



Credit Control and Debt Collection Policy

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

CENTLEC (SOC) LTD	
Subject: Credit Control & Debt Collection Policy	Policy No:
Directorate: Finance	Board Item No:
Sub-Directorate: Revenue Management	Date Approved:
Custodian: GM: Revenue Management	Effective Date: 1 July 2018
Last Date Of Review:	Reference:

TABLE OF CONTENT

DEFINITIONS	3
SECTION 1: OBJECTIVES	8
SECTION 2: LEGISLATIVE BACKGROUND.....	8
SECTION 3: POLICY PRINCIPLES.....	9
SECTION 4: CODE OF ETHICS	10
SECTION 5: IMPLEMENTING AUTHORITY	10
SECTION 6: APPLICATION FOR THE PROVISION OF ELECTRICITY SERVICES	11
SECTION 7: DEPOSITS OF GAURANTIES.....	12
SECTION 8: ACCOUNTS & B ILLINGS.....	13
SECTION 9: SUNDRY CONSUMER ACCOUNTS	14
SECTION 10: FINAL ACCOUNTS	14
SECTION 11: METERING OF CONSUMPTION.....	15
SECTION 12: PAYMENTS OF ACCOUNTS	16
SECTION 13: INTEREST ON ARRERS DEBT	17
SECTION 14: ENQUIRIES & APPEALS	17
SECTION 15: LIMITATION, DISCONNECTION, DISCONTINUATION OF SUPPLY	18
SECTION 16; DEBTOR COLLECTIONS.....	20
SECTION 17: ARRANGEMENTS TO PAY ARREARS DEBTS	22
SECTION 18: ARRANGEMENTS TO PAY TEMPARING FINES.....	24
SECTION 19: STAFF, DIRECTORS AND COUNCILLERS OF MANGAUNG METRO	25
SECTION 20: ADMINISTRATION ORDER-PAYMENT OF ARREARS.....	25
SECTION 21 ALLOCATION OF PART PAYMENT & APPROPRIATION OF DEPOSITS.....	25
SECTION 22: CETIFICATES REQUIRED FOR TENDERS	26
SECTION 23: POWERS OF ENTRY & INSPECTION.....	26
SECTION 24: NOTICES.....	26
SECTION 25: OFFENCES & PENALTIES	27
SECTION 26: REPORTING	28
SECTION 27: REVIEW AND APPROVALS	28

Definitions:

In this policy any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act, No 32 of 2000 and Municipal Finance Management Act, No 56 of 2003 has that meaning, unless the context indicates otherwise:

“Accommodation” means accommodation in an accommodation establishment, a room, dwelling-house or second dwelling unit, self-catering room, self-catering apartment or free standing building let to transient guests.

“Accommodation Establishments” – consists of one or more of the following to be let types of accommodation:

- a) “Camping” (informal temporary accommodation in a unique environment) is defined by a property used for erection of tents or other temporary structures for temporary accommodation for visitors or holiday-makers, which includes ablution, cooking and other facilities that are reasonably and ordinarily related to camping, for use of such visitors, and includes a caravan park, whether publicly or privately owned, but which excludes the alienation of land on the basis of time sharing, sectional title share blocks or individual subdivision; and excludes resort accommodation or mobile homes;
- b) “Bed and Breakfast” (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling in which the owner of the dwelling supplies lodging and meals for compensation to transient guests who have permanent residence elsewhere; provided that the primary use of the dwelling-house concerned shall remain for the living accommodation of a single family;

Definitions (*continued*):

- c) “Guest House” (accommodation in a dwelling-house or second dwelling unit for transient guests) is defined by a dwelling-house or second dwelling which is used for the purpose of supplying lodging and meals to transient guests for compensation, in an establishment which exceeds the restrictions of a bed and breakfast establishment and may include business meetings or training sessions for resident guests;
- d) “Self-catering Accommodation” (accommodation for non-permanent residents and transient guests) is defined by a house, cottage, chalet, bungalow, flat, studio, apartment, villa, or similar

accommodation where facilities and equipment are provided for guests to cater for themselves. The facilities should be adequate to cater for the maximum advertised number of residents the facility can accommodate;

- e) "Self-catering Apartments" (accommodation for non-permanent residents and transient guests) is defined by a building or group of buildings consisting of separate accommodation units, each incorporating a kitchen / -ette facility, and which may include other communal facilities for the use of transient guests, together with outbuildings as are normally used therewith; which are rented for residential purposes and may include holiday flats; but does not include a hotel, dwelling-house, second dwelling or group house;
- f) "Backpackers Accommodation" (accommodation and communal facilities in a building or free standing buildings for transient guests) is defined by a building where lodging is provided, and may incorporate cooking dining and communal facilities for the use of lodgers, together with such outbuildings as are normally used therewith and includes a building in which dormitories/rooms/beds are rented for residential purposes, youth hostel, and backpackers' lodge; but does not include a hotel, dwelling house, second dwelling or group house;
- g) "Boarding House" a dwelling-house or second dwelling which is used for the purpose of supplying lodging with or without meals or self-catering to non-permanent/permanent residents for compensation; provided that the primary use of the dwelling-house shall remain for the living accommodation of a single family;

"Account" means an account rendered specifying charges for electricity services provided by the entity, or any authorised and contracted service provider, and which account may include other surcharges.

"Accounting Officer" means the Chief Executive Officer in terms of section 93 of Municipal Finance Management Act.

"Arrangement" means a written agreement entered into between the entity and the consumer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act, Act No. 34 of 2005 (NCR) but is deemed to be Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

Definitions (continued):

"Arrears" means those service charges that have not been paid by the due date, including overdue arrangements.

"Authorised Representative" means a person or instance legally appointed by the entity to act or to fulfil a duty on its behalf.

"Basic electricity services" shall mean a service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

"Billing Date" means the date upon which the monthly statement is generated and debited to the consumer's account.

"Board" means board of directors of Centlec (SOC) Ltd as appointed by the Council of Mangaung Metropolitan Municipality from time to time.

"Business and Commercial Property" means:

- a) property used for the activity of buying, selling or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or
- b) property on which the administration of the business of private or public entities take place.

"By-law" means a municipal legislation passed by the council of Mangaung Metropolitan Municipality, and which shall be binding on the entity and on the persons and institutions to which it applies.

"Calendar year" shall mean 12 consecutive months of a year.

"Consumer Price Index" shall mean the CPIX as determined and gazetted from time to time by the Statistics South Africa

"Consolidated Account" means an account which is a consolidation of any separate accounts of a person who is liable for payment to the Centlec (SOC) Ltd.

"Council" means the Council of the Mangaung Metropolitan Municipality.

"Credit Control" means all the functions relating to the collection of monies owed by consumers of electricity within the area of supply of Centlec (SOC) Ltd.

Definitions (*continued*):

"Consumer" means the occupier of any premises to which the Entity has agreed to supply or is actually supplying electricity services, or if no occupier can be identified or located, then the owner of the premises and includes any consumer of the Entity.

"Day(s)" means calendar days, inclusive of Saturdays, Sundays and public holidays.

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

"Debt Collectors" means an external person or entity appointed by the Entity to collect monies due and payable to the Entity, subject to the conditions contained herein.

"Defaulter" means any person who owes arrears to the Entity.

"Delivery Date" shall mean the date on which the periodic account is delivered to the consumer or 3 days after the date the account was posted, whichever is the first.

"Due Date" in relation to -

- a) service charges due in respect of any immovable property, means the date for payment indicated on the account, provided that the due date for any service charges means the twentieth (20th) day of September in the case where service charges are levied annually; and
- b) should such day fall on a Saturday, Sunday or public holiday the due date shall be the next working day.

"Dwelling" means a building, structure or place of shelter to live in.

"Electricity Charges" means service charges in respect of the provision of electricity.

"Financial Year" shall mean the period starting from 1 July in any year and ending on 30 June of the following year.

"Indigent Consumer" means the head of an indigent household:-

- a) who applied for and has been declared indigent in terms of Mangaung Metropolitan Municipality's Indigent Support Policy for the provision of electricity services from the Entity; and

Definitions (*continued*):

- b) who makes application for indigent support in terms of Mangaung Metropolitan Municipality's Indigent Support Policy on behalf of all members of his or her household;

"Indigent Support Policy" means the Indigent Support Policy adopted by the Council of Mangaung Metropolitan Municipality

"Indigent Support Programme" means a structured program for the provision of indigent support subsidies to qualifying indigent consumers in terms of Mangaung Metropolitan Municipality's Indigent Support Policy.

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

"Industrial Property" – means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity;

"Interest" means the charge levied on arrears, calculated as the prime rate, charged by the bank which holds the Entity's primary bank account, plus one percent or such other percentage as may be determined by board from time to time.

"Monthly Average Consumption" means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.

"Owner" in relation to immovable property means -

- a) the person in whom is vested the legal title thereto provided that:-
 - i. the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;
 - ii. the occupier of immovable property occupied under a service servitude or right analogous thereto, shall be deemed to be the owner thereof;
- b) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curator ship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;
- c) if the owner is absent from the Republic or if his address is unknown to the Entity, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or if the Entity is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

"Prescribed debt" means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969.

"Private Open Space" means land that is privately owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area.

"Privately Owned Townships Serviced by the Owner" – means single properties, situated in an area not ordinarily being serviced by the Entity, divided through subdivision or township establishment in (ten or more) full-title stands and/or sectional units and where all rates-related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreation

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

facilities, are installed at the full cost of the developer and are rendered and maintained by the residents, Home owners association or management companies/ bodies of such estate.

"Service Charges" means the fees levied by the Entity in terms of its tariff policy for any services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy.

"Tariff" means the scale of charges or other fees which may be levied by the Entity in respect of services provided.

SECTION 1: OBJECTIVES

- a) To focus on all outstanding debt as raised on the consumers' account.
- b) To provide for a uniform credit control and debt collection policy in relation to services rendered by the entity.
- c) To promote a culture of good payment habits amongst consumers of electricity and instil a sense of responsibility towards the payment of electricity services and reduction of consumer debt.
- d) To ensure that the board of directors of Centlec (SOC) Ltd uses innovative, cost effective, efficient and appropriate methods to collect as much of the debt in the shortest possible time without any interference in the process.
- e) To ensure that the entity effectively and efficiently deal with defaulters in accordance with the terms and conditions of this policy.

SECTION 2: LEGISLATIVE BACKGROUND

Section 96(a) of the Local Government: Municipal Systems Act, No 32 of 2000 (hereinafter referred to as the "Systems Act"), obliges the entity (in this case the entity) to collect all money that is due and payable to it, subject to the provisions of that Act and any other applicable legislation.

Section 96(b) on the other hand, requires the entity to adopt, maintain and implement a credit control and debt collection policy, which is consistent with its tariff policies and complies with the provisions of the Act.

Section 97 of the Municipal Finance Management Act, No 56 of 2003 stipulates that the Accounting Officer of a municipal entity must take all reasonable steps to ensure:

- a) that the entity has and implements effective revenue collection systems to give effect to its budget;

- b) that all revenue due to the entity is collected;
- c) that any funds collected by the entity on behalf of a municipality:
 - (i) are transferred to that municipality strictly in accordance with the agreement between the entity and the municipality; and
 - (ii) are not used for the purposes of the entity;
- d) that the municipal entity has effective revenue collection systems consistent with those of the parent municipality;
- e) that revenue due to the entity is calculated on a monthly basis;
- f) that accounts for service charges are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- g) that all money received is promptly deposited in accordance with this Act into the municipal entity's bank accounts;
- h) that the municipal entity has and maintains a management, accounting and information system which:
 - (i) recognises revenue when it is earned;
 - (ii) accounts for debtors; and
 - (iii) accounts for receipts of revenue;
- i) that the municipal entity has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed; and
- j) that all revenue received by the municipal entity, including revenue received by any collecting agent on its behalf is reconciled at least on a weekly basis.

SECTION 3: POLICY PRINCIPLES

- a) The administrative integrity of the entity must be maintained at all times.
- b) This policy must have the full support of the board of directors
- c) The board must have full knowledge of the implementation and enforcement of the policy.
- d) Consumers must apply for services from the entity by the completion of the prescribed application form.
- e) Consumers must receive regular and accurate accounts that indicate the basis for calculating the amounts due. The consumer is entitled to have the details of the account explained upon request.
- f) Consumers must pay their accounts regularly by the due date.
- g) Consumers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- h) Consumers are entitled to an efficient, effective and reasonable response to appeals and queries, and should not suffer any disadvantage during the processing of a reasonable appeal.
- i) Debt collection action will be instituted promptly, consistently, and effectively without exception and with the intention of proceeding until the debt, including the cost of collection, is recovered.

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

- j) It shall be the duty of all consumers to ensure that they have the correct information regarding all due amounts.
- k) Implementation and enforcement of this policy shall be done in line with the applicable service standards as outlined in the Customer Care Policy.

SECTION 4: CODE OF ETHICS

All the officials of the entity who are responsible for the implementation of this policy shall embrace the spirit of **Batho Pele Principle** and treat all debtors with dignity and respect at all times. Employees shall execute their duties in a transparent, fair and honest manner whilst ensuring efficient implementation of this policy in order to realize its desired objectives.

SECTION 5: IMPLEMENTING AUTHORITY

As the implementing authority of this policy, the Accounting Officer (CEO):-

- a) Implements and enforces the Credit Control and Debt Collection Policy.
- b) Is accountable to the board of directors for the enforcement of the policy and shall submit a report to the board of directors regarding the implementation and enforcement of the Credit Control and Debt Collection Policy at such intervals as may be determined by board of directors.
- c) Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the entity.
- d) Where necessary make recommendations to the board of directors with the aim of improving the efficiency of the Credit Control and Debt Collection mechanisms, processes and procedures.
- e) Establish effective communication between the entity and consumers with the aim of keeping account holders abreast of all decisions by board of directors and the council of Mangaung Metropolitan Municipality that may affect consumers.
- f) Establish consumer service centres, located in such communities as determined by the board of directors and Mangaung Metropolitan Municipality.

The Accounting Officer may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of this policy to the Chief Financial Officer.

SECTION 6: APPLICATION FOR THE PROVISION OF ELECTRICITY SERVICES

A consumer who requires the provision of electricity services must apply for the service from the entity. The application must be made on the prescribed form.

The application for the provision of services must be made by the registered owner of an immovable property only.

The entity will not entertain an application for the provision of electricity services by a tenant of a property, or any other person who is not the owner of the property. The only exception will be:-

- a) Individuals and Businesses with lease agreements to lease properties from the entity itself or Mangaung Metropolitan Municipality;
- b) Government Departments;
- c) Body Corporates who take the responsibility for the payment of electricity services on behalf of the individual sectional title owners; and
- d) Approved Indigent Consumers for the purposes of registering and allocating the applicable subsidy to qualified indigent consumers whom will be allowed to open an account in the name of the lessee of the property.

In the case of existing arrangements where tenants have existing accounts, written permission of the owner may be requested from the owner by the entity. If the tenant is guilty of non-payment, the owner, where permission has been granted, as a last resort is liable for the outstanding debt, except where the property concerned is owned by the entity itself.

An agent may with a proxy open an account in the name of the owner. By completing the prescribed application form for the provision of electricity services the consumer of services enters into an agreement with the entity. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act (NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.

The agreement with the entity makes provision for the following:-

- a) An undertaking by the occupier that he or she will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date on an attorney/ client basis;

- b) An acknowledgement by the occupier that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account;
- c) That the onus will be on the occupier to ensure that he or she is in possession of an account before the due date; and
- d) An undertaking by the entity that it shall do everything in its power to deliver accounts timeously.

The application for the provision of electricity services shall be made at least fourteen (14) days prior to the date on which the services are required to be connected.

On receipt of the application for provision of electricity services, the entity will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation.

The first account for services will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.

In case of new buildings being erected and a connection is made for the first time to the main service lines, the metering and levying of services actually consumed or received will take place as follow:-

- a) Basic electricity (in the case of builders' connections) charges are levied with effect from the date when the connection is made to the main service line.
- b) Basic electricity (if no builders' connection) charges are levied with effect from the date of the Occupancy Certificate issued by the Building Control Section of Mangaung Metropolitan Municipality.
- c) Any connection date between the 1st and 15th of the month will be levied for a full month whilst any connection date after the 15th of the month will only be levied from the 1st of the following month.

SECTION 7: DEPOSITS AND GUARANTEES

On application for the provision of electricity services the consumer deposit prescribed by the board of directors in terms of the Tariff Policy shall be paid. **No interest will accrue and be paid on any deposit held by the entity.**

For the purposes of registering and allocating the applicable subsidy to qualified indigent consumers, accounts will be opened for these consumers without requiring any deposit. This is made possible through the fact that the value of services levied against these accounts is fully offset on a monthly basis against the applicable indigent subsidy. This arrangement will immediately terminate if the status of the indigent consumer changes.

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

The Chief Financial Officer may, in respect of business premises, accept an irrevocable bank guarantee in lieu of a deposit on application for the provision of electricity services by a business.

Existing consumers moving to a new address are required to pay the prescribed consumer deposit on application for the provision of electricity services at the new address. The minimum deposit payable is determined annually by the board of directors and shall be contained in the tariff schedule annually.

The consumer deposit paid on application for the provision of electricity services must be reviewed annually and may be increased or decreased upon written notice to consumers. The deposit payable should be as per the tariff schedule as determined from time to time.

On termination of the supply of services the amount of the deposit less any payment due to the entity will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address.

If the Chief Financial Officer intends increasing the minimum deposit payable by the consumer, then he or she shall, in the aforesaid notice, state full reasons for the increase, and allow the consumer an opportunity to make written representations in this regard. An aggrieved consumer may, within a period of twenty one (21) days of having been notified of an increase in the minimum deposit payable, lodge an appeal against the decision of the Chief Financial Officer with the Accounting Officer.

The Accounting Officer shall, in his or her capacity as the appeal authority, consider the appeal, and confirm, vary or revoke the decision of the Chief Financial Officer, within a reasonable period providing reasons for such decision.

SECTION 8: ACCOUNTS AND BILLING

The entity shall provide all consumers with a monthly consolidated account for electricity services rendered, which account shall be generated on a monthly basis in cycles of approximately thirty (30) days.

All accounts rendered by the entity shall be payable on the due date. Account balances which remain unpaid after 30 days from the delivery date of the account shall attract interest on arrears, irrespective of the reasons for non-payment. Interest will be charged from the first working day of the month following the month in which the account becomes payable.

All accounts are payable as above regardless of the fact that the consumer has not received the account, the onus shall be on the consumer to obtain a copy of the account before the due date.

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

Accounts will be rendered using conventional postal services, hand delivery at the premises or by means of an email if so requested by the consumer.

The provisions of this policy, in respect of the supply of electricity to a consumer, shall constitute the payment conditions of the entity as licensee, contemplated in section 21(5) of the Electricity Regulation Act No. 4 of 2006.

Service charges in respect of electricity shall be determined in accordance with metered consumption. Monthly accounts shall be rendered for electricity consumption and the consumers shall effect payment thereof by the due date.

Availability charges for electricity, where applicable, are levied annually for a specific financial year but recovered in monthly instalments to assist its consumers. In the case of the consolidated account of a consumer being in arrear during a specific financial year the full amount becomes due and payable with immediate effect.

The tariffs to calculate the electricity charges are determined annually, approved by the board of directors and contained in the tariff schedule produced by the entity.

SECTION 9: SUNDRY CONSUMER ACCOUNTS

Sundry consumer accounts may be rendered by the entity from time to time. Any sundry consumer account shall be included in the monthly consolidated account produced by the entity.

SECTION 10: FINAL ACCOUNTS

Upon receipt of a consumer's application for the termination of electricity services, the entity shall:-

- a) take final readings in respect of electricity consumption;
- b) prepare and render a final account;
- c) appropriate the consumer deposit for the reduction or settlement of any outstanding amount owed by the consumer; and
- d) return the consumer deposit to the consumer in the event that no amount is owed to the Centlec (SOC) Ltd or Mangaung Metropolitan Municipality.

SECTION 11: METERING OF CONSUMPTION

The entity may introduce various metering equipment and may encourage consumers to convert to a system which is preferred by the entity when the board of directors considers this to be beneficial to the entity's functioning and operations.

Electricity is measured with credit and prepayment meters. Consumers may apply to entity for the installation of a prepayment electricity meter in place of a credit meter at the cost of the consumer.

Where a consumer has successfully applied for indigent support with Mangaung Metropolitan Municipality the credit meter for electricity will be changed to prepayment electricity at the cost of the entity.

The following applies in relation to reading of credit meters:-

- a) Credit electricity meters are read at in cycles of approximately 30 days.
- b) If for any reason the credit electricity meters cannot be read, the entity will render an account based on estimated consumption. The estimate will be based on the average of the previous 12 months consumption.
- c) Where the estimates were being used for any reason, there should be an actual reading taken at least once per quarter within a financial year.
- d) The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.
- e) The consumer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.
- f) Consumers can, for reasons of non-accessibility to their properties by meter readers, provide the entity with monthly meter readings for billing purposes, provided that an audit reading can be obtained by the entity once every six months and provided that a final reading can be obtained should the consumer vacate the property.
- g) If any calculation, reading or metering error is discovered in respect of any account rendered to a consumer:-
 - i. the error shall be corrected in the subsequent account;
 - ii. any such correction in favour of entity may apply in respect of an account from a date no more than three calendar years back from the date on which the error on the account was discovered;
 - iii. any such correction in favour of the consumer may apply in respect of an account from a date no more than three calendar years back from the date on which the error on the account was discovered; and
 - iv. the correction shall be based on the tariffs applicable during the period.

- h) When a consumer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made by the entity and the final account rendered accordingly.

The following applies in relation to prepayment metering:-

- a) Prepayment electricity is purchased at prepayment vending points for consumption after the date of purchase.
- b) Amounts tendered for the purchase of prepayment electricity will not be refunded after the prepayment meter voucher has been produced.
- c) On request of the consumer, copies of the previous prepayment meter vouchers will be produced. Lost vouchers will not be replaced under any circumstances.
- d) Credits remaining in the prepayment meter will not be refunded when a premises is vacated by a consumer or in case of purchasing against a wrong account.
- e) The entity shall not be liable for the reinstatement of credit in a prepayment meter due to tampering with, or the incorrect use or abuse of prepayment meters.
- f) The board of directors may appoint vendors for the sale of prepaid electricity so as to ensure accessibility of the services to the consumers, but does not guarantee the continued operation of any vendor.
- g) The entity may apply all the debt collection functions available on the prepayment system to collect all arrear debt on any account of the consumer.

SECTION 12: PAYMENT OF ACCOUNTS

All accounts rendered by the entity are due and payable on the due date as reflected on the statement of account. All payments, whether made by cash, stop order, electronic payments or payments made through duly authorized agents must be receipted by the entity by the close of business on the due date.

Only cash will be accepted as payment for prepaid electricity. Credit or debit cards may be used for pre-paid electricity only at merchants where services for credit card or debit card facilities are available.

Accounts rendered by the entity can be paid at any municipal cashier office and any other pay point available for payment of municipal services. The payment methods and facilities supported by the entity can be used to make payments on accounts.

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

Payments received in respect of service charges will be allocated by the entity entirely within its discretion, on the account of the consumer. Part payment received on an account shall be allocated firstly to reduce any penalty charges that may have accrued on the account.

An official receipt issued by the Centlec (SOC) Ltd, Mangaung Metropolitan Municipality or its duly authorized agent will be the only proof of payments made.

Although the entity must render an account for the amount due by a debtor, failure thereof shall not relieve a debtor of the obligation to pay any amount due on account.

When payments of electricity accounts are made by means of electronic funds transfer (EFT), Debit Order or direct deposit at the bank, the account number of the account being paid must be used as a reference number so as to ensure timeous and accurate allocation of payment to the appropriate account by the entity. The account holder shall be responsible for the correctness and accuracy of the payment reference number (i.e. account number used) used. Where a payment is not timeously allocated to the account due to incorrect reference number being used or for any other reason, it is the responsibility of the account holder to furnish the entity with a valid proof of payment so as to facilitated tracing of the payment on the entity's records and subsequent allocation thereof to the appropriate account.

SECTION 13: INTEREST ON ARREAR DEBT

Account balances which remain unpaid 30 days after the delivery date of an account shall attract interest irrespective of the reason for non-payment. Such interest shall be calculated for each month, or part thereof, for which such payment remains unpaid.

Interest will be charged from the first working day of the month following the month in which the account becomes payable.

In case of outstanding debt owed by Residential Households, no further interest shall be charged on any outstanding amounts in respect of which an agreement had been concluded for the payment by way of instalment thereof, provided the instalments are paid in full by the due dates thereof.

SECTION 14: ENQUIRIES AND APPEALS

Any aggrieved person may address a grievance or query regarding charges for electricity services to the Chief Financial Officer in writing or may visit any consumer care office provided by the entity.

Every consumer has the right to ask and to be provided with a clear explanation as to the services being charged and a breakdown of all amounts shown on their account.

The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution.

The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account. An interim payment similar to an average account must be paid by the due date pending finalisation of the enquiry.

The entity will respond to all inquiries from consumers in writing within twenty eight days from the lodging of the enquiry.

The Chief Financial Officer will keep custody of all enquiries and appeals through the Collaborator Programme and report monthly to the board of directors on all enquiries and appeals yet to be resolved.

SECTION 15: LIMITATION, DISCONNECTION OR DISCONTINUATION OF SUPPLY

An account rendered to a consumer by the entity in respect electricity shall be paid by the due date and if the consumer fails to pay any account within a period of fourteen (14) days after the expiry of the due date, then:-

- a) without further notice, the entity may disconnect or discontinue the supply of electricity or the immovable property in question; and
- b) the Chief Financial Officer or any duly authorised person may instruct attorneys to recover the outstanding amounts owed.

The disconnection or discontinuation of the supply of electricity shall be effected in the manner that is customarily used or by taking such reasonable and lawful steps as may be necessary.

Any disbursements or charges incurred or raised in respect of the limitation, disconnection or discontinuation of the supply of electricity shall be paid by the consumer.

At the time of the disconnection, limitation or discontinuation of the supply of electricity the entity shall:-

- a) provide the consumer with notice of disconnection, limitation or discontinuation, including:-
 - i. the date and time of the limitation, disconnection or discontinuation;
 - ii. the reason for the disconnection or discontinuation;
 - iii. the place at which the consumer can challenge the basis of the disconnection or discontinuation; and

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

- iv. allow the consumer fourteen to challenge or make representations.

If a consumer unlawfully reconnects or attempts to reconnect a supply of electricity that has been limited, disconnected or discontinued, then –

- a) the entity may disconnect or discontinue the supply entirely by removing the service connection from the premises; and
- b) any disbursements, penalties or reconnection charges, together with any outstanding amounts owed, must be paid in full before a reconnection can be made.

Subject to the provisions of this policy, the Chief Financial Officer or any person duly authorised thereto may enter into an arrangement with a defaulter for the payment of an outstanding account, in which event:

- a) payment may be made by way of instalments; and
- b) the normal supply of electricity to the premises shall be resumed.

Any defaulter who enters into a *bona fide* arrangement with the entity for the settlement of arrears, and who fails to honour the terms of such arrangement, shall not be allowed to enter into any further arrangement with the entity.

The Chief Financial Officer can at his/her discretion revise the arrangement conditions in terms of the number of arrangements allowed, arrangement deposit amount payable or number of instalments, if it assists the entity to recover the outstanding amounts.

Any consumer already handed over to a debt collector or attorney is not allowed to make any arrangement with the entity for the payment of such an account and must be referred to the relevant debt collector or attorney attending to the account handed over.

In the case of a consumer where the supply of electricity been disconnected or discontinued at least twice during the preceding period of twelve (12) months, the entity may review the amount of the consumer deposit required from such consumer.

The entity must provide an owner of a property in its area of supply with copies of accounts sent to the occupier of the property for services supplied to the property if the owner requests such accounts in writing from the entity.

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

The entity must provide an owner of a property in its area of supply with copies of any agreement entered into with the occupier of the property for the payment of an outstanding account if the owner requests such agreement in writing from the entity.

SECTION 16: DEBT COLLECTION

16.1 Handover of debt to debt collectors

Debts which have been outstanding for more than 90 days from due date may be handed over to debt collectors appointed by the entity for the purposes of collecting such debt.

The relevant debt collectors must ensure that the stipulations contained in the NCA with respect to incidental credit are duly complied with. If the debt collectors are unsuccessful in collecting the debt within 90 days of being handed over, the debt may be handed over to attorneys for legal action.

Only the Chief Financial Officer may hand over debts to attorneys for collection, and the Chief Financial Officer shall hand such debts over to attorneys for collection if they have not been collected by debt collectors within the aforementioned period of ninety (90) days, unless the Chief Financial Officer is of the opinion that it shall not be cost effective to do so.

If the Chief Financial Officer is of the opinion that it is appropriate to do so (such as in cases of urgency), he or she may hand over debts for collection to attorneys at any time prior to the expiration of any of the periods referred to above and without first handing them to debt collectors.

The following types of debt will not be handed over to debt collectors:

- i. Debts of indigent consumers that are registered as indigent at the date of handover.
- ii. Government debt.
- iii. Debt that is being paid off as per an arrangement with the consumer.
- iv. Debt that has not been subject to internal credit control actions for at least two months.

The process of collecting debt by debt collectors includes:

- i. The phoning of consumers.
- ii. Sending demands for payment by SMS (short message service) to consumers.
- iii. Sending out demand letters.

- iv. Making arrangements with consumers to pay off debt in terms of the entity's credit control and debt collection policy.
- v. Making follow-up contact with consumers on unpaid arrangements.

16.2 Handover of debt to Attorneys for legal collection

Debt that could not be collected by the debt collectors and debt that requires urgent legal attention will be handed over to attorneys for legal collection.

The following types of debt will not be handed over to attorneys:

- i. Debt of approved indigent consumers that has not yet been written off by the board.
- ii. Debt that is being paid off as per an arrangement with the consumer.
- iii. Debt that has not been subject to internal credit control actions for at least two months.

The process of legal collection includes:-

- i. Final demands for payment to consumers.
- ii. Emolument attachment orders on consumer's salaries.
- iii. Summons issued for debt to be paid.
- iv. Default judgment to be obtained against the consumer.
- v. The attachment of moveable properties and sale in execution of moveable property
- vi. The attachment of immoveable property and the sale in execution of immoveable property.

16.3 Debt of approved indigent consumers written off

Upon registration as an indigent household, the arrears on the account of the applicant will be written off.

Where restriction of consumption applies to an electricity service, applicants may not refuse to be restricted. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.

The writing off of any arrears is strictly subject to the provision that the property may not be sold within a period of three years from the date that the owner qualify as a registered indigent. In the case of the property being sold within a period of three years the arrear debt, excluding any further accumulated interest, will be recovered before a clearance certificate is issued.

16.4 Other debt collection methods

The debt collection methods mentioned in the paragraphs above are not an exhaustive list of methods that can be applied to collect debts and any other methods that can be initiated will be implemented with the approval of board.

SECTION 17: ARRANGEMENTS TO PAY ARREAR DEBT
--

Arrangements to pay outstanding and due amounts in consecutive instalments:-

17.1 Residential Households

One of the key objectives of debt collection is to encourage consumers to start paying their monthly accounts in full. The growing average balances on consumer accounts necessitate that innovative ideas be implemented to encourage consumers to pay off their arrears. At the same time it is also of utmost importance that regular payers not be discouraged through the implementation of any possible incentives.

The main aim of an arrangement agreement will be to promote full payment of the current account and to address the arrears on a consistent basis.

A consumer may enter into a written payment agreement with the entity to repay any outstanding and due amount to the entity under the following conditions:-

- i. The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly instalments;
- ii. The current monthly amount must be paid in full; and
- iii. The written agreement has to be signed on behalf of the entity by a duly authorised officer.

The agreement will be compliant with the requirements of the National Credit Act where applicable.

In order to determine monthly instalments a comprehensive statement of assets and liabilities as well as the statement of income and expenditure of the consumer must be compiled and submitted by the consumer on application. To ensure the continuous payment of such arrangement the amount determined must be affordable to the consumer, taking into account that payment of the monthly current account is a prerequisite for concluding an arrangement.

The entity may from time to time introduce incentive schemes to improve the debt collection rate.

During the time of the debt collection process, but before the debt is handed over to the attorneys a consumer may enter into an arrangement to pay off arrear debt, which will be made an order of court by agreement in terms of the Rules of the Court. A consumer who cannot pay their arrear debt may enter into an arrangement to pay the account over an extended period of time.

No arrangements will be entertained by the entity on a debt that has been handed over for legal collection.

The Entity will entertain only one arrangement with a consumer to pay off arrear debt. Failure to abide by the arrangement will result in:

- i. the arrangement being terminated with immediate effect; and
- ii. the outstanding balance being immediately become due and payable;

The consumer by signing the arrangement agreement to pay off arrear debt acknowledges the following:

- i. The debt is owed to the Entity.
- ii. That on default of the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the consumer or the consumer will be blocked from the purchase of electricity on the prepayment system, and legal proceedings will be instituted to collect the debt.
- iii. That the consumer will be liable for all costs, which includes legal costs on an attorney client basis incurred to collect the debt.

17.2 Arrangements by businesses

At the date of the arrangement a minimum of 50% of the capital arrear debt must be paid immediately.

The balance of the debt which includes the capital amount and interest must be paid over a 6 to 12 month period provided payments are made monthly by the due date. Only the Chief Financial Officer may approve any extension on this arrangement.

The total monthly instalment must include the current monthly charges plus the amount to pay off arrear debt.

Arrangement by businesses to pay off arrear debt will only be entertained for debt on which debt collection actions have been taken and which actions are in an advanced stage.

Centlec (Soc) Ltd - Credit Control & Debt Collection Policy

During the time of the debt collection process, but before the debt is handed over to the attorneys a consumer may enter into an arrangement to pay off arrear debt, which will be made an order of court by agreement in terms of the Rules of the Court.

No arrangements will be entertained by the entity on a debt that has been handed over for legal collection. Failure to maintain the arrangement will result in interest being reversed and full debt collection being implemented, with no possibility of reprieve.

Any arrangement outside of the foregoing must be approved by the Accounting Officer (CEO). This function cannot be delegated.

*NB! The principal debt on all arrangement shall be the amount outstanding as at the date of the arrangement excluding the current amount due less the deposit paid for the arrangement. The principal amount owing after the deposit payable on the acknowledgement of debt form shall be the principal amount captured in the system.

SECTION 18: ARRANGEMENTS TO PAY TAMPERING FINES

Arrangements to pay outstanding tampering fines will made as follows.

The total amount of the penalty for tampering fines comprises of two parts:

- i. Cost of the fine
- ii. Cost of the reconnection

The cost of the fine should be paid by the customer in full as an upfront deposit before an arrangement can be made and the electricity is restored. The remaining part which is the cost of reconnection will be deducted from the customer's prepaid purchases every time the customer buys electricity. A deduction of 30% of the customers purchases will be used recover the cost of reconnecting until the reconnection cost is settled in full.

SECTION 19: STAFF, DIRECTORS AND EMPLOYEES & COUNCILLORS OF MANGAUNG METROPOLITAN MUNICIPALITY - PAYMENT OF ARREARS

All existing staff, directors and employees and councillors of Mangaung Metropolitan Municipality who are in arrears will have not entered into an agreement to pay arrears must do so as soon as their accounts fall in arrears, failure which will result in debt collection actions in terms of this policy being instituted.

All staff joining the entity must within thirty days sign an agreement to pay arrears.

- i. The repayment period for staff, directors and employees and councillors of Mangaung Metropolitan Municipality shall not exceed twelve months.
- ii. All agreements with Directors, Councillors and other employees of term contracts must not exceed the expiry date of their term of office.

SECTION 20: ADMINISTRATION ORDERS - PAYMENT OF ARREARS

On notification that an order for administration in terms of section 74 of the Magistrates Court Act, 1944 order has been granted, entity will manage the debt that is part of the administration order separately to the current account.

The consumer concerned will be responsible for the payment of the current monthly account and if the consumer defaults on the payment of the account, debt collection action will be implemented.

SECTION 21: ALLOCATION OF PART PAYMENTS AND APPROPRIATION OF DEPOSITS

If an accountholder pays only part of an overdue account, the payment shall be allocate such follows to in relation to that account:

- **firstly**, to any additional charges levied by the entity in respect of legal expenses, disconnection or reconnections of services in respect of the account or property concerned;
- **secondly**, to any unpaid interest raised on the account;
- **thirdly**, to the arrear electricity account
- **fourthly**, to the current electricity account;

This sequence of allocation shall be followed despite any instructions to the contrary given by the accountholder.

SECTION 22: CERTIFICATES REQUIRED FOR TENDERS

A person or an institution reacting to a tender published by Centlec (SOC) Ltd and / or Mungaung Metropolitan Municipality or wishing to enter into a contract to either provide services or goods to Centlec (SOC) Ltd and / or Mungaung Metropolitan Municipality must produce a certificate, on the prescribed form, which states that regular payment of rates and services accounts are maintained and that the accounts are currently up to date.

A person who fails to provide such a certificate shall be disqualified from the tendering process. A person who has an existing arrangement with the entity and / or Mungaung Metropolitan Municipality for the payment of arrears shall be exempted from the foregoing provisions to the extent of the arrears.

SECTION 23 POWER OF ENTRY AND INSPECTION

For any purpose related to the implementation or enforcement of this policy, and at all reasonable times, or in an emergency, a duly authorised representative of the entity may enter premises, request information and carry out such inspection or examination, as he or she may deem necessary:-

- a) with regard to the installation or repair of any meter or service connection or reticulation; or
- b) so as to limit, discontinue, disconnect or reconnect the provision of electricity service.

If the entity considers it necessary that work be performed to enable the foretasted authorised representative to perform a function referred to in preceding paragraph properly and effectively, then it may:

- a) by written notice require the owner or occupier of the premises, at his or her own expense, to do specific work within a specified period; or
- b) if, in its reasonable opinion, the situation is a matter of urgency, then the entity may do such work, or cause it to be done, at the expense of the owner or occupier, and without written notice.

If the work referred to above is carried out for the sole purpose of establishing whether a contravention of this policy has been committed, and no such contravention has taken place, then the entity shall bear the expense connected therewith, together with the expense of restoring the premises to its former condition.

SECTION 24: NOTICES

A notice or document issued by the entity in terms of this policy shall be deemed to be duly issued if signed by a duly authorised representative of the entity.

If a notice is to be served on a person in terms of this policy then such service shall be effected by:

- a) delivering the notice to him or her personally, or to his or her duly authorised agent or by postage to the official address as noted on the system;
- b) delivering the notice at his or her residence or place of employment, to a person apparently not less than 16 (sixteen) years of age, and apparently residing or employed there;
- c) if he or she has nominated an address for legal purposes, delivering the notice to such an address;
- d) Postage addressed to his or her last known address;
- e) in the case of a body corporate, delivering it to the registered office or the business premises of such a body corporate; or
- f) if service cannot be effected in terms of the foregoing subsections, by affixing it to the principal door of entry to the premises or displaying it in a conspicuous place on the property to which it relates.

SECTION 25: OFFENCES AND PENALTIES

Any person who commits any of the following acts, shall be guilty of an offence:-

- a) fails to give the access required by a duly authorised representative of the entity in terms of this policy;
- a) obstructs or hinders a duly authorised representative of the entity in the exercise of his or her powers or performance of functions or duties in terms of this policy;
- b) unlawfully uses or interferes with entity's equipment or the consumption of services supplied to any consumer;
- c) tampers with or breaks any seal on a meter or on any equipment belonging to the entity, or causes a meter not to register properly the service used;
- d) illegally connects and / or reconnects electricity;
- e) fails, or refuses, to give a duly authorised representative of the entity such information as he or she may reasonably require for the purpose of exercising or performing his or her powers or functions in terms of this policy, or gives such representative false or misleading information, knowing it to be false or misleading; or
- f) contravenes or fails to comply with a provision of this policy.

SECTION 26: REPORTING

The Chief Financial Officer shall report monthly to the Accounting Officer (CEO) in a suitable format to enable the CEO to report to the board of directors.

The board shall, quarterly every financial year, report to the Mangaung Metropolitan Municipality the implementation and enforcement of the entity's Credit Control and Debt Collection policy.

This report shall contain particulars on cash collection statistics, showing high-level debt recovery information including amongst others numbers of customers, enquiries, arrangements, default arrangements, growth or reduction of arrear debt.

Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.

SECTION 27: REVIEW AND APPROVAL

This policy and underlying strategies will be reviewed at least annually, or as necessary, to ensure its continued application and relevance.

Approved by the board of directors on _____:

Signed: _____

Chairperson of the Board

Date: _____