POLICY TITLE	CREDIT CONTROL, DEBT COLLECTION and IMPAIRMENT POLICY
DATE OF APPROVAL	22 May 2025
REVIEW DATES	21.05.2026

1. OBJECTIVE

The objective of the Credit Control and Debt Collection Policy is to provide guidance in how to manage debtors and collect long outstanding debts in line with the provision of the Municipal Finance Management Act, The Municipal Systems Act and applicable by-laws.

The Policy has been compiled in compliance with the Local Government: Municipal Systems Act 32 of 2000 (the Systems Act), Chapter 9 S(95) – (97), which requires the adoption of a credit control and debt collection policy. The Policy aims to ensure that the Entity's approach to debt recovery is sensitive, transparent.

The objectives of this Policy are to:

a) Ensure that all money due and payable to the entity in respect of fees for tourism membership, grant funding, or interest which has or will accrue in respect of and any collection charges are collected efficiently and promptly.

b) Provide for credit control procedures and mechanisms and debt collection procedures and mechanisms.

c) Provide for the setting of realistic targets consistent with generally recognized practices and collection ratios and also the estimates of income set in the annual budget of the entity less an acceptable provision for bad debts.

d) Provide for when and when not to charge interest on overdue amounts and will be levied.

e) Provide for when or when not collection charges on the payment of any overdue amount may be levied.

f) Provide for extension of time for the payment of overdue amounts.

g) 7. Provide for the termination of services or for restrictions on the provision of services when payments are overdue.

2. CUSTOMER CARE AND MANAGEMENT

Customer Care is defined as identifying and meeting customer needs and expectations. Customer Management is ensuring that customers understand the service delivery from the entity and what the entity expects from them in turn and the recourse both the consumer and the entity have if expectations are not met.

"Credit Control" means all the functions relating to the collection of monies owed by debtors and members of South Coast Tourism.

"Customer Management" means the focusing on the consumer's needs in a responsive and pro-active way to encourage payment, thereby limiting the need for enforcement.

3. ACCOUNTS

3.1. Monthly accounts to be rendered to consumers for the amount due and payable at the address last recorded with the entity

3.2. Accounts will show the following:
- 3.2.1. the details billed within a specified period
- 3.2.2. The applicable tariff
- 3.2.3. The amount due and payable
- 3.2.4. The amount in arrears, if any,
- 3.2.5. The final date of payment

4. METHOD OF PAYMENT AND PAYMENT POINTS

4.1 Direct deposits into the Primary Bank account can be made and proof of payment can be emailed to our office.

4.2 Payment by card or cash at Head Office Reception

5. QUERIES IN RESPECT OF ACCOUNTS AND MEMBERSHIP

5.1. All account and membership queries can be logged at the Head Office, based at 16 Bisset Street, Port Shepstone.

5.2. The Finance office can be contacted for all banking related queries

5.3. Written queries can be addressed to Manager: Finance & HR Administration, South Coast Tourism & Investment Enterprise, P.O. Box 570, Port Shepstone, 4240 or emailed to Deborah@sctie.co.za

5.4. An acknowledgement of receipt shall be sent to the customer within two working days.

5.5. The company endeavours to investigate a query and give feedback within ten working days.

6. UNRESOLVED CUSTOMER QUERIES

6.1. A query is regarded as unresolved when fourteen working days have passed after the query was registered.

6.2. All unresolved queries must be dealt with as follows:

6.2.1. Refer query to the Manager: Finance & HR Administration, if not resolved.

6.2.2. Refer query to the Chief Executive Officer's, if still not resolved.

6.2.3. The company expects all customers to settle their accounts on or before the due date. Should a customer have problems, in the settlement of an account the Company expects to be informed and arrangements to be entered into in respect of making good the outstanding debt.

6.2.4. If no payment is received and no proper arrangements are entered into, The GM: Finance & HR shall implement and enforce the credit control and debt collection policy as adopted by Company.

7. CREDIT CONTROL PROCEDURE

The following procedures are to be followed in cases where default of payment occurs for membership and advertising accounts raised by the Company for services rendered**.**

8. Membership

All new applications for membership will be subject to the payment of an annual membership fee.

9. ARREARS

7.1 Arrears are recognized if a member fails to pay the amount/s due and payable on or before the final date of payment.

7.2 The company will not conduct any business activity with or provide services to any business who are in arrears with their membership accounts.

7.3 Membership and membership benefits shall be suspended once 90 days from date of invoice has passed and amounts have not been settled.

7.4 A final notice may send once 180 days of due date, stipulating the procedure in the event of non-payment of the account.

7.5 7 days after the issuing of the final notice the membership shall be terminated.

7.6 By 30 June of financial year end, membership not yet paid shall be reversed to Cancelled Membership fees and the figure approved by the Board.

10. AGREEMENT FOR THE PAYMENT OF ARREARS IN INSTALMENTS.

Members requiring to pay arrears on their bills over an extended period will be assisted wherever possible. Negotiations are engaged into with regard to each individual case and, once the amount of the initial down-payment and the extension period have been accepted by both parties, an agreement is entered into.

11. IRRECOVERABLE DEBT

11.1. Debt will only be considered as irrecoverable if it complies with the following criteria:

a. all reasonable notifications and cost-effective legal avenues have been exhausted to recover a specific outstanding amount; or
b. any amount equal to or less than R500.00, or as determined by board from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
c. the cost to recover the debt does not warrant further action; or
d. it has been proven that the debt has prescribed; or
e. the debtor is untraceable or cannot be identified so as to proceed with further action; or
f. the debtor has emigrated leaving no assets of value to cost effectively recover Company's claim; or
g. it is not possible to prove the debt outstanding; or
h. a court has ruled that the claim is not recoverable; or
i. the outstanding amount is due to an irreconcilable administrative error by the Company.

12. IRRECOVERABLE DEBT

12.1. FIRST ASSESSMENT

In terms of paragraph 62 of GRAP 104, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

Since the standard is quiet broad in defining significant, the municipality will determine materiality of its debtors from time to time.

This is done by using the detailed age analysis and sorting the debtors' balances from largest to smallest value. The age analysis report is sorted in order to identify the debtors with the highest balance at year end.

12.2. SECOND ASSESSMENT

In terms of GRAP, if an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment.

The municipality has the following categories of debtors: -Business, Private Individuals and Government.

Government debt is then seen as a financial asset falling within a different credit profile to the usual community consumers. For all intents and purposes, all intergovernmental debt should be fully collectible. However, government departments have not been seen to be settling their debt within the normal period and will therefore be subjected to the provision calculation.

The impairment loss will be calculated as the difference between the assets carrying amount and the present value of estimated future cashflows discounted at the financial assets original effective interest rate.

The past payment history of consumer debtors is used as the basis to estimate the future cashflows. Once the estimated cashflow is established, it is then discounted at the effective interest rate.

The difference between the carrying value and the discounted cashflows is then the provision amount.

13. INTEREST AND ADMINISTRATIVE CHARGES

11.1 An interest rate of 11.75 % per annum will be raised on overdue accounts that are more than 30 days. This will only apply on the capital portion of the debt.

11.2 The rate of interest will be reviewed on an annual basis as part of the entity's municipality's adopted tariff structure.

11.3 Interest shall accrue 30 days from date of account on unpaid accounts. Interest shall accrue for each completed month in respect of any arrears remaining unpaid after 30 days of the account. A part of a month shall be deemed to be a completed month on the basis that interest is charged as from the first day of the account being in arrears.

11.4 Interest may only be reversed under the following circumstances–

(a) exemptions as determined by this Policy from time to time;

(b) if the entity has made an administrative error on the account;

14. AUTHORISAION

In respect of debt, schedules indicating the debtor account number, name, and amount due as well as the reason to write off the amount must be compiled

15. APPROVAL

NAME	SIGNATURE	DESIGNATION	DATE
Mr S. Dlomo		**CHAIRPERSON: SCTIE**	**21.05.2026**