

UBUNTU MUNICIPALITY

Policy for: Credit Control and Indigent Subsidy

SECTION A

1. ROLES AND RESPONSIBILITIES

The following roles and responsibilities are applicable to the Credit Control in the said area, being Ubuntu Municipality.

1.1 Authoritative Responsibility

The Financial Committee as appointed by and from Council with absolute authority and is responsible for the assessment of Credit Control, income and debt collection. The Committee comprises of the Municipal Manager, Financial Manager, the Mayor and four Councillors.

1.2 Municipal Manager

It is the responsibility of the Municipal Manager to ensure that the compulsory obligations in terms of the By-Laws are implemented by the Municipal Administration.

1.3 Financial Manager

It is the responsibility of the Financial Manager to report to the Financial Committee monthly on the status of debtors, and relevant measures introduced in this regard.

1.4 Executive Credit Control Committee

This Committee comprises of the Municipal Manager, the Financial Manager, a representative of the Technical Department and the Credit Control Officials. This Committee is responsible for implementing the Credit Control Policy of the Ubuntu Municipality.

1.5 Credit Control Officials

It is the responsibility of the Credit Control Officials to execute directives as delegated by the Executive Credit Control Committee. The Credit Control Official is responsible for the collection of outstanding debt and also identifying Indigent Households.

1.6 Obligation to Measure

It is the responsibility of the Ubuntu Municipality to evaluate every available service delivered to the consumer at regular intervals. In so doing, estimation can be compiled to determine whether the said levy or tariff is applied to the consumer.

1.7 Agreement

Prior to a service being delivered the consumer must be in agreement with the stipulation (ref. pg. 12) which makes provision for the payment of a deposit as security. This requires deposits to be paid before any service delivery to the consumer. This stipulation will be revised yearly.

1.8 Issuing of Accounts

Although Ubuntu Municipality must compile accounts in respect of an amount owed by a debtor, failure to pay the account will not release the debtor of the obligation to settle the amount. Accounts must include the following information:

- 1.8.1 Details of consumption in respect of all services for a given time period, will be calculated by measuring or by estimation.
- 1.8.2 The amount due in respect of consumption.
- 1.8.3 The amount due in respect of all other services.
- 1.8.4 Other amounts due (rent and erven cleaning).
- 1.8.5 The amount due in respect of rates and taxes.

2 CREDIT CONTROL

2.1 Aim

The aim is to ensure that Credit Control forms an integrated part of the financial system of Ubuntu Municipality and to secure that the same procedure is applied to each individual circumstance.

2.2 Date of Final Payment

The final due date of current accounts is the date on the account after the account is issued. The final due date will be reflected on the account.

2.3 Arrear Accounts

Any amount due after the final cut-off date as indicated in 3.2 will be regarded as arrears and a final reminder will be sent to the debtor which will claim the outstanding amount to be paid within 7 (seven) days of the date on the statement.

2.4 Measures Appropriated to Default Payment

Should a debtor fail to pay an account by due date, a final demand will be issued.

1. To settle the arrear amount.
2. To lodge an appeal (the account will be queried)
3. An agreement which is acceptable to the Municipal Manager and Municipality concerning the arrear account, arrear amounts proposed to be paid in installments.

Failing this, the Ubuntu Municipality may without any further notice

- (a) Disconnect, suspend or limit service supplies to a debtor.
or
- (b) Legal proceedings will be instituted for collection of the outstanding amount within a period of time not exceeding 30 (thirty) days from due date.

2.5 Right of Admission

Municipal Officials or persons elected by the Council will have entitlement to enter any premises occupied by a debtor for the purposes of reading meter connections or alternatively an inspector to terminate, suspend or limit services

2.6 Right to Appeal

A written appeal document must be handed in at the Manager of the Credit Control Official before the final due date for the amount in contention and must contain details of the specific items on the account that are under appeal with a statement of reasons. The debtor will pay the full amount as stated below (see para. 2.7).

2.7 Payment During Appeal

When appeal is lodged, the debtor becomes legally bound to suspend that portion of the total amount against which appeal has been lodged, until settlement of the appeal. The debtor has to pay the balance of the account immediately including an amount equal to the average levy during the past 3 (three) months in respect of the item against which the appeal was lodged, or an amount determined by the Municipal Manager. In the interim, the debtor is also responsible for all amounts payable while the appeal is being decided or finalized.

2.8 Decision on Appeal

- 2.8.1 In the case of the appeal involving measured usage, the measuring device must be tested to determine accuracy.
- 2.8.2 The debtor ought to be advised in writing of the result of the testing of the instrument and if there are any adjustments to the payable amount, including the costs of the test for which he is responsible and payable in advance if no fault is found with the instrument. However, the Municipality will bear the cost of the test should the meter or instrument found to be defective.

3 POSTPONEMENT OF PAYMENT

3.1 Policy

It is the policy of the Ubuntu Municipality that every consumer in arrear debt, enters an admission of guilt agreement with the Council in order to pay off outstanding debt. The agreement must proceed from the Credit Control Official and meet with the Municipal Manager's approval.

3.2 Continuous Default of Payment

In the case of a debtor breaching the determined agreement in respect of the postponed payment, the total amount will become payable immediately, including interest and costs, without any further notification to the debtor.

4 INITIAL, RENEWAL AND UNAUTHORISED CONSUMPTION OF SERVICES

4.1 New Connections

New service connections and provision of a new service may only occur after arrear amounts of deposits and connection fees have been paid. This stipulation is also applicable to existing consumers who relocate from one house to the other within the jurisdiction of the same Municipality.

4.2 Reconnection of Suspended Services

This stipulation applies to suspended consumer services due to payment default. The service will be reconnected if the debtor follows these proceedings:

- 4.2.1 The total outstanding amount on the current account must be paid.

4.2.2 An agreement has to be reached with the municipality for payment of the outstanding amount.

4.2.3 A reconnection fee has to be paid to the municipality.

4.3 Unauthorized Usage, Theft, Damages and Fines

The unauthorized usage, theft or damage to municipal property will be managed as follows:

4.3.1 It is the policy of the Ubuntu Municipality that unauthorized consumption of services, connections and reconnections, modifications to or theft of meters, equipment and distribution network as well as dishonest behavior concerning the provision of services will be considered as an offence and will be liable for prosecution.

4.3.2 Where any of the behaviors as found in 4.3.1 are discovered, the supply of services will be immediately terminated to the debtor. The debtor will be responsible for all costs concerning the assumed or estimated usage as stipulated in the By-Laws of the Council, as well as the pre-determined fines which would be additional to any fines a Court would impose arising from the debtor being found guilty of an offence.

4.3.3 In the case of any consumer being found guilty of any of the offences as defined in 4.3.1, a fine of R1500.00 for electricity and R1200.00 for water will be imposed.

5 PROCEDURES IN RESPECT OF FINAL STEPS

5.1. Handing Over of Arrear Accounts

Legal Action will be taken against consumers who neglect to pay arrear accounts and if an agreement with the Council has been breached or if there has been a refusal to formulate an agreement with the Council. If the amount owed to the Municipality is less than R500.00, the Municipality will not take legal action and the amount will be written off.

5.2 A contractual agreement between the Council and consumer must be in place. In the instance where no contract exists or if there is breach of contract, there is no obligation to deliver services.

SECTION B

SUBSIDY POLICY FOR INDIGENT HOUSEHOLDS

1. DETERMINATION OF INDIGENT HOUSEHOLDS

It is the policy of Ubuntu Municipality that households that earn an equivalent or less than an approved state pension per month, qualify for 100% Indigent Subsidy and households that earn between R1 more than an approved state pension but not exceeding an equivalent of two state pensions per month qualify for a 50% Indigent Subsidy.

2. SUBSIDY OF MONTHLY ACCOUNTS

Households that are identified as indigent will receive a monthly subsidy as decided by the Council. The subsidy will be paid into the account of the subsidy holder. Accounts that are more than the subsidy will be settled by the account holder.

In the case of the consumer not having applied for the necessary subsidy, he/she will become fully responsible for the payment of the total account and default in payment will result in the service being suspended.

3. DEFAULT PAYMENT OF INDIGENT HOUSEHOLDS

Where an indigent household does not abide by the laid down rules to receive a subsidy, the procedure will be dealt with in accordance to the Council's uniform Credit Control Measures.

4. ADMINISTRATIVE PROCEDURES

The following administrative procedures apply to the subsidy policy of the Ubuntu Municipality:

- a. The onus is upon the consumer to complete and submit the application forms (survey on indigent households) which are controlled by the Financial Department and are available at the Municipality.
- b. All required documentation i.e. proof of income and a sworn affidavit must be attached.

Applications for subsidies must fulfill the following requirements and to be taken into consideration for subsidies these procedures will be followed:

- i. Proof of income in the form of a letter from the employer, a salary requisition, pension card, UIF card.
- ii. Sworn affidavits as confirmation of correctness of information on the form.
- iii. The Municipal Manager and Ward Councillors will approve the application and arrange for the Indigent Subsidy to become applicable to the account holder.
- iv. The subsidy status will continuously be reviewed and can be terminated at any given time when a status has changed before a twelve month period. It will be compulsory for the household to re-apply after expiry date (30 June every year).
- v. The subsidy is not applicable to households who own more than one property. One household only, is subsidized.
- vi. Inspection of the property may be performed by Municipal Officials or persons as indicated by the Council.
- vii. From time to time, the Financial Manager may prescribe different conditions and procedures should it be deemed necessary.

SECTION C

WORK DOCUMENT REGARDING CREDIT CONTROL

The following procedures are targeted at ensuring the approved Credit Control Policy is applied in the towns. It will reduce the risk of outstanding debt and current account debt thus enabling the Ubuntu Municipality to supply services.

1. Debt Collection
- 1.1 Procedure for Debt Collection

Current Monthly Accounts

- (a) Ensure that meters are read accurately or where averages or estimates are made, that consistent values are read.
- (b) Ensure timeous printing of the accounts, no later than the 19th of the month including the final settlement date.
- (c) Ensure that the Exception Report Record is available. This is used for errors on accounts, unacceptably high accounts and incorrect readings.
- (d) Ensure that all accounts are included in the audit trail.
- (e) Ensure that all accounts are mailed by the 25th of each month.
- (f) Ensure that responsible people deliver the accounts (refer to reports on the use of Zone or Ward Leaders).
- (g) Ensure that pay points are easily accessible – offices where consumers are able to pay.
- (h) Ensure utmost care in control of payments at the various paypoints.
- (i) Ensure correct and accurate records of payments are received by issuing receipts. It is essential to bank cash daily and reconcile daily.

1.2 Arrear Accounts

In the event of current accounts not being paid on or before the date reflected on the account, it must be recorded and carried forward to the following account.

- (a) Ensure that a list of outstanding accounts is available in respect of previous months.
- (b) Ensure that a message is noted on the following account to notify the consumer that failure to settle the account within 7 (seven) days from the date of the account, the service will be suspended.

1.3 Application of Debt Collection

The debt collection process commences when the consumer ignores the warning named in 1.2 above. The following procedure should be followed:

1. Restrict the water supply to the minimum permitted in terms of Health Regulations or suspend the service.
2. Legal action will be taken if there is no response within 30 (thirty) days.
3. Services will only be resumed once arrears and reconnection fees are paid in full or by arrangement.
4. Returned cheques are viewed as default payment and services will be terminated.
5. Thirty percent of prepaid power purchases must be used to pay for arrear services.

1.4 Termination of Services

The termination of services can be interpreted as self inflicted punishment and it is important that it applies only in predetermined circumstances. Termination of services can only occur when the Credit Control Policy procedures have been followed i.e. defaulting consumers must have received written notification. It is also imperative that a system is in control of reconnecting services.

1.5 Suspension of Services

Debtors that no longer make use of services, yet are in arrears, become classified as inactive debtors.

To ensure that amounts do not become irrecoverable, the debt must be pursued and collected.

At suspension, the deposit is immediately appropriated to any outstanding debt and a letter to claim the balance must be mailed within 14 (fourteen) days.

In the case of non-payment within 14 (fourteen) days, legal action will be instituted.

2. Agreements must be signed in terms of services to ensure that the Council has the legal right to apply the Credit Control Policy.

It is essential for the conditions of the Credit Control Policy to be printed on the reverse of the agreement thus forming part of the agreement. This will place the Council in a position to execute the Credit Control Policy and take legal action. It also serves to inform the consumer of the relevant conditions.

3. Payment dates must be determined for the following reasons:
 - (a) A fixed date gives the consumer the opportunity to formulate a budget for the month and become established in a payment routine.
 - (b) This enables Council Officials to plan the monthly obligations.
 - (c) This enables the concerning officials to plan monthly for data capturing and to run proof tests.
 - (d) This is necessary to ensure that the application of the Credit Control Policy unfolds smoothly and to avoid public humiliation.
4. Final Notices must be delivered by hand. The following information will reflect on the final notice:

- (a) Final due date and notice of suspension if payment arrangements have neglected to be made.
 - (b) Amount due in respect of relevant service.
 - (c) Total amount due.
 - (d) Reconnection fees payable after suspension of service.
 - (e) Once the service has been suspended due to default, the deposit may be increased at the discretion of the City Treasurer.
5. The deposits will be paid once a new service agreement has been signed. When the service has been suspended due to payment default, the deposit is reviewed and may be increased at the discretion of the Financial Manager.
6. A register must be upheld for consumers who have arranged to settle outstanding debt. Consumers who have made arrangements for payment and fulfill their obligations to pay, must not receive a Final Notice of termination of service
7. Termination of Service
- Services are only terminated once the following procedures have been followed:
- (a) After the expiry date.
 - (b) Final notices are delivered.
 - (c) No arrangements or payments are made.
 - (d) If indigent households do not contribute their share of payment.
8. If consumers pay the total outstanding amount or have made arrangements in agreement with the Credit Control Policy, will the service be re-connected.
9. The follow-up procedure will commence 2 (two) days after termination of service. A Council Official will inspect the premises of consumers who failed to pay their debt. Should illegal service reconnection be detected, this will immediately be reported to the Financial Management.
10. A repeated termination of service will be decided and legal action initiated if found to be cost efficient.
11. No intervention of Council Members will be permitted in the Application of the Credit Control Measures.

Ubuntu MUNICIPALITY

APPLICATION AND AGREEMENT FOR NEW CONSUMER SERVICES

OFFICE USE ONLY

Account No.	<input type="text"/> <input type="text"/> <input type="text"/>	Residential	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Property No.	<input type="text" value="R"/>	Business	<input type="text"/> <input type="text"/>
Owner / Tenant		Other	
Amount		Specify	

Surname/

Company Name

Initials

Street No.

Flat No.

Street Name

POBox / Private Bag

Postal Code

Telephone No. Work Home

Identity Number

Language Preference

Date of Take-on

I/We Agree to the conditions of supply, as set out in the by-laws governing the water supply of water and /or electricity, credit control, indigent, debt collecting policies and any amendment that may from time to time be made hereto, to the Stand number shown above, as well as the conditions set out overleaf.

Date : _____ Signature : _____

INSTRUCTIONS TO METER READER

Name: _____ Old Account No. : _____

Address : _____

Service Date: _____

Debtor Number

Stand Number

Meter Reader Book
Route

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Meter No	Water Reading
Meter No	Electricity Reading

ACKNOWLEDGEMENT OF DEBT

I the undersigned _____, Identity number :

_____ An adult male/female, married/unmarried do hereby acknowledge that I am truly and Lawfully indebted to the MUNICIPALITY in the sum of R _____ plus interest at the rate of _____ per annum arising from the non-payment of rates and taxes.

<p><u>I promise and agree to pay the said amount to Ubuntu Municipality as follows.</u></p> <ol style="list-style-type: none"> 1) An initial payment of R _____, and an additional _____ payments of R _____ each, the first payment to commence on the first day of _____ 20_____ and thereafter on the first day of each and every month. 2) I agree to pay the said amounts at the Municipal Office every Month before the due Date until the outstanding amount is fully settled. 3) Should any payment not be made on due date then the full amount outstanding shall become due and payable immediately. 4) Should I fail as aforesaid for whatever reason then the MUNICIPALITY is hereby authorized to levy execution against my assets without first a Court Order to do so in terms of the rules of the Supreme Court applicable to the execution of a judgement Debt.
--

In the event of my committing a breach of any provision of this Acknowledgement of Debt, at the option of the Creditor the said Capital Sum and any other sum whatsoever arising by me to the creditor in terms of his Acknowledgement of Debt shall be considered as legally claimable and due, without notice and it is expressly understood that the waiver of the provisions of any of the terms of this Acknowledgement of Debt by the Creditor at any time previously, shall not under any circumstances prejudice the Creditor's right without any previous legal demand to avail himself to the provisions of this paragraph.

All benefits from the legal exceptions non numerate pecuniae, non causa debiti and caculi with the meaning and effect of which I declare myself to be fully acquainted with, are hereby renounced.

I choose domicilum citandi et executandi at:	I choose domicilum citandi et executandi at:
I agree and consent the terms of this Acknowledgement of Debt be made an Order of the MUNICIPALITY.	
Debtor	Creditor /MUNICIPALITY
SIGNED AT _____	THIS _____ DAY OF _____ 20 _____
_____ ON BEHALF OF THE MUNICIPALITY	

HERAANSLUITINGSFOOIE

WATER

Residensiële areas - R67.85

ELEKTRISITEIT

Residensiële areas - R 53.00

DEPOSITO'S VIR ELEKTRISITEIT

Die volgende deposito's sal van toepassing wees wanneer aansoek om die aansluiting vir 'n nuwe diens gedoen word.

Besighede - R 4 770.00

Regerings Instellings - R 4 770.00

Residentiële areas: - R 2120.00

Behoeftige Huishoudings - R 0.00

DEPOSITO'S VIR WATER

Die volgende deposito's sal van toepassing wees wanneer aansoek om die aansluiting vir 'n nuwe diens gedoen word.

Besighede - R 477.00

Regerings Instellings - R 477.00

Residensiële areas: - R 169.00

Behoeftige Huishoudings - R 0.00

5. GENERAL

KINDLY ATTACH THE FOLLOWING DOCUMENTS

- 1. PROOF OF INCOME / AFFIDAVIT
- 2. AFFIDAVIT THAT INFORMATION SUPPLIED IS CORRECT
- 3. COPY OF ID DOCUMENT FOR YOURSELF AND SPOUSE

NOTE
IT IS YOUR DUTY TO INFORM THE T.L .C. SHOULD YOUR CIRCUMSTANCES CHANGE.
YOU WILL BE DISQUALIFIED FOR THE SUBSIDY SHOULD YOU PAY AFTER THE DUE DATE

I DECLARE THAT I HAVE READ THIS FORM AND THAT ALL PARTICULARS ARE TRUE AND CORRECT.

I AGREE THAT MY NAME BE SUBMITTED TO THE INFORMATION TRUST CORPORATION (CREDIT BUREAU)

APPLICANTS SIGNATURE

DATE

RECOMMENDED BY

DATE

APPROVED BY

DATE

SPECIAL NOTE : ANY PERSON WHO SUPPLIES FALSE INFORMATION, WILL BE DISQUALIFIED FROM FURTHER PARTICIPATION IN THE SUBSIDY SCHEME AND WILL BE LIABLE FOR THE IMMEDIATE RE-PAYMENT OF ALL SUBSIDIES RECIEVED

UBUNTU MUNICIPALITY

Final Notice

YOU ARE HEREBY NOTIFIED IN TERMS OF THE COUNCIL

BY-LAWS, THAT YOUR ACCOUNT IS IN ARREARS AS

ACCOUNTNUMBER

ALL PAYMENTS ARE INCLUDED UP TO THE

AT THE DUE DATE AND THAT

1. YOU WERE DISCONNECTED

2. LEGAL PROCEEDINGS WILL BE INSTITUTED FOR

THE RECOVERY OF MONIES OWING TO THE COUNCIL

UNLESS THE SPECIFIED AMOUNT IS PAID BEFORE THE

FINAL DATE BELOW OR ARRANGEMENT IS MADE.

AMOUNT DUE FOR SERVICES
R

+

REFUSE
R

+

SANITATION
R

+

ASSESSMENT RATES
R

=

TOTAL AMOUNT DUE
R

REMITTANCE ADVICE

FINAL NOTICE
TRANSITIONAL LOCAL COUNCIL

R
R
R
R

R

ERF NUMBER

ACCOUNT NUMBER

AMOUNT DUE FOR SERVICES

REFUSE

SANITATION

ASSESSMENT RATES

TOTAL AMOUNT DUE

RE-CONNECTION FEE WILL BE PAYABLE IF SERVICES ARE TERMINATED

UBUNTU MUNICIPALITY

CUT-OFF LETTER

--

NOTICE

YOU ARE HEREBY NOTIFIED THAT YOUR
WATER SUPPLY HAS BEEN DISCONNECTED
DUE TO NON-PAYMENT OF YOUR ACCOUNT.
ON PAYMENT OF THE TOTAL AMOUNT
INDICATED THE SUPPLY WILL BE RE-
CONNECTED

ACCOUNT NUMBER				

CUTT-OFF DATE

AMOUNT DUE FOR SERVICES	+	DEPOSIT	+	RECONNECTION FEE	+	OTHER	=	TOTAL AMOUNT DUE
R		R		R		R		R

**REMITTANCE ADVICE
CUT-OFF LETTER**

ERF NUMBER

ACCOUNT NUMBER

DISCONNECTION DATE

AMOUNT DUE FOR SERVICES

DEPOSIT

RECONNECTION FEE

OTHER

TOTAL AMOUNT DUE

R	
R	
R	
R	
<hr/>	
R	