

UMJINDI LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

Core Business Area	Financial Services Directorate
Operational Area	Debt Collection Management

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(Explanatory Note: This policy is applicable to Umjindi Local Municipality only. In terms of Section 80 of the Local Government: Municipal Systems Act, 32 of 2000, the Municipality may enter into service delivery agreements with service providers to provide municipal services to customers. In such instances the internal credit control and debt collection policies of those entities may differ from this policy, but shall always be subject to the promulgated Credit Control and Debt Collection By-Laws.)

1 Objectives

The objectives of the policy are to:

- Provide a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;
- Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner;
- Outline the procedures that will ensure that the members of the local community is afforded the opportunity to contribute in the decision-making processes of the municipality and that they are informed of the decisions and affairs of the municipality;
- Set realistic targets for debt collection;
- Outline credit control and debt collection policy procedures and mechanisms; and
- Provide a framework to link the municipal budget to
 - ▶ Indigent support; and
 - ▶ Tariff policies.

2 Principles

- The administrative integrity of the municipality must be maintained at all costs. The democratically elected officials (councillors) are responsible for policy-making, while it is the responsibility of the municipal manager to execute these policies.

- All consumers must complete an official application form formally requesting the municipality to connect them to service supply lines.
- A copy of the application form, conditions of services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every consumer who applies for services, and sign and sign as proof.
- Billing is to be accurate, timeous and understandable.
- The consumer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- The consumer is entitled to an efficient, effective and reasonable response to complaints and appeals , and should suffer no disadvantage during the processing of a reasonable request or appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- Incentives and disincentives may be used in collection procedures.
- The collection process will be efficient and cost-effective and all costs incurred by Council relating to the credit control and debt collection process shall be recovered from the consumer. .
- Results will be regularly and efficiently reported.
- Application forms will be used to categorise consumers, to determine the amount of the deposit payable by the consumer and whether the customer qualifies for indigent support, pre-payment or credit meters. (Appendix A)
- New applications for services will be subject to prescribed credit information and outstanding amounts will be transferred to the new account. All information furnished on the application form may be verified by Council with any or all data information institutions, credit information bureau and/or any financial institutions as may be deemed necessary by Council in determining the applicant's credit worthiness. (Appendix A)
- Depending on Credit Rating Council may provide reduced levels of service to manage the debt growth.

- Consumers may be referred to 3rd party debt collection agencies and may be placed on a national credit rating listing.
- Interest charges will be levied on overdue accounts at the rate determined by Council from time to time. Interest will be levied from the due date if not paid by the following due date and will be calculated for a full month(s) irrespective of when payment is made. The interest charged will appear in the following month's account.
- As part of the arrangements made to repay debt the consumer may be required to co-operate with any reasonable measures that might be required to reduce the level of use of consumptive services to affordable levels.
- Although consumer care and debt collection are inter-related issues, they should be performed by two separate divisions.
- Indigent households will be identified and supported. Welfare is to be separated from tariff and credit control issues and will be supported by appropriate and affordable policies and practices. Indigent support will be introduced within council's financial ability.
- Targets for performance in both consumer service and debt collection will be set and pursued and remedies implemented for non-performance.
- Human dignity must be upheld at all times.
- The policy must be implemented with equity, fairness and consistency.
- The level of services provided to consumers who regularly default will be reduced.
- Debts and arrangements to repay debts shall be treated holistically, but different repayment periods or methods may be determined for different types of service, consumers or areas within the general rule that the repayment period should be in sympathy with the instalments that the consumer can afford.

3 Duties and Functions of Council

- To approve a budget consistent with the needs of communities, ratepayers and residents.
- To impose rates and taxes and to determine service charges, fees and penalties to finance the budget within the affordability of the consumers

- To provide sufficient funds to give access to basic services for the poor.
- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.
- To set an improvement target for debt collection, in line with acceptable accounting ratios.
- To approve a reporting framework for credit control and debt collection.
- To consider and approve by-laws to give effect to the Council's policy.
- To set performance targets and monitor the performance of the Municipal Manager regarding credit control and debt collection.
- To revise the budget should Council's targets for credit control and debt collection not be met.
- To take disciplinary action against councillors, officials and agents who do not execute council policies and by-laws.
- To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Municipal Manager and Chief Financial Officer respectively.
- To provide sufficient capacity in the Directorate: Finance for effective and efficient credit control and debt collection.

3.1 Duties and functions of the Executive Mayor

- To oversee and monitor the implementation and enforcement of this policy and by-laws enacted to give effect to the policy;
- To monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- To, when necessary, review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes.
- To report to Council.

3.2 Duties and functions of the Municipal Manager

- To implement good customer care management.
- To implement council's credit control and debt collection policy.
- To install and maintain an appropriate accounting system.

- To bill consumers on a monthly basis.
- To demand payment on due dates.
- To raise penalties for defaults.
- To appropriate payments received.
- To collect outstanding debt after the due date
- To provide different payment methods.
- To determine credit control measures.
- To determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- To appoint firm/s of attorneys or collection agents to assist with the execution of his/her duties, where necessary.
- To set performance targets for staff.
- To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- To delegate certain functions to senior managers.
- To determine control procedures.
- To report to the Finance Committee, who in return will report to the Executive Mayor.

3.3 Duties and functions of communities, ratepayers and residents

- To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.
- To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- To observe the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials reasonable access to their property to execute municipal functions.
- To comply with the by-laws and other legislation of the municipality.
- To refrain from tampering with municipal services and property.
- To notify the Municipality of any default meters, abuse of Municipal property and tampering.

3.4 Duties and functions of Ward Councillors and Political parties

- To hold regular ward meetings, at least quarterly, to inform the local community of at least the costs of service provision, the reason for payment of services charges and taxes and the manner in which the money received by the municipality is utilized.
- To adhere to and convey council policies to residents and ratepayers.
- To adhere to council's code of conduct for councillors.

POLICY PRINCIPLES

4 Credit Control and Debt Collection

4.1 Enforcement Mechanisms

4.1.1 Water, electricity and other services

- 4.1.1.1 Accounts must be paid by the due date shown on the account. Consumers who are in arrears with their municipal account will have their supply of electricity and water, and other municipal services, suspended, restricted or disconnected.
- 4.1.1.2 When the municipal account is not paid on the due date shown on the account and unless written permission for a deferred payment has been granted, a written warning of possible disconnection if the account is not paid will be forwarded to the consumer as soon as practically possible. The consumer will be deemed to have received the notice on the same day if delivered by hand, e-mail or fax, on the third day after date of posting if posted by ordinary mail and on the fourth day after date of posting if posted by registered mail.
- 4.1.1.3 If payment is not received by the due date as reflected in the notice, the supply will be disconnected without further notice.
- 4.1.1.4 A notice shall be left at the property advising that the supply has been disconnected, warning that all electric points should be considered live and that all water outlets should be closed. The notice must also advise that the supply will only be reconnected after the total balance of the amount specified in the notice, as well as the prescribed reconnection fee has been paid. The notice must also warn of the consequences of unauthorised reconnection.
- 4.1.1.5 Only the Chief Financial Officer shall have the authority to approve arrangements for delayed payment in terms of this policy, which authority may be delegated.

- 4.1.1.6 Businesses shall be required to pay all arrears and prescribed fees before services are restored.
- 4.1.1.7 Subject to Council's capacity at the time to restore such service, disconnected services will be restored within a reasonable period of time after the consumer produces proof of payment of the required amount. Services will only be restored during the official business hours of Council, except in the case of an emergency (in the discretion of Council), when an additional after hours fee will be charged as prescribed by Council.
- 4.1.1.8 The onus is always on the consumer to request reconnection and prove payment.
- 4.1.1.9 Council reserves the right to deny or restrict the sale of electricity or water to consumer who are in arrears with their rates or other municipal charges.
- 4.1.1.10 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the consumer.
- 4.1.1.11 Should a consumer default in terms of an arrangement, Council may refuse further extension of payment and the full outstanding amount due to Council will be payable. The full outstanding amount will be payable before services are reconnected.
- 4.1.1.12 Consumers who make no further use of any services but still owe an amount are classified as inactive and who, after the rendering of a second inactive account to their latest known postal addresses, shall be handed over to the internal collections division. Should no payment be received in response to a letter of demand addressed to the above-mentioned address, the particulars of the consumer and the fact of non-payment shall be listed with ITC (Information Trust Corporation). If the outstanding amount warrants it, further legal action may be instituted for recovery of the outstanding balance.
- 4.1.1.13 If a residential consumer's service is suspended on conventional electricity meters and /or conventional water meters, a pre-paid electricity/water meter installed for consumer's cost and blocked (restricted services)

4.1.2 Rates

Annual Rates (and other annual levies)

- 4.1.2.1 If the account is not paid by the due date as displayed on the account a notice shall be issued showing the total amount owed to Council.

- 4.1.2.2 If the account is not settled or there is no response from the consumer to make acceptable arrangements to repay the debt, summons shall be issued and the legal process followed.
- 4.1.2.3 In instances where the rates debt is in respect of Municipal property sold by suspensive sale agreement or in terms of a lease agreement, the collection thereof will be done in terms of the Deed of Sale or lease agreement or any subsequent applicable written agreement between Council and the customer.
- 4.1.2.4 During the process of debt collection, Council shall within reason give consumer an opportunity to make arrangements for payment of arrear accounts without having to resort to sales in execution, which shall be utilized as a last resort. Council shall however not hesitate to proceed with sales in execution where no arrangements have been made or where alternatives provided by Council from time to time are not used.

Monthly Rates

- 4.1.2.6 Interest will be charged on all overdue accounts as annually determined on 1 July of the new Financial Year
- 4.1.2.8 If a consumer's account is in arrears for 30 days, a notice shall be delivered to the consumer demanding payment of the arrear amount. The consumer will be deemed to have received the notice on the same day if delivered by hand, e-mail or fax, on the third day after date of posting if posted by ordinary mail and on the fourth day after date of posting if posted by registered mail. Should the consumer fail to pay the arrears by the due date stipulated in the notice, the full outstanding balance of the annual rates shall become due and payable and Council may institute legal action for the recovery thereof.

4.1.3 Sundry and housing accounts

- 4.1.3.1 A letter of demand shall be forwarded in respect of all accounts 30 days in arrears and should payment not be received by the due date, legal action may be instituted forthwith. The debtor will be deemed to have received the notice on the same day if delivered by hand, e-mail or fax, on the third day after date of posting if posted by ordinary mail and on the fourth day after date of posting if posted by registered mail.

4.1.3.2 Property purchased from Council by way of suspensive sale agreement shall be repossessed in terms of the written agreement.

4.1.3.3 Once a property has been repossessed, the debtor will not be eligible for reinstatement of the agreement or to purchase any other property from Council by way of suspensive sale agreement.

4.1.4 Interest on overdue accounts

4.1.4.1 Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation and as determined by Council from time to time (annually determined on 1 July of the new Financial Year at prime overdraft rate of the Municipality's banker. Interest will be levied and capitalised monthly in arrears, on the monthly outstanding balance, from the due date, if not paid by the due date, and will be calculated for a full month(s) irrespective of when payment is made. The interest charged will appear on the following month's account.

4.1.5 Personal contact

4.1.5.1 Telephonic contact

4.1.5.2 Officials/agents calling on clients

4.1.5.3 Council will endeavour, within the constraints of affordability, to make personal or telephonic contact with arrear consumers to encourage their payment, and to inform them of their arrears state, and their rights (if any) to conclude arrangements or to indigence subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

4.1.5.4 The municipality shall maintain a schedule of consumers with large amounts outstanding, these consumers will be monitored on a daily basis to establish if they conform to arrangements made

4.1.4 Legal Process/Use of attorneys/Use of credit bureaus

4.1.4.1 Council will, when any debtor is 60 days in arrears, commence legal process against that debtor provided the Collection Process is complied to, which process could involve final demands, summonses, judgments, garnishee and emolument attachment orders, financial enquiries and/or sales in execution of movable and immovable property.

- 4.1.4.2 Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require monthly reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.
- 4.1.4.3 Council will establish procedures and codes of conduct with these outside parties.
- 4.1.4.4 All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.
- 4.1.4.5 All costs of this process are for the account of the consumers.
- 4.1.4.6 Individual consumer accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus and other institutions lawfully entitled to such information. This release will be in writing and this situation will be included in Council's agreement with its consumers.
- 4.1.4.7 Council may consider the cost effectiveness of this process, and will receive reports on relevant matters, including cost effectiveness.
- 4.1.4.8 Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors; and will be closely monitored by Council
- 4.1.4.9 Consumers will be informed of the powers and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.
- 4.1.4.10 Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.
- 4.1.4.11 Only payment in full of the outstanding balance reflected on the account shall be deemed acceptable payment before a consumer's particulars are removed from any adverse credit listing. In the case of default judgments entered into against consumers, the consumer shall at its own cost appoint an attorney to set aside the judgment, after payment of the full outstanding balance has been made to Council.

4.2 Theft, tampering & fraud

- 4.2.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, interfering or tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time.
- 4.2.2 Council will immediately terminate the supply of services to a consumers should such conduct as outlined above be detected.
- 4.2.3 The total bill owing, including penalties, assessment of unauthorised consumption, damages and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 4.2.4 Council will maintain monitoring systems and teams to detect and survey consumers who are undertaking such illegal actions.
- 4.2.5 Council may distinguish in its penalties between cases of vandalism and cases of tampering.
- 4.2.6 Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 4.2.7 Council reserves the right to lay criminal charges and to take any other legal action against both vandals and thieves and any person that contravenes any of Council's By-Laws or any other applicable legislation.
- 4.2.8 Any person failing to provide information or providing false information to the municipality may face immediate disconnection/restriction of services.

4.3 Cost of collection

- 4.3.1 All costs and charges pertaining to the credit control processes as set out herein, interest, administration costs, all penalties, surcharges, damages, service discontinuation and reconnection costs and all legal costs, fees and disbursements associated with credit control and debt collection are for the account of the consumer and should reflect at least the actual cost of the particular action.

4.4 Irrecoverable debt

- 4.4.1 The Municipal Manager must ensure that all avenues are utilized to collect the municipality's debt.
- 4.4.2 There are some circumstances that allow for the valid termination of debt collection procedures (accounts to be written off – Municipal Manager approval)
- i. The insolvency or demise of the debtor, whose estate has insufficient funds;
 - ii. A balance being too small to recover, for economic reasons considering the cost of recovery (R2 000.00);
 - iii. Prescription;
 - iv. When the debtor relocates and two tracing agents are unable to trace the current whereabouts of the debtor;
 - v. All reasonable notifications and cost effective legal avenues to recover the outstanding amount have been exhausted;
 - vi. The amount outstanding is the residue after payment of a dividend in the Rand from an insolvent estate;
 - vii. It is impossible to prove the debt outstanding;
 - viii. The outstanding amount is due to an administrative error by Council or by Council Resolution, on good cause shown.
 - ix. The Debt has matured (verjaar)
- 4.4.3 The municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the debt.
- 4.4.4 The Council's delegations as approved setting out particulars of the debt and the reasons for abandonment, together with a written request authorising the writing off of the indicated debt:
- 4.4.5 Notwithstanding the thresholds as contemplated in the approved delegations, Council or its authorised officials will be under no obligation to write off any particular debt and will always have the sole discretion to do so.

4.5 Rates clearance

- 4.5.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all amounts due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes,

levies and duties during the three years preceding the date of application for a clearance certificate have been fully paid, by withholding a rates clearance certificate.

5 Performance Evaluation

5.1 *Income Collection Targets*

Council shall create targets that include:

- i. Reduction in present monthly increase in debtors in line with performance agreements determined by council.

5.2 *Consumer Service Targets*

Council shall create targets that will include:

- i. Response time to consumer queries.
- ii. Date of first account delivery to new consumers.
- iii. Reconnection time lapses.
- iv. Meter reading cycles.

5.3 *Administrative Performance*

Council shall create targets that will include:

- i. Cost efficiency of debt collection.
- ii. Query rates.
- iii. Enforcement mechanism ratios.

- 5.4** Council will create a mechanism wherein these targets are assessed; Council's performance is evaluated and remedial steps taken.

6 Reporting to Council

- 6.1** The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the municipal Manager to report to the Executive Mayor, who will report to the Council. This report shall report on:

- i. Cash flow information for the capital and operating accounts, and combined situation, showing Council's actual performance against its cash flow budgets.
- ii. Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; default arrangements; growth or reduction of arrear debtors; ideally divided into areas, business

(commerce and industry) domestic, state, institutional and other such divisions.

- iii. Performance of all areas against targets agreed to in item 6 of this policy document.
- iv. Council's ongoing income and expenditure statements, comparing both billed income and cash receipt income, against ongoing expenditure in both the capital and operating accounts.

6.2 If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he/ she agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels. (Adjustment Budget)

7 Structures of the Financial Services Directorate

7.1 Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements of the financial directorate which requirements take into account Council's agreed targets of customer care and management, and debt collection, and, after considering this report, Council will within reason vote such resources as are necessary to ensure that the financial directorate has the staffing and structures to meet Council's targets in this regard or to outsource the service.

8 Indigent support policy

8.1 Council shall,

8.1.1 In accordance with Section 74.2 (c) of the Local Government: Municipal Systems Act, 2000 which stipulates that poor households must have access to at least basic services through-

- tariffs that cover only operating and maintenance costs;
- special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; and
- Any other direct or indirect method of subsidisation of tariffs for poor households.

- 8.1.2 and in accordance with Section 97 (c) of the Local Government: Municipal Systems Act, 2000 which states that a municipality must make provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents, and
- 8.1.3 subject to the terms and conditions as set out herein below; assist households who cannot afford to pay in full for services in proportion to their use or consumption.
- 8.2 Indigents are defined as those households, who due to a number of socio-economic factors are unable to make a full monetary contribution towards services provided by Municipalities as determined by Council.
- 8.3 An Indigent Debtor will be a household earning less than R1 100.00 per month with the exception of the following
- 8.3.1 A household occupied by husband and wife who are both receiving a social grant / disability pension from the Pension (Appendix B)
- 8.3.2 A household with a pensioner receiving a pension and a child grant as determined annually by the Minister of Finance..
- 8.3.4 The applicant must have an active account with the Municipality.
- 8.3.5 The applicant may not own more than one immovable property.
- 8.4 Council shall provide funds annually on the budget for the subsidisation of indigent households for rates, refuse removal and sewerage to sustain the free basic services and reduced water and electricity consumption.
- 8.5 The indigent subsidies shall be financed from a portion of the equitable share contribution to the municipality obtained from the National Government's fiscals.
- 8.6 Existing indigent arrears on rates, tariffs and services charges will be written off against the provision for bad debts or in terms of the abeyance schemes as contemplated in the approved debt Collection Procedures (Annexure C)
- 8.7 Household must apply on a specific council application form at service centres designated to their respective areas and not at any other places; and the following documentary proof will be required to be submitted with the application forms:
- 8.7.1 Applicant's identity document;
- 8.7.2 Latest municipal account and proof of ownership;
- 8.7.3 Documentary proof of total monthly income of the household (e.g. UIF card, salary advice, letter from an employer etc);

- 8.7.4 A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared;
- 8.7.5 In addition, a recommendation by a Ward Councillor.
- 8.8 The application forms will be processed and information provided will be assessed or screened by a relevant Directorate/division within the council or its agencies.
- 8.9 Council may cause inspectors to visit the applicants to verify the correctness of the information provided in the application forms, and to record any changes in circumstances, and make recommendations for approval or decline of the applications to an Indigent Committee which will be a Sub-Committee of the Finance Committee.
- 8.10 An Indigent Committee on recommendations of the inspectors will approve or decline the applications and determine the subsidy amount to be granted.
- 8.11 Indigent households must re-apply for indigent support annually as the subsidy is only approved for a twelve (12) month period being 1 July to 30 June.
- 8.12 The re-application for indigent support will not be approved if the consumer's account for water and electricity consumption exceeds the free basic services approved by the Council is not paid up to date.
- 8.13 An indigent must immediately request de-registration if his/her circumstances have changed to the extent that he/she no longer comply with the requirement set out in the definition and
- 8.14 All applicants will be informed in writing about the outcome of their applications, if the application is approved the applicant will be informed of the validity of the assistance (that is date of commencement and termination of the assistance) with no guarantee of renewal.
- 8.15 Approved indigent households will be entitled to:-
- 8.15.1 A maximum subsidy as approved by Council from time to time per indigent household to cover basic services (i.e. rates, refuse removal and sewerage).
- 8.15.2 Water will not be subsidised due to the free basic services of 6 kilolitres per month per Residential Households. A water flow control device be installed for all indigent households for the purpose of water management. This flow-control device will guarantee a minimum of 6 kilolitres per month.
- 8.15.3 Electricity will not be subsidised due to the free basic service of 50 kwh per month per residential household.

- 8.15.4 Indigent households will be required to convert to prepayment electricity/water meters on request of Council, the cost of which can be met either by:
- (a) The equitable share fund;
 - (b) A surcharge on the electricity coupon cost; or
 - (c) Cash payment by the household.
- 8.16 Council will determine the amount of targeted subsidies on a yearly basis which may vary between categories of indigent consumers.
- 8.17 All outstanding arrears of the approved indigent will be written off against the provision for bad debts or in terms of abeyance schemes.
- 8.18 If an indigent consumer's consumption or use of a municipal service is less than the subsidised service or free basic service, the unused portion will not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion
- 8.19 If an indigent consumer's consumption or use of a municipal service is in excess of the subsidised service or free basic service (in excess of 6 kl of water and in excess of 50kwh of electricity), the customer will be obliged to pay for such excess consumption at the applicable/normal rate.
- 8.20 Indigent support shall automatically terminate –
- 8.20.1 On death of the indigent.
 - 8.20.2 When the indigent disposes of his/her immovable property.
 - 8.20.3 When the indigent's circumstances change or indigent criteria for approval changes to the extent that approval no longer applies.
 - 8.20.4 If the indigent fails to pay for the account of his/her consumption or use of a municipal service in excess of the subsidised service or fails to honour any arrangements made by him/her for payment of outstanding account; and
 - 8.20.5 If it is discovered after approval that the indigent has supplied false information, in which event all subsidies provided will be reversed.
 - 8.20.6 On 30 June of each Financial Year
- 8.21 An indigent policy is a revenue protection mechanism and for Umjindi Municipality to protect its revenue, it shall apply the indigent support policy consistently.

Annexure "A"

UMJINDI LOCAL MUNICIPALITY

APPLICATION FOR MUNICIPAL SERVICES

PLEASE RENDER/*DISCONTINUE THE FOLLOWING SERVICES ON
.....(DATE)

(2 WORKING DAYS' NOTICE IS REQUIRED)

WATER PROVISION			SEWERAGE (TOILET)		ELECTRICITY		REFUSE
Communal Standpipe	Yard Pre-paid restrictor Tap	House Connection	Pit Latrine (VIP)	Water Connection	Prepaid	Conventional meter	Removal

TYPE OF SUPPLY:

Domestic	Commercial	Industrial	Educational	State	Agricultural	Other	
State whether any type of business activities to be conducted from residential premises						YES	NO

PHYSICAL

ADDRESS:

TYPE OF BUILDING

House	Business	Flat	Complex	Sectional Title	Other
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7.1.1.1.1 B. PERSONAL INFORMATION OF APPLICANT/CUSTOMER

Trust/ Close Corporation/Company name	:
Trust/ Close Corporation/Company registration no ¹	:	.....
Surname ²	:	..... ID Number :
must be attached)		
First names	:	..... Pension Number :
Physical Address	:	.....
Postal Address	:	.....
Employer	:	.....

¹ No application form will be considered unless copies of the relevant registration forms are attached.

² In the case of a juristic person, the full particulars of the duly authorised partner/director/member/trustee must be supplied, together with a resolution authorising such a person to conclude the agreement on behalf of the juristic person. In the case of a natural person, proof of identity, ownership, lease or agreement of sale must be attached.

Work Address	:	.....	
Employee number	:	.....	
Postal Code	:	.....	Number of years at current address	:
Tel. Work	:	.....	Tel. Home:	.....
Occupation	:	.....	Cell No:	.....
Marital Status	:	.....	Bank Details:	.....
Spouse Details:			Branch	.....
ID number	:	.....	Account No	.....
Cell No.	:	.....	Do you wish to make use of :	
Name of Employer	:	.....	Debit order:	YES/NO
Work Address	:	.....	Stop order:	YES/NO
Work Tel. No.	:	.....	Vehicle Registration No:	.....

(In/out community of property/Marital Status Contract /Divorced)

List of other accounts held :

1.....	Account	No.	.....	Tel
Nr.....				
2.....	Account	No.	.....	Tel
Nr.....				
3.....	Account	No.	.....	Tel
Nr.....				

Previous municipal accountAccount No.Tel
N.....

Occupiers of stand other than family (rental, backyard lodgers, spaza shops, taxis, etc) :

Number of people residing on property Over 18: Under 18:

APPLYING FOR INDIGENT SUPPORT? YES NO

Total income of household if applying for indigent support: (Include all sources of revenue of all the persons residing on the site)
R _____

Method of account delivery: Fax Post E-mail E-mail address Fax Nr

Name and address of a family member and/or friend not residing at the same address:
..... Tel. No.
:
.....
...

C. DECLARATION BY APPLICANT

I/we hereby declare that I/we agree to the conditions of supply of the mentioned services as laid down in the by-laws of the Municipality and any other laws that are applicable. I specifically acknowledge that I/we with my/our signature hereto, I/we warrant that the information supplied herein is correct, the application was completed in full at the time of signature thereof, that I/we am/are duly authorised to conclude this agreement, that I/we understand the full effect and meaning thereof and that, if this agreement is concluded

on behalf of a business or a juristic person, I/we warrant that the business is trading in solvent circumstances.

I/we hereby indemnify and hold harmless the municipality, its principals, agents, contractors and successors in title against all claims, demands, damages, expenses and legal costs, however caused, arising from the supply, interruption or fluctuation of any services.

I/We hereby choose the street address/stand number specified above as domicilium citandi et executandi where I will accept any notices and legal processes to be served.

I/We received a duplicate of this application form and am/are aware of the applicable further conditions of supply set out in the annexure at the back of this form.

.....
.....
CUSTOMER/APPLICANT
(Owner of Property)

ON BEHALF OF MUNICIPALITY

Name in print:

Name in print:

FOR OFFICE USE:

DEPOSIT

A	B	C
---	---	---

 RATING

DEPOSIT PAYABLER _____ RECEIPT NO. _____

EXISTING ACCOUNT NO. _____ NEW ACCOUNT NO. _____

ELECTRICITY READINGS 1. _____
2. _____
3. _____

WATER READINGS 1. _____
2. _____
3. _____

DATA CAPTURER
FULL NAMES:

DATE:



UMJINDI MUNICIPALITY

Evaluation of Indigent Debtor Applicant
(Sec 97(1) (c) of Municipal Systems Act)

Ward Cllr.: _____ Ward: _____

Applicant Name: _____

ID no.: _____

Stand no.: _____ Extension: _____

Street address: _____

Account no.: _____ Amount outstanding: _____

Owner of Property: YES / NO

If no, owner details: (if available)

Number of people living on property:

Children (under 18): _____

Adults: _____

Pensioners (older 65): _____

Person	Occupation	Net income per month
1		R
2		R
3		R
4		R
5		R

Are there any tenants living on the property: YES / NO

If yes, monthly rental received from tenants: R _____

Other income not stated: R _____

TOTAL INCOME OF HOUSEHOLD: R _____

The following documents to accompany this application:

ID document: YES / NO

Payslip: YES / NO / Not Applicable

Registration for Pension: YES / NO / Not Applicable

Umjindi Account statement: YES / NO

Affidavit: YES / NO / Not Applicable

Letter of Appointment: YES / NO / Not Applicable

Have you defaulted on your payments to the Municipality the last 12 months: YES / NO

Why did you default on your payment? (Main reason for not paying your account):

A. Occupier / Tenant / Owner Details (delete which ever not applicable)

1. Full Name: _____

2. Surname: _____

3. Maiden Name (if applicable): _____

4. ID no.: _____

5. Date of Birth: _____

6. Postal address: _____

7. Home Telephone no.: _____

8. Cellular Telephone no.: _____

9. Employed: YES / NO

If employed,

10. Name of employer: _____

11. Physical Address of employer:

12. Pay/Staff no.: _____

13. Work Telephone no.: _____

14. Total income: R _____

If not employed,

15. Pensioner YES / NO

If yes, supply proof and pensioner no.: _____

16. Disable YES / NO

If yes, supply proof.

17. Job Seeker YES / NO

If yes, registered with Department of Labour? YES / NO

18. Retrenched YES / NO

If yes, supply proof

B. Spouse Details (if applicable)

1. Full Name: _____

2. Surname: _____

3. Maiden Name (if applicable): _____

4. ID no.: _____

5. Date of Birth: _____

6. Cellular Telephone no.: _____

7. Employed: YES / NO

If employed,

8. Name of employer: _____

9. Physical Address of employer:

10. Pay/Staff no.: _____

11. Work Telephone no.: _____

12. Total income: R_____

If not employed,

13. Pensioner YES / NO

If yes, supply proof and pensioner no.: _____

14. Disable YES / NO

If yes, supply proof.

15. Job Seeker YES / NO

If yes, registered with Department of Labour? YES / NO

16. Retrenched YES / NO

If yes, supply proof

C. Other Member of household (if applicable)

1. Relation to occupier / tenant / owner: _____

2. Full Name: _____

3. Surname: _____

4. Maiden Name (if applicable): _____

5. ID no.: _____

6. Date of Birth: _____

7. Cellular Telephone no.: _____

8. Employed: YES / NO

If employed,

9. Name of employer: _____

10. Physical Address of employer: _____

11. Pay/Staff no.: _____

12. Work Telephone no.: _____

13. Total income: R_____

If not employed,

14. Pensioner YES / NO

If yes, supply proof and pensioner no.: _____

15. Disable YES / NO

If yes, supply proof.

16. Job Seeker YES / NO

If yes, registered with Department of Labour? YES / NO

17. Retrenched YES / NO

If yes, supply proof

D. Other Member of household (if applicable)

1. Relation to occupier / tenant / owner: _____

2. Full Name: _____

3. Surname: _____

4. Maiden Name (if applicable): _____

5. ID no.: _____

6. Date of Birth: _____

7. Cellular Telephone no.: _____

8. Employed: YES / NO

If employed,

9. Name of employer: _____

10. Physical Address of employer: _____

11. Pay/Staff no.: _____

12. Work Telephone no.: _____

13. Total income: R_____

If not employed,

14. Pensioner YES / NO

If yes, supply proof and pensioner no.: _____

15. Disable YES / NO

If yes, supply proof.

16. Job Seeker YES / NO

If yes, registered with Department of Labour? YES / NO

17. Retrenched YES / NO

If yes, supply proof

E. Other Member of household (if applicable)

1. Relation to occupier / tenant / owner: _____

2. Full Name: _____

3. Surname: _____

4. Maiden Name (if applicable): _____

5. ID no.: _____

6. Date of Birth: _____

7. Cellular Telephone no.: _____

8. Employed: YES / NO

If employed,

9. Name of employer: _____

10. Physical Address of employer: _____

11. Pay/Staff no.: _____

12. Work Telephone no.: _____

13. Total income: R_____

If not employed,

14. Pensioner YES / NO

If yes, supply proof and pensioner no.: _____

15. Disable YES / NO

If yes, supply proof.

16. Job Seeker YES / NO

If yes, registered with Department of Labour? YES / NO

17. Retrenched YES / NO

18. If yes, supply proof

AFFIDAVIT

I _____ ID no. _____
residing at stand no. _____ extension _____
Barberton/eMjindini state that all the information contained on this form / document is
the truth.

Signature Applicant

Date

(Office Use Only)

CERTIFICATION WARD COUNCILLOR

This application is recommended / not recommended as an Indigent Debtor and
submitted for processing:

Existing Indigent: YES / NO

Recommended: YES / NO

Signature Ward Councillor

Ward

Date

CHIEF FINANCIAL OFFICER

This application is recommended / not recommended as an Indigent Debtor and
submitted for processing:

Recommended: YES / NO

1. If approved, write off all amounts outstanding regarding Rates, taxes, refuse, sewerage and interest on this account.
2. Implement the Indigent subsidy policy (Rates, sewerage and refuse removal only)

Signature Chief Financial Officer

Date

MUNICIPAL MANAGER

This applicant is approved / not approved

Approved: YES / NO

Signature Municipal Manager

Date

SHORT TITLE

This policy will be known as the Credit Control and Debt Collection Policy for the Umjindi municipality.



