

BEYERS NAUDE LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT MANAGEMENT POLICY

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1. PREAMBLE

In terms of the Constitution of South Africa, a municipality must strive, within its financial and administrative capacity, to achieve the objectives of local government which are to:

- provide democratic and accountable government for local communities
- ensure the provision of services to communities in a sustainable manner
- promote social and economic development
- promote a safe and healthy environment
- Encourage the involvement of communities and community organisations in the matters of local government .

In line with the powers and functions of municipalities as enshrined in the Constitution and in Section 96 of the Municipal Systems Act No. 32 of 2000, a municipality must collect all money that is due and payable to it and for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and the provisions of this Act.

Furthermore, a municipality is also required by the law to develop and administer by-laws for the effective administration of the matters to which it has the right to administer.

In the light of the above-mentioned legislative framework, the Beyers Naude Local Municipality has developed the Credit Control and Debt Collection policy which will assist in carrying on its mandate as legislated in the applicable laws and regulations.

2. ACRONYMS

- a) AO - Accounting Officer
- b) CFO – Chief Financial Officer
- c) CM - Council Minute/s
- d) IDP – Integrated Development Plan
- e) MM – Municipal Manager
- f) MBRR - Municipal Budget and Reporting Regulations
- g) MFMA – Municipal Finance Management Act No. 56 of 2003
- h) MSA – Municipal Systems Act
- i) SDBIP – Service Delivery and Budget Implementation Plan

3. DEFINITIONS AND INTERPRETATION

In this policy, any reference to the masculine gender includes the feminine and any corporate entity, the singular includes the plural and vice versa and, unless the context otherwise indicates -

"account" means a municipal account rendered specifying an amount or amounts available for rates, metered services, municipal charges, levies, fees, fines, taxes or any other amount or amounts payable arising from any other liability or obligation due to the municipality.

"account holder" means any person who is due to receive a municipal account, and includes a user of pre-paid electricity or water;

"applicant" means a person who applies for the supply of municipal services;

"arrangement" means a written agreement entered into between the municipality and the debtor where specific repayment parameters are agreed to

"arrears" means any amount due and payable to the municipality and not paid by the due date and includes collection charges and interest in respect of the principal amount in arrears

"authorised official" means any official or agent of the municipality who has been authorised by it or delegated by any other official holding such power to delegate, to administer, implement and enforce the provisions of the policy

"availability charge" means a fixed monthly or annual charge levied against the account holder and which is based on the cost of providing a municipal service to the premises of the account holder;

"billing" means invoicing on a municipal account to an account holder of an amount or amounts payable for rates, metered services, other municipal charges, levies, fees, fines, taxes, or any other amount or amounts payable arising from any other liability or obligation to the municipality;

"business premises" means premises utilised for purposes other than residential and excludes:

- hospitals, clinics and institutions for mentally ill persons which are operated not for gain
- museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and are open to the public, whether admission fees are charged or not
- sports grounds used for the purpose of amateur sports and or any social activities which are connected with such sports
- any property registered in the name of an institution or organisation which, in the opinion of the municipality, performs charitable work; and
- any property utilised for bona fide church or religious purposes

"consumer" means the occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if there is no occupier, then any person who has entered into a service agreement with the municipality for the supply of municipal services to such premises, or, if there is no such person, then the owner of the premises concerned;

"domestic consumer" or "domestic user" of municipal services means the person or household to whom municipal services are rendered in respect of the relevant residential property;

"Council" means the Council of the Beyers Naude Municipality or any duly authorised committee, political office bearer, official or service provider of the said municipality;

"credit control" means all the functions relating to the collection of revenue including, but not limited to the collection of monies owed to the municipality by ratepayers and the users of municipal services;

"credit control and debt collection policy" means the credit control and debt collection policy adopted by council in terms of section 96 of the Local Government Municipal Systems Act No. 32 of 2000

"due date" means the date specified as such on a municipal account for any charges payable and which is the last day allowed for the payment of such charges;

"day / days" means calendar days inclusive of Saturdays, Sundays and public holidays;

"debtor" means any person owing the municipality amounts;

"debt collection agent" means a debt collector or attorney appointed by the municipality to collect rate and service charges on its behalf;

"debt collection" means the activity to collect monies owed by a debtor;

"debt impairment allowance" means irrecoverable amount, calculated on the billing debtors as at 30 June of the current financial year, by which the debtors' balance is reduced in the Annual Financial Statements

"defaulter" means any person owing arrear monies to the municipality in respect of taxes and services

"estimated consumption" means the deemed consumption of a customer, that was not measured for the specific period, but estimated by taking into account factors that are considered relevant by the Municipality and which may include consumption data for a specific time in its possession and where applicable, having made due allowance where possible for seasonal or other variations which may affect consumption

"indigent debtor" means:

- the head of an indigent household who applied for and has been registered as indigent in terms of the Municipality's indigent Policy for the provision of free basic services from the Municipality; and
- orphaned minor children duly represented by their legal and/or de facto guardians.

"indigent policy" means the Indigent Policy adopted by the Council of the Municipality.

"interest" means an amount calculated at a rate determined by the municipality on a municipal account in arrears;

"month" means one of 12 months of a calendar year;

"municipal account" means an account rendered on which is billed an amount or amounts payable to the municipality for rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation;

"municipality" means the Municipality of Beyers Naude and includes the Council, a committee, councillor, duly authorized agent thereof or any officer thereof acting in connection with this policy by virtue of a power vested in the municipality and delegated or sub-delegated to such committee, councillor, agent or officer;

"municipal manager" means the person appointed by the municipality in terms of Section 82 of the Municipal Structures Act, 1998 and includes any person:

- a) acting in such position; and
- b) to whom the municipal manager has delegated any power, function or responsibility in as far as it concerns the execution of those powers, functions or duties.

"municipal services" or **"services"** means services which the municipality either by itself or by a service provider provides for the benefit of the local community in terms of its functions and powers and which are necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger health or safety or the environment and regardless of whether or not fees, charges or tariffs are levied in respect thereof;

"occupier" means any person who occupies any premises or part thereof without regard to the title under which that person occupies, and includes -

- a) any person in actual occupation of such premises;
- b) any person legally entitled to occupy such premises;
- c) in the case of such premises being subdivided and let to lodgers or various tenants, the person receiving the rent payable by such lodgers or tenants whether for the person's own account or as agent for any person entitled thereto or interested therein;
- d) any person having the charge or management of such premises, and includes the agent of any such person when he is absent from the Republic or his whereabouts are unknown; and
- e) the owner of those premises;

"officer" means an employee of the municipality or any other person who is specifically authorized thereto by the municipality to perform any act, function or duty in terms of, or exercise any power under this policy;

"owner" means -

- a) a person in whom the legal title to a premises is vested;
- b) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- c) in the case where the municipality is unable to determine the identity of the person in whom the legal title is vested, the person who is entitled to the benefit of such premises or a building thereon;
- d) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;
- e) in relation to -
 - i. a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act 95 of 1986), and without restricting the above, the developer or the body corporate in respect of the common property; or
 - ii. a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;
- f) any legal person including, but not limited to -
 - i. a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust inter vivos, Trust mortis causa, a Closed Corporation registered in terms of the Closed Corporation's Act, 1984 (Act 69 of 1984), a voluntary association;
 - ii. any State Department;
 - iii. any Council or Board established in terms of any legislation applicable to the Republic of South Africa; and
 - iv. any Embassy or other foreign entity; and

- g) a lessee of municipal property who is deemed to be the owner for the purposes of rendering a municipal account;
- h) any owner as defined in the Local Government: Municipal Property Rates Act, 2004;

"person" includes a natural and juristic person, including any department of state, statutory bodies or foreign embassies;

"preferred customer" means a person who may be granted special concessions by the municipality;

"premises" means any piece of land, the external surface boundaries of which are delineated on -

- a) a general plan or diagram registered in terms of Land Survey, Act of 1927 (Act 9 of 1927) or in terms of the Deeds Registry Act of 1937 (Act 47 of 1937); or
- b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act 93 of 1986) and which is situated within the area of jurisdiction of the municipality; and
- c) includes any other land and any building or structure above or below the surface of any land;

"prescribed debt" means debt that becomes extinguished by prescription in terms of Prescription Act No. 68 of 1969;

"rates" means any tax, duty or levy imposed on property by the Municipality, including but not limited to, the municipal property rates envisaged in section 229(1) of the Constitution of the Republic of South Africa, No. 108 of 1996;

"registered owner" means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, No. 47 of 1937.

"responsible person" means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.

"revenue" means all monies due to the municipality and to which the municipality has the right to exact and to enforce payment of, irrespective of the reason for or the origin of its factuality;

"services agreement" means a service agreement referred to in paragraph 9 of this policy;

“sundry debtors account” means accounts raised for miscellaneous charges for services provided by the Municipality or charges that was raised against a person as a result of an action by a person and which was raised in terms of Councils policies, by-laws and decisions;

“tariff” means any rate, tax, duty and levy or fee which may be imposed by the Municipality for services provided either by it or in terms of a service delivery agreement

“tariff policy” means a Tariff Policy adopted by the Council in terms of the Section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000;

"tampering" means any unauthorized interference with the municipality's supply, seals and metering equipment and **"tamper"** has a corresponding meaning;

"unreliable customer" includes an account holder, who according to his payment record, fails to settle his municipal account by the due date or who is in arrears with payments due to council or who tampers or interferes with metering equipment, seals or the supply of municipal services.

"user" means the owner or occupier of a property or account holder of an account in respect of which municipal services are being rendered;

“working day” means a calendar day, excluding Saturdays, Sundays and public holidays.

4. OBJECTIVES OF THE POLICY

The main objectives of the policy are as follows:

- to ensure a sound and sustainable management of the financial affairs of the Beyers Naude municipality;
- to define a framework within which the municipality can develop an effective procedure to bill and collect its revenues;
- to ensure efficient and effective implementation of credit control and debt collection within the Beyers Naude municipality;
- to ensure that credit control procedures and mechanisms are consistent, fair and transparent;
- to ensure that all monies due and payable to the municipality are collected timeously and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner;
- to ensure that the treatment of indigent debtors is consistent with indigent policy;
- to ensure compliance with prevailing legislation;
- to ensure the appropriate recognition, measurement and accounting treatment of amounts owed to the municipality;
- to ensure that all amounts due to the Municipality are readily identified;
- to ensure that the invoicing and charging of consumers for municipal services is valid, accurate and complete;
- to ensure that monies collected by the Municipality are correctly captured in a timeous manner; and
- to ensure that amounts owed to the municipality are appropriately reported and monitored by those in charge of the governance of the municipality.

5. LEGAL FRAMEWORK

In terms of section 96 of the MSA, a municipality—

- a) must collect all money that is due and payable to it, subject to this Act and any other applicable legislation; and
- b) for this purpose, must adopt, maintain and implement a credit control and debt

In terms of section 97 (1) of the MSA, a credit control and debt collection policy must provide for-

- a) credit control procedures and mechanisms:
- b) debt collection procedures and mechanisms:
- c) provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents:
- d) realistic targets consistent with
 - i. general recognised accounting practices and collection ratios: and
 - ii. the estimates of income set in the budget less an acceptable provision for bad debts:
- e) interest on arrears, where appropriate;
- f) extensions of time for payment of accounts;
- g) termination of services or the restriction of the provision of services when payments are in arrears;
- h) matters relating to unauthorised consumption of services, theft and damages; and
- i) any other matters that may be prescribed by regulation in terms of section 97 (1) of the MSA

In terms of section 97 (2) of the MSA, a credit control and debt collection policy may differentiate between different categories of ratepayers, users of services, debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to unfair discrimination.

In terms of section 98 the council of the municipality must adopt by-laws to give effect to the municipality's credit control and debt collection policy, its implementation and enforcement.

Such by-laws may differentiate between different categories of ratepayers, users of services, debtors, taxes, services, service standards and other matters, and, if

so, must ensure that such differentiation does not amount to unfair discrimination.

In terms of section 99 of the MSA, a municipality's executive committee or executive mayor or, if a municipality does not have an executive committee or executive mayor, the municipal council itself or a committee appointed by it, as the supervisory authority must:

- a) oversee and monitor:
 - i. the implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98; and
 - ii. the performance of the municipal manager in implementing the policy and any by-laws;
- b) when necessary, evaluate or review 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 procedures; and
- c) at such intervals as may be determined by the council report to a meeting of the council, except when the council itself performs the duties mentioned in paragraphs (a) and (b).

In terms of section 100 of the MSA, the municipal manager or service provider must:

- a) implement and enforce the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98;
- b) 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 that is due and payable to the municipality; and
- c) at such intervals as may be determined by the council report the prescribed particulars to a meeting of the supervisory authority referred to in section 99.

In terms of section 101 of the MSA, the occupier of premises in a municipality must give an authorised representative of the municipality or of a service provider access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict the provision of any service

In terms of section 102 (1) of the MSA, a municipality may:

- a) consolidate any separate accounts of persons liable for payments to the municipality;
- b) credit a payment by such a person against any account of that person; and
- c) implement any of the debt collection and credit control measures provided for in this Chapter in relation to any arrears on any of the accounts of such a person.

In terms of section 102 (2) of the MSA, subsection (1) does not apply where there is a dispute between the municipality and a person referred to in that subsection concerning any specific amount claimed by the municipality from that person.

In terms of section 103 of the MSA, a municipality may:

- a) with the consent of a person liable to the municipality for the payment of rates or other taxes, or fees for municipal services, enter into an agreement with that person's employer to deduct from the salary or wages of that person:
 - i. any outstanding amounts due by that person to the municipality; or
 - ii. such regular monthly amounts as may be agreed upon
- b) provide special incentives for:
 - i. employers to enter into such agreements; and
 - ii. employees to consent to such agreements.

6. ACCOUNTING FRAMEWORK

In terms of section 122 of the MFMA, the municipality must prepare its annual financial statements in accordance with Generally Recognised Accounting Practices prescribed in terms of section 91 (1) (b) of the Public Finance Management Act.

In terms of the prevailing accounting standard (**GRAP 104: Financial Instruments**) which is applicable to the Credit Control and Debt Collection policy, financial instruments should be recognised only when an entity becomes a party to the contractual provisions of the instrument and the initial measurement depends on the category to which the financial instrument has been classified.

7. ROLES AND RESPONSIBILITIES

Mayor / Municipal Council

The municipality's Executive Committee or Executive Mayor or, if the Municipality at any point in time does not have an Executive Committee or Executive Mayor, the municipal council or committee appointed by it, must:

- a) Oversee and monitor the implementation and enforcement of the Municipality's Credit Control and Debt Collection Policy and the By-Laws and the performance of the Municipal Manager in implementing and overseeing the policy and the By-Laws
- b) When necessary, evaluate or review the policy and any by-laws, or the implementation of the policy and by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures
- c) Report to a meeting of the council, except when the council itself performs the duties mentioned above, at such intervals as Council may determine.

Municipal Manager

The role of the municipal manager, as the accounting officer of the municipality, is defined in Chapter 9 of the MSA and Chapter 8 of the MFMA, and includes the following in relation to credit control and debt management:

- a) responsibility for implementing the credit control and debt collection policy and any by-laws
- b) establishment of an effective administration mechanism, processes and procedures to collect money that is due and payable to the Municipality.
- c) accountability to the Executive committee for the enforcement of the policy and submission of a report to the Executive committee regarding the implementation and enforcement of the credit and debt collection policy at such intervals as may be determined by Council
- d) responsibility for managing the financial administration of the municipality
- e) ensuring that the municipality has and implements a credit control and debt collection policy
- f) accounts for municipal tax and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical

- g) ensuring that the municipality has and maintains a system of internal control in respect of debtors and revenue
- h) reconciliation of revenue received by the municipality
- i) ensuring that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework
- j) reporting to National Treasury regarding arrear payments due by an organ of state to the municipality in respect of municipal tax or for municipal services

The Municipal Manager may, in writing, delegate any power entrusted or delegated to him or her in terms of Council's credit control and debt collection by-law to the Chief Financial Officer, including:

- a) Installing and maintaining an appropriate accounting system.
- b) Billing of customers
- c) Demanding payment on due dates
- d) Raising penalties for defaults
- e) Appropriation of payments received
- f) Collection of outstanding debt
- g) Providing different payment methods
- h) Determining credit control and debt collection measures
- i) Determine all relevant work procedures for, inter alia, public relations, arrangements, and disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes
- j) Instructing attorneys to proceed with the legal process
- k) Setting performance targets for staff
- l) Appointing staff to execute Council's policy and by-laws
- m) Delegating certain functions to heads of departments
- n) Determining control procedures
- o) Monitoring contracts with service providers in connection with credit control and debt collection.

Chief Financial Officer

The Chief Financial Officer (CFO), of the Beyers Naude Municipality (administratively in charge of the budget and treasury office) must:

- a) advise the accounting officer on the exercise of powers and duties assigned to the accounting officer in terms of the MFMA;
- b) assist the accounting officer in the administration of the municipality's bank accounts and in preparation and implementation of the municipality's budget;
- c) advise senior managers and other senior officials in the exercise of powers and duties assigned to them;
- d) perform such budgeting, accounting, analysis, financial reporting, cash management, debt management, supply chain management, financial management, review and other duties delegated by the accounting officer to the chief financial officer;
- e) account to the accounting officer (Municipal Manager), for the performance of the duties referred to above.

8. EXEMPTION OF ACCOUNT HOLDER

If the application or operation of a provision of this policy will unreasonably affect an account holder, category of account holders or other persons, the municipality or its authorized representative may, in writing, exempt such account holder, category of account holders or other persons from complying with such provision, subject to such conditions it may determine.

The municipality or its authorized representative, may, however, not grant exemption from any provision of this policy if such exemption may result in:

- a) the wastage or excessive consumption of water or electricity;
- b) the evasion or avoidance of water or electricity restrictions;
- c) significant negative effects on public health, safety or the environment;
- d) the non-payment for services;
- e) the installation of pipes and fittings which are not acceptable in terms of the municipality's prescribed standards; or
- f) any Act, or any regulation made under it, not being complied with.

9. APPLICATION FOR SUPPLY OF MUNICIPAL SERVICES AND SERVICE AGREEMENTS

- a) No services will be supplied to a property unless and until an application for such services has been made by the occupier thereof; and-
 - i. a services agreement in the format prescribed by the municipality has been entered into between such owner and the municipality;
 - ii. a services deposit provided for in paragraph 10 has been paid by such owner.
- b) An application for the supply of services to any premises must be made at the municipal offices at least four working days (or such lesser period as may be accepted by the municipality) prior to the service being required;
- c) An application in terms of subparagraph (b) must comply with the conditions determined by the municipal manager;
- d) An occupier of a property may be permitted to make application for the supply of services to a leased property provided that, in such event, the application for services shall also be signed by the owner of the property concerned or his duly authorized agent;
- e) By signing the application for the supply of services, such occupier acknowledges that he will be bound by the provisions of this policy and be primarily liable for all amounts due and owing to the municipality in terms thereof.

10. DEPOSITS

- a) On approval of an application for services and before such services are made available to the property to which the application relates, the municipality may require the applicant -
 - i. to deposit with it a sum of money which amount shall serve as security for any amounts due and owing to the municipality in respect of such services; or
 - ii. in lieu of such deposit, to provide any other acceptable form of security; and
 - iii. to agree to any special conditions relating to the payment of the municipal account in respect of rates owing on the property and any

other amounts due to the municipality in respect of services provided to such property and the utilization of monies deposited with the municipality as security for such amounts;

- b) The municipal manager may, from time to time, review the sum of money deposited in terms of this paragraph or the amount for which additional security is required;
- c) The municipal manager may, from time to time, in respect of preferred customers, approve a relaxation of the conditions pertaining to deposits as set out in subparagraph (a) above;
- d) On termination of the supply of services rendered to the property concerned, the amount of such deposit, less any payments due to the municipality, will be refunded to the account holder.
- e) No interest shall be payable by the municipality on the amount of the deposit held by the municipality in held in terms of this paragraph.

11. BILLING AND PAYMENT

- a) The account holder must pay all amounts due to the municipality as reflected in the municipal account and the onus is on him to verify the accuracy of such account.
- b) An account holder must pay for metered services, rates, other municipal charges, levies, fees, fines, interest, taxes or any other liability or obligation from the date of origin of such municipal charges until, where applicable, the written termination of the services in respect of which such charges are levied.
- c) An account holder -
 - i. must, where possible, be rendered one account, on which the due date for settlement of the total amount owing is reflected 16th of each month, and
 - ii. subject to the provisions of paragraph 12 of this policy, must be billed monthly in cycles of approximately 30 days;
- d) Payment of an account must be received by the municipality on or before the close of business on the due date for payment thereof.
- e) Payment made via electronic media or from any service provider appointed by the municipality to receive payments on its behalf, should be made at

least four working days before the due date reflected on an account to enable such payment to be processed and interest accrued on the amount due in the event of the municipality receiving payment after the due date.

- f) Where an account holder effects payment of an account via a service provider four working days or more before the due date for payment and such service provider fails to furnish the municipality with the relevant payment details, the service provider concerned may be held liable for all charges incurred by the municipality in recovering any arrear amount erroneously reflected on the account of such account holder as well as for interest charges raised on such arrear amount and the municipality shall be entitled to deduct any amounts owing to it by such service provider from any commission payment due to him.

12. ESTIMATION OF METERED SERVICES

The municipality may estimate the quantity of metered services supplied in respect of a period or periods within the interval between actual successive readings of meters which intervals may not exceed 3 months and may render an account to an account holder for the quantity of metered services so estimated. Any amount paid by an account holder as a result of an assessment in terms of this paragraph will be brought into account when the actual reading is undertaken and any amount overpaid by such account holder shall be deducted from the amount due by him as a result of a successive assessment.

13. DISPUTE AS TO ACCURACY OF AN ACCOUNT

- a) If an account holder is dissatisfied with an account rendered for metered services supplied by the municipality, he may, prior to the due date stipulated thereon, object to the account in writing on a form to be made available for this purpose by the municipality. He must fully state on such form the reasons for his dissatisfaction with the relevant account. The onus is on the account holder to ensure that he receives a written acknowledgement of receipt of dispute.
- b) Should any dispute arise as to the amount owing by an account holder, he must, notwithstanding such dispute, by the due date proceed to make regular payments based on the calculation of the average municipal account for the preceding three months, as determined by the municipal manager, plus any interest accrued on the amount so calculated prior to the declaration of the dispute.

- c) An error or omission in any account or the failure to render an account to an account holder does not relieve him of his obligation to pay all amounts due to the municipality by the due date.

14. MISUSE OF WATER OR ELECTRICITY

- a) If an account holder used water or electricity for a use other than that for which it was supplied by the municipality and was, in consequence, not charged for water or electricity so used, or was charged for such water or electricity at a rate lower than the applicable rate, he will be liable for the amount due to the municipality in accordance with the prescribed charge in respect of-
 - i. the quantity of water or electricity which he used and for which he was not charged; or
 - ii. the difference between the cost of the water or electricity used by him at the rate at which he was charged and the cost of the water or electricity at the rate at which he should have been charged.
- b) An account holder is not entitled to a reduction of the amount payable for metered services which are lost due to a fault in the meter, until such time as the provisions of paragraph 27(c) have been complied with.

15. ACCOUNTS MANAGEMENT

The municipality may, except in the case of a disputed amount due to it -

- a) consolidate any separate accounts of an account holder liable for payment to the municipality; and
- b) credit any payment (full or part) by an account holder against any debt due by that account holder to the municipality.

16. ANNUAL PAYMENT OF RATES

The owner of property may enter into an agreement with the municipality in terms of which payment for rates is made annually; in which case, payment must be made on or before 30 September.

17. TERMINATION OF SERVICES AGREEMENT

- a) Notice of termination of a service agreement must be given to the other party in writing.
- b) Where a property is sold, the owner thereof may terminate a service agreement by giving the municipality not less than four working days' prior notice in writing of such termination.
- c) The owner of a property giving notice to the municipality in terms of subparagraph (b) shall also, in the notice of termination, supply to the municipality the full names and contact details of the person to whom he has sold the property.
- d) An owner who fails to comply with the provisions of subparagraphs (b) and (c) shall remain primarily liable for all charges raised in respect of the property concerned until such time as he complies with these subparagraphs.
- e) The municipality may, by notice in writing of not less than 14 working days, advise an account holder of the termination of the agreement for a supply of municipal services if-
 - i. such account holder has committed a breach of any provision of this policy and/or the services agreement and has failed to rectify such breach after due notice to so rectify has been given to him or his authorized representative ; or
 - ii. the municipality cannot continue to supply such account holder with municipal services, due to the fact that another municipality has assumed responsibility for the provision of such services either in terms of a contract entered into between the municipality and such other municipality or due to the operation of law.
 - iii. such action is necessary due to unforeseen circumstances or circumstances lawfully requiring such action.

18. ARRANGEMENTS FOR PAYMENTS

- a) Should an account holder, before any of the steps have been taken in terms of paragraph 22 not be able to pay a municipal account in full, he

may approach the municipality with the aim of making short-term arrangements to settle the account.

- b) Should an account holder, after any of the steps have been taken in terms of paragraph 22 experience difficulty in paying a municipal account, he may approach the municipality with the aim of making arrangements to settle the account, and, in such event, the account holder must enter into a written agreement with the municipality wherein he undertakes to pay the outstanding and due amount plus any interest accrued on such amount under the conditions and on a basis determined by the municipal manager.
- c) The written agreement referred to in sub-paragraph (b) must be signed on behalf of the municipality by a duly authorized officer.
- d) Where arrangements for the payment of arrear amounts have been made by the account holder, the municipality may -
 - i. review the deposit paid by such account holder;
 - ii. require such account holder to pay arrear and current amounts by means of a stop or debit order;
 - iii. require such account holder to convert to a pre-paid metering system; or
 - iv. require any other form of security from or on behalf of the account holder concerned, including personal suretyship by the directors or members of a company, closed corporation, trust or body corporate.

19. INTEREST ON OVERDUE MUNICIPAL ACCOUNTS

- a) The municipality may charge and recover interest at a rate determined by it in respect of any arrear amounts due and payable to it by an account holder.
- b) Irrespective of the reason for non-payment or where an arrangement has been made in terms of paragraphs 18(a) and (b) interest accrues on amounts stated on any unpaid account.
- c) Interest is calculated monthly according to the interest rate determined by the municipality and a portion of a month will be regarded as a full month.
- d) Interest is payable, if payment is not received by a payment office of the municipality or to the credit of the bank account of the municipality at the

close of business on the due date for payment of an account rendered to an account holder.

20. DEBT COLLECTION MECHANISMS

- a) The monthly municipal account will serve as a final notice of payment due by the account holder. After fifteen (15) calendar days after each monthly due date for payment (as stipulated in terms of paragraph 11), account holders who did not pay their accounts in full or did not pay according to their arrangements or did not approach the municipality for arrangements to pay back the outstanding amount or did not apply for indigent status, electricity will be blocked to that household.
- b) Account holders will only be unblocked after payments or agreements are being made to the satisfaction of the municipal manager or chief financial officer.
- c) The municipal manager will yearly issue a letter to each household to explain the above to ensure that households are aware of the credit policy.
- d) A notice letter of handover will be sent to the account holder at least ninety (90) calendar days after termination of services.
- e) Handover will be done at least fourteen (14) calendar days after sending the notice letter to the account holder.

21. TAMPERING WITH A METERED SUPPLY

- a) In the event of an account holder not paying an account in respect of a metered service which has been disconnected or restricted, the premises to which such service has been supplied must be visited at regular intervals to ensure that such metered supply remains disconnected or restricted, and if it is found that a disconnected or restricted supply has been restored -
 - i. the municipality has the right to take such action as it is authorized to undertake in terms of paragraph 35 of this policy and the account holder will be responsible for the prescribed fees or charges or damages caused as a result of such action;
 - ii. the municipality may refuse to supply services for a period determined by it ; and
 - iii. in the case of the use of a pre-paid meter, the municipality may cease further vending of pre-paid services.
- b) Where a duly authorized officer has visited premises for the purpose of disconnecting or restricting a metered supply and was obstructed or

prevented from effecting such disconnection or restriction, an amount equal to the prescribed fee for a reconnection is payable for each visit necessary for the purpose of effecting such disconnection or restriction provided that such disconnection or restriction shall only be attempted on two occasions.

22. CREDIT CONTROL MECHANISMS

- a) In order to secure full payment of any amounts owing to it by an account holder, the municipality may-
- i. require such account holder to convert to another metering system;
 - ii. allocate a portion of any pre-paid meter payment made by the account holder to other debts owned by such account holder to the municipality;
 - iii. publish a list of account holders who remain in default;
 - iv. withhold payment of a grant-in-aid to an account holder indebted to the municipality and, subject to the provisions of paragraph 38, exclude such account holder from the tender process;
 - v. withhold payments due to an account holder in respect of contracts awarded to such account holder by the municipality until arrear amounts owed to the municipality have been paid;
 - vi. review and alter the conditions of the service agreement entered into with an account holder;
 - vii. institute legal proceedings against an account holder for the recovery of debt owed by him to the municipality;
 - viii. classify an account holder as an unreliable customer;
 - ix. use the services of external debt collection specialists or agencies to recover debts owed to the municipality by account holders;
 - x. insist that an account holder owing debts to the municipality converts to a pre-paid meter at the cost of such account holder; or
 - xi. employ any other method authorized by the municipality from time to time to recover arrear amounts owing to it by account holders.

- b) The cost of collection of any outstanding debts, where applicable, is for the account holder's account.
- c) The right to deny, restrict, disconnect or terminate services due to the non-payment for any rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable and arising from any other liability or obligation continues notwithstanding the fact that -
 - i. payment was intended for any specific service; or
 - ii. the person who entered into a service agreement for the supply of services with the municipality and the owner are different entities or persons, as the case may be.

23. RECOVERY OF ARREAR RATES FROM TENANTS AND OCCUPIERS

- a) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the due date, the municipality may, subject to subparagraphs (b) and (c) recover such arrear amount in whole or in part from a tenant or occupier thereof, despite any contractual obligation to the contrary on the tenant or occupier concerned.
- b) The municipality may recover an amount referred to in subparagraph (a) only after it has served a written notice of such recovery on the tenant or occupier concerned.
- c) The amount the municipality may recover from the tenant or occupier of a property in terms of subparagraph (a) is limited to the amount of the rent or other money due and payable, but not yet paid, by the said tenant or occupier to the owner of such property.
- d) Nothing in this paragraph shall prevent the tenant or occupier of the property concerned from setting off the amount paid by him to the municipality in terms of thereof from the owner of the relevant property.
- e) The tenant or occupier of a property must, on request, furnish the municipality with a written statement specifying all payments to be made by him to the owner of the property concerned in respect of rent or other money payable on such property during a period determined by the municipality.

24. RECOVERY OF ARREAR RATES FROM AGENTS

- a) The municipality may, despite the Estate Agents Affairs Act, 1976 (Act No. 112 of 1976), recover the amount due for rates on a property in whole or in part from the agent of the owner thereof, if this is more convenient for the municipality.
- b) The municipality may recover the amount due for rates from the agent of the owner concerned only after it has served a written notice of its intention to do so on the relevant agent.
- c) The amount a municipality may recover from the said agent shall be limited to the amount of any rent or other money received by him on behalf of the owner, less any commission due to him by the owner.
- d) An agent must, on request by the municipality, furnish it with a written statement specifying all payments for rent on the property and any other money received by him on behalf of the owner during a period determined by the municipality.

25. METERING EQUIPMENT AND METERING OF SERVICES

The municipality may introduce various types and systems of metering equipment and may encourage account holders to convert to a system which will benefit both the municipality and such account holders.

26. METERING EQUIPMENT AND MEASURING OF CONSUMPTION

- a) The municipality must, at a consumer's cost in the form of a direct charge or prescribed fee, provide, install and maintain appropriately rated metering equipment at the point of metering for measuring metered services.
- b) The municipality reserves the right to meter the supply to a block of shops, flats, tenement-houses and similar buildings in a building as a whole or for an individual unit or for a group of units.
- c) Where any building referred to in subparagraph (b) is metered by the municipality as a whole -
 - i. the owner may, at own cost, provide and install appropriate sub-metering equipment for each shop, flat and tenement; or

- ii. the municipality may require the installation, at the account holder's expense, of a meter for each unit in such building in separate occupation for the purpose of determining the quantity of metered services supplied to each such unit.
- d) Where the electricity used by consumers is charged at different tariffs, the consumption must be metered separately for each tariff.
- e) Where sub-metering equipment is installed, accommodation separate from the municipality's metering equipment must be provided where appropriate.
- f) Except in the case of pre-payment meters, the quantity of metered services used by a consumer during any metering period is ascertained by reading the applicable meter or meters supplied and installed by the municipality at the beginning and end of such metering period, except where the metering equipment is found to be defective.
- g) For the purpose of calculating the amount due and payable for the quantity of metered services consumed, the same quantity of metered services is deemed to be consumed during every period of 24 hours between readings.

27. METER ACCURACY

The following apply to the accuracy of metering:

- a) a meter is conclusively presumed to be registering accurately if its error, when tested in the manner prescribed in the applicable standard specifications, is found to be within the limits of error as provided for in such standard specifications;
- b) the municipality has the right to test its metering equipment, and if it is established by test or otherwise that such metering equipment is defective, the municipality must -
 - i. in the case of a credit meter, adjust the account rendered to the consumer in respect of the affected service ; or
 - ii. in the case of prepayment meters:
 - render an account to the consumer where the meter has been under-registering; or

- issue a free token to the consumer where the meter has been over-registering; and
- c) the consumer is entitled to have the metering equipment tested by the municipality on payment of the prescribed fee, and if such equipment is found not to comply with the system accuracy requirements as provided for in the applicable standard specifications, an adjustment in accordance with the provisions of subparagraph (b) and paragraph 26(g) must be made and the aforesaid fee must be refunded to such consumer.
 - d) Prior to the municipality making any upward adjustment to an account in terms of subparagraph (b), it must -
 - i. notify the consumer in writing of the monetary value of the adjustment to be made and the reasons therefor;
 - ii. in such notification, provide sufficient particulars to enable the consumer to submit representations thereon; and
 - iii. call upon the consumer in such notice to present it with reasons in writing, if any, within 21 days or such longer period as the municipality may permit, why such consumer's account should not be adjusted as notified; and
 - iv. in the event of the consumer failing to submit any representation during such period, the municipality will be entitled to adjust the account as notified to the consumer in terms of subparagraph (i).
 - e) The municipality must consider any representations made by the consumer in terms of subparagraph (d) and may adjust the account appropriately.
 - f) If the municipal manager decides that such representations do not establish a case warranting an amendment to the monetary value established in terms of subparagraph (k), the municipality will be entitled to adjust the account as notified to the consumer concerned in terms of subparagraph (d)(i).
 - g) In terms of Section 62 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), the consumer has the right to lodge an appeal against the decision of the official taken in terms of this paragraph.
 - h) No consumer may make alterations, repairs, additions or connections of any description on the supply side of the point of metering unless such action is specifically approved in writing by the municipal manager.
 - i) Meters are tested in the manner provided for in the applicable standard specifications applying to the relevant service.

- j) When an adjustment is made to the consumption registered on a meter in terms of subparagraph (b) or (c), such adjustment is based either on the percentage error of the meter as determined by the test referred to in subparagraph (a), or upon a calculation by the municipality from consumption data in its possession, and, where possible, due allowance must be made for seasonal or other variations which may affect consumption.
- k) When an adjustment is made as contemplated in subparagraph (j), such adjustment may not exceed a period of six months preceding the date on which the metering equipment was found to be inaccurate. The application of this subparagraph does not, however, bar a consumer from claiming back overpayment for any longer period where he is able to prove his claim through normal legal process.

28. DISPENSING WITH THE USE OF A METER

The municipality may dispense with the use of a meter in case of an automatic sprinkler fire installation or in special circumstances that may justify such dispensation.

29. PROHIBITION OR RESTRICTION OF CONSUMPTION OF METERED SERVICES

The municipality may, by notice -

- a) prohibit or restrict the consumption of metered services -
 - i. for specified or non-specified purposes;
 - ii. during specified hours of the day or on specified days or otherwise than during specified hours of the day or on specified days; and
 - iii. in a specified or non-specified manner; and
- b) determine and impose -
 - i. limits on the quantity of metered services which may be consumed over a specified period;
 - ii. charges additional to those prescribed in respect of the supply of metered services in excess of a limit contemplated in subparagraph (i); and

- iii. a general surcharge on the prescribed charges in respect of the supply of metered services; and
- c) impose restrictions or prohibitions on the use or manner of use or disposition of an appliance by means of which metered services is used or consumed or on the connection of such appliance.
- d) The municipality may limit the application of the provisions of a notice contemplated by subparagraph (a) to specified areas and classes of account holders, premises and activities.
- e) The municipality may, for good reason, permit deviations and grant exemptions and relaxations from the provisions of this paragraph.

30. MEASURES TO ENSURE COMPLIANCE WITH PROHIBITION OR RESTRICTION NOTICE

- a) To ensure compliance with a notice published in terms of paragraph 29(a), the municipality may take or, by written notice, require an account holder at his expense to take such measures as may be deemed necessary, including the installation of measuring devices and devices for restricting the flow of metered services to his premises.
- b) In addition to the person by whose act or omission a contravention of or failure to comply with the terms of a notice issued in terms of paragraph 29(a) is actually committed, an account holder in respect of the premises to which metered services are supplied is presumed also to have committed the contravention or to have so failed to comply, unless evidence is adduced that such account holder had taken all reasonable steps to prevent such a contravention or failure to comply by any other person. The fact that the account holder issued instructions to the other person shall not, by itself, be accepted as sufficient proof that the account holder took all such reasonable steps.
- c) The provisions of this paragraph also apply in respect of metered services supplied directly by the municipality to account holders outside its area of jurisdiction, notwithstanding anything to the contrary in the conditions governing such supply, unless otherwise specified in the notice issued in terms of paragraph 29(a) of this policy.

31. DISCONNECTION OF METERED SERVICES WITHOUT NOTICE

- a) If action is necessary as a matter of urgency to prevent waste of metered services, refuse or sewerage, damage to property, danger to life or pollution of water, the municipality may -
 - i. without prior notice disconnect the supply of metered services to any premises; and
 - ii. enter upon such premises and do emergency work, as it may deem necessary, and, in addition by written notice, require the account holder to do, within a period specified in such notice, such further work as it may deem necessary.
- b) The municipality may recover from the account holder the cost of any work undertaken in terms of subparagraph (a) where such work was undertaken because of an unlawful act or omission by the account holder concerned.
- c) Before any metered or pre-paid metered supplies which have been disconnected or restricted for non-payment is restored, an account holder must pay all fees and charges as determined by the municipality.
- d) The municipality may, at the written request of an account holder and on the dates requested by him -
 - i. disconnect the supply of metered services to his premises; and
 - ii. upon payment of the prescribed charge for restoration, restore the supply of such services.
- e) After disconnection for non-payment of an account or a contravention of any provision of this policy, the prescribed fees must be paid before a reconnection is made.
- f) The municipal manager shall reconnect or reinstate terminated or restricted services within three (3) working days after the date on which the conditions set out in this paragraph have been met, unless the municipal manager is unable to do so because of circumstances beyond the control of the municipality.

32. READING OF CREDIT METERS

The following conditions apply to the reading of credit meters:

- a) unless otherwise prescribed, credit meters are normally read at intervals of approximately one month and the fixed or minimum charges due in terms of the applicable municipal tariff are assessed accordingly;
- b) the municipality is not obliged to effect any adjustments to the charges referred to in subparagraph (a);
- c) if, for any reason, the credit meter cannot be read, the municipality may render an estimated account and estimated consumption must be adjusted in a subsequent account in accordance with the consumption actually consumed;
- d) when an account holder vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly;
- e) if a special reading of the meter is desired by a consumer, this may be obtained upon payment of the prescribed fee; and
- f) if any calculating, reading or metering error is discovered in respect of any account rendered to a consumer -
 - i. the error must be corrected in subsequent accounts;
 - ii. any such correction applies only in respect of accounts for a period of six months preceding the date on which the error in the accounts was discovered;
 - iii. the correction is based on the actual tariffs applicable during the period in question; and
 - iv. the application of this paragraph does not prevent a consumer from claiming from the municipality any overpayment made by him for any longer period where such consumer is able to prove his claim through normal legal process.

33. PREPAYMENT METERS

The following apply to prepayment metering:

- a) no refund of the amount tendered for the purchase of electricity or water credit is given at the point of sale after initiation of the process by which the pre-payment meter token is produced; provided that this subparagraph will only apply to Standard Transfer Specification equipment (STS tokens);

- b) copies of previously issued tokens for the transfer of credit to the pre-payment meter may be issued at the request of the consumer;
- c) when an account holder vacates any premises where a pre-payment meter is installed, no refund for the credit remaining in the meter will be made to the owner of the premises concerned by the municipality;
- d) the municipality is not liable for the re-instatement of credit in a prepayment meter which has been lost due to tampering with, the incorrect use of or the abuse of a pre-payment meter installed in premises or tokens issued in respect of such meter;
- e) where an account holder is indebted to the municipality for any rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation, the municipality may deduct a percentage (40%) from the amount tendered to offset the amount owing to the municipality; and
- f) although the municipality may appoint vendors for the sale of credit or prepayment meters it does not guarantee the continued operation of any vendor so appointed.

34. RESALE OF WATER OR ELECTRICITY

- a) No account holder who is supplied with metered services in terms of this policy may sell or supply water or electricity to any other person or persons for such use upon any premises other than those in respect of which such agreement is made or permit or offer such resale or supply to be made unless prior permission from the municipality has been obtained.
- b) If the municipality grants the permission referred to in subparagraph (a), it may stipulate the maximum price at which the water or electricity may be sold and impose such other conditions as it may deem fit.
- c) The permission referred to in subparagraph (a) may be withdrawn by the municipality at any time.
- d) Where water or electricity is resold for use on the same premises, such resale must be in accordance with the tariff and subject to such conditions as the municipality may impose.

35. ADDITIONAL POWERS TO RESTRICT OR DISCONNECT SUPPLY OF SERVICES

The municipality may, in addition to any other provisions of this policy, restrict or disconnect the supply of water and electricity, or discontinue any other service to any premises if-

- a) an administration order is granted in terms of Section 74 of the Magistrates Court Act, 1944 (Act 37 of 1944) against an account holder; provided that such services will only be suspended if the account holder fails to make regular payments in respect of current services;
- b) an account holder of any service fails to comply with a condition of supply imposed by the municipality;
- c) an account holder obstructs the efficient supply of electricity, water or any other municipal services to another account holder;
- d) an account holder supplies such municipal services to any person who is not entitled thereto or permits such service to continue;
- e) an account holder causes a situation which is dangerous or a contravention of relevant legislation; or
- f) an account holder is placed under provisional sequestration, liquidation or judicial management or commits an act of insolvency in terms of the Insolvency Act, 1936 (Act 24 of 1936).

36. TAMPERING, UNAUTHORISED CONNECTIONS AND RECONNECTIONS, AND IMPROPER USE

- a) The municipality reserves the right to monitor its service network for signs of tampering or irregularities.
- b) No person may in any manner or for any reason tamper or interfere with any meter or metering equipment or service connection or service protective device or supply mains or any other equipment of the municipality.
- c) Where evidence exists of an account holder or any person having contravened subparagraph (b), the municipality has the right to disconnect the supply immediately and without prior notice to the account holder, and the account holder is liable for all fees and charges levied by the municipality for such disconnection.

- d) Where an account holder or any person has contravened subparagraph (b) and such contravention has resulted in the meter recording less than the true consumption, the municipality has the right to recover from the account holder concerned the full cost of his estimated consumption.
- e) The Municipal Manager may report such actions to the South African Police Service

37. CLEARANCE CERTIFICATE

In order to effect the transfer of any immovable property from one registered owner to another, the Registrar of Deeds requires a clearance certificate which will be issued by the Municipal Manager upon payment of the prescribed fee and subject to the conditions contained in Section 118 of the Municipal Systems Act, 2000 (Act 32 of 2000) and any applicable regulations issued under the Act being complied with.

38. TENDERS AND GRANTS-IN-AID

- a) Each tender submitted to the municipality must be accompanied by a certificate from the municipality stating that the proposed supplier/service provider is not indebted to the municipality for any arrear amount reflected on the municipal account.
- b) Should a proposed supplier/service provider be so indebted, the municipality may disallow the tender.
- c) The municipality may only consider a tender once the proposed supplier/service provider has made satisfactory arrangements to pay the outstanding amount by means of instalments or has settled all arrear amounts in full.
- d) The municipal manager or a duly authorized officer of the municipality must, in the conditions of contract, provide for the deduction from moneys owed to the supplier / service provider in order to settle any outstanding amount.

- e) Payment of any grants-in-aid approved by the municipality may be withheld pending payment of any outstanding municipal account or pending an agreement between the municipality and the receiver of a grant-in-aid in which satisfactory arrangements have been made regarding the settlement of the outstanding municipal account.

39. POWER OF COUNCIL TO RECOVER COSTS

- a) Where a bank dishonors any payment made to the municipality, the municipality may levy and recover all related costs and any administration fees against an account of the defaulting account holder and may disconnect or restrict the supplies to the premises of such account holder.
- b) All legal costs, excluding attorney-and-client costs incurred in the recovery of amounts in arrears and payable in terms of the Magistrates Court Act, 1944 (Act 32 of 1944) must be levied against the arrears account of the account holder concerned.
- c) For any action taken in demanding payment from an account holder or for reminding an account holder by means of telephone, fax, electronic mail, letter or otherwise that payments are due, a fee will be levied against the municipal account of the account holder in terms of the municipality's tariff policy.

40. PRIMA FACIE EVIDENCE

A certificate signed by the Municipal Manager and reflecting the amount due and payable to the municipality, is, upon the mere production thereof, prima facie evidence of the indebtedness of the person mentioned therein to the municipality.

41. ABANDONMENT OF BAD DEBTS, AND FULL AND FINAL SETTLEMENT OF ACCOUNT

- a) Abandonment of debt of approved Indigent Household Consumers in terms of the Municipality's Indigent Policy

The abandonment of debts owing by indigent household consumers are to be done in accordance with the indigent policy

b) Insolvency of the Debtor and Insolvent Deceased Estates

Where a debtor becomes insolvent the Municipality must ensure that a creditor's claim is timeously registered. Any amount not being recovered due to insufficient funds or if there is a risk of a contribution being made to an insolvent estate must, after notification, be written off.

In case of death of the debtor a creditor's claim must be timeously registered against the deceased's estate. Any amount not being recovered due to insufficient funds or if there is a risk of a contribution being made to a deceased estate must, after notification, be written off.

c) Untraceable Debtors

Where for any reason the forwarding address of a debtor becomes untraceable or the debtor becomes untraceable from the current address, such account must be handed over to a collection agent for recovery of the debt. The Terms of Reference for such collection agent must include the appointment of a tracing agent to locate the debtor. Should a debtor be untraceable, the collection agent must report to the Municipality on the actions that were taken to attempt to trace the debtor.

Any amount owed by a debtor that has become untraceable must, after notification, be written off or sold to a debt collection agency at a discount.

d) Before terminating the debt collection procedure in any individual instance, the Municipal Manager must -

- i. ensure that all debt collection mechanisms as provided for in paragraph 20 have been utilized where reasonable;
- ii. maintain an audit trail; and
- iii. document the reasons for terminating the debt collection procedure, including the cost of enforcement and necessary financial adjustments.

e) The municipal manager may consider an offer in full and final settlement, and must, if in the interests of the municipality, in writing give consent to the acceptance of a lesser amount on full and final settlement of the amount due and payable.

- f) Where the exact amount due and payable to the municipality has not been paid in full, any lesser amount tendered to and accepted by any municipal officer, except the municipal manager, shall not be deemed to be in full and final settlement of such an amount.

42. IMPAIRMENT OF DEBTS IN TERMS OF GRAP

Amounts owing by account holders to the municipality must meet the definition of a financial asset as defined in GRAP 104 *Financial Instruments* (GRAP 104). These amounts represent a contractual right for the municipality to receive cash from the account holders.

GRAP 104 requires that a municipality assess at each reporting date whether there is any objective evidence that the amount owing may not be paid. The assessment considers events that occur after the initial recognition of the asset (debt), and events that have an impact on the collection of the amount owed.

The objective evidence that the municipality will consider includes the following:

- a) Significant financial difficulty of the account holder
- b) Breach of contract, such as a default or delinquency in interest or principal payments
- c) In respect of a business account holder, where it is probable that the account holder will enter sequestration
- d) Increases in the unemployment rate in the geographical area where the account holder resides, etc.

The above assessment will be done per the following categories:

- a) **Individual assessment:** this relates to accounts that are determined to be individually significant. For this, the municipality will determine what it would consider to be individually significant. This could be based on the percentage of the amount owing relative to the total amount owed to the municipality. This category also includes debtors that are known as not paying their outstanding amounts (these accounts are included in this category even if they are not significant).
- b) **Collective assessment:** this relates to accounts that are not determined as individually significant (per above). Accounts allocated into this category will be grouped according to their credit risk characteristics. For example, accounts may be grouped according to area of residence within the municipality of the account holders (which may have the same

characteristics in terms of employment rate as an example); commercial or industrial types of account holders, other government entities etc. If the municipality establishes that there is objective evidence that an amount owing to the municipality may not be paid, the municipality will recalculate the carrying amount of the debtor. The recalculated carrying amount will be recalculated by:

- estimating amounts that will be collected from the account holder,
- estimating timing of when the amounts estimated to be collected will be collected, and
- discounting the above amounts using the effective interest rate computed at initial recognition of the debtor.

The difference between the recalculated carrying amount and the carrying amount recognised in the statement of financial position will be recognised as an expense in surplus or deficit.

If in a subsequent period, the situation of an account holder has improved such that the account holder will now be able to pay the amount owed, the municipality will recalculate the carrying amount of the debtor. The carrying amount will be recalculated using the guidance provided above. The difference between the recalculated carrying amount and the carrying amount in the statement of financial position should be recognised as income in surplus or deficit.

43. POWER OF ENTRY AND INSPECTION

- a) A duly authorized officer of the municipality may, for any reason related to the implementation or enforcement of this policy, at all reasonable times or in emergency at any time, enter upon premises, request information and carry out such inspection as is deemed necessary and may, for purposes of installing or repairing any meter or service connection for reticulation, disconnect, stop or restrict the provision of any service.
- b) If the municipality considers it necessary for work to be performed to enable an officer to perform a function referred to in subparagraph (a) properly and effectively, it may -
 - i. by written notice require an account holder to do, at his own expense, specified work within a specified period; or
 - ii. if the situation is a matter of urgency, without prior notice, do such work or cause it to be done at the expense of the account holder concerned.

- c) If the work referred to in subparagraph (b) is carried out for the sole purpose of establishing whether a contravention of this policy has taken place and no such contravention has occurred, the municipality must bear the expense connected therewith together with that of restoring the premises to its former condition.

44. AUTHENTICATION AND SERVICE OF ORDERS, NOTICES AND OTHER DOCUMENTS

- a) Any order, notice or other document requiring authentication by the municipality must be signed by the Municipal Manager and when issued by the municipality in terms of this policy, it is deemed to be duly issued if it is signed by an officer authorized by the municipality.
- b) Any notice or other document that is served on a person by a duly authorized officer of the municipality in terms of this policy, is regarded as having been served -
 - i. when it has been delivered to that person personally;
 - ii. when it has been left at that person's place of residence or business in the Republic with a person apparently over the age of 16 years;
 - iii. when it has been posted by registered or certified mail to that person's last known residential or business address in the Republic and an acknowledgement of the posting thereof from the postal service is obtained;
 - iv. if that person's address in the Republic is unknown, when it has been served on that person's agent or representative in the Republic in the manner provided by subparagraphs (b), (ii) or (iii);
 - v. if that person's address and agent or representative in the Republic is unknown, when it has been placed in a conspicuous place on the property or premises, if any, to which it relates;
 - vi. in the event of a body corporate, when it has been delivered at the registered office of the business premises of such body corporate to a person apparently over the age of 16 years; or

- vii. when it has been delivered, at the request of a person, to that person's electronic mail address.
- c) When any notice or other document has to be served on the owner, an account holder or holder of any property or right in any property, it is sufficient if that person is described in the notice or other document as the owner, account holder or holder of the property or right in question, and it is not necessary to name that person.
- d) Service of a copy is deemed to be service of the original.
- e) Any legal process is effectively and sufficiently served on the municipality when it is delivered to the municipal manager or a person in attendance at the municipal manager's office.

45. RIGHT OF APPEAL

Any person whose rights are affected by a decision of the municipality under this policy may, in terms of Section 62 of the Local Government: Municipal Systems Act, Act 32 of 2000 appeal against that decision by giving written notice of the appeal and the reasons therefor to the municipal manager within 21 days of the date of the notification of such decision.

46. RECORDS MANAGEMENT

The following documents should be kept safely for a period as specified in the municipality's Records Management Policy and National Archives Act:

- a) Application forms for all new debtors
- b) Signed service agreements
- c) The valuation roll including interim valuation rolls
- d) Approved tariffs for each financial year
- e) List of Properties transferred during each financial year and clearance certificates
- f) List of valuation objections received for each financial year
- g) A list of properties that have been re-zoned during each financial year
- h) A list of tax clearance certificates issued during each financial year
- i) A list of building plans and buildings completed during each financial year
- j) Monthly income billings for services - water, electricity, sewerage, refuse removal
- k) Monthly meter readings - water and electricity
- l) List of new connections for each financial year

- m) List of disconnections for each financial year
- n) List of pre-paid electricity vendors for each financial year
- o) Pre-paid vendor reconciliations for each financial year
- p) Calculation of distribution losses - water and electricity for each financial year
- q) Calculation of revenue accruals at year end - water and electricity for each financial year
- r) Electronic receipt listing for each financial year
- s) A log of customer complaints and queries for each financial year
- t) List of all illegal water connections discovered during each financial year
- u) Debtors age-analyses for each financial year
- v) List of new indigent applications for each financial year
- w) List of bad debts written off for each financial year
- x) Calculation of provision for bad debts for each financial year
- y) List of credit notes issued during each financial year
- z) Adjustment journals with appropriate supporting documentation

47. RELATED POLICIES

This policy should be read in conjunction with the following key related policies of the municipality:

- a) Tariff policy
- b) Rates policy
- c) Indigent policy
- d) Revenue Management policy
- e) Banking, Cash and Investment Management policy
- f) Fraud policy
- g) Records Management policy

48. RESPONSIBILITY FRAMEWORK

Development and Review

- a) The development and review of this policy remains the responsibility of the Finance Department. The review of this policy will be done annually except in extra-ordinary instances where circumstances may dictate a need to review the policy earlier.

Implementation and Monitoring

- a) The Finance Department has the responsibility of upholding and adhering to the Credit Control and Debt Collection policy.
- b) The CFO must monitor and report on compliance with the policy to the Municipal Manager and the Council.
- c) The Municipal Manager must take corrective / disciplinary actions to address any non-compliance with the policy.
- d) The Council must monitor the implementation of the policy and also play an oversight role to ensure that all municipal officials and consumers adhere to the policy at all times.

Enforcement

- a) It is the responsibility of the CFO, MM and Council to ensure that all provisions of this policy are strictly adhered to at all times. It is also the duty of each municipal official to ensure that the policy is adhered to at all times.

49. INFORMATION AND EDUCATION

- a) A signed copy of this policy will be placed on the municipality's website under "policies" within 5 days after its tabling or approval by the Council. A signed hard copy of the policy will be placed in a file of policies which must be placed in an appropriate location in each Department / section for easy access of all personnel.
- b) All staff members will be made aware of the policy through workshops, information sharing sessions and provision of copies of the approved policy. All staff members will sign that they have received, read and understood the policy. New staff members are to be inducted on the applicable policies of the municipality as detailed in the municipality's recruitment policy.

50. POLICY IMPLEMENTATION AND REVIEW DATES

- a) This policy replaces any other policy or Council resolutions as far as they may refer to Credit Control and Debt Collection as defined in this policy.
- b) Once agreed and approved by the Council the Credit Control and Debt Collection policy will form part of the Municipal Manager's formal delegations and Financial Regulations of the Beyers Naude Municipality.
- c) The implementation of this policy will take effect from the date of approval and the policy will be reviewed within 12 months of its current date of effect or earlier if dictated by circumstances or any change to existing legislation.

51. POLICY APPROVAL

This policy was approved by the Council resolution number _____
dated the _____ day of _____ 20____ and it will be effective from this
day onwards until the next review.