

**UMJINDI MUNICIPALITY**

**MTREF :2010/2011**

**ANNEXURE V**

**Debt collection Procedure Policy**

# UMJINDI LOCAL MUNICIPALITY

## COLLECTION PROCEDURE POLICY

<b>Core Business Area</b>	Financial Services Directorate
<b>Operational Area</b>	Income / Debt Collection Management

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## TABLE OF CONTENTS



# COLLECTION PROCEDURE/PROCESS



<b>1.</b>	<b>NORMAL DEFAULTERS</b>
<b>1.1</b>	<b>CURRENT ACCOUNTS: SUSPENSION OF SERVICES</b>
1.1.1	Any arrangements for extension of credit must be made before the due date (As stipulated/printed on consumers account) for the payment of the account in writing.
1.1.2	All accounts must be paid before or on the due date as stipulated/printed on the consumer accounts.
1.1.3	By failure the following will be applicable:
<b>1.2</b>	<b>SUSPENSION OF CONVENTIONAL METERS (30 DAY ACCOUNTS)</b>
1.2.1	A notice of intent to disconnect be delivered to each consumers residential address, giving them 7 days to pay the account or make the necessary arrangement, whereafter services will be discontinued.
1.2.2	A list be compiled of all consumers who has received a notification of intent to disconnect and have subsequently been cut, be reported to Executive committee for notification.
1.2.3	If a consumers service is suspended (cut-off/disconnected) on conventional electricity meters, the consumer will have the right to apply for a pre-paid meter on condition that 50% of the outstanding debt is paid. (Residential Consumers only)
<b>1.3</b>	<b>RESIDENTIAL CONSUMERS ~ CONVENTIONAL METERS</b>
1.3.1	If a consumers' services are suspended the following arrangement applies:
1.3.1.1	The monthly account must be paid monthly before or on the due date as stipulated/printed on consumers account together with:
1.3.1.2	- An additional minimum amount of 25% of the total outstanding amount be paid on his/her consumer account.
<b>1.4</b>	<b>BUSINESS CONSUMERS ~ CONVENTIONAL METERS</b>
1.4.1	If a consumers' services are suspended the following arrangement applies:
1.4.1.1	- The monthly account must be paid monthly on or before the due date as stipulated/printed on the consumers account together with:
1.4.1.2	- An additional minimum amount of 25% of the total outstanding amount be paid on his/her consumer accounts monthly.
<b>1.5</b>	<b>SUSPENSION OF SERVICES ~ PREPAID METERS</b>
1.5.1	If a residential consumers' meter is blocked due to the consumers' account not being paid the following will apply:
1.5.1.1	- Any residential consumer(s) who is owing Council, will only be entitled to a prepaid token to the value of 50 % of the amount which is being presented ( manually or electronically)
<b>2.</b>	<b>ACCOUNTS OLDER THAN 60 DAYS OR BIGGER THAN R2 000.00</b>
2.1	- A final notice to be issued
2.1.1	<b>If consumer responds:</b>
2.1.1.1	- The current account must be paid monthly before or on the due date as stipulated/printed on the consumers account together with:
2.1.1.2	- The outstanding amount be paid over the following 12 months in equal monthly payments for <b>residential consumers.</b>

2.1.1.3	- The outstanding amount to be paid over the following 6 months in equal monthly payments for <b>business consumers</b> .
2.1.2	- <b>If no response and non-compliance to arrangements.</b>
2.1.2.1	- A report be forwarded to the Executive Committee on a monthly basis.
<b>3.</b>	- <b>Non compliance to arrangements made</b>
3.1	- If a consumer did not comply to the arrangement made within 7 days of due date they be referred to the Chief Financial Officer for an arrangement and there after to the Municipal Manager.
	- If a debtor is employed and is falling outside the category of being an indigent the lawyers association be instructed to obtain judgement and/ to facilitate a garnishee order against the debtor.
<b>4.1</b>	<b>General:</b>
4.1.1	Where a consumer requests the Council to write-off the interest on his/her outstanding account, Council will write back all interest provided that the full outstanding account be settled in one payment.
4.1.2	The above mentioned procedures/process does not have any effect on any tampering of services by the consumer or any other person which will be handled separately ( <b>Very strict measurements will apply as this entails a criminal offence</b> )

## *COLLECTION PROCEDURE/ PROCESS*

<b>5.</b>	<b>INDIGENT DEBTORS POLICY (Sec 97(1)(c) of Municipal Systems Act</b>
5.1	An Indigent Debtor will be any household earning less than R1200.00 per month.
5.2.1	The council will have to keep on providing annually funds on the budget for the subsidising of indigent debtors on Rates, taxes, refuse removal and sewerage consumption.
5.2.2	Indigent debtors will only be entitled to free basic services/subsidy as annually approved by the council on Rates, taxes, refuse removal and sewerage consumption <b>except</b> electricity and water consumption due to the free basic services provided by the council (municipality) on both services.
<b>6.</b>	<b>INDIGENT DEBTOR</b>
6.1	An indigent debtor (consumer) must apply for the subsidy (writing off of rates, taxes, refuse removal and sewerage consumption) by completing an application form (For 12 month period) where after the Ward Councillor will have to certify the applicant as an indigent debtor and forward the application for approval to the management (administration) for further processing.
6.2	All consumption of services ( <b>Electricity and water</b> ) above the approved free basic services as approved by the council <b>can and will not be</b> subsidised by the council (municipality) and must be paid by the debtor him/her self.
<b>7.</b>	<b>ON APPROVAL AS AN INDIGENT DEBTOR</b>
7.1	All arrear amounts regarding to rates, taxes, refuse removal, sewerage consumption, rental and interest on the indigent account will be written off – once off only
7.2	Interest levies on the account to be stopped
7.3	Monthly levies for property tax, refuse removal and sewerage consumption will be subsidised once approved as Indigent Debtor out of the Indigent Debtor provision.
<b>8.</b>	<b>RE-APPLICATION FOR SUBSIDY</b>
8.1	All Indigent debtors will have to apply /verify for subsidy on an annual basis as the subsidy is only approved for a twelve-month (Financial year of council) period.
8.2	Next application will not be approved if the consumer's account for services (water and electricity consumption higher than the free basic services approved by the Council of Umjindi Municipality) is not paid up to date.
<b>9.</b>	<b>SUSPENSION OF SERVICES: PREPAID METERS</b>
9.1	<b>No prepaid services</b> will be given to an indigent debtor if the account for services (water and electricity consumption) is not paid in full.
9.2	<b>No arrangements</b> will be applicable on Indigent debtor accounts for services (Water and electricity consumption)
<b>10.</b>	<b>PAYMENT OF A DEPOSIT FOR UNEMPLOYED RDP BENEFICIARIES</b>
10.1	When a consumer is identified as an indigent, a consumer account can be opened with exemption on paying a deposit
<b>11</b>	<b>INDIGENTS FAMILY UNITS TENANTS</b>
11.1	Tenants at the family units who have a maximum income of R500.00 per month be exempted of rental charges.
11.2	Tenants at the family units who have a income between R501.00 and R1 100.00 only pay 50% of the rental charge.