

# CITY OF BULAWAYO

## **Credit Control and Debt Collection Policy**



# CREDIT CONTROL AND DEBT COLLECTION POLICY

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## **PURPOSE**

This policy for Credit Control and Debt Collection provides procedures and mechanisms for credit control and debt collection.

The policy has been compiled in compliance with the Urban Councils Act [Chapter (29:15)] which requires the adoption of a credit control and debt collection policy, which is consistent with the Municipality's tariffs policies and which complies with the Act.

The policy aims to ensure that the Municipality's approach to debt recovery/enforcement mechanism is sensitive, transparent and is equitably applied throughout the Municipality's geographical area.

The policy will ensure that all revenues, rates, water, service charges, rentals, and any other charges due to the Municipality are collected timeously in a cost efficient manner.

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## DEFINITIONS

In this Credit and Debt control Policy:

**"Account"** means written notification in the form of a statement of account in respect of municipal services, rates, sundry charges and other charges, addressed to a person liable for payment thereof;

**"AOD"** means Acknowledgement of Debt, which means a legal document signed by both the consumer and the City, where the customer acknowledges liability for an outstanding debt and agrees to pay the debt off in instalments /payments until such debts (and any interest thereon, if any) is repaid in full.

**"Arrears"** means any amount which is due, owing and payable and which remains unpaid by the due date;

**"City"** means the City of Bulawayo;

**"Consolidated account"** means a monthly account reflecting property tax (rates), sundry charges, water charges and other municipal service charges.

**"Credit Control"** refers to the action(s) required to safeguard the collection of revenue including telephone calls, sms, letter of demand, disconnections, reconnections, follow up procedures (tracing), legal action, or any other action that may be deemed necessary by the City in the performance of revenue collection;

**"Defaulter"** means any customer whose account is in arrears;

**"Disconnection"** means where a service is purposely disconnected or terminated as stated Part II section 16 of Bulawayo (Sewerage, Drainage and Water) By-laws, 1980;

**"Due date"** means the date on which a customer's account becomes

payable as indicated on the account bill;

**“Effective date”** means the date on which the policy comes into effect which shall be 60 days after adoption by Council;

**“FD”** means a person employed by the Municipality in terms of section 134 of the Act as the Financial Director of the Council;

**“Illegal connection”** means any connection to a system through which municipal services are provided, which is not authorized or approved by the Municipality or its authorized agent;

**“Multi-property owner”** means an owner of 50 or more properties in the Municipality’s area of jurisdiction;

**“Net salary”** means the gross salary minus pension and statutory deductions;

**“Owner”** means the person defined as such in the Urban Councils Act (29:15) Section 2 and Section 269;

**“Payment Plan”** means any arrangement made by agreement between the Municipality and a customer for the payment of any arrears in instalments. Such arrangement may take the form of an agreement, an acknowledgment of debt, or correspondence provided that it is recorded in writing and signed by an authorized official.

**“Prescribed form”** means a form required by the FD from time to time

**“Property tax (rates)”** means a municipal rate on property envisaged in terms of section 269 of the Urban Councils Act (29:15) expressed as cents in the dollar;;

**“Rates Clearance Certificate”** means a certificate of the kind referred to in Section 282(2) (a) and (b) of the Urban Councils Act;

**“RS”** means the Revenue Section under the Financial Services Department;

**“Sewerage Services”** shall have the same meaning as stated in Bulawayo (Sewerage , Drainage and Water) By-laws,1980;

**“Sundry charge”** means an amount charged to a customer which is not directly linked to a property and includes but is not limited to–

- a. charges arising from damage to municipal property and equipment;
- b. monies owed for municipal services other than rates, rent, development permits, water and sanitation;
- c. monies awarded to the Municipality through court orders and judgments; and
- d. penalties;

**“The ACT”** means the Urban Councils Act Chapter 29:15

**“Vulnerable persons”** means orphans, child headed families, the aged who are destitute, physically challenged, terminally ill persons with no regular source of means of livelihood;

**“Water services”** means the supply of potable water as outlined Bulawayo (Sewerage, Drainage and Water) By-laws,1980



## **PREAMBLE**

1. Whereas the City has an obligation to provide services at affordable cost to the residents of the City,
2. And whereas the City is empowered by section 218 and 219 of the Act to charge for services it provides to its customers,
3. And whereas the customers are expected to pay in full and on due date for services rendered to enable the City to fulfil its statutory mandate
4. Now therefore the following is a proposed credit control and debt control policy for a win – win solution with domestic customers to foster an understanding and acceptance of the desire to increase and retain investment in the City.

## **OBJECTIVES OF THIS POLICY:**

5. The objectives of this Policy are to –
  - a. ensure that all money due and payable to the City in respect of rates, fees for services, charges, tariffs and interest which has accrued on any amounts due and payable in respect of the above and any collection charges are collected efficiently and promptly;
  - b. provide for credit control procedures and mechanisms and debt collection procedures and mechanisms;
  - c. provide for interest on overdue amounts;
  - d. provide for collection charges on the payment of any overdue amount;
  - e. provide for extension of time for the payment of overdue amounts;

- f. provide for the termination of services or for restrictions on the provision of services when payments are overdue;
- g. provide for matters relating to the unauthorised consumption of services, theft and damages.

### **APPLICATION OF THIS POLICY**

This policy shall be apply only in respect of money due to the City plus interest accrued on that amount

### **IMPLEMENTATION**

- 6. This policy shall be implemented by the FD and by designated officials whose duties include
  - a. rendering of accounts (billing);
  - b. collection of money due and payable to the City(cashiering and receipting);
  - c. debt control and follow up (credit control);
  - d. attend to queries and adjustments on accounts;
  - e. contact with members of the public in relation to payments to the City for rates and services.

### **RESPONSIBILITY FOR CREDIT CONTROL**

- 7. The Town Clerk shall as supervisory authority oversee and monitor:
  - a. The implementation and enforcement of the City's credit control and debt collection policy and any by-laws enacted: and
  - b. The performance of the FD in implementing the policy and any by-laws.
- 8. When necessary, evaluate, review or adapt the policy and any by-laws, or the implementation of the policy and any such by-laws, in

- order to improve efficiency of its credit control and debt collection mechanisms, processes and procedure, and
9. Report monthly to a meeting of the Council.
  10. The FD shall as implementing authority:
    - a. Implement and enforce the City's credit control and debt collection policy and any by-laws enacted in terms of the Urban Councils Act;
    - b. In accordance with the credit control and debt collection policy and any such by-laws establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the City.

#### **CODE OF ETHICS**

11. All City officials shall treat all debtors with dignity and respect at all times. Employees shall execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance with the applicable laws of the land.

#### **CUSTOMER REGISTRATION (Service contract)**

12. The City must ensure that the registration of new and existing owners of properties or those holding Council or Government leases is efficiently performed.
13. The registration of new owners of properties or those holding Council or Government leases must be correctly administered with the fully completed legal contracts being duly signed. These contracts must be retained and be readily accessible to authorised persons only.
14. Full and concise details must be provided on application for a consumer agreement. All staff with customer contact must

endeavour to update personal records whenever customers liaise with them.

15. Legal documentation acceptable to the FD necessary for registration purposes will be used to determine, at the time of application, whether:
  - a. Other accounts in the name of the applicant are currently held and;
  - b. Debts in the name of the applicant are still outstanding on previous accounts.
16. Upon registration, new debtors must pay a cash deposit based on the criteria set by the FD from time to time and/or lodge additional security, commensurate with risk as determined.
17. The FD may exclude a category of owners from payment of deposits such as Government and Diplomatic Missions
18. Deposits will be due and payable on registration of new consumer/owner and upon the movement of existing owner to a new address after a property transfer.
19. The City will verify through its billing system that the prospective account holder/owner/spouse does not have an outstanding account in respect of another property. Should there be an account already in arrears, this account will have to be paid before a new account can be opened or suitable payment arrangements must be made by the owner of the property
20. No registrations or additions to the customer database can be processed unless legal documentation acceptable to the FD has been produced in each instance
21. The Municipality shall whenever possible, combine any separate accounts of a person who is liable for payment to the Municipality, into one consolidated account
22. Customers who fail to register for Municipal services and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.

23. Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the customer or owner to advise the Municipality of such change

## **ACCOUNTS**

24. The City may:
25. Consolidate any separate accounts of debtors liable for payments to the City,
26. Credit any payment by such a debtor against any account of that debtor, and
27. Implement any of the debt collection and credit control measures provided for in these regulations in relation to any arrears on any of the accounts of such a debtor.

## **ACCOUNT ADMINISTRATION**

28. The City will endeavour to ensure that:
  - a. Accurate metering of consumption at fixed intervals with minimum delay between service connection and first and subsequent billing;
  - b. Where no reading can be obtained, interim readings (estimations) will be used in calculating the charges;
  - c. It maintains accurate up-to-date customer information;
  - d. Monthly accurate bills reflecting application of appropriate correct tariffs and service charges are produced;
  - e. Such Bills are posted or despatched through electronic means and/or postal services on time to addresses provided by the customers;
  - f. Adequate and efficient means of paying accounts are provided for customers;

- g. Arrangements with third party institutions to accept payments on behalf of the City are in place. Responsibility to ensure that payments are reflected on the account is vested with the debtor;
  - h. Appropriate hours of business to facilitate account payments.
- 29. Although the City must render an account for the amount due by a debtor, failure thereof shall not relieve a debtor of the obligation to pay this amount.
- 30. Customers that do not receive bills from the City for any reason must take steps to obtain copies of such accounts to ensure accounts are timeously paid. Copies of account statements are available to the customer, at a nominal charge at all Council enquiries counter or via e-mail (electronic) facilities
- 31. Customers are required to update the information details with the City. Failure to respond to the City's request for updated information may result in delays in timeous bill delivery. Such update of information includes, but is not limited to:
  - a. Details of executors or administrators of deceased estates;
  - b. Change of name and address;
  - c. Contact details such as cellphone numbers, social media addresses and email addresses.

## **RESPONSIBILITY FOR AMOUNTS DUE**

- 32. In terms of Section 279 (1) of the Act, an amount due for property tax and other municipal charges, is a charge upon the property in connection with which the amount is owing. Therefore:
  - a. All municipal debts must be paid by the owner of such property without prejudice to any claim which the City may have against another person;

- b. The owner of such property shall be liable for charges incurred in connection with such property during his or her ownership and shall remain liable irrespective of the change of ownership;
  - c. The City registers the owner of the property for services rendered on the property in question;
  - d. The City reserves the right to provide any services on the property until all municipal debts on the property have been paid in full or suitable arrangements have been made to pay such debts.
- 33. Where the property is owned by more than one person, each owner shall be jointly and severally liable, the one paying the other to be absolved, for all municipal debts charged on the property
- 34. Solid Waste Management, Sewerage disposal and other property related services, being service charges shall form part of the property debt payable by the owner of the property.
- 35. Directors of Companies, members of Close Corporations and Trustees of Trusts shall sign personal suretyships with the City when opening water accounts. If they are unable to sign the personal surety, they must pay a deposit equivalent to twice the usual deposit paid for opening service accounts.
- 36. The City may:
  - a. Recover from a tenant, occupier or agent in terms of section 279 of the Act such monies owing on a property. Payment of the arrears owing by the owner for so long as a tenant or occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing;
  - b. Recover the amount in whole or in part despite any contractual obligation to the contrary on the part of the tenant, occupier or agent;

- c. Recover from the tenant, occupier or agent an amount which is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent; and
- 37. Should the tenant, occupier or agent refuse to pay as contemplated in subsection 279 of the Act, the services to the property may be disconnected, or legal proceedings commenced.
- 38. Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute that are due and payable, pending the finalization of the dispute lodged in respect of the specific amount owed by the customer
- 39. The owner of the property may be held liable for tampering with the water metering equipment on the property as well as charges that arise therefrom.

#### **ACTIONS TO SECURE PAYMENT**

- 40. The City or its duly appointed agents may, in addition to the normal civil legal procedures to secure payment of accounts that are in arrears, take the following actions within prescribed periods to secure payment for municipal rates and services:
  - a. Sending reminders to debtors e.g. SMS, e-mail, etc;
  - b. Termination and/or restriction of the provision of services;
  - c. A written final demand;
  - d. Handing over for legal action;
  - e. Allocating a portion of payments or pre-payments to service charges in arrears or future charges.

Credit control will commence from the conclusion of the consumer agreement.

- 41. Credit control methods will include, inter alia, the following:
  - a. Evaluation of Application;



- b. Reference Checking;
- c. Denial of other services if the customer has an outstanding debt with the City;
- d. Credit bureau, Deeds Office, Registrar of Companies;
- e. Securities;
- f. Deposits;
- g. Binding AOD;
- h. Monthly Statements;
- i. Statement Messages;
- j. Telephone Calls;
- k. Final Notices;
- l. Termination or Restriction of Services;
- m. Letter of Demand; and
- n. Legal Action

## **PAYMENT OPTIONS**

- 42. The City will endeavour to establish a payment network to ensure that wherever practically possible customers in receipt of accounts have reasonable and user friendly access to a payment mode / point
- 43. The City shall accept payment by negotiable instrument only under the following circumstances
  - a. Payment by cheques must be accepted in line with Bank limits;
  - b. A customer has the option of payment using cash, cheque, Electronic Funds Transfer.
- 44. Where any direct debit or payment made to the City is later dishonoured by the bank, the City:
  - a. Will recover the bank charges incurred relating to that dishonoured payment against the account of the customer and a penalty will be effected as administrative fee;

- b. May regard such an event as default on payment and the account shall be dealt with as an arrear account, and
  - c. Reserves the right to take legal action for recovery of arrears
- 45. The methods of payment shall be determined by the FD from time to time.
- 46. Where a customer signs a Payment Plan with the City, payment shall be expected in line with the arrangement.

### **CASH ALLOCATION**

- 47. The City may:
  - a. Consolidate any separate accounts of persons liable for payments to the City;
  - b. Credit a payment by such a person against ANY account of that person; and
  - c. Implement any of the debt collection and credit control measures provided for in this Policy in relation to any arrears on any of the accounts of such a person.
- 48. Any amounts paid may be appropriated to the oldest debt first.
- 49. Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future rates and charges for municipal services, and no interest will be payable on that amount.

### **REFUNDS**

- 50. Provided all of the customers' accounts are paid, credits on accounts shall be refunded to the owner, where the account is in credit, on application

51. Credits shall be forfeited after 3 years if they remain unclaimed and these funds are sent to the Master of High court as unclaimed balances with a listing.
52. Interest will not be paid by the City on any credit balances reflected on an account.

#### **BUSINESSES WHO TENDER TO THE CITY**

53. The City will check whether all of the bidder's Municipal accounts are up to date.
54. No tender will be allocated to a person / contractor until suitable arrangement for the repayment of arrears over the duration of the contract, has been made. The tenderer must maintain arrangements and pay current instalments as provided for in any contract with the City.
55. Where payments are due to a contractor in respect of goods or services provided to the City, any arrear amount owing to the City may be offset as a first charge against such payments as provided for in the contract with the City.

#### **AGREEMENT WITH EMPLOYERS**

56. the City may with the consent of a person liable to the City for the payment of rates or other taxes or fees for municipal services, enter into an agreement with that person's employer to deduct from the salary or wages of the person
  - a. any outstanding amounts due by that person to the City;
  - or
  - b. such regular monthly amounts as may be agreed."
57. The onus to introduce such arrangements remains with each employer / employee.

58. A collection commission may be payable to the employer as determined from time to time.

#### **STAFF AND COUNCILLORS IN ARREARS**

59. Any person receiving a salary or allowances from the City may not be in arrears to the City for rates and consumer service charges for a period longer than 3 months (unless suitable arrangements have been made for the payments of arrears) and Council may deduct any outstanding amounts from the person's salary after this period.
60. The City shall liaise with the relevant persons referred to in 59 above and their departmental representatives and issue the necessary salary deduction instruction where appropriate after compliance with the provisions of the Labour Relations Act.
61. During their term of office, Councillors will endeavour to keep themselves in good standing by having nil account balances and maintaining their accounts up to date.
62. The Town Clerk shall liaise with the Mayor and issue the necessary allowance deduction instruction where appropriate.

#### **INTEREST CHARGES**

63. Interest will be charged on all overdue accounts 30 days after due date at the prescribed rate of interest stated in the Act under section 274 (2).
64. Payments on assessed or estimated charges, where the final amount has not been determined but which would have been due and payable had the amount been determined, shall attract interest from the date when it would have been so due and payable.
65. Customers with valid arrear arrangement or debtors who enter into payment plan/AOD with the City to pay off arrears will not be

charged interest if the debtor adheres to the agreement, should one such instalment not be met interest will be charged on all arrear instalments.

66. Interest may only be reversed/waived in specific instances under the following circumstances.
  - a. Exemptions as determined by this Policy from time to time;
  - b. If the City has made an administrative error on the account;
  - c. Where the City approves such reversal/waiver in specific instance only from time to time.
67. An administrative charge/legal cost as determined by the clerk of Court and the messenger of court shall be levied on arrear rates where the City has instituted legal action against the owner by service of summons and warrant of execution to recover same

#### **COST TO REMIND DEBTORS OF ARREARS**

68. For any action taken in requesting payment from the debtor or reminding the debtor, by means of telephone, fax, e-mail, letter or otherwise, that his/her payments are due, an administrative fee may be levied against the account of the debtor in terms of the City's tariff provisions.

#### **COST FOR TERMINATION OF SERVICES**

69. Where any service is terminated as a result of non-compliance with these regulations by the debtor, the City shall be entitled to levy and recover the standard credit control fees as determined by the City, from time to time, from the occupier/owner of the premises where the services were levied.

## **POWER TO RESTRICT OR TERMINATE SUPPLY OF SERVICES**

70. The City may restrict or terminate the supply of water or discontinue any other service to any premises in terms section 16 of the Bulawayo (Sewerage, Drainage and Water) By-laws, 1980 (Statutory Instrument 390 of 1980), whenever a user of any service:
- a. Fails to make full payment on the due date or fails to make acceptable arrangements for the repayment of any amount for services, rates or taxes or other amounts due;
  - b. Fails to comply with a condition of supply determined by the City;
  - c. Obstructs the efficient supply of water or any other municipal services to another customer;
  - d. Supplies such municipal service to a customer who is not entitled thereto or permits such service to continue;
  - e. Causes a situation which in the opinion of the City is dangerous or a contravention of relevant legislation;
  - f. Is placed under provisional sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act; and
  - g. If an administration order is granted in terms of the Magistrate Court Act, in respect of such user.
71. The City shall reconnect and/or restore full levels of supply of any of the restricted or discontinued services only after the full amount outstanding and due, including the costs of such disconnection and reconnection, if any, have been paid in full, or acceptable arrangements have been made for payment of such outstanding amounts in terms of paragraphs 86 to 88 below, or any other condition or conditions of this credit Policy have been complied with.
72. The right to restrict, disconnect or terminate service due to non-payment shall be in respect of any service rendered by the City after the person who entered into an agreement for supply of

services with Council, and shall prevail notwithstanding the fact that payment has been made in respect of any specific service and shall prevail notwithstanding the fact that the person who entered into agreement for supply of services with the City and the owner are different entities or parties, as the case may be.

73. If the person who entered into an agreement for the supply of services is a tenant he/she shall be dealt with according to section 279 of the Urban Councils Act and failure to comply with the provisions of section 279 shall have water disconnected
74. If the City on arrival at the property water could not be disconnected for any reason, the disconnection fee is still payable.
75. Council may recover arrears amounts of pre-paid customers through the deduction of a percentage of sales until the debt is liquidated.

#### **RECONNECTION OF SERVICES**

76. The Designated Official shall authorise the reconnection of services or reinstatement of service delivery after satisfactory payment and/or arrangement for payment has been made according to paragraphs 86 to 88 of the Policy.

#### **RATE CLEARANCE CERTIFICATES**

77. Subject to Section 282 of the Act, the following shall apply to the issuance of a Rates Clearance Certificate for the purpose of effecting transfer of a property to a new owner.
78. Assessments—
  - a. An application shall be made by a conveyancer, in the prescribed format. Each application is charged the relevant application fee and is debited to the account. The

certificate will not be processed until the total charges are paid in full;

- b. Copies of all the accounts must accompany any application made manually. If the relevant information is not provided, the application will be returned to the conveyancer;
- c. The Conveyancer must check that all details on the application, assessment and the rates clearance certificate are correct;
- d. Assessed figures are calculated six months in advance, that is six months charges are estimated based on previous monthly levies;
- e. An “Attorneys’ Report” in respect of all amounts owing and the assessed figures, shall be issued within 3 days of the receipt of the request for the report/assessment;
- f. The assessment shall remain valid as long as the City does not review its charges and fees. If payment is not received prior to review of charges, a re-assessment may be required and payment of an application fee will apply;
- g. Amounts raised on the Supplementary Valuation Roll prior to the effective date of that roll, will be billed for the purpose of the assessment. The seller shall waive his right to be billed on the effective date of such roll;
- h. The onus rests with the seller to ensure that on new subdivisions, the debts on the parent property are fully paid;
- i. A separate application is required for each transfer;
- j. Penalties, interest or other charges that accrue during the assessed period, and which are not included in the Rates Clearance Certificate shall be billed to the Seller until transfer is completed;
- k. An assessment in terms of Section 282(2)(a) and (b) of the Act will only be issued on request by a Conveyancer;



- I. A rates clearance certificate shall be issued within a day of the date on the receipt of the amount requested in the “Attorneys’ Report”.
79. Rates Clearance Certificate
- a. Payment of the assessment must be made in cash, RTGS payments, direct banking, bank transfers, bank cheques or other instruments accepted by the FD from time to time;
  - b. There shall be no refunds on the cancellation of a sale or otherwise;
  - c. The Certificate shall be valid for a period specified on the certificate.
80. Information and contact details of the new owner (purchaser) provided on the rates clearance certificate shall be used as details of the new owner (purchaser) for the purposes of billing for rates, water and other consolidated accounts, until the same has been changed by the purchaser.

#### **FULL AND FINAL SETTLEMENT OF AN ACCOUNT**

81. The City shall be at liberty to appropriate monies received in respect of any of its debt at its sole discretion.
82. Where the exact amount due and payable to the City has not been paid in full, any lesser amount tendered to and receipted, except when duly accepted in terms of a delegation of power, shall not be in final settlement of such an account.
83. The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or accepted in full settlement.
84. Only once the Designated Official has, in terms of the powers delegated to him, accepted in writing payment of such lesser amount, shall such payment be regarded as a payment in full and final settlement.

85. Council lawyers must be consulted on any settlement, out of court or otherwise, that has a financial implication to the City.

#### **ARRANGEMENTS TO PAY ARREARS**

86. A debtor may enter into a written agreement with the City to repay any overdue amount to the City under the following conditions:
- a. The outstanding balance, costs and any interest thereon shall be paid in monthly instalment/s and;
  - b. The current monthly amount must be paid in full on or before due date and;
  - c. The written agreement has to be signed on behalf of the City by a duly authorised official.
87. In order to determine monthly instalments, a comprehensive certified statement of assets and liabilities, payslip or bank statement of the debtor needs to be produced by the debtor. To ensure the continuous payment of such arrangement the amount determined must be affordable to the debtor, taking into account that payment of the monthly current account is a prerequisite for concluding an arrangement. The main aim of an agreement will be to promote full payment of the current account and to address the arrears on a consistent basis.
88. Should any dispute arise as to the amount owing, the debtor will continue to make regular payments, based on the average charges for the preceding three months prior to the dispute, plus interest.

#### **INTEREST ON ARRANGEMENTS**

89. Once an agreement has been concluded the amount in arrears will not attract interest charges stated in clause 65 above in the normal manner.

## **AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS**

90. The City shall compile a list of all external agents acting on behalf of the City which list shall inter alia contain their names, details and contact information. All such agents shall be supplied with a copy of the credit control measures.
91. Clear instructions to agents and other arrangements must be given for the customer's benefit. Under no circumstances may agents negotiate terms, extend payment periods or accept cash on behalf of the City, unless specifically instructed in writing to do so. The agent, on request of the debtor, must produce this instruction.
92. The cost to the debtor must be detailed for each stage of the credit control measures and for all possible actions. The liability for the costs of legal action and other credit control actions will be for the account of the debtor where appropriate.

## **LEGAL FEES**

93. All legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears shall be levied against the arrears account of the debtor and/or recovered directly by the duly appointed agent.

## **FRAUD, TAMPERING AND OTHER CRIMINAL ACTIVITY**

94. The City shall at its discretion be entitled to withhold the supply of water to a debtor who is found guilty of fraud, theft or any other criminal action relating to the supply of water, or if it is evident that fraud, theft or any other criminal action has occurred relating to such supply, until the total costs, penalties, other fees, tariffs and rates due to the City have been paid in full.

## CREDIT CONTROL AND DEBT COLLECTION PROCEDURES FOR WATER

95. Where debtors fail to pay their water account on/or before the due date as indicated on the statement,
- a. Final demands/statements may be delivered or posted after the due date. The final notice/statement will advise that the client may arrange to pay the outstanding balance in terms of paragraphs 86 to 88. The final demand notice/statement shall constitute a final notice and failure to settle the account on the due date will lead to disconnection of services after 24 hours notice;
  - b. An AOD must be completed and all arrangements for paying off arrear accounts must comply with the format set out on Annexure A to this policy. Copies must be handed to the debtor;
  - c. Debit orders/stop orders shall be completed for the monthly repayment of the agreed amount. If the arrangement is dishonoured, the full balance will immediately become payable;
  - d. Only account holders with positive proof of identity or an authorised agent with a Power of Attorney will be allowed to complete an Acknowledgement of Debt;
  - e. Where cheques are dishonoured after an arrangement has been made the full balance will immediately become payable. Water supply to such clients will immediately be disconnected after 24 hour notice until the full amount is paid in cash, bank cheque, credit or debit card or electronic transfer at Council offices;
  - f. No person will be allowed to enter into a second agreement if the first agreement was dishonoured, except in merit cases;

- g. Merit cases, where special circumstances prevail, must be treated individually and could amongst others include the following categories:
  - i. Deceased estates;
  - ii. Liquidated companies;
  - iii. Private persons under administration;
  - iv. Outstanding enquiries on accounts, for example, misallocated payments, water leaks, journals, incorrect levies, etc;
  - v. Pensioners and vulnerable individuals;
  - vi. Any other case not mentioned which can be regarded as merit cases due to the circumstances pertaining to such case;
- h. Payment of arrears in respect of merit cases shall not exceed 10 months without the approval of the FD;
- i. When disconnection of water supply takes place due to non-payment, the debtor will be required to provide additional security to the satisfaction of the designated official;
- j. Where the consumer has not entered into a service agreement with the City, water may be disconnected until such time as a service agreement has been signed, the applicable deposits paid, the account billed to date of occupation and arrears paid in full;
- k. Where services are illegally restored criminal action will be taken;
- l. Where water amounts are not paid on or before the due date, without response, services will be terminated after 24 hour notice, deposits will be appropriated, securities will be applied and accounts will be handed over for legal action. In such an event, the relevant debtors will have to make further arrangements at the attorneys for payment

- of the arrear amounts. The current monthly accounts must be paid directly to the City;
- m. An account handed over for collection may be withdrawn at the City's discretion;
  - n. After installation of a prepaid meter, water will not be sold to debtors, unless an agreement for the arrears has been concluded;
  - o. Where applicable, the provisions of paragraphs 86 to 88 above shall apply mutatis mutandis to this paragraph.

#### **CREDIT CONTROL AND DEBT COLLECTION PROCEDURES FOR ASSESSMENT RATES, REFUSE, SEWERAGE AND SUNDRY DEBTORS AND UNMETERED PROPERTIES**

96. Where consumers fail to pay their accounts by the due date of every month as indicated on the statement, the following actions will be taken:
- a. Final notices/statements may be posted or delivered where accounts are in arrears. The final demand/statement will advise that the client may arrange to pay the outstanding balance in terms of paragraphs 86 to 88. The final notice/statement shall constitute a final notice and failure to settle the account on the due date will lead to disconnection of services after being given a 24hours notice;
  - b. Where applicable, the provisions of paragraphs 86 to 88 and 88 above shall apply mutatis mutandis to this paragraph;
  - c. If no response has been received in response to the final demand those accounts still outstanding will be handed over for collection and/or legal action to the attorneys and may be listed at a credit bureau;

- d. Where an account remains unpaid on a property that is unmetered, the procedures contained in paragraph 95 above, will apply mutatis mutandis.

## **PAYMENT OF DEPOSITS**

- 97. All customers shall pay a deposit for any services provided by the City, calculated at twice the sum of monthly fixed charges in respect of the property in question. The fixed monthly charges shall include, but not limited to:
  - a. Rates;
  - b. Fixed levies such as pipeline charge, roads levy;
  - c. Permit charge;
  - d. fixed water charge;
  - e. fixed sewerage charge;
  - f. solid waste management charge;
  - g. lease or rent charge;
- 98. Any sum deposited by or on behalf of a consumer shall, on being claimed, be refunded within 60 (Sixty) days after the termination of the consumer's agreement, after deducting any amount due by the consumer to the City.
- 99. Where there is only one service supplied, a deposit shall only be payable in respect of the service to be supplied.
- 100. The City may appropriate a customer's deposit on any account related to that customer.
- 101. If a customer is in arrears, the deposit may be increased.
- 102. Where a property owner has absconded leaving a debt on a property, an additional deposit, equal to the debt on the property, will be raised on any other accounts held by the property owner with the City.
- 103. Where a service agreement with the City has not been entered into by the consumer for whatever reason, water may be

disconnected until such time as a consumer agreement has been signed and the applicable deposit has been paid.

### **REVIEW OF DEPOSITS**

- 104.If the customer poses a credit risk, the value of the original deposit paid may be reviewed from time to time by the FD.
- 105.The deposit on an account may be reviewed when:
  - a. The Account is paid after the due date:
  - b. Payment by negotiable instrument or direct debit is dishonoured or,
  - c. There is increased consumption of services.
- 106.The City may increase the deposit payable by a customer by up to 12 months average billing.

### **DECEASED ESTATE**

- 107.The Executor of a Deceased Estate shall be liable for payment of all debts on the property
- 108.Failure to inform the City that the property forms part of a deceased estate may result in the disconnection of supplies, until an executor has been appointed.

### **LIQUIDATION AND SEQUESTRATION**

109. Council will in liaison with the liquidator or curator appointed by the master of High Court submit a claim of outstanding charges and must attend the creditors meeting for confirmation of the claim
- 110.Council to follow upon the final distribution of the assets/liabilities and receive a dividend as a con-current creditor.



Collection Process	Balance Overdue by	Processing of documents	Delivery/ Service on debtor	Response by debtor after serving	Responsible Department	
1	Disconnection of supplies	60 days	2 days	3 days	24 hours	Financial Service
2	Notice to vacate premises after disconnecting supplies – <b>commercial premises only</b>	+60 days	5 working days	1 day	24 hours	Financial Services & Health Services
3	Letter of demand	+90 days	3 working days	2 days	7 days after delivery	Financial Services
4	Hand Over to Legal	+90 days	5 working days			Financial Services
4	Hand Over to Lawyers <b>OR</b>	+90 days	5 working days			Chamber Secretary
4a	Summons		21 days	5 days	7 days	Chamber Secretary
5	Default Judgement		5 working days			Chamber Secretary
6	Writ of Execution		5 working days	2 days		Chamber Secretary

7	Notice of removal				7 days	Messenger of Court
8	Auction of property		14 days			Messenger of Court

### LITIGATION PROCESS

111. A letter of demand is written to debtor advising debtor that his account is overdue and that Council expect the debtor to pay with a period of 7 (seven) days, failing which legal action will be instituted without further notice on him. The debtor has an option to either:

- a. Pay the bill and the process is suspended;
- b. Visit Council's offices and make arrangement to pay. The arrangement is recorded down and monitored by Council every month until the whole bill is liquidated;
- c. Ignore the letter of demand and Council will proceed to the summons stage.

112. After expiry of seven days, Council will proceed to the summons stage. After serving the summons on the debtor, the debtor is given 7 (seven) days to defend him/herself in which period he/she can do one of the following:

- a. File an appearance to defend if the debtor disputes the claim;
- b. File a consent to judgement if he agrees with the claim;
- c. Debtor can call at Council's offices and make arrangements to pay the debt and the process of litigation will be suspended. The legal costs incurred will be debited to the customer's account;

- d. Ignore the summons and after 7 (seven) working days after serving the summons Council will proceed to a default judgement.
113. Council will proceed to obtain a default judgement after the judge has satisfied himself that there was proper service on the defendant and that the claim is justified. The debtor can call at Council offices to make payments as well as an arrangement.
114. If there is no payment the Writ of Execution is made out and issued to the messenger of court instructing him to proceed to the debtor's property and attach property sufficient to pay the judgement debt and the costs of the suit.

#### **IRRECOVERABLE DEBT / DEBT WRITE OFF**

115. The City has discretion to write off a debt if it is deemed irrecoverable. Debt will only be considered as irrecoverable if it complies with one or more of the following criteria:
- a. All reasonable notifications and cost-effective legal avenues have been exhausted to recover a specific outstanding amount/debt;
  - b. Any amount equal to or less than \$50 or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it;
  - c. The cost to recover the debt does not warrant further action;
  - d. It has been proven that the debt has prescribed in line with Part IV of the Prescription Act (Chapter 8:11);
  - e. The debtor is untraceable or cannot be identified so as to proceed with further action;
  - f. The debtor has emigrated leaving no assets of value to cost-effectively recover the City's claim;

- g. A court has ruled that the claim is deemed irrecoverable;
  - h. The claim is subject to a court order;
  - i. The claim is subject to an out of court settlement agreement;
  - j. The City has resolved that the debt is irrecoverable;
  - k. If an offer of Full and Final Settlement is accepted and confirmed in writing by the City Legal Officer and FD if it has financial implications;
  - l. The outstanding amount is:
    - i. As a result of an administration error;
    - ii. A property debt that arose prior to the current owner taking transfer and successive transfers before his; or
    - iii. Not in Use Charges raised after transfer
  - m. If the amount outstanding is the residue after payment of a dividend from an insolvent estate;
  - n. If the messenger of the court has rendered a *nulla bona* return on movables and the debtor has no immovable property.
116. Provided there is sufficient provision for bad debt, the FD shall write off any revenue which is irrecoverable or the recovery of which is considered not to be reasonably practicable.
117. The FD must report to Council all amounts that have been written off as irrecoverable, and request for authority to write off huge amounts (above \$50)
118. The above faults do not constitute an exhaustive list of factors that may be taken into account and the City may consider any other relevant factors

## **WRITE BACKS**

119.The City shall be entitled to reverse any amount written off as irrecoverable where it is subsequently discovered that the information upon which the discussion to write off was incorrect.

## **SENIOR CITIZENS AND VULNERABLE PERSONS REBATE**

120.The City (7 July 2004) resolved that senior citizens/pensioners above 70 years of age and vulnerable persons be exempted from payment of 50% rates charges. An application is submitted and the following is considered:

- a. The Senior Citizen or Vulnerable Person should on the time of consideration show proof of ownership of the property and be in physical occupation;
- b. The Senior Citizen or Vulnerable Person shall show proof that no other persons other than their bona fide children and grandchildren will be staying at the property and cannot meet the cost of rates and other charges;
- c. The Senior Citizen or Vulnerable Person shall not be in receipt of lodgers' fees that can meet Council levies;
- d. The Senior Citizen or Vulnerable Person shall show proof that their pension or source of income is insufficient to meet the levies;
- e. Submission of an application, which must be serially numbered as a security document;
- f. That when transferring properties to the bona fide children and / or grandchildren approved pensioners and Senior Citizens shall be exempted from payment of cession fees.

## FUNERAL REBATE

121.If there is a funeral on a property connected to the City's portable water, the City will reverse the penalty incurred as a result of increased water usage during the days of mourning if:

- a. the customer or surviving spouse or children of the customer makes an application for a rebate;
- b. Meter readings are taken at the start of the funeral wake to the date of burial and
- c. A copy of the burial order or death certificate which states that the deceased lived at the address for which an application for rebate is made;
- d. The application should be made within a period of 3 months from date of burial.

## GOOD SAMARITANS

122.The City by resolution may, in cases of emergency, establish a scheme for rationing or restricted use of water in line with section 187 of the Act. A property with a legal water connection is permitted to give **neighbouring residential property owners/occupiers** without water under the following conditions:

- a. In order to benefit from the credits that will be passed on their accounts customers assisting others with portable water should be discouraged from charging beneficiaries for the portable water given;
- b. Customers assisting others with portable water must keep a record stating the name, surname, address, account number, signature of beneficiary and litres of water given out, and have the area Councillor sign the record. The record should be handed to the nearest housing office for processing;
- c. After approval of the records by the Director of Engineering Services, the Financial Director will pass a

credit on the account of the customer giving others water at a rate equivalent to the last band charged on the bill for the period covering such assistance;

- d. Where a penalty is charged to the giver of water during the period mentioned in c. above, a portion of the penalty which is equivalent to the quantity of water given to others, as approved by the Director of Engineering Services, will be credited to the customers who assisted others;
- e. The beneficiaries, in addition to the consumption that would reflect on their bills, will be debited with the amount of water they received from other consumers at the same rate stated in c. above.
- f. The above should apply to churches, shops, commerce and industry located near or next to residential properties only.