equity) between “suburbs and townships”; the former is serviced directly by the municipality whilst the latter is serviced by a Service Provider (Contractor)
- Lack of infrastructure replacement and protective maintenance programmes, including meter testing and calibration for accurate consumption measurement.
- Lack of planned diligent and regular O&M (operations and maintenance) programmes across the municipal space; thus poor asset management.
- Too many “free this and free that” in the public space! Free housing, free education, free grants, etc. What type of culture does such talk engender in mind and consciousness of a nation?

14.10 Objectives of Debtor Rehabilitation

- To offer the debtors of municipal services an alternative escape to debt trap
- To reintroduce and re-orientate the debtor to be a discipline and responsible consumer of municipal services and pay for the services
- To reintroduce and re-orientate the debtor to the culture of the routines of the management of one’s municipal account
- Reorientation of the debtor on the discipline of managing one’s consumption of municipal services and how to do so

- To isolate innocent victims of debt trap from the “consumer delinquency for differentiated management and debt collection actions;
- To assist the debtor to understand the drivers of the consumption of municipal services; so that she/he may control them
- To assist the debtor to manage his/her household consumption of municipal services

A combination of these interventions would certainly assist an innocent consumer to be a responsible citizen and lawful consumer of municipal services.

14.11 Criteria for being on debtor rehabilitation programme:

- The size of the debtor’s arrear is considered excessive in relation to the social station of the consumer in terms of the income bracket of the household;
- The debtor’s current consumption level is excessive when considered against the household’s income bracket;
- The debtor is not in a position to service both the current account of municipal services and the balance of the arrears;
- The debtor cannot afford the current excessive levels of consumption; and therefore needs to be aided to cut back on services consumption;
- The debtor is receiving regular income which is reasonably above the indigent household income bracket in terms of the Indigent Support Policy of the municipality;
- The debtor is committing to the programme per his/her application to be placed on the programme
- The debtor lives and resides on the premises of the account
- The debtor’s account is in arrears for more **ninety (90)** days or more;

14. 12 Application process:

- The debtor shall make a full declaration on the history of the debt (how it started; what did the municipality do when the debt was still small; did he inherit the debt from a deceased person; her/his past conduct in respect of municipal services on her/his premises; etc.);
- The debtor shall make an application to be placed on the programme. The application shall be in the standard form designed by the municipality which shall include a clause on commitment by the debtor to terms and conditions of the programme;
- The signed application shall constitute the agreement between the debtor and the municipality;
- The debtor submit proof of her/his regular income and, if possible, the history of her/his regular income;
- The Head: Revenue Collection shall assess the debtor's account and the consumption trend on the account and submit a report with recommendations to the CFO for determination. The assessment shall include the following
 - Review of the declaration by the debtor on the history of the debt
 - Assess whether the consumption level (units of consumption) has been consistent over some time' if not indicate the degree of fluctuation and reasons thereof
 - Interview the debtor on the assessment findings
 - Divide the debt into the principal debt amount, the interest amount and the average monthly consumption; and recommend accordingly
- The Head: Water shall submit assessment report on the functionality of the water connection and the water meter to the property including assessing the water reticulation pipes between the meter and the rest of the property;
- The Head: Electricity submit an assessment report on the property including the functionality of the electricity meter;

14. 13The primary conditions of the programme:

- The debtor shall pay his/her current account in full at all times during the period of the programme;
- The debtor shall make full disclosure of her/his past conduct in respect of the municipal services on his premises;
- The debtor shall not manipulate or attempt to manipulate the service meters on his/her premises;
- The debtor shall not connect or attempt to connect to municipally service illegally;
- The debtor shall not in any way manipulate or try to manipulate the meter for whatever reason;
- The debtor shall look after municipal service meters on his/her premises;
- The debtor shall adhere to the consumption programme designed for him/her as part of the debtor rehabilitation programme;
- The debtor shall attend a 10 minutes training session organised by the municipality on how to manage ones FBS for water and electricity. This session will include training the debtor on the function and the use of the “water demand management system” devices before he/she makes the choice. If for some reason, the debtor wants to change his/her choice of water demand management system device, the debtor may apply to the municipality for a change of the device and provide reasons for the change.
- Debtor rehabilitation programme is a “Special Arrangement” between the debtor and municipality subject to regular monitoring and review of the conduct of the debtor in terms of the above mentioned conditions

14.14 Benefits of the Programme: If the application of the debtor to be placed on “Debtor Rehabilitation Programme” is approved, the following benefits shall apply to the debtors account for municipal services subject to compliance by the debtor with all conditions of the Programme:

- I. The balance of the arrears at the time of the approval shall be “parked on rehabilitation bay” and suspended during the period of the programme.
- II. The above mentioned arrears shall be written off over a period of 12-36 months (depending on the size of the arrears), provided the debtor does not default on any of the conditions; particularly paying the current in full.
- III. The electricity meter on the debtors premises shall be converted to a prepaid meter with specially set demand management controls
- IV. The debtor shall have the following choice on the water meter
 - Full pressure water meter
 - Semi pressure water meter ; where such is feasible
 - Installation of a flow limiter; thus limit the water consumption to specific number of litres per day. This limit could be coupled onto the FBS water
 - Installation of a restrictor which reduces the flow of water through the meter to a low flow rate to restraint the use
- V. If the debtor chooses to remain either on full or semi pressure water supply and default on the payment of the current account, the debtor shall forfeit the above mention choice and a flow limiter will be installed in the water connection to his/her premises; and the debtor will remain on the programme and benefit from the monthly write-off for the period of the programme
- VI. The win-win is that the debt trap is gradually written-off and the municipality regains a contributor to the revenue base of the municipality
- VII. The debtor rehabilitation programme is training process for the debtor to learn to manage his/her consumption of municipal services and taking responsibility for same

- VIII. This is not just reckless or political-driven write-off ; but a *quid pro quo* type of write-off based on clearly set out medium-long term objectives to place a premium on the servicing and payment of the current account of the debtor. The municipality may add conditions which are consistent with the objective of the programme.

15 Indigent Support Policy

The Council has approved a policy on the indigent support programme to provide FBS to the deserving poor households in the area of jurisdiction of the municipality. The policy provide for the following thresholds of FBS:

- Electricity: 100kWh per month
- Water: 10KL per month
- Refuse Collection: one single load per week
- Municipal public transport token?
- Municipal swimming pool entry?
- Other?

The following conditions as demand management are applicable to the beneficiary of indigent support policy.

- Electricity prepaid meter (basic or smart prepaid meter)
- Water demand management system device installation in the water connection to the premises
- The consumer/debtor shall attend a 20 minutes training session organised by the municipality on how to manage ones FBS for water and electricity.

16 Institutional Performance

16.1The Council shall adopt from time-to-time a Customer Care Charter, setting out concisely the rights and duties of a consumer/debtor on one

hand; and the manner in which municipal officials should treat the consumer/debtor in the former's interaction with the latter regarding request for information and/or any query whatsoever. Municipal officials dealing with a consumer/debtor on the payment of a municipal account, must inform the consumer/debtor of the available options in respect of the consumer/debtor's query or problem.

16.2 The Council shall set annual targets for the following:

- Revenue Collection as a percentage of the monthly and annually billing
- Reduction or containment of the principal amount of the debt book , excluding interest chargeable on the principal debt
- Reduction in the principal debt growth excluding interest portion of the debt book
- Cost efficiency of debt collection

16.3 the Council shall set the following Customer Care targets:

- Response time to a Customer Query in terms of paragraph 8.3 hereof
- Dispute resolution in terms of paragraph 8.6 hereof
- Appeal resolution in terms of paragraph 8.8 hereof
- Meter reading cycle (see paragraph 7.5 above on consumption estimation)

17. Short Title

This Policy is Customer Care, Credit Control and Debt Collection Policy 2020/21