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|  **CREDIT CONTROL AND DEBT MANAGEMENT** **POLICY FOR 2017/2018** |

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| **POLICY:** | **REVIEW DATE:** |
| **EFFECTIVE DATE** | **APPROVED:** |

**SCOPE OF THE POLICY:**

This policy applies to all administrations within the defined boundaries of Municipality of Mafube and all customers of these administration.

The credit control and debt collection policy as approved by council has been enshrined in the in the municipal policy in terms of the systems Act and such policy will be binding on the public, official and councillors of the municipality of and no interference in the process will be permitted.

***OBJECTIVES OF THE POLICY*:**

* The objective of the policy is to provide for a uniform credit control and debt collection and indigent policy throughout the municipality.
* Facilitate implementation of this policy throughout the municipality.
* Promote the culture of good payment amongst customers and instil a sense of responsibility towards the payment of municipal accounts and reduction of municipal debt.

An Accounting officer is obliged by the System” s Act No 2 of 2000, section100and Municipal Finance management Act 56, of 2003 to implement andenforce municipalities Credit control and debt collection policy and Buy law.

**Furthermore an Accounting officer must:**

* In accordance with the credit control and debt collection policy and any such Buy law, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality.
* At such intervals as may be determined by the council “s report the prescribed particulars to finance committee.
* That the municipality has effective revenue collection system consistent with section 95 of the Municipal systems Act and municipalities’ credit control and debt collection policy.
* That revenue due to the municipality is collected is calculated on the monthly basis.
* That accounts for municipal tax and charges for municipal services are prepared on a monthly basis
* That all money received is promptly deposited in accordance to this Act into the Municipalities primary bank account and where not practical, another account approved by council.
* That the Municipality has and maintains a management, accounting and information system which:
* Recognises revenue when it is earned.
* Accounts for debtors and
* Accounts for receipts of revenue
* That revenue due to the municipality is collected and calculated on the monthly basis.
* That accounts for municipal tax and charges for municipal services are prepared on a monthly basis.

***A CREDIT CONTROL AND DEBT COLLECTION POLICY MUST PROVIDE FOR:***

* Credit control procedures and mechanisms.
* Debt collection procedures and mechanisms.
* Provision for indigent debtors that is consistent with its tariff policies and any national policy on indigents.
* Interest on areas where appropriate.
* Extension of time for payment of accounts.
* Termination of services or restriction of the provision of services when payments are in areas.
* Matters related to unauthorised consumption of services, theft and damages and
* Any other matter that may be prescribes by regulation in terms of section 104.

A credit control and debt collection policy may differentiate between different categories of rate payers, users of services , debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to unfair discrimination.

***INDIGENT CUSTOMER:***

* An account holder (customer) must apply in a prescribed manner to be regarded as indigent customer as defined in the indigent policy approved by the council.
* Any person who has been declared as indigent will be entitled to indigent subsidies for basic services on a basis determined by council from time to time.
* The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future excess charges.
* The areas on the account of household approved as indigent will be submitted to council to be written off in full.
* Where possible indigent customers must have their electricity and water metres converted to prepaid electricity and prepaid water.
* Indigent customers with credit electricity and water meters are required to pay their current monthly account which is the amount after the indigent subsidy has been deducted every month by the due date until the conversion of the prepaid meter has been made.

***DEBT COLLECTION:***

* Debt which are outstanding for more than 90 days from due date may be handed over to debt collectors appointed by the Municipality for the purpose of collecting such debt.
* The relevant debt collector must ensure that the stipulations contained in the NCA with respect to incidental debt are duly compiled with.
* If the debt collectors are unsuccessful in collecting the debt within 90 days of being handed over, the debt may be handed over for recovery thereof by means of formal litigation process.
* Only the Chief Financial Officer may hand over debt to the attorneys for collection, and the Chief Financial Officer shall hand such debt over to attorneys if they have not being collected by debt collector within 90 days , Unless the chief financial officer is of opinion that it shall not be cost effective to do so .

***THE FOLLOWING TYPES OF DEBT WILL NOT BE HANDED OVER TO DEBT COLLECTORS:***

1. Debts of indigent customers that are registered as indigent at the date of handing over.
2. Government debt
3. Debt that has being paid off as arrangement with the customer
4. Accounts in disputes.

***STEPS OF COLLECTING DEBT BY DEBT COLLECTORS INCLUDE THE FOLLOWING***:

1. Phoning customers
2. Sending SMS to customers
3. Sending letters to customers
4. Making arrangements with customers to pay off debt in terms of council credit control and debt collection policy.
5. Making follow up contact with customers on unpaid arrangement.

***DISCONECTION PROCEDURE:***

Section 28 and 29 of the Municipal Property Rates Act ,2004 Act 6 of 2004).the right to deny, restrict ,disconnect or terminate services due to the none payment of any rates , metered services , other municipal charges , levies, fees, fines, interest , taxes or any other amount payable arising from any other obligation due to the Municipality.

The Chief Financial Officer may instruct attorneys to recover outstanding amounts.

Any charges incurred or rose in respect of the limitations, disconnections or discontinuation of the supply of electricity or water shall be paid by the customer

Prior to limitations disconnection or discontinuation of the supply of water or electricity the municipality shall

* Provide a customer with adequate notice.
* The date and time for the proposed limitation, disconnection or discontinuation.
* The reason for proposed limitation or discontinuation or disconnection.
* The place at which the customer can challenge the basis of the proposed disconnection, discontinuation and limitation.
* The limitation, disconnection or discontinuation of water or electricity shall not result in a customer being denied access to basic services for none payment, where the customer proves to the satisfaction of the municipality that he or she is unable to pay for basic services.
* Any customer already handed over to the debt collector or attorney is not allow making any arrangement with the municipality for the payment of such account and must be referred to the debt collector or attorney attending the account.
* Where the metered supply has been disconnected or limited the premises may be revised at regular intervals to ensure that supply remains disconnected or restricted.
* If a customer unlawfully reconnects the supply of water or electricity that has been limited, the municipality has a right to impose penalties or take legal actions against the owner.

***ACCOUNTS AND BILLING:***

The municipality shall provide customers with a monthly consolidated account for municipal services rendered.

All accounts are payable as above regardless of the fact that the customer has not received the account , the onus lies with the customer to receive copy of the account before due date.

***RATES:***

Rates shall be billed annually and will be recovered monthly as determined by the municipality.

The tariff rates may be billed annually to a specific financial year and recovered in monthly instalments to assist the customer.

The tariff to calculate property rates are determined annually approved by council and contained in the tariff book produced by the municipality.

***ELECTRICITY***

Service charges in respect of electricity shall be determined in accordance with metered consumption.

Availability charges for electricity where applicable are levied annually for a specific financial year but recovered in monthly instalments to assist the customer.

The tariffs to calculate the electricity charges are determined annually approved by council and contained in tariff list produced by municipality.

***WATER:***

Service charges in terms of water shall be determined in accordance with metered consumption.

Monthly accounts shall be rendered for water consumption and the customer shall effect payment thereof buy the due date.

The tariff to calculate water shall be determined annually, approved by council and contained in the tariff list of the municipality.

***REFUSE AND SEWERE CHARGES:***

Refuse and sewer charges are billed monthly.

Refuse and sewer charges charged monthly are billed on the monthly accounts and the due date for the payment of the charges as indicated on the account.

The tariffs to calculate refuse and sewer charges are determined annually approved by council and contained in the tariff book produced by municipality.