

COJ CREDIT CONTROL & DEBT COLLECTION POLICY REVIEW 2015

CITY OF JOHANNESBURG**CREDIT CONTROL & DEBT COLLECTION POLICY****PREAMBLE**

Whereas Section 96(a) of the Local Government: Municipal Systems Act, No. 32 of 2000 (hereinafter referred to as the “Systems Act”), obliges the City of Johannesburg (hereinafter referred to as “the City”) to collect all money that is due and payable to it, subject to the provisions of that Act and any other applicable legislation;

And whereas Section 96(b) of the Systems Act requires the City to adopt, maintain and implement a credit control and debt collection policy, which is consistent with its rates and tariff policies and complies with the provisions of the Act;

And whereas Section 97(1) of the Systems Act stipulates what a credit control and debt collection policy must provide for;

And whereas Municipalities are required in certain circumstances to comply with the National Credit Act No. 34 of 2005;

Now therefore the following is adopted as the Credit Control and Debt Collection Policy of the City (hereinafter referred to as “this Policy”) as set out hereunder.

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1. INTERPRETATION

Except to the extent to which the context may otherwise require, this Policy will be construed in accordance with the following provisions:

In this policy:

- 1.1 any reference to an enactment is to the relevant enactment as at the date of signature hereof, as amended or re-enacted from time to time;
- 1.2 any terms used will have the same meaning as ascribed to it in the Systems Act unless specifically defined in this Policy;
- 1.3 a reference to natural persons includes created entities (incorporated and unincorporated) and *vice versa*.

2. DEFINITIONS

The following words have the meanings hereby assigned to them:

- 2.1. “**Abandoned Building/s**” means building/s that are either vacant or occupied and where the owner or majority of the co-owners cannot be found or traced by the City and there is no proper management or maintenance of the building to the extent that the condition of the building poses a health and safety risk to the occupants of the building or occupants of neighbouring buildings or any other member of the general public;
- 2.2. “**Account**” means a notification by means of a statement of account held with the City by a customer who is liable for payments of any amount to the City or any municipal service provider in respect of the following:
 - (a) electricity;
 - (b) water;
 - (c) refuse removal and disposal;

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- (d) sewerage services and sewer availability fees;
 - (e) rates;
 - (f) interest;
 - (g) connection fees;
 - (h) collection charges, miscellaneous and sundry fees;
 - (i) default administration charges; and/or
 - (j) service availability charges.
- 2.3. **“AOD”** means Acknowledgement of Debt, which means a legal document signed by both the consumer and the City where the customer acknowledges liability for an outstanding debt and agrees to pay the debt off in instalments/payments until such debt (and any interest thereon, if any) is repaid in full;
- 2.4. **“Arrears”** means an amount that is due, owing and payable to the City after *“due date”* and includes *inter alia*:
- (a) the principal debt;
 - (b) collection costs;
 - (c) interest;
 - (d) default administration charges;
 - (d) disconnection fees;
 - (e) connection fees;
 - (f) or any other applicable amount due.
- 2.5. **“Clearance Certificate”** means the prescribed certificate as envisaged in Section 118(1) of the Systems Act.
- 2.6. **“Clearance Figure”** refers to the amount which has to be paid to the City in terms of Section 118(1) of the Systems Act 32 of 2000 in order to obtain a clearance certificate, including any advance amounts due therefor;
- 2.7. **“Consumer”** means anyone who occupies premises to which the City has agreed to provide services or to which the City is actually supplying services. if there is no occupier at the premises, the owner of the property will be deemed to be a consumer.

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- 2.8. “**Credit control**” refers to the action/s required to safeguard the collection of revenue including sms’, telephone calls, letters of demand, disconnections, reconnections, normalizing installations, follow-up procedures, legal action, data integrity or any other action that may be deemed necessary by the City in performance of revenue collection;
- 2.9. “**Customer**” means the person with whom the City has agreed to provide services or, in the absence of such an agreement, the owner of the property and accordingly the account holder liable for payment of the municipal account;
- 2.10. “**The City**” means the City of Johannesburg Metropolitan Municipality and, where the context allows refers to the City as represented by any duly authorised agent, municipal service provider, committee or official;
- 2.11. “**Debt collection**” refers to the debt recovery process and includes sanctions (warning letters, disconnection, adverse credit rating, legal process, judgment and/or process in execution) to be applied in the event of non-payment of accounts;
- 2.12. “**Designated Official**” refers to a political structure, political office bearer, councillor or staff member of the City assigned to perform certain functions and/or duties;
- 2.13. “**Disconnection**” means where a service is purposely disconnected or terminated, whether temporarily or permanently and irrespective of the method applied;
- 2.14. “**Due date**” means the date on which an amount payable in respect of an account becomes due, owing and payable by a customer as stipulated on an account, which date shall be determined by the City from time to time and not be less than 7 days for business, commercial or industrial customers and 14 days for other customers after the date on which the account has been sent to the customer concerned;

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- 2.15. “**Hijacked Buildings**” means buildings or land where someone other than the owner or his authorised agent, collects rent from occupiers who are neither the owners nor have consent from the owners to occupy such buildings or land;
- 2.16. “**Indigent persons**” are defined by the approved Expanded Social Package of the City as those qualifying for support due to personal and/or geographic circumstances which result in a score of 1 or higher out of a possible 100 points under the most current approved poverty index of the City of Johannesburg and are registered as such on the City’s database;
- 2.17. “**Municipal Service Provider**” means a municipal entity which has entered into a Service Delivery Agreement with the City for the provision of one or more services as envisaged in Section 76(b) of the Systems Act.
- 2.18. “**Municipal services**” for purposes of this policy, means services provided by the City, including refuse removal, water supply, removal and purification of sewerage, sanitation, electricity services and rates either collectively or singularly, whether the service is provided by the City or a Municipal Service Provider;
- 2.19. “**Occupier**” means any person who resides on and/or occupies any premises to which municipal services are supplied, regardless of the title under which he/she or it occupies the premises;
- 2.20. “**Owner**” means:
- 2.20.2 the person in whose name the ownership of the premises is registered from time to time or his agent; where the registered owner of the premises is insolvent or dead or, for any reason, lacks legal capacity or is under any form of legal disability that has the effect of preventing him/her from being able to perform a legal act on his own behalf, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or legal representative, as the case may be;

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- 2.20.3 where the City is unable to determine the identity of the owner, a person who as a legal right in or the benefit of the use of any premises, building, or any part of a building;
- 2.20.4 where a lease has been entered into for a period of 30 years or longer or for the natural life of the lessee or any other person mentioned in the lease or is renewable from time to time at the will of the lessee indefinitely or for a period or periods which, together with the first period of the lease, amounts to 30 years, the lessee or any other person to whom he has ceded his right, title and interest under the lease or any gratuitous successor to the lessee;
- 2.20.5 in relation to land upon which a sectional title scheme has been registered in terms of the Section Titles Act 95 of 1986, the body corporate established under that Act or in the absence of such body corporate, the owners of the units in the scheme.
- 2.21 “**Person**” means any person, whether natural or juristic, and includes but is not limited to any local government body or like authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust;
- 2.22 “**Rates Act**” the Local Government: Municipal Property Rates Act No. 6 of 2004;
- 2.23 “**Unauthorized service**” means the receipt, use or consumption of any municipal service which is not in terms of an agreement with or approved by the City or not in compliance with this Policy or any municipal by-laws.

3. APPLICATION OF THIS POLICY

This policy shall apply only in respect of money due and payable to the City for

- 3.1. rates;

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- 3.2. fees, surcharges on fees, charges and tariffs in respect of the provision of water, refuse removal, sewerage and the removal and purification of sewerage, electricity (hereinafter referred to collectively as “*services*”) in cases where the City is responsible for the rendering of accounts in relation to any one or more of the services or for the recovery of amounts due and payable in respect thereof, irrespective of whether the services, or any of them, are provided by the City itself or by a service provider and including any prepaid services;
- 3.3. interest which has or will accrue in respect of any money due and payable or which will become due and payable to the City in regard to rates or services;
- 3.4. collection charges.

4. OBJECTIVES OF THIS POLICY

The objectives of this Policy are to:

- 4.1. ensure that all money due and payable to the City in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the a foregoing and any collection charges are collected efficiently and promptly;
- 4.2. provide for credit control procedures and mechanisms and debt collection procedures and mechanisms;
- 4.3. provide relief for indigent account holders of municipal services;
- 4.4. provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and also the estimates of income set in the annual budget of the City less an acceptable provision for bad debts;
- 4.5. provide for when and when not to charge interest on overdue amounts and will be levied;

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- 4.6. provide for when or when not collection charges on the payment of any overdue amount may be levied;
- 4.7. provide for extension of time for the payment of overdue amounts;
- 4.8. provide for the termination of services or for restrictions on the provision of services when payments are overdue;
- 4.9. provide for punitive measures relating to the unauthorised consumption of services, theft and damages.

5. IMPLEMENTATION AND MONITORING

- 5.1. The City's Executive Mayor shall, as supervisory authority:
 - 5.1.1. Oversee and monitor:
 - The implementation and enforcement of the COJ's Credit Control and Debt Collection Policy and any by-laws enacted; and
 - The performance of the City Manager in implementing the policy and any by-laws.
 - 5.1.2. When necessary, evaluate, review or adapt the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedure; and
 - 5.1.3. Report monthly to a meeting of the City.
- 5.2. The City Manager shall, as implementing authority:
 - 5.2.1. implement and enforce the COJ's credit control and debt collection policy and any by-laws enacted in terms of the Municipal Systems Act;

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5.2.2. in accordance with the credit control and debt collection policy and any such by-laws establish effective administrative mechanisms, processes and procedures to collect money and that is due and payable to the COJ; and

5.2.3. report the prescribed particulars monthly to a meeting of the supervising authority.

5.3. This policy shall be implemented under the guidance of the City Manager and Group Chief Financial Officer by Designated Officials whose duties include:

5.3.1. rendering of accounts;

5.3.2. collection of money due and payable to the City;

5.3.3. dealing with queries and adjustments on accounts;

5.3.4. liaising with members of the public in relation to the above.

6. **CODE OF CONDUCT**

All the City's officials shall treat all debtors with dignity and respect at all times. Employees shall execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance with the Promotion of Access to Information Act No.2 of 2000 and Protection of Personal Information Act No. 4 of 2013.

7. **ACCOUNTS**

7.1. The City may:

7.1.1. consolidate any separate accounts of persons liable for payments to the City; and

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- 7.1.2. credit a payment by such a person against any account or debt of that person.
- 7.2. Clause 7.1 does not apply where there is a dispute between the City and the person referred to in clause 7.1 concerning a specific amount claimed by the City from that person.
- 7.3. The City must provide an owner of a property with copies of accounts sent to the occupier of the property for services if the owner requests such accounts in writing.
- 7.4. An account for the provision of municipal services will not be opened unless the prescribed consumer agreement is signed by the person applying for the provision of municipal services. An application for the opening of an account must be on the prescribed consumer agreement form and accompanied by such information as the City may require from time to time, including but not limited to proper identification or establishment of the Applicant and proof of ownership or occupation of the property concerned.
- 7.5. An account for the provision of municipal services will not be opened unless the specified deposit has been paid by the person when applying for the provision of municipal services.
- 7.6. Save as set out herein the City will only enter into consumer agreements with and register accounts for a person who is the owner of the property to which the services relate.
- 7.7. Existing tenant accounts previously opened in conflict with this clause will be phased out.
- 7.8. The City may allow for the opening of accounts to be held by persons other than the owner of the property concerned for:
- 7.8.1. at its sole discretion the executor, trustee or liquidator of a deceased or an insolvent estate;

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7.8.2. in accordance with an order of Court.

8. PAYMENT OF DEPOSITS

- 8.1. All customers and/or consumers, on signing of a consumer agreement, shall pay a deposit for the supply of electricity and/or water by the City equivalent to 2 months' consumption, on the basis of the average consumption during the previous 3 months in respect of the property in question.
- 8.2. The City may periodically review the sufficiency of the deposit paid by the customer to ensure that the deposit held by the City exceeds or is equivalent to 2 months average consumption.
- 8.3. Any sum deposited by or on behalf of a customer shall, be set off against any outstanding debt due by the customer before being refunded upon termination of the customer's agreement for service provision.
- 8.4. Where a consumer agreement has not been signed or the deposit has not been paid to the City by the customer for whatever reason, water and/or electricity may, subject to compliance with clause 30.4, be disconnected until such time as a customer agreement has been signed and the applicable deposit has been paid.
- 8.5. Where a deposit has not been paid to the City by the customer, or during review of the sufficiency of the deposit held with the City, it is found that the deposit paid by the customer is not equal to 2 months average consumption, the City may raise the deposit against the customer's account after due notice to him and / or enforce the installation of a prepaid meter.
- 8.6. If a customer fails to pay for municipal services for 3 or more successive months the City may require a newly determined cash deposit greater than 2 months average consumption up to a maximum of 4 months average consumption to be paid.

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9. BILLING MANAGEMENT AND INTERIM READINGS

The City will endeavour to ensure:

- 9.1. The collection of all money due and payable to the City.
- 9.2. Accurate metering of consumption at regular intervals with a minimum delay between service connection and first and subsequent billing.
- 9.3. Where, for any reason including the absence or mis-functioning of a meter, no reading can be obtained, interim readings (estimates) will be charged. Interim readings will be based on the average monthly consumption of services registered over the 3 preceding months. As soon as an actual reading can be taken by the City, the account will be adjusted to reflect actual consumption. Where an actual reading is not possible a final estimate will be made.
- 9.4. Accurate and up-to-date customer information.
- 9.5. Accurate monthly billing with the application of appropriate correct tariffs and service charges.
- 9.6. Timely despatch of accounts by way of any convenient methods, including post and electronic mail.
- 9.7. Adequate provision and the efficient operation of pay point facilities throughout the City.
- 9.8. That arrangements are in place with third party institutions to accept payments on behalf of the City although the responsibility to ensure that payments are reflected on the account remains with the customer.
- 9.9. Appropriate hours of business to facilitate account payments.

Customers are obliged to ensure that:

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- 9.10. Municipal accounts are paid on or before due date.
- 9.11. In the event of estimated accounts being rendered for any reason, including delays in changing of meters or obtaining of actual meter readings, the customer must pay and remains liable for the payment of estimates charged to the account.
- 9.12. An authorised representative or agent of the City may, at all reasonable hours be given unrestricted access to their property for purposes of the reading, inspection, installation, or repair of any meter, service or service connection.
- 9.13. Unauthorised services are not allowed on the property to which the municipal services relate and that steps are taken to avoid the unmetered (where applicable) or illegal consumption of municipal services. Failure to attend to the obligations mentioned above may enable the City to act against the customer including, but not limited to:
- 9.13.1. laying of criminal charges (where applicable);
 - 9.13.2. disconnecting or restricting water and / or electricity to the said property;
and
 - 9.13.3. instituting legal action.
- 9.14. The City is advised of any change to the customer's contact details. Customers must ensure that their details as reflected on the account are correct and advise the City of any errors in that regard.
- 9.15. Customers that do not receive accounts from the City for any reason must take steps to obtain copies of such accounts to ensure accounts are timeously paid. Copies of such accounts will be available to the customer, free of charge, from the City's Customer Service Centres or via its e-service facilities.

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- 9.16. The failure by the City to render an account or the customer's failure to receive an account does not delay or absolve the customer's liability for payment.

10. PAYMENT METHODS

- 10.1. Payment of City accounts may be made at any of the City's designated pay points or payment agents by the payment methods determined by the City from time to time.

- 10.2. The City reserves the right from time to time to introduce new payment methods in line with the advancements of technology, and to:

10.2.1. recover the costs of the introduction of such payment methods from the customers; or

10.2.2. discontinue the use of existing payment methods.

- 10.3. Factors that will guide the discretion of the City in discontinuing a payment method include:

10.3.1. susceptibility of payment method to fraud and corruption;

10.3.2. difficulty with tracking payments and appropriating payments to the correct account;

10.3.3. cost of sustaining the payment method.

11. PREPAID METERS

- 11.1. The City, generally, prefers the use of prepaid meters (for electricity and water services). It will therefore promote, within its available resources, the installation and use of pre-paid meters on all properties within its jurisdiction. The cost relating to installation of prepaid meters will be charged to the applicant for the prepaid meter or, in the absence thereof, the owner.

- 11.2. The City may install prepaid meters for all indigent persons and unlawful occupiers.

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- 11.3. A customer may apply to the City for a prepaid meter at the customer's own cost, only if the account is up to date or after an AOD has been entered into for any arrears owing to the City. The installation of a prepaid meter does not detract from any pre-existing liability for arrears owing prior to installation.
- 11.4. If a customer fails to pay for municipal services for 3 or more successive months, the City may install a prepaid meter for the supply of any municipal service at the property concerned at the customer's expense.
- 11.5. Customers whose electricity or water supply has been disconnected three times for non-payment will be obliged to install a prepaid meter before any supply is reconnected or continued. All prepaid meters are installed at the owner's or customer's expense.
- 11.6. The City may, by prior arrangement, charge a percentage of any arrear debt (whether it relates to rates or any services) to the billing of prepaid services.

12. INDIGENT PERSONS

- 12.1. Indigent persons have to apply and be registered in terms of the Expanded Social Package in order to qualify for any social relief related to the provision and charge of municipal services within the City;
- 12.2. A person registered as an indigent person will be entitled to the relief and benefits afforded under the City's Expanded Social Package;
- 12.3. The City may install prepaid meters for indigent customers and in such cases the City will bear the cost of installation.

13. HIJACKED AND ABANDONED PROPERTIES/BUILDINGS

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- 13.1. Services to these properties may be restricted or disconnected upon non-payment of an account for any services to the property, or at the request of the owner of the building.
- 13.2. The owner of the building will remain liable for payment of all outstanding accounts and arrears.
- 13.3. The City may, at its discretion, install prepaid meters at such properties.

14. CREDIT CONTROL AND DEBT COLLECTION METHODS

- 14.1. The City may use any Credit Control methods, which are permitted in law including, but is not limited to the following:
 - 14.1.1. Reference and Credit Checking;
 - 14.1.2. Credit bureau, Deeds Office, CIPRO vetting;
 - 14.1.3. Deposit taking;
 - 14.1.4. Requirement to sign Consumer Agreements;
 - 14.1.5. Monthly statements;
 - 14.1.6. Statement reminder messages;
 - 14.1.7. Telephone calls;
 - 14.1.8. Sms’;
 - 14.1.9. MMS’;
 - 14.1.10. Pre-termination notices;

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14.1.11. Disconnection notices;

14.1.12. Termination or Restriction of Services;

14.1.13. Letters of demand;

14.1.14. Legal Action;

14.1.15. Alternative dispute resolution;

14.1.16. Obtaining and holding security, bank guarantees or suretyships.

14.1.17. Reporting slow or bad payers to Credit Bureaux as allowed by the National Credit Act.

15. INTEREST CHARGES

15.1. Simple interest will be charged on all overdue accounts from due date at the prevailing prime rate which the City's banker charges its clients from time to time.

15.2. Interest will not be paid by the City on any credit balances reflected on an account.

15.3. For administrative convenience the City may choose not to reflect interest charges on the accounts reflected below, but its failure to do so does not affect its right to claim interest charges:

- arrear accounts aged 180 days and older
- closed accounts
- any accounts relating to indigent persons or insolvent estates
- debtors under administration (administration portion only)

15.4. Interest on arrear debt will be calculated for each month for which such payment remains outstanding and part of the month shall be deemed to be a month.

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16. QUERIES ON ACCOUNTS

- 16.1. Any customer that disputes the correctness of an account or any entry thereon must lodge a query relating to such dispute by specifying the nature of the dispute and the service to which it relates telephonically with the City through its Call Centre or by lodging such query at a Customer Service Centre and obtaining a reference number for such query.
- 16.2. If, after a period of 21 days from when the query was logged in terms of clause 16.1, the query has not been resolved to the satisfaction of the customer, the customer may declare a dispute by lodging a written query specifying the nature of the dispute and the service to which it relates with the City.
- 16.3. A query logged in terms of clause 16.1 or a dispute declared in terms of clause 16.2 must be accompanied by payment of, at least, the total amount outstanding on the account, excluding the amount in respect of which the query/dispute relates.
- 16.4. The City will investigate the query logged in terms of clause 16.1 or dispute declared in terms of clause 16.2 and advise the customer of the result of the City's investigation and, if the query is found to have been correct, adjust the account accordingly.
- 16.5. If, after a period of 21 days from when the query was logged in terms of clause 16.1 or dispute declared in terms of clause 16.2, the query or dispute has not been resolved to the satisfaction of the customer, the customer may either appeal the decision made or failure to make a decision to the City Manager in terms of Section 62 of the Municipal Systems Act, or refer the query/dispute to conciliation/mediation at the office of the City's Ombudsman.
- 16.6. Such appeal or referral must be made to the relevant person in writing setting out the grounds for the appeal/referral and accompanied by payment of, at least, the total amount outstanding on the account excluding the amount in respect of which the appeal/referral relates.

17. DEBT WRITE OFFS AND SETTLEMENTS

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- 17.1. The City has the discretion to write off debt if it is deemed irrecoverable.
- 17.2. All potential debt write offs will be referred to the Debt Write-off Committee, or a Designated Official or forum with delegations of authority to deal with such issues.
- 17.3. Debt may be compounded or compromised and balances consequently written off if:
 - 17.3.1. legal recourse has been exhausted and the City is still unable to secure payment of the outstanding debt;
 - 17.3.2. the success of future legal action by the City to recoup the outstanding debt is compromised due to actions or inactions by the City;
 - 17.3.3. the costs of prosecuting legal action for the recovery of the outstanding debt would be higher than the value of the outstanding debt;
 - 17.3.4. the debtor in question, other than an owner, cannot be traced by the City despite reasonable efforts;
 - 17.3.5. if the amount outstanding is the residue after payment of a dividend from an insolvent estate;
 - 17.3.6. a deceased estate is insolvent or has no assets to cover the outstanding amount;
 - 17.3.7. if, on the strength of credible evidence, it appears that the debt is not due to the City;
 - 17.3.8. a Plea of Prescription has been raised and carries the real risk that it would be upheld;
 - 17.3.9. if, as a result of the lack of evidence, it is not possible to prove the debt outstanding;

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- 17.3.10. if the outstanding debt is as a result of an irreconcilable account;
 - 17.3.11. if the Sheriff of the Court has rendered a *Nulla Bona* return on movables and the debtor has no immovable property;
 - 17.3.12. the debt has become uneconomical to collect;
 - 17.3.13. where there are numerous interim (estimated) readings for metered services or inconsistent actual readings and there is reason to believe that the estimates exceed actual consumption and the debt write off pertains to such excess;
 - 17.3.14. where service charges have been raised subsequent to a request by the customer for the termination of such services;
 - 17.3.15. where the customer is an indigent person.
- 17.4. The above factors do not constitute an exhaustive list of factors that may be taken into account, and the City may consider any other relevant factor.
- 17.5. A designated official will prepare and submit reports to the Debt Write-off Committee and ensure that such reports are accurate and supported by relevant information which may be obtained from the customer.
- 17.6. In making submission for a debt write off, the designated official shall take all necessary and reasonable steps to ensure compliance with this Policy and in the detection of any fraudulent activity in relation to the debt write off or related account(s) and shall be obliged to report such fraudulent activity to the City.

18. WRITE BACKS

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- 18.1. The City shall be entitled to reverse any amount written off as irrecoverable where it is subsequently discovered that the information upon which the decision to write-off was made was incorrect.
- 18.2. The City shall be entitled to effect the write back immediately against the customer's account.
- 18.3. The City may write back any amount previously written off on behalf of a customer if the customer at any time has a credit balance reflected against any of his/her municipal accounts and requests a refund from the City for such credit balance.
- 18.4. The right of the City to write back does not detract from the rights of any customer which may have arisen out of an agreement reached between the City and the customer pertaining to such debt or write off.

19. INTEREST REVERSALS

- 19.1. A customer may apply to the City, by providing the requested information for interest or part thereof on an account to be reversed.
- 19.2. Interest on arrears may be reversed:
 - 19.2.1. when a customer requires relief from interest in order to facilitate the full settlement of all outstanding debt on the account;
 - 19.2.2. before embarking on litigation to expedite the recovery of outstanding debt as a tool to persuade the customer to settle his outstanding debt in full;
 - 19.2.3. in the course of litigation, as a negotiating point to expedite the settlement of the matter in court;
 - 19.2.4. when initiated by authorised officials in instances where errors with billing have occurred and outstanding arrears should not have accrued interest in the first instance.

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19.2.5. In any of the circumstances outlined in clause 17.3 above.

19.3. An application for the reversal of interest will be considered by the City's Debt Write Off Committee or a Designated Official or forum with such delegations of authority.

20. FULL & FINAL SETTLEMENT OF AN ACCOUNT

20.1. The City may negotiate a settlement of an arrear account at any stage of the collection process.

20.2. Where the exact amount due and payable to the City has not been paid in full, any lesser amount tendered to and accepted by a City employee will not be in final settlement of such an account unless accepted in terms of clause 20.4.

20.3. The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or accepted in full settlement.

20.4. Only once a Designated Official has, after compliance with clause 17, accepted, in writing, payment of such lesser amount, shall such payment be regarded as a payment in full and final settlement.

21. ARREARS

21.1. If one account is rendered for more than one municipal service provided the amount due and payable by the customer constitutes a consolidated debt and any payment made of an amount less than the total amount due will be allocated at the discretion of the City. A customer may not elect how an account is to be settled if it is not settled in full or if there are arrears.

21.2. Monies owed to the City must be paid on or before the due date indicated on the account failing which the City will be entitled to use any credit control or debt collection methods available to it to obtain payment of unpaid monies.

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- 21.3. If a customer fails to pay the amount/s due and payable on or before the due date, in full, a final demand notice may be posted, hand delivered, sent per registered mail, electronic mail or by any other convenient method to the most recent recorded address of the customer.
- 21.4. Failure to deliver or send a final demand notice does not relieve a customer from an obligation to pay such arrears.
- 21.5. The final demand notice must contain the following statements:
- the amount in arrears;
 - that the customer may conclude an agreement with the City for payment of the arrear amount in instalments within 14 days of the date of the final demand notice;
 - that, if no payment is received and no such agreement is entered into within the stated period, services to the customer may be disconnected and legal action may be instituted against such customer for the recovery of any amounts owing;
 - that the customer's name may be listed with a credit bureau or any other equivalent body as a defaulter;
 - that the account may be handed over to a debt collector for collection;
 - that proof of registration, as an indigent person, in terms of the City's Indigent Policy must be handed in before the final date of the final demand notice;
 - that an indigent customer is only entitled to 6kl free water services per month and that such a customer will be liable for payment in respect of water services used in excess of this quantity of basic services.
- 21.6. In respect of arrears for services to which the National Credit Act applies the City will send a letter in terms of Section 129 of the National Credit Act advising the customer about the default and proposing that the customer refer the matter to a debt councillor, alternative dispute resolution agent, consumer court or ombudsman with jurisdiction, with the intention that the parties resolve any dispute or develop and agree on a plan to bring the arrears up to date.

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21.7. If the customer is under debt review or debt counselling the current portion of the City's account must still be paid in full whilst the customer pays off the arrear portion of the account in terms of the National Credit Act.

22. ARRANGEMENTS TO PAY ARREARS

22.1. A debtor may enter into a written agreement with the City to repay any overdue amount by signing an AOD wherein the customer or his/her duly authorised representative:

22.1.1. admits liability for all outstanding amounts owing and payable to the City and undertakes to pay the outstanding amounts in instalments;

22.1.2. completes a lifestyle assessment to determine affordability (earnings, other obligations) and expenditure patterns on a continuous basis, should he / she be requested to do so;

22.1.3. offers to pay all outstanding amounts together with any interest and collection costs that may have been or will be incurred by the City in relation to the payment of such amounts;

22.1.4. undertakes to pay all current charges on due date;

22.1.5. undertakes to install a prepaid meter, should he/she be requested to do so;

22.1.6. includes an acceleration and no novation clause and, where possible, a consent to an emoluments attachment should the customer default on any conditions set out in the AOD.

22.2. The amount of any deposit required in terms of an AOD and the number of instalments shall be determined by a Designated Official of the City provided that the maximum repayment period may not exceed 60 months.

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22.3. Should the customer fail to comply with any term of the AOD, the City will be entitled to immediately proceed with further action against the customer in terms of the AOD or any other rights the City may have.

22.4. The written AOD has to be signed on behalf of the City by a Designated Official.

22.5. In order to determine the initial payment and monthly instalments, the City may request a comprehensive and verified statement of assets and liabilities of the customer. To ensure the continuous payment of such arrangement the amount determined must be affordable to the debtor, taking into account that payment of the monthly current account is a prerequisite for concluding an AOD. The aim of an agreement will be to promote full payment of the current account and to address the arrears on a consistent basis.

23. AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS

The City shall compile a list of all external agents acting on behalf of the City which list shall *inter alia* contain their names, details and contact information. All such agents shall be supplied with a copy of this Policy and be required to act in accordance herewith and subject to the instructions of the City.

24. RECOVERY OF ADDITIONAL COSTS AND LEGAL FEES

The City may, in addition to any charge, tariff, levy or payment of any kind referred to in this policy, recover from a customer any reasonable costs incurred by it in implementing this policy, including but not limited to:

24.1. the costs incurred in demanding payment from such customer, terminating, restricting or restoring any services, giving any notice required by this Policy or for reminding him/her, by means of sms, telephone, fax, e-mail, letter or otherwise, that payment is due as prescribed in the City's tariffs;

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- 24.2. all costs payable by the City to its collection agents subject to the limits stipulated in the Debt Collectors Act 114 of 1998;
- 24.3. all legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears;
- 24.4. any collection commission payable by the City in respect of the use of attorneys or collection agents.

25. THE PROCESS OF LEGAL COLLECTION

- 25.1. After attempts to collect the debt in terms of this Policy, the account may be handed over to the City's attorneys or collection agents.
- 25.2. Unless already done and where application to the arrears in question, a letter in terms of Section 129 of this Act will be sent to the customer informing him/her about the default and proposing that the matter be referred to a debt counsellor, alternative dispute resolution agent or court in order to assist the customer to pay the debt.
- 25.3. If the customer does not react to the above letter within 10 days of it being sent or if the customer rejects the proposal made, the City can proceed with legal action.
- 25.4. The City may use any legal procedures available to it, including but not limited to, action or application procedures, monetary claims, interdicts or declarators. In the event of judgment being obtained all rights of an execution creditor may be exercised by the City including, but not limited to, the right to attach and sell in execution a debtor's assets.

26. REFUNDS

- 26.1. Any customer may apply, in the required manner, for a refund of any credit balance on their account.

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- 26.2. The refund application will be considered and verified by the City in terms of its internal procedures which will include a verification of the identity of the person claiming the refund and the credit on the account.
- 26.3. The City will periodically determine a lowest threshold for when it is entitled to decline to issue a refund where the cost and administrative burden of issuing the refund is out of proportion with the amount to be refunded. The threshold at the time of the approval of this policy is R100.00.
- 26.4. The City may, at its discretion, use any payment method, when paying a refund to a customer.
- 26.5. Any arrears on any account of customer requesting or entitled to a refund may be set off against any credit balance due to that customer on any of his accounts before the refund is affected.
- 26.6. The City shall be entitled to appropriate to its general revenue any unclaimed money arising from a credit balance of an account, if such amount is not claimed by the customer within a period of three years from the date when the credit arose.
- 26.7. Refunds will be paid only to the customer or, in circumstances where the property concerned has been transferred to a new owner, the conveyancing attorney that registered that transfer or the person identified by the conveyancing attorney in writing.

27. CLEARANCE FIGURES

- 27.1. In order to obtain a rates clearance certificate, a customer must accurately complete a rates clearance application form in full, either manually or electronically in terms of the City's e-clearance process.
- 27.2. The City will issue a statement of clearance figures in response to such application, which amount will include an estimation of future charges to be incurred at the

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property concerned for a period of 4 months from the date of issue of the statement.

- 27.3. Payment of clearance figures must be made by way of cash or an EFT from the Trust account of the conveyancing attorney registering the transfer before a Clearance Certificate may be issued. The City requires 14 days' notice for payment made by any other method to be cleared before a Clearance Certificate may be issued.
- 27.4. The City reserves the right to withdraw any Clearance Certificate found to be erroneously issued or pending an investigation into its issue.
- 27.5. The issued certificate must be in the prescribed form and must be signed by the Manager of the Clearance Department or a Designated Official.
- 27.6. The prescribed clearance certificate is valid for a period of 60 days from the date of issue and the process for application of a clearance figure will have to be repeated if clearance amounts are not paid timeously.
- 27.7. The City may in terms of its discretion, pursue the recovery of any remaining debt after payment of the amounts due on a clearance certificate against any party against whom such claim lies.
- 27.8. The City reserves its right to consolidate the debt still owing after transfer of the property and transfer that debt to any other account of the previous customer.

28. MULTIPLE ACCOUNT MANAGEMENT

The City may:

- 28.1. Consolidate any separate accounts and/or separate an account of any person liable for payments to the City provided that the accounts involved relate to the same persons.

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28.2. Appropriate, any credit balance on one account against an arrear amount on another account instead of issuing a refund for such credit balance, provided that the accounts involved relate to the same customer, save when the credit arises on the account of the previous owner of transferred property and is due to the new owner.

29. TERMINATION OF CONSUMER AGREEMENT

29.1. It is the responsibility of the customer to notify the City when municipal services are no longer required due to the sale of the property or for any other reason.

29.2. A customer may terminate an agreement for the supply of municipal services by giving at least 28 days written notice to the City of such termination delivered to the main office of the Revenue Department.

29.3. An application for the provision of clearance figures and the issuing of a clearance certificate does not constitute notice of termination of services.

29.4. The City may terminate an agreement for the supply of municipal services by giving at least 28 days' written notice to a customer where:

29.4.1. municipal services were not utilized by such customer for a consecutive period of 2 months and without an arrangement, to the satisfaction of the City, having been made for the continuation of the agreement; or

29.4.2. premises have been vacated by the customer concerned and no arrangement for the continuation of the agreement has been made with the City provided that, in the event of the customer concerned not being the registered owner of the premise, a copy of the aforesaid notice shall also be served on such registered owner.

29.5. A customer shall remain liable for all arrears and applicable charges that are payable for municipal services rendered prior to the termination of an agreement.

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30. RESTRICTION OR DISCONNECTION OF SERVICES

30.1. The City may restrict or terminate the supply of water, electricity and/or refuse removal or discontinue any other service to any premises whenever a customer:

30.1.1. fails to make payment in full of all amounts owing on due date or fails to make acceptable arrangements for the repayment of all amounts owing in respect of such premises;

30.1.2. fails to comply with a condition of supply determined by the City;

30.1.3. fails to repair a leak to supply that causes wastage of supply after having been advised to do so and been given a reasonable opportunity to do so;

30.1.4. obstructs the supply of electricity, water or any other municipal services to another consumer on the same premises;

30.1.5. supplies such municipal service to a consumer who is not entitled thereto or permits such supply.

30.1.6. uses or allows the use of municipal services which, in the opinion of the City, is an unauthorised service or dangerous;

30.1.7. is deceased, placed under provisional or final sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act no 24 of 1936;

30.1.8. is placed under an administration order in terms of Section 74 of the Magistrate Court Act No. 32 of 1944;

30.1.9. is placed under debt review, debt counselling, or debt re-arrangement in terms of the National Credit Act.

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- 30.2. The provisions of this clause will apply equally to the supply of water and electricity on prepaid meters and to blocking or limiting prepaid meter purchases in the circumstances outlined above.
- 30.3. The right to restrict or disconnect service due to non-payment applies to any services rendered by the City notwithstanding payment made in respect of any specific services and notwithstanding whether the person who entered into agreement for supply of services with the City, the consumer or the owner being different persons.
- 30.4. Save in circumstances of an emergency, before the City restricts or disconnects the supply of any service to any premises it will:
- 30.4.1. send a written pre-termination notice by post, hand delivery or any other suitable means to the premises warning of the circumstance applicable in terms of clause 30.1 and affording the consumer 14 days in which to remedy such circumstance and/or make representations why the services should not be restricted or disconnected;
- 30.4.2. consider any representations that are made.
- 30.5. If the municipal manager or Designated Official is of the opinion that the termination of services to a property in respect of which the account is in arrear, may be a risk to the endangerment of the health or safety of any person, whether resident in or outside the property concerned, the City may restrict rather than disconnecting the services in question.
- 30.6. In the event of the City restricting rather than disconnecting the supply of water, such restriction will not result in the property in question being supplied with less than 6 kilolitres per dwelling unit per month. In circumstances where the supply of water is restricted, the City may use any alternative methods of delivering water available to it including the installation of a water management device, provision of water by way of water carrying vehicles or provision of a communal water supply point within 200m of the property.

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31. RECONNECTION OF SERVICES

31.1. The City shall reconnect and/or restore full levels of supply of any restricted or disconnected services only after the full amount outstanding is paid with interest and collection charges, including the costs of such disconnection and reconnection; or an AOD has been entered into for payment of such outstanding amounts in terms of this Policy.

31.2. Only a Designated Official shall authorise the reconnection of services or reinstatement of service delivery after full payment has been made or an AOD has been entered into in accordance with this Policy.

31.3. Reconnections may be processed in the absence of such payment or AOD in the event of:

- Billing errors
- Disconnections done in error
- Court ordered reconnections
- Emergencies.

32. FRAUD, FORGERY, TAMPERING & OTHER CRIMINAL ACTIVITY

32.1. The City shall at its discretion be entitled to withhold the supply of water or electricity to a customer or consumer who is found guilty of fraud, theft or any other criminal action relating to the supply of water and electricity, or if it is evident that fraud, theft or any other criminal action has occurred relating to such supply, until the total costs, penalties, other fees, tariffs and rates due to the City have been paid in full.

32.2. The reconnection or reinstatement of supply of any services or interference with meters is prohibited by the City's by-laws. In the event of any unauthorised services, reconnections or tampering coming to the attention of the City, the City may:

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32.2.1. lay a criminal charge in relation thereto with the South African Police Services;

32.2.2. ensure, through the mechanism of the Johannesburg Municipal Police Department, that the provisions of the City's by-laws are enforced;

32.2.3. forthwith terminate the supply of the service in question and, to the extent required to ensure no further unauthorised reconnection or tampering takes place, remove the service installation.

32.3. All staff of the City are obliged to report to the City any criminal or fraudulent activities of which they become aware in relation to the supply of municipal services, credit control and debt collection.

33. EXCESSIVE CASH PAYMENTS

33.1. The City reserves the right not to accept cash payments in circumstances where the amount of the payment is significantly in excess of any arrear amount on the account or current billing charges.

33.2. The City may require any person making a payment envisaged in 33.1 above to provide suitable proof of identity before receiving any cash payment.

33.3. The City may withhold the refund of amounts paid to it under circumstances envisaged in 33.1 above pending an investigation into the circumstances of such payment.

34. TARGETS FOR COLLECTIONS

34.1. The City will set collection targets which it will strive to achieve on a periodic basis.

34.2. These targets must be consistent with generally recognised accounting practices for municipalities and collection ratios.

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34.3. These targets must also be consistent with estimates of income set in the budget less an acceptable provision for bad debt.

35. APPEALS OF ADMINISTRATIVE DECISION

35.1. All administrative decisions by the City made in terms of this Policy may be appealed in terms of the internal escalation mechanisms within the Revenue Shared Services Department.

35.2. If the Revenue Department's internal escalation mechanisms have been exhausted and a customer is still aggrieved, the customer may appeal to the City Manager in terms of Section 62 of the Municipal Systems Act.

35.3. The decision of the City Manager shall be final, and any further recourse should be sought through the judicial system.

36. STAFF DEBTORS AND COUNCILLOR ACCOUNTS

36.1. Councillors and staff members of the City may not be in arrears to the City for rates and services charges for a period longer than 3 months. The City may deduct any outstanding amounts from a staff member's salary after this period.

36.2. All new appointees (councillors and staff members) indebted to the City must enter into an agreement with the City the payment of arrears involving automatic salary deductions. The terms of such agreement will be informed by affordability of the debtor taking into account bonuses and salary increments.

36.3. The City may, subject to an employee's consent, enter into a written agreement with any employer within the City's area of jurisdiction to deduct outstanding rates and service charges or to settle regular monthly accounts through deductions from salaries or wages of its employees.

36.4. The City may, from time to time, provide special rebates, incentives or benefits to the employer or employees in the event of such an agreement.

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This policy, on its adoption by the City, will supercede any previous Credit Control and Debt Collection Policy.