

MSUKALIGWA MUNICIPALITY

CREDIT CONTROL POLICY

INTRODUCTION

Present credit control measures are limited to electricity cut-offs and legal actions.

Agreements for payment of arrears in instalments have been implemented according Council's resolution and policy, but in some cases seem to be unaffordable to pay such instalments plus interest thereon together with monthly accounts, and are there a substantial number of consumers who accrued additional arrears on current accounts. In the case of pre-paid consumers, they were allowed to pay 75% on account balances and 25% electricity could be purchased.

Councils arrear debts are still increasing and should stricter control measures be implemented, and other collection processes be investigated such as "debt-pack" and "voicetec".

It is suggested that payment of arrear instalments be re-considered in order to make it possible for lower income groups to adhere to agreements. It is further suggested that no interest be charged on the arrears amount which has been arranged. Interest will still be applicable on current accounts not paid on due dates.

It is very difficult to determine if ever a consumer is able to pay or not, or if he/she is willing to pay but cannot afford payment, without a detailed investigation of his/her income and assets, such as being done to identify indigents. Council's policy on payment of arrears should provide for affordable instalments, but strict and effective control must be applied to such agreements and payment of current accounts.

The major problem however is that without human resource capacity, it will always be difficult to implement such control measures and debt collection procedures, which requires competent and skilful personnel.

It is further suggested that a committee be designated by Council, who will be responsible and should review the performance and efficiency of the credit control and debt collection services and when necessary make recommendations to improve the policy.

A national guideline on credit control and debt collection is to be formulated, but not finalised yet. The following key issues are important for successful credit control and collection of arrears.

- Human resource capacity
- Effective credit control tools
- Communication
- Financial support systems
- Political support and co-operation.

It is suggested that incentives on pre-paid electricity as well as early payment of accounts be re-considered when the new budget is prepared and new tariffs be determined, because it will affect council's income.

*** Attached the main functions of the Credit Control and Incentive Committee - **Annexure A**

*** Attached credit control and debt collection policy approved by Council - **Annexure B**.

CREDIT CONTROL AND INCENTIVE COMMITTEE

The main functions of the Credit Control and Incentive Committee would be

1. The committee will be responsible and should review the performance and efficiency of the credit control and debt collection services.
2. To report to Council on any problems experience and to recommend correctional steps.
3. To implement the incentives as recommend in the Credit Control and Debt Collection Policy.
4. To evaluate the efficiency of incentives.
5. To investigate and recommend other means of incentives.

CREDIT CONTROL AND DEBT COLLECTION POLICY

1. DEFINITION

Credit Control is the execution of functions necessary to collect monies owed by clients who are debtors.

2. PURPOSE

In order to sustain the local governance, the collection of income levied on account statements submitted to debtors must be realised within a turnover rate not exceeding 56 days.

3. FIRST LINE OF CREDIT CONTROL

In order to pay an account the debtors must have the correct information and the following steps must be taken:

- (a) A proper consumer's agreement must be completed before any service is given to a consumer. (For details see schedule 1).
- (b) In order to reduce Council's risk the applicable consumers deposit must be paid.
(For details see schedule 2).
- (c) All metered services must be read once a month.
- (d) Every month Council must send an account to every consumer's last known postal address. (For details see schedule 3).
- (e) The last date on which the consumer's account is payable must be stated on the account.
- (f) Sufficient pay points and payment methods must be available to debtors to pay their accounts. (For details see schedule 4).
- (g) All enquiries from debtors must be handled in a professional way and answers must be given within a reasonable time.

4. INCENTIVES

In order to help those debtors who have problems in paying their accounts and to prevent escalation of arrears the following incentives if financial viable, be given: (For details see schedule 5).

- (a) A monthly subsidy is credited to approved indigent's consumer accounts according Council's Indigent Policy.
- (b) In order to help domestic consumers to pay the initial deposits an arrangement can be made.
- (c) A once-off interest free suspension of arrears to assist those debtors to pay their current monthly accounts as well as a portion of the arrears.

There must be an incentive to encourage debtors with arrears to pay the arrears in a short time and loans by appointed lending institutions must be available for those clients who want to reap full benefit of the partial payment of their suspended arrears in full settlement.

- (d) A system of arrangements for debtors who are unable to pay their full outstanding account.
- (e) In order to encourage consumers to make use of the pre-paid electricity system where Council receive their income on sale of electricity the meters can be purchased in instalments and an incentive on the tariff can be implemented.
- (f) The payment of incentives for early payment of current accounts by domestic consumers is intended to prevent arrears from arising.

5. SERVICE DISCONNECTION (For details see schedule 6)

- (a) A reminder that an account has not been paid on the due date is generated and delivered to the debtor's physical address. The reminder clearly states that a period of 48 hours is allowed for payment or arrangement for payment.
- (b) In absence of reaction on the 48 hours notice the electricity supply to the debtor is discontinued (level 1 cut-off).
- (c) In the further absence of reaction on the level 1 cut-off of electricity, such cut-off is audited to ensure that the service is still discontinued. If the electricity is found re-connected, it again be discontinued but with a more expensive procedure to ensure a more tamper proof disconnection.

For details of the different levels of cut-offs see Schedule 6.

6. PRE-PAID ELECTRICITY METERS (For details see schedule 6)

In order to prevent the illegal use of electricity by pre-paid electricity users the following steps are taken.

- (a) A three month zero sales report are generated monthly.

- (b) All consumers who appear on the 3 month zero sales report are audited to ensure that there is no illegal connection
- (c) If an illegal connection is found the meter is sealed and a notice left at the premises that the meter was found with an illegal connection, with detail of the consequences if such illegal connection be found again. For details of the different levels of cut-offs see Schedule 6.

7. CIVIL ACTION (See Schedule 7)

The following legal steps are taken to collect arrears in the following cases.

- Where the cut-off action yielded no satisfactory result.
 - Where no cut-off action is possible due to the nature of services for which the account has been rendered.
- (a) A final notice will be sent to the identified consumer giving 30 days notice to pay the arrears account.
 - (b) Upon failure to adhere to the final notice the account will be handed over for collection by Council's attorneys.

8. MISCELLANEOUS MATTERS

Miscellaneous matters are discussed in schedule 8.

CREDIT CONTROL AND DEBT COLLECTION DETAILED POLICY

SCHEDULE 1

CONSUMERS AGREEMENT

1.1 DOMESTIC CONSUMERS

1.1.1 The applicant must provide Council with an identity document or valid passport.

If not a S.A. Citizen the following documents are also required:

- (a) Permit to stay in S.A.
- (b) Identity Document of country of origin.
- (c) Permanent address outside S.A.

Photostatic copies must be made of all documents for record purposes.

1.1.2 If the applicant is a minor under the age of 21 years and not married the following documents are required if applicable.

- (a) Approval of guardian or custodian.
- (b) A court order if applicable.

The agreement cannot be signed by a minor if falling under (a) above and must be signed by the guardian or custodian. The only circumstance where a minor can sign an agreement is where a special order provides such an authority.

1.1.3 Upon completion of the consumer's agreement the following information must be checked properly:

- (a) Is the applicant currently a consumer of services?
- (b) If a current consumer, is the account paid up to date?
- (c) Is there any outstanding amounts due to Council by the consumer?

1.1.4 If the applicant is owing any amount to Council, except a current account on a previous address not yet payable, the applicant must be informed of such a debt to Council. If the applicant agrees to pay the amount outstanding, an official receipt must be provided before new services can be rendered. If the applicant refuses to pay or is not in a position to pay, the matter must be forwarded to a senior official of the Department of Finance and should be in writing.

1.1.5 After everything has been checked and agreed upon, the applicant must then pay the required consumers deposit and connection fees as from time to time approved by Council, and provide an official receipt thereof to be entered on the original consumer's agreement.

1.1.6 Any deviation from (i) to (vi) above must be referred to a senior official of the Department of Finance.

- 1.1.7 A copy of the consumer service conditions on the signed agreement must be issued to the applicant for notification.

1.2 PARTNERSHIPS AND/OR A PERSONAL BUSINESS

- 1.2.1 Upon application for the supply of consumer services, the applicant must complete the applicable sections on a questionnaire provided upfront and the agreement between Council and the consumer (applicant), must be completed in full.

- 1.2.2 Upon application for the supply of consumer services by a partnership the following documents are required:

- (a) A letter signed by all the partners of the partnership appointing a partner to sign all documents on behalf of the partnership.
- (b) The identity document or passport of the appointed partner.

Photostatic copies must be kept for record purposes.

- 1.2.3 Upon application for the supply of consumer services by a personal business the following documents are required:

- (a) The owner's identity document or passport.

Photostatic copies must be kept for record purposes.

- 1.2.4 The agreement between Council and a partnership must be entered in the partnerships name and not in the applicant's name.

- 1.2.5 The agreement between Council and an owner of a private business must be entered in the name of the applicant as follows:

i.e. "Mr / Ms A.B. Papenfuss trading as Bargain Centre"

- 1.2.6 Upon completion of the consumer's agreement the following information must be checked properly:

- (a) Is there any account in the name of the partnership and/or private business?
- (b) If a current account, is the account paid up to date?
- (c) Is there any amounts outstanding due to Council by the partnership or private business?

- 1.2.7 If any amount is due to Council by the partnership or private business, except a current account not yet payable, the applicant must be informed of such a debt to Council.

- 1.2.8 The outstanding amount/s must be paid at once before continuation of entering into agreement. Photostat copies of the official receipts must be attached to the new agreement. If any dispute arises the matter must be referred to a senior official of the Department of Finance, who will act upon the rules/ policy laid down by Council.
- 1.2.9 After the new agreement has been completed and the necessary checks have been done, the required deposit for consumer services and connection fee as from time to time approved by Council must be then paid. The official receipt number and amount must be entered on the agreement.
- 1.2.10 Any deviation from (i) to (viii) above must be referred to a senior official of the Department of Finance, who will act upon the rules/policy laid down by Council.
- 1.2.11 A copy of the consumer services agreement conditions must be handed over to the applicant for notification.

1.3 PROPRIETARY LIMITED COMPANIES / CLOSED CORPORATIONS / TRUSTS

- 1.3.1 Upon application for the supply of consumer services, the applicant must complete the applicable sections on a questionnaire provided upfront and the agreement between Council and the consumer (applicant), must be completed in full.
- 1.3.2 Upon application for the supply of consumer services by a registered company the following documents are required:
- (a) A certified copy of the registration document of the company.
 - (b) A written confirmation of the board of director's resolution to appoint a person to sign all documents on behalf of the company.
 - (c) The appointee's identity document or passport.

Photostatic copies of all documents must be kept for record purposes.

- 1.3.3 Upon application for the supply of consumer services by a closed corporation the following documents are required:
- (a) A certified copy of the registration document of the closed corporation.
 - (b) A written confirmation of the members of the closed corporation, appointing a person to sign all documents on behalf of the closed corporation.
 - (c) The appointee's identity document or passport.

Photostatic copies of all documents must be kept for record purposes.

- 1.3.4 Upon application for the supply of consumer services by a trust the following documents are required:
- (a) Proof of registration of the trust.
 - (b) A written confirmation of the trustee's resolution to appoint a person to sign all documents on behalf of the trust.
 - (c) The appointee's identity document or passport.
- Photostatic copies of all documents must be kept for record purposes.
- 1.3.5 The agreement for the supply of consumer services must be entered in the name of the registered company / closed corporation / Trust and not in the applicant's name.
- 1.3.6 Upon completion of the agreement between Council and the registered company / closed corporation / trust the following information must be checked properly.
- (a) Is there any account in the name of the registered company / closed corporation / Trust?
 - (b) If a current account exists, is the account paid up to date?
 - (c) Is there any amounts outstanding due to Council by the registered company / closed corporation / trust?
- 1.3.7 If any amount is due to Council by the registered company / closed corporation / trust, except a current account not yet payable, the applicant must be informed of such a debt to Council.
- 1.3.8 The outstanding amount/s must be paid before continuation of the new agreement. Photostat copies of the official receipts must be attached to the new agreement. If any dispute arises the matter must be referred to a senior official of the Department of Finance, who will act according to the policy laid down by Council.
- 1.3.9 After the new agreement has been completed and the necessary checks have been done, the required deposit for consumer services and connection fee as from time to time approved by Council must be paid. The official receipt number and amount must be entered on the agreement.
- 1.3.10 Any deviation from (i) to (viii) above must be referred to a senior official of the Department of Finance, who will act according to the policy laid down by Council.
- 1.3.11 A copy of the consumer services agreement conditions must be handed over to the applicant for notification.

1.4. GOVERNMENT DEPARTMENTS

1.4.1 Upon application for the supply of consumer services, the applicant must complete the applicable sections on a questionnaire provided upfront and the agreement between Council and the consumer (applicant), must be completed in full.

1.4.2 Upon application for the supply of consumer services by a Government Department the following documents are required:

(a) A letter of approval by the applicable government containing the following information:

*Approval and full particulars of nominee to sign documents.

*Address of accounts to be delivered to, and a contact person/s.

(b) The identity document or passport of the appointee.

Photostatic copies of all documents must be kept for record purposes.

1.5 APPLICANT REFERRED TO A SENIOR OFFICIAL FOR NON-PAYMENT

1.5.1 When an applicant is referred to a senior official of the Department of Finance the following rules must be adhered to by the senior official.

(a) If applicant is already arranged by contract with Council, the existing arrangement can be maintained.

(b) If applicant is not in a position to pay the amount required and no arrangement exists, Council can in exceptional instances allow consumer services for a new premise if the consumer/applicant enters into contract with Council to pay his/her arrears.

(c) If the applicant is insolvent no arrangements can be made for any arrear amount.

CREDIT CONTROL AND DEBT COLLECTION DETAILED POLICY

SCHEDULE 2

CONSUMER DEPOSITS

2.1 GOVERNMENT DEPARTMENTS

No deposit is required if agreement is in the name of a government department.

2.2 DOMESTIC CONSUMERS

2.2.1 Upon entering into a new agreement with Council the following initial amount or amounts as approved by Council from time to time for a deposit are required:

- (a) Where there is a conventional electricity supply to a premise: R500
- (b) Where there is a pre-paid electricity supply to a premise: R75
- (c) Where there is only water supply to a premise: R75

2.2.2 The initial deposit amount will be re-calculated and payable in the following circumstances:

- (a) Default payment by a consumer with electricity services rendered: Two times the amount of the highest consumption over the previous 4 months, for electricity and water, x 80%.
- (b) Default payment by a consumer for water services rendered: Two times the amount of the highest consumption over the previous 4 months for water, x 80%.

2.2.3 The increased deposits are payable in 4 months where the increase in deposit is more than R50.00.

2.2.4 Consumer deposits for consumers who pay their consumers account in time and does not become in default will maintain the status quo of the initial deposit.

2.2.5 That the initial deposits be revalued yearly in accordance with the tariff increases.

2.3 NON-DOMESTIC CONSUMERS

2.3.1 Upon application for the supply of consumer services the following rules will apply:

- (a) Initial deposits for the following applicants payable in cash/cheque.

*Minimum amount	:	R500.00
*20 Ampère connection	:	R600.00
*25 Ampère connection	:	R750.00

*30 Ampère connection	:	R 950.00
*35 Ampère connection	:	R1 050.00
*40 Ampère connection	:	R1 150.00
*50 Ampère connection	:	R1 600.00
*60 Ampère connection	:	R1 900.00
*80 Ampère connection	:	R2 350.00
*90 Ampère connection	:	R2 750.00
*100 Ampère connection	:	R3 200.00
*120 Ampère connection	:	R3 800.00
*150 Ampère connection	:	R4 700.00

(b) Initial deposits for the following applicants who may present a bank guarantee for the full deposit amount.

*180 Ampère connection	:	R5 100.00
*Variable ampère's	:	R5 100.00

2.3.2 The initial deposit amount will be re-calculated and payable in the following circumstances:

- | | | | |
|-----|---|---|--|
| (a) | Upon default payment | : | As stated in 2.2.2 (a) + (b) above with a percentage of 100% |
| (b) | Upon application of increase or decrease of the ampère connection | : | As stated in 2.3.1 (a) + (b) above. |

2.3.3 That the initial deposits be revaluated yearly in accordance with the tariff increases.

2.3.4 The increase in deposit will appear on the next consumer account and are payable with the account.

2.3.5 That all consumers deposits be appearing on the cutting lists be adapted according to Council by-laws.

CREDIT CONTROL AND DEBT COLLECTION DETAILED POLICY

SCHEDULE 3

CONSUMER ACCOUNTS

- 3.1.1 Consumers accounts are processed monthly and send out to every consumer's last known postal address.
- 3.1.2 Full details of consumption and amounts payable for every service are shown on the monthly consumer's account.
- 3.1.3 Consumers accounts are payable on or before the due date specified on the account.
- 3.1.4 A consumer has the right to appeal against any levy on the account on or before the due date.
- 3.1.5 Should any dispute be lodged against an account the consumer has no right to withhold payment of the account until the dispute is clarified.
- 3.1.6 The consumer must pay the delivered account in full and any adjustments that have to be made will be to the credit/debit of the consumers following account. The Director of Finance may however reconsider payment in extreme situations.

CREDIT CONTROL AND DEBT COLLECTION DETAILED POLICY

SCHEDULE 4

PAY POINTS AND PAYMENT METHODS

4.1 PAY POINTS

The following pay points are available

- 4.1.1 Town Council's offices in Ermelo - Accounts and purchase of Pre-Paid electricity.
- 4.1.2 Town Council's offices in Wesselton - Accounts and purchase of Pre-Paid electricity.
- 4.1.3 Vendcust office in Ermelo - Purchase of Pre-Paid electricity and consumers with Pre-Paid electricity can pay their accounts for other services.
- 4.1.4 (a) All outlets where "Easy Pay" is available.
(b) All Post Office Branches.
(c) All outlets which from time to time be approved by Council.

4.2 PAYMENT METHODS

- 4.2.1 Cash or cheque at all pay points.
- 4.2.2 By bank transfer. (Council must be notified accordingly).
- 4.2.3 Staff by stop order on salaries.
- 4.2.4 Cheques may be posted or deposited at the Civic Centre post boxes.
- 4.2.5 Speedpoints: Credit/Debit cardholders.

CREDIT CONTROL AND DEBT COLLECTION DETAILED POLICY

SCHEDULE 5

INCENTIVES

5.1 ARRANGEMENTS FOR PAYMENT OF DEPOSITS

5.1.1 Where a domestic consumer enters into agreement with Council, and is not owing any outstanding debts to Council, and is not in a position to pay the initial required deposit for consumer services, the following rule will apply:

- (a) 50% of the required deposit on date of application.
- (b) 50% of the required deposit together with the following account.

5.1.2 No arrangements are allowed for business deposits.

5.2 ONCE-OFF SUSPENSION OF ARREARS

5.2.1 DOMESTIC CONSUMERS

Where the consumer is in arrears on his consumer's account and not in a position to settle the account the Director Finance may enter into a written agreement/contract with the consumer and the rules will be as follows:

The consumers will be classified in one of the following classes:

- *Approved indigent
- *Gross Income up to R2 500.00 per month (before deductions)
- *Gross Income above R2 500.00 per month (before deductions)
- *Registered Companies, Closed Corporation and Trust

and the following arrangements can be made

5.2.1.1 Approved indigent

- (a) The outstanding amount on the consumers account as on the date of approval as indigent will be transferred to an abeyance account which will be free of interest.
- (b) If the indigent stop to be an indigent within two years of the first approval the outstanding amount will be transferred back to his consumers account and must be paid.
- (c) If the indigent stay indigent for more than two years Council will consider to write off the outstanding amount in abeyance.

5.2.1.2 Income up to R2 500.00 per month - registered owner of the property

- (a) The current account be paid in full before any arrangement could be made.
- (b) Outstanding amounts up to R3 000.00 - 36 months agreement
- (c) Outstanding amounts up to R8 000.00 - 48 months agreement
- (d) Outstanding amounts over R8 000.00 - 60 months agreement

The amount arranged will be free of interest.

If the instalments on the above arrangements is not paid and be outstanding for more than three instalments the arrangement will be cancelled and the total amount become due and payable.

5.2.1.3 Income up to R2 500.00 per month - not registered owner of the property.

- (a) The same arrangement as in 5.2.1.2 above but with the written consent of the registered owner of the property.

5.2.1.4 Income above R2 500.00 per month - registered owner of the property

- (a) The current account be paid in full before any arrangement could be made.
- (b) Total outstanding amount - 12 months agreement.

The amount arranged will be free of interest.

If the instalments on the above arrangements is not paid and be outstanding for more than three instalments, the arrangement will be cancelled and the total amount become due and payable.

5.2.1.5 Income above R2 500.00 per month - not registered owner of the property.

- (a) The same arrangement as in 5.2.1.4 above but with the written consent of the registered owner of the property.

5.2.1.6 Registered Companies, Closed Corporation and Trusts.

- (a) No arrangements or agreements for paying arrear accounts can be entered with anyone of the above.

5.2.1.7 Further arrangements.

If the instalment calculated according abovementioned policy is unaffordable for a debtor the application will be handed over to the department of Corporate Services who will arrange for an in-depth investigation of the debtor's financial and social circumstances and report to the Director Finance. The Director of Finance may make an arrangement which differ from the above based on the report supplied by the Director Corporate Services which arrangement must be in the best interest of Council in order to recover the debt in instalments which is affordable by the debtor.

5.2.1.8 Incentives on arrears.

The following payment incentive on the suspended arrears account is intended if the full payment is received as follows:

- (a) Within 3 months from date of implementation - R1.00 discount for R1.00 paid or 50% of the arrears amount.
- (b) Within half of the payment period as per Section 5.2 - R0.75 discount for R1.00 paid or 43% of the arrears amount.
- (c) Within a quarter of the payment period as per Section 5.2 - R0.50 discount for R1.00 paid or 33% of the arrears amount.

If a debtor make use of this payment incentive and has paid within the specific period he must claim his incentive from Council.

Loans by appointed lending institutions should be available for those clients who want to reap the full benefit of the partial payment of their suspended arrears in full settlement.

The payment incentive can not yet be implemented due to the following reasons:

***Council has not budgeted for the expense.**

***Loans by lending institutions must be negotiated.**

***Date of implementation must be determined at least 3 months in advance.**

5.2.2 NON-DOMESTIC CONSUMERS

5.2.2.1 REGISTERED COMPANIES / CLOSED CORPORATIONS AND TRUSTS

No arrangement or agreements for paying arrear accounts can be entered with any one of the above.

5.2.2.2 ALL OTHER NON-DOMESTIC CONSUMERS

The same agreement for paying arrear accounts can be entered into as with domestic consumers.

5.3 ARRANGEMENTS FOR PAYMENT OF CURRENT ACCOUNTS

It happens from time to time that a debtor for one or other reason are unable to pay to full current account before the due date. In these circumstances the Director Finance may make the following arrangement based on evaluation of the circumstances:

- (a) Consumer with pre-paid electricity
As per schedule 6 section 6.3
- (b) All other consumers
At least half of the account must be paid and the rest must be paid before the next account's due date, as per agreement.
- (c) Alternatively as stated in (b) the conventional consumer can be informed to install a pre-paid meter with the following conditions:
 - (i) The current account must be paid in full.
 - (ii) The pre-paid first instalment or full amount must be paid immediately.

5.4. PRE-PAID ELECTRICITY CONSUMERS

5.4.1 That the following options for installing the pre-paid meter be made available to the owner / tenant.

- The cost of the pre-paid meter in full on date of application.
- The cost of the pre-paid meter in three equal instalments, interest free.
- The first instalment payable on date of application.
- Where the meters are installed as part of an electrification scheme the meters are payable in instalments as calculated by the Director of Finance over a period of 5 years.
- When it is a new electricity connection the meter is payable in full together with the electricity installation cost before installation. It can be paid in instalments suitable for the consumer over a period not

exceeding 6 months, but the installation will only be done after full payment is received.

CREDIT CONTROL AND DEBT COLLECTION DETAILED POLICY

SCHEDULE 6

SERVICE DISCONNECTION PROCEDURES FOR DEFAULT CONSUMERS

6.1 CONVENTIONAL CONSUMERS OF ELECTRICITY - DEFAULT PAYMENT

- 6.1.1 The consumer, will be notified in writing 48 hours before of Council's intention to terminate electricity services to the applicable premise. This reminder will be hand-delivered to the consumer's physical address. An amount of R15.00 excluding V.A.T. will be levied. The levy of R15.00 (excluding V.A.T.) will be revaluated yearly in accordance with new promulgated tariffs.
- 6.1.2 If no response was received during the 48 hours Council will terminate the electricity supply to the premise. (Level 1 cut-off). An amount of R60.00 excluding V.A.T. will be levied. This costs will be revaluated yearly in accordance with new promulgated tariffs.
- 6.1.3 If no response was received on the level 1 cut-off of electricity, such cut-off audited to ensure that the service is still discontinued. If the electricity is found re-connected, it is treated as an unauthorised connection and Council will again terminate the electricity supply and remove the circuit breaker (Level 2 cut-off). An amount of R200.00 excluding V.A.T. will be levied. During the cut-off a notice will be handed to the consumer stating the reason for the cut-off and the consequences if repeated. This costs will be revaluated yearly in accordance with new promulgated tariffs. **(Definition-Unauthorised connection means that the electricity supply was re-connected without authorisation of the Municipality, and as a result thereof the level 2 cut-off process will continue.)**
- 6.1.4 If no response was received on the level 2 cut-off of electricity, such cut-off is audited to ensure that the service is still discontinued. If the electricity is found re-connected, it is treated as a tampering and Council will again terminate the electricity supply and remove the unauthorised connection (Level 3 cut-off). An amount of R800.00 excluding V.A.T. will be levied. During the cut-off a notice will be handed to the consumer stating the reason for the cut-off and the consequences if repeated. This costs will be revaluated yearly in accordance with new promulgated tariffs. **(Definition-Tampered connection means that the installation was tampered with and illegally re-connected and as a result thereof the level 3 cut-off process will continue.)**
- 6.1.5 If no response was received on the Level 3 cut-off of electricity, such cut-off is audited to ensure that the service is still discontinued. If the electricity is found re-connected, it is treated as a tampering and Council will terminate the electricity supply by cutting the main supply cable two meters away underground from the main supply (Level 4 cut-off). An amount of R1 500.00

excluding V.A.T. will be levied. During the cut-off a notice will be handed to the consumer stating the reason for the cut-off and the consequences if repeated. This costs will be revaluated yearly in accordance with new promulgated tariffs.

- 6.1.6 If no response was received on the Level 4 cut-off of electricity, such cut-off is audited to ensure that the service is still discontinued. If the electricity is found re-connected the whole electricity connection will be removed and legal civil action in terms of Schedule 7 be taken to recover the outstanding account.
- 6.1.7 Any other costs incurred by Council for damaged installation or meters will also be for the account of the consumer. The electricity supply will not be re-instated before the outstanding amount and the administration fee is paid in full.
- 6.1.8 Where the consumer is not the registered owner of the property, the registered owner of the property will be notified in writing by post that the tenant is in default of payment of his account. The registered owner of the property will also be notified if a level 3 cut-off is done.
- 6.1.9 If a consumer pays his/her account on the day of termination of services, and his/her services are not cut-off at the time of payment, the administration fee is still payable. No exceptions will be made in this regard.

6.2 CONVENTIONAL CONSUMERS OF ELECTRICITY - ILLEGAL CONNECTIONS

- 6.2.1 If an illegal connection of electricity is found it is treated as an unauthorised connection and Council will terminate the electricity supply and remove the illegal connection and the circuit breakers. (Level 2 cut-off). An amount of R200.00 excluding V.A.T. will be levied. During the cut-off a notice will be handed to the consumer stating the reason for the cut-off and the consequences if repeated. This costs will be revaluated yearly in accordance with new promulgated tariffs.
- 6.2.2 The level 2 cut-off will be audited within a week to ensure that the service is still discontinued. If the electricity is found re-connected, it is treated as a tampering and Council will again terminate the electricity supply and remove the unauthorised connection (Level 3 cut-off). An amount of R800.00 excluding V.A.T. will be levied. During the cut-off a notice will be handed to the consumer stating the reason for the cut-off and the consequences if repeated. This costs will be revaluated yearly in accordance with new promulgated tariffs.

6.2.3 The level 3 cut-off will be audited within a week to ensure that the service is still discontinued. If the electricity is found re-connected, it is treated as an tampering and Council will terminate the electricity supply by cutting the main supply cable two meters away underground from the main supply. (Level 4 cut-off). An amount of R1 500.00 excluding V.A.T. will be levied. During the cut-off a notice will be handed to the consumer stating the reason for the cut-off and the consequences if repeated. This costs will be revaluated yearly in accordance with new promulgated tariffs.

6.2.4 The level 4 cut-off will be audited within a week to ensure that the service is still discontinued. If the electricity is found re-connected the whole electricity connection will be removed and legal action taken.

6.2.5 Section 6.1.7 up to 6.1.9 will also be applicable.

6.3 PRE-PAID CONSUMERS OF ELECTRICITY

6.3.1 When a consumer of pre-paid electricity became in arrear on his/her account for the rendering of services other than electricity, the purchases of pre-paid electricity will be as follows:

(a) If only the current month's account is not fully paid then the consumer can purchase pre-paid electricity for 25% of the amount tendered and the balance be used as payment on the account i.e.:

If R100.00 is tendered:
- R25.00 electricity purchases
- R75.00 payment on account

(b) If more than the current month's account is outstanding without any arrangement no purchase of pre-paid electricity will be allowed before payment of the total outstanding account except approved indigent.

(c) In case of pending indigent applicants the conditions of sub-section A shall be applicable.

6.3.2 A three month zero sales report are generated monthly and consumers who did not purchased electricity during the three months are audited to ensure that there are no illegal connection.

6.3.3 If the electricity is found illegally connected it is treated as an unauthorised connection and Council will remove the illegal connection and seal the meter. (Level 2 cut-off). An amount of R200.00 excluding V.A.T. will be levied. During the cut-off a notice will be handed to the consumer stating what was found and the consequences if repeated. This costs will be revaluated yearly in accordance with new promulgated tariffs.

6.3.4 Within a week after the level 2 cut-off the cut-off is audited to ensure that there is no further illegal connection. If an illegal connection is found again, it is treated as a tampering and Council will terminate the electricity supply by removing the supply cables 2 meters underground from the main supply where applicable or by disconnecting the connection on the overhead electricity line where applicable. (Level 4 cut-off). An amount of R1 500.00 excluding V.A.T. will be levied. During the cut-off a notice will be handed to the consumer stating the reason for the cut-off and the consequences if repeated. This costs will be revaluated yearly in accordance with new promulgated tariffs.

6.3.5 Within a week after the level 4 cut-off the cut-off is audited to ensure that the service is still discontinued. If the electricity is found re-connected the whole electricity connection will be removed and legal action taken.

6.4 GOVERNMENT ACCOUNTS

6.4.1 When an account in the name of a government department becomes in arrears a notice will be delivered by hand to an executive of the applicable department and signed for 14 days prior to Council's intention to terminate services.

6.4.2 Council will terminate the services upon failure to comply to the notice, except the following departments which were identified as critical electricity users:

Hospitals
Prison
Defence Force - Regiment Botha
S.A. Police Services

6.4.3 That the way of negotiations with the mentioned departments be followed in order to resolve any disputes in order to finalise accounts outstanding.

CREDIT CONTROL AND DEBT COLLECTION DETAILED POLICY

SCHEDULE 7

CIVIL ACTION

7.1 ACCOUNTS HANDED OVER FOR COLLECTION

The following procedures will be followed with all consumers who are in arrears for 60 days or more with no arrangement.

- 7.1.1 A final notice will be sent to the identified consumers giving 30 days notice to pay the arrears account.
- 7.1.2 Upon failure to adhere to the final notice summons will be issued to the identified consumers by the Legal and Debt Collection Unit.
- 7.1.3 If a clearance certificate is requested in respect of a property where legal action has been instituted, the full outstanding amount including legal costs must be included in the amount payable.

7.2. INSOLVENT OR LIQUIDATED ESTATES / ADMINISTRATION ORDERS

- 7.2.1 In the event where a consumer becomes insolvent, the agreement with Council be cancelled with immediate effect on the day that the notification is received by Council.
- 7.2.2 Before entering into a new agreement with such a consumer, a letter of authorisation from the curator of the estate, must be obtained.
- 7.2.3 In the event of an administration order of a consumer, a letter of authorisation from the curator/administrator, must be obtained to continue with the agreement.
- 7.2.4 Should a new agreement with any one of these be authorised, no payment arrangements for any new accounts can be made.

7.3 DECEASED CONSUMER

- 7.3.1 In the event of a deceased consumer the account will be closed and the name be changed to “estate late” account to that consumer. (It is to be noted that no consumers account of a deceased will be closed unless all the necessary documentations have been received by the finance department)
- 7.3.2 Council will then institute a claim against the late estate whether liquidated or not.

- 7.3.3 The normal legal actions with regard to the claim as described above will be followed.
- 7.3.4 Any person who desires to continue with consumer services on the specific premises, and who have the legal right thereto, will need to apply for such services.
- 7.3.5 Such new account will not be affected by the late estate account.

CREDIT CONTROL AND DEBT COLLECTION DETAILED POLICY

SCHEDULE 8

MISCELLANEOUS MATTERS

8.1 CANCELLATION OF CONSUMERS AGREEMENT

When a consumer move out of a property he/she must notify Council in writing to discontinue the services. Such a notice must stipulate the date on which the services must be terminated as well as a forwarding postal and physical address.

8.2 REFUND OF CONSUMERS DEPOSIT

After cancellation of services a final consumers account is generated. If there is a credit balance on the account after applying the consumers deposit, a cheque is generated and sent tot the debtors forwarding postal address.

8.3 CANCELLED AGREEMENT - DEBIT BALANCE

Any debit balance on cancelled consumers accounts not paid within 30 days from date of final account, must be notified with final warning and legal action be taken according Schedule 7.

8.4 CHANGE OF ADDRESS

If a debtors' address (postal or physical) change he/she must inform Council in writing stated the new applicable address.

8.5 CLEARANCE CERTIFICATE

Before any property can be transferred from one owner to another, all arrears are payable, where after the Director of Finance issues a certificate to that effect. No transfer can take place without such a certificate.

8.6 DISHONOURED PAYMENTS

Refusal by banks to honour payments by cheque or debit order is regarded as non-payment upon which the relevant debtors are subject to credit control measures.