



Dr. Beyers Naudé

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DR. BEYERS NAUDÉ LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

**APPROVED & ADOPTED
BY COUNCIL ON**

21 JUNE 2021

**(RESOLUTION NO
SCOUN-076.1/21**

TO BE REVIEWED:

30TH JUNE 2023

**RESPONSIBLE
ADMINISTRATION UNIT:
REVENUE AND CREDIT
CONTROL**

**DIRECTORATE: FINANCIAL
SERVICES**

**DR. E.M RANKWANA:
MUNICIPAL MANAGER**

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PREAMBLE

In terms of section 96 of the Local Government: Municipal Systems Act, 2000, (Act 32 of 2000) the Dr Beyers Naudé Municipality hereby adopts this Credit Control and Debt Collection Policy.

It is the duty of the municipality to collect all monies owing to the municipality in accordance the Act and the applicable legislation.

1. 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 and "municipal account" has a corresponding meaning;

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

"Act" Act" means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000)(Municipal Systems Act);

"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 of immovable property, with or without improvements which is not connected to any municipal service, where such property can be reasonably so connected 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:

1. hospitals, clinics and institutions for mentally ill persons which are operated not for gain;
2. 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;
3. sports grounds used for the purpose of amateur sports and or any social activities which are connected with such sports;
4. any property registered in the name of an institution or organisation which, in the opinion of the municipality, performs charitable work; and
5. any property utilised for bona fide church or religious purposes.

"consumer" means with effect from 1 July 2015 and with regard to property zoned for residential purposes, the owner of the property shall be regarded as the consumer, irrespective of who the tenant or occupier is, provided that where a lease agreement in respect of such property exists on 1 July 2015, the tenant or occupier shall still be regarded as the consumer until expiration of the agreement, subject to the provisions of paragraphs 4(3) and (4)(4) of the policy;

- a) with regard to any other property, the person who receives or uses municipal services or benefits from such services; and
- b) with regard to municipal property that is leased, the person who receives or uses municipal services or benefits from such services.

"Council" means the municipal council of Dr Beyers Naudé 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;

“debt” means any monies owing to the municipality in respect of the rendering of municipal services, and includes monies owing in regard to property rates, housing, motor vehicle registration and licensing, terminated leases, and any other outstanding amounts, inclusive of any interest thereon, owing to the Municipality;

“debtor” means any person owing the municipality any amount of money;

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

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

“debt impairment allowance” means an 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;

“default”—

- (a) if, at the end of a financial year of the municipality, an owner owes the municipality any amount of money in respect of municipal services; or
- (b) if, after 30 September of a year, an owner is in arrears with payment of rates; or
- (c) where an owner is in arrears for a period of 60 days or more with payments for municipal services;

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

“due date” means the final date as shown on the municipal account, on which payment must be made and received by the municipality;

“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;

“financial year” means the period from 1st July until 30th June of each year;

“illegal practises” any practise or trade exercised on premises which is in contravention of any National or Provincial legislation or any by-laws or regulations of the Municipality;

“indigent ” means a person or household as contemplated in the Indigent Policy of Dr Beyers Naudé Municipality;

“indigent debtor” means:

1. the head of an indigent household who applied for and has been registered as indigent for the provision of free basic services from the Municipality in terms of the Municipality's Indigent Policy; and
2. 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 a rate of interest equal to the prime rate as determined by the Reserve Bank of South Africa plus a percentage determined by council annually during the budget process;

"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 Naudé 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 54A of the Act and includes any person:

- a) appointed by the municipal council to act as municipal manager; and

- b) to whom, in terms of the Delegations Register, 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” means the services as defined in section 1 of the Act, and includes a function or a combination of functions listed in Schedules 4B and 5B of The Constitution of the Republic of South Africa, 1996, and any other service rendered by the municipality;

"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 interests 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;
- e) the owner of such premises; and
- f) the organ of state in relation to public service infrastructure.

"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), or a voluntary association;
 - ii. any organ of State;
 - 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, the person who enjoys the benefits of the property and who entered into a lease agreement with the municipality;
- h) any owner as defined in the Local Government: Municipal Property Rates Act, 2004;

"person" includes a natural and juristic person, any industrial or commercial undertaking and any organ of state;

"policy" means the Credit Control and Debt Collection Policy of the Municipality

"premises" means any portion of land within the area of jurisdiction of the municipality, the external surface boundaries of which are demarcated 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 95 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;

"property" means—

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure;

"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;

"standard rate of interest" means a rate of interest equal to the prime rate as determined by the Reserve Bank of South Africa plus a percentage determined by council annually during the budget process;

"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 Council's 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 the 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;

“**water demand management meter**” means a meter designed to manage the water consumption or needs of a residential property.

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

2. OBJECTIVES OF THE POLICY

The objectives of this policy are to—

- (a) Ensure that all outstanding debt and revenue due and payable to the municipality, is collected;
- (b) provide for innovative, cost effective, efficient and appropriate methods for credit control, debt collection and indigent relief;
- (c) promote a culture of good payment habits and to create a sense of responsibility towards the payment of municipal accounts and reduction of municipal debt; and
- (d) to provide for the subsidisation of services to indigent households

3. LEGAL FRAMEWORK

Municipal Systems Act:

1. **Section 95:** Customer Care and management
2. **Section 96:** A municipality—
 - a. must collect all money due and payable to the Municipality, subject to the Municipal

Systems Act and any other applicable legislation; and

- b. for this purpose, must adopt, maintain and implement a Credit Control and Debt Collection Policy.
3. **Section 97 (1):** 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 Municipal Systems Act.
 4. **Section 97 (2):** 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.
 5. **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.
 6. **Section 99:** 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).
7. **Section 100:** 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 bylaws, 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.
8. **Section 101:** 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.
9. **Section 102 (1):** 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 relation to any arrears on any of the accounts of such a person.
10. **Section 102 (2):** 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.

11. **Section 103:** 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.

Local Government: Municipal Finance Management Act, No 56 Of 2003 (prevalent act)

- a. **Chapter 7:** Responsibilities of Mayors;
- b. **Chapter 8:** Responsibilities of Municipal Officials;
- c. **Section 64:** Revenue management;
- d. **Section 69(1)(b):** to ensure that revenue and expenditure are properly monitored;
- e. **Section 70:** reporting impending shortfalls;
- f. **Section 71:** monthly budget statements
- g. **Section 78(1)(d):** Ensure that all revenue due is collected;
- h. **Section 81:** Role of the Chief Financial Officer;
- i. **Section 122:** Financial statements; and
- j. **Section 124(1)(b):** disclose any arrears owed by Councillors in financial statements.

4. 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.

5. ROLES AND RESPONSIBILITIES

Executive Committee/ Executive 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 By-Laws, and measure 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; and
- c. Report on the matters in sub-sections a and b 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 Municipal Systems Act 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 bylaws;
- b. establishment of effective administration, processes and procedures to collect money that is due and payable to the Municipality;
- c. accountability to the Executive Committee or Executive Mayor (whatever the case may be) for the enforcement of the policy and submission of a report to the Executive Committee regarding the implementation and enforcement of the Credit Control 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. ensuring that 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; and
- 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 and in terms of the Delegations Register, delegate any power entrusted or delegated to him or her in terms of Council's Credit Control and Debt Collection By-laws to the Chief Financial Officer, including:

- i. Installing and maintaining an appropriate accounting system; ii.

Billing of customers;

- iii. Demanding payment on due dates; iv.

Raising penalties for defaults;

- v. Appropriation of payments received; vi. Collection of

outstanding debt; vii. Providing different payment

methods; viii. Determining credit control and debt

collection measures;

- ix. Determining all relevant work procedures for, inter alia, public relations, arrangements, and disconnection of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes;

- x. Instructing attorneys to proceed with the legal process; xi. Setting performance targets for staff; xii. Appointing staff to execute Council's policy and by-laws; xiii. Delegating certain functions to heads of departments; xiv. Determining control procedures; and
- xv. Monitoring contracts with service providers in connection with credit control and debt collection.

Chief Financial Officer

The Chief Financial Officer, of the Dr Beyers Naudé 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; and
- e. account to the accounting officer (Municipal Manager), for the performance of the duties referred to above.

6. 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.

7. 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 owner/consumer 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 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 "consumer" acknowledges that he will be bound by the provisions of this policy and be liable for all amounts due and owing to the municipality in terms thereof, however, the owner in title of the property remains primarily liable for amounts due and owing to the municipality.
- f. No person may receive or consume municipal services without approval of the municipality.
- g. The municipality may render services to consumers in terms of special agreements where circumstances require special measurements.

- h. In respect of non-residential property, if the owner is not the consumer, he or she must consent in writing to the supply of the services requested.
- i. Upon approval of an application for the provision of services, the municipality must inform the applicant of—
 - 1. the different levels or standards of services and the applicable tariffs or fees payable in respect of each level of service;
 - 2. the due date for payment of all amounts owed to the municipality;
 - 3. the service hours of cashiers where payments may be made and the conditions for payment at vendor points;
 - 4. the various alternative payment facilities and the conditions and requirements relating thereto;
 - 5. the municipality's right to terminate or restrict water or electricity services in case of non-payment of an account (or any part thereof) or tampering with municipal metering equipment;
 - 6. the consumer's responsibility for any damages caused to metering equipment or other municipal property;
 - 7. his or her obligation to pay for services despite possible non-delivery of an account;
 - 8. the owner will be held responsible for the occupier's/tenant's arrears for municipal services;
 - 9. the municipality's right to consolidate accounts of the consumer;
 - 10. the municipality's right to install a prepayment meter, on a property where the electricity supply has been disconnected for non-payment or tampering in which case the meter remains the property of the municipality
 - 11. the installation of pre-paid meters, with the written permission of the owner, is encouraged but those debtors whose electricity supply has been disconnected three times for non-payment, will be compelled to install a pre-paid meter before the supply is reconnected. All energy dispensers are installed at the owner's or tenant's expense;

12. the municipality's right to install a water demand management meter, on a property for non-payment or tampering in which case the meter remains the property of the municipality;
13. the right to withhold or to limit units purchased for a pre-payment meter or to offset a portion of any payment against arrears as result of non-payment of debt owed to the municipality;
14. the municipality's right to levy interest on amounts not paid by the due date as stipulated on an account;
15. the municipality's right to attach movable and immovable property; and
16. the municipality's assistance to indigents

8. PAYMENT OF DEPOSIT

- a. A consumer, as contemplated in the definition of 'consumer' of this policy, shall on application for the provision of municipal services, pay a deposit as determined by the municipality prior to delivery of the required services.
- b. The municipality may increase the deposit where a consumer fails to pay his or her total outstanding debt for municipal services or where services are disconnected or restricted in terms of this policy.
- c. The increase shall be equal to the average consumption by the owner over a period of twelve months.
- d. Where a consumer, as contemplated in sub paragraph 14.1, moves to another premises within the area of jurisdiction of the municipality, the deposit may be increased if such move requires a higher deposit.
- e. Upon termination of services on request of a consumer, or when accounts are switched in terms of paragraph d, the deposit may be utilised to extinguish or reduce debt owed by the owner and the remainder, if any, be refunded.
- f. The municipality may annually increase a deposit held in terms of sub paragraph 8(a) which increase shall be equal to the average of the services consumed over a period of twelve months.

- g. The deposit will be forfeited and applied towards any unpaid municipal accounts in those instances where a consumer vacates the premises.
- h. The municipality is not liable for the payment of interest on deposits held.

9. MUNICIPAL ACCOUNTS

9.1 The municipality shall render monthly accounts to consumers of municipal services on which the due date for settlement of the total amount owing is reflected and consumers will be billed monthly in cycles of approximately 30 days.

9.2 The account shall reflect the following:

- (a) all outstanding amounts and the balance brought forward;
- (b) amounts owing;
- (c) total amount due; and
- (d) meter readings where applicable.

9.3 In respect of accounts rendered to a consumer who is not the owner of the relevant property, and where a lease agreement exists between the owner and the tenant, the municipality shall switch the account to the owner of the property upon expiration of the lease agreement.

9.4 An account contemplated in 9.3 shall be switched to the owner of the property if:

- a. change in ownership takes place; or
- b. a tenant or occupier fails to pay his or her account on three occasions, irrespective of the period of lease.

9.5 The provisions of 9.4.b shall also apply in the case of non-residential consumers.

9.6 Where the owner of a block of flats fails to pay his or her account, the municipality shall notify the tenants of such failure and grant the owner 14 days to settle the account, failing upon which the municipality may restrict or discontinue services to the premises.

9.7 Deposits previously paid by a tenant or occupier shall upon switching of an account in terms of subsections 9.3 and 9.4 be refunded to the relevant tenant or occupier after calculation of the final outstanding balance.

- 9.8 The municipality shall supply an owner who rents property with a copy of the monthly account provided to the tenant or occupier of the property. The cost of such a duplicate account, to be determined annually by Council, may be debited against the owner's account, provided that e-mail accounts will be rendered at no cost.
- 9.9 An owner who leases property must, at the request of a tenant or occupier, provide such tenant or occupier with a copy of the monthly account rendered to him or her by the municipality.
- 9.10 The provisions of sub paragraphs 9.3 and 9.4 shall not apply to (a) occupiers of municipal property in terms of a lease agreement; or (b) state owned property where one department pays the rates and another pays the services account.

10. LIABILITY FOR PAYMENT

- 10.1 A consumer who receives, uses or benefits from the services offered or rendered by the municipality in terms of its functions as listed in Schedules 4B of 5B of the Constitution, is responsible for the payment of any monies due and payable to the municipality in respect of such consumption or benefit.
- 10.2 If for any reason service charges have not been levied, the municipality shall be entitled to render an account as from the date of registration of such property in the Deeds Office.
- 10.3 Rental payable in respect of the letting of state-financed housing and other municipal property is payable by:
- (a) the person with whom the lease was concluded; or
 - (b) the person who applied to rent the premises, where no agreement of lease was concluded; or
 - (c) if no such person can be identified, the head of the household occupying such premises; or
 - (d) any other person who accepts responsibility for the payment of rental due, irrespective of whether such a person occupies the premises or not.
- 10.4 The person or persons with whom a loan agreement on behalf of the Provincial Housing Department for subsidized housing or an instrument of debt has been concluded, is responsible for repayment of housing loans.

- 10.5 Where an account is not paid in full, any lesser amount offered and accepted by the municipality shall not be regarded as full and final settlement of such account unless the municipal manager in writing accepts such lesser amount as being the amount in full and final settlement of the account.
- 10.6 Non-delivery of an account or an error or omission in an account shall not exempt a consumer from payment of any amounts owing to the municipality.
- 10.7 The municipality shall provide and maintain strategically situated, accessible payment offices and cash points throughout its area of jurisdiction.
- 10.8 The following alternative payment facilities shall also be provided/be available:
- a. electronic bank transfers (A.C.B. system);
 - b. internet transfers;
 - c. direct depositing of money into the municipality's approved bank account;
 - d. payments at different accredited business undertakings and other agencies; and
 - e. where available, credit- and debit cards to a maximum of R5 000 per account per month in respect of residential property.
- 10.9 Where any of the alternative payment facilities are used, the onus is on the person using such facilities to provide proof of payment, and the municipality does not accept liability for the non-receipt of such payments, or for incorrect allocations which are due to a mistake on the part of such person.
- 10.10 Where payment of the money due is made by way of a direct deposit into the municipality's approved bank account, the consumer must submit proof of the deposit not later than the due date.
- 10.11 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.
- 10.12 Payment of an account must be received by the municipality on or before the close of business on the due date for payment thereof.
- 10.13 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.

10.14 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.

11. 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.

12. DISPUTE AS TO ACCURACY OF AN ACCOUNT

1. 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.
2. While such an account is under review, the consumer must pay an amount equal to the average usage for the preceding three months where the history of that account is available.
3. Where such history is not available, the consumer must pay an estimated amount before the due date until the matter has been resolved.

4. The municipality must resolve the matter within 10 working days of receipt of such a request and inform the consumer concerned of the outcome of such an investigation.
5. Failure to pay the amount determined in terms of sub-paragraph 12.2 or 12.3 on or before the due date may result in the restriction or disconnection of the consumer's services.
6. Dispute
A consumer may dispute any part or all of an account received in which case Section 102 of the Act shall apply.

12.7 Appeal:

- a. A person who feels aggrieved by a decision of the municipality in terms of delegated authority may appeal against that decision by giving written notice in terms of Section 62 of the Act to the Municipal Manager within 21 days of the date of the notification of the decision.
- b. The grounds for appeal must be clearly indicated by the aggrieved person; and
- c. Where applicable, the fees for testing of any metering equipment must be included.

12.8 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.

13. 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 12.4 have been complied with.

14. CONSOLIDATION OF ACCOUNTS AND APPROPRIATION OF PAYMENTS

1. The municipality, in terms of section 102 of the Act, considers all separate accounts of a consumer to be consolidated regardless of the fact that separate accounts for such owner or tenant may be rendered and includes all pre-paid services for which no account is rendered.
2. Payments received by the municipality may be appropriated in the order as determined by the municipality annually during the budget process.
3. Payments received shall be appropriated in terms of oldest debt first by means of instalments as determined annually by the council in order to prevent prescription.
4. This shall not apply where there is a dispute between the municipality and a person concerning any specific amount claimed by the municipality from that person.

15. DUE DATE

Accounts for rates or services offered or rendered by the municipality become due and payable as follows:

1. Rates

- a. rates become due and payable on the 1st day of July of each year for which such rates are determined;
- b. the municipality shall recover the rates levied in twelve equal instalments which shall be payable on the date indicated on the account statement;
- c. where property becomes taxable after the 1st July of a financial year of the municipality, the rates levied shall become due and payable on the date of notice to such owner of his or her liability for payment thereof;
- d. the provisions of sub paragraphs (b) and (c) will apply with the necessary changes in respect of rates levied in terms of sub paragraph (d);

- e. 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.
- f. applications to pay rates annually in a single amount must be submitted to the municipality before 31 May of each year.

2. Availability charges:

- a. availability charges become due and payable on the 1st day of July of each year for which such fees are determined;
- b. the municipality will recover the availability charges levied in twelve equal instalments which will be payable on or before the 16th of each month in respect of which payment must be made;
- c. where the levy becomes payable after the 1st July of a financial year, the levy shall become due and payable on the date of notice to such owner of his or her liability for payment thereof.

3. Municipal services:

Moneys payable in respect of municipal services are due and payable on the dates indicated as such on the account delivered each month and payment must be made on or before such due date for the month in which such account was delivered.

4. Rental or loan instalments:

Payment of rental or loan instalments due in respect of state-financed housing or other municipal property must be made on the dates and in accordance with the provisions contained in the relevant lease and loan agreements as reflected on the account.

5. Other fees or instalments:

Payment of moneys other than those contemplated in sub paragraphs above, must be made on the date indicated on the account which date will be no more than 30 days after the rendering of the particular service.

16. ACCOUNTS IN ARREARS

1. Rates:

- a. where rates which are payable in a single amount remain unpaid after the due date, the Chief Financial Officer shall serve a written notice on the owner demanding payment thereof within 14 days from the date of notification.

- b. Upon failure to comply with a notice contemplated in sub paragraph (a), the Chief Financial Officer shall institute legal proceedings to recover such rates.
- c. Where an owner, who pays rates in monthly instalments, defaults on payments the Chief Financial Officer shall, by written notice, withdraw his or her right to pay monthly instalments in which event the full amount of outstanding rates shall become due and payable immediately.
- d. Where rates payable in monthly instalments are not paid in full after expiry of the period of 12 months from the date on which such rates became due and payable, the Chief Financial Officer shall act in terms of sub paragraphs a and b.
- e. The provisions of sub paragraphs a and b shall apply with regard to recovery of rates as contemplated in sub paragraph c.

2. Availability charges:

The provisions of sub paragraphs (c) and (d) apply with the necessary changes to an owner who defaults on payments in respect of availability charges.

3. Municipal services:

- a. Where a consumer fails to pay any amount or portion thereof in respect of municipal services on the due date, the municipality may:
 - i. disconnect the electricity supply to the premises concerned;
 - ii. restrict the water supply to such premises by installing a water demand management meter on the service connection which will allow the passage of at least 6 kilolitre water per month or as permitted by such management meter;
 - iii. install a prepayment meter where the electricity supply has been disconnected for non-payment;
 - iv. withhold or limit units purchased for a prepayment meter or to offset a portion of any payment against arrears as result of non-payment of debt owed to the municipality;
- b. Issue a notice to a consumer in respect of an account in arrears or outstanding debt which may be given via direct electronic media which include but is not limited to: email, SMS or any other available method of electronic communication;

- c. The municipality may enter into an agreement with a consumer who is unable to pay his or her account or portion thereof in terms of which he or she will be permitted to pay the outstanding amount in monthly instalments as determined annually by council.
 - d. Where applicable, the municipality may enter into an agreement with the consumer's employer in terms of section 103 of the Act.
 - e. Upon failure to comply with the conditions in sub paragraph (c) or (d), the municipality may cancel the agreement and institute any of the debt collection measures provided for in this policy.
 - f. Where a consumer is served with an account of which the amount payable is exceptionally high as a result of:
 - i. an act or omission on the part of the municipality; or
 - ii. a leakage of water from a water installation or electricity installation on the premises which is not part of the municipality's service connection;the municipality may enter into an agreement with the consumer to pay the amount owed in monthly instalments.
 - g. Where a period exceeding 30 days after the due date has expired and no agreement, as envisaged in sub paragraph (c) has been entered into, the Chief Financial Officer shall institute legal proceedings against the consumer for the recovery of the debt.
 - h. Where a basic levy, availability charge, rates or any other cost is levied on premises of which the owner cannot be traced, the Municipal Manager, and the Chief Financial Officer and the Executive Mayor/ Executive Committee (as the case may be) may cease such levies, provided that if the owner is traced, such levies may be recovered retrospectively.
- 4. Rentals or loan instalments:**
- a. Interest payable on rentals or loan instalments in arrears shall be levied in accordance with the provisions contained in such lease or loan agreements.

- b. Where rentals or loan instalments are not paid on or before the due date, a notice demanding payment thereof, together with interest, shall be served on the person responsible for payment.
- c. The municipality may enter into an agreement to pay the arrears by way of monthly instalments.
- d. Where no agreement has been concluded to pay the arrears and such arrears are in excess of 30 days, the Chief Financial Officer shall take steps to enter into such an agreement.

5. Other fees or instalments:

The provisions of paragraph 16.4 shall apply with the necessary changes.

17. INTEREST ON OVERDUE MUNICIPAL ACCOUNTS

- a) The municipality will charge and recover surcharge and interest:
 - Electricity and water will attract a surcharge of 10% on overdue account not paid after due date
 - Interest rate on all other services, rates and taxes will be charged at prime plus one that will be fixed every financial year on 01 October on over due accounts not paid after due dates
- b) Irrespective of the reason for non-payment or where an arrangement has been made, interest accrues on amounts stated on any unpaid account.
- c) The standard rate of interest must be levied and collected in respect of all amounts due and payable for each month, provided that for the purposes of calculation, a portion of a month shall be regarded as a month.
- d) Interest is levied from the first working day following the date on which the amounts in arrears are payable.
- e) Waiving of such interest may be authorised by the Chief Financial Officer and Municipal Manager in consultation with the Executive Mayor/Executive Committee (as the case may be).
- f) Interest is calculated monthly according and a portion of a month will be regarded as a full month.

- g) 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.
- h) In the spirit of inter-governmental relationships no interest will be charged on outstanding accounts of Government Department.

18. DISCONNECTION AND RE-CONNECTION OF SERVICES

- 1. The municipality may restrict or disconnect the supply of any service to any premises whenever such consumer:
 - a. fails to make payment on the due date;
 - b. fails to comply with an arrangement;
 - c. fails to comply with a condition of supply imposed by the municipality;
 - d. damages the infrastructure of the municipality for the supply of such service or tampers with any meter used regarding that service.
- 2. The notification of due date and payment of the full amount reflected on the account to prevent disconnection of services, serves as final notification. Only for businesses written notification will be issued with a period of 2 days before services will be reconnected.
- 3. The municipality may re-connect the restricted or discontinued services only:
 - a. after the arrear debt, and all costs as prescribed in the policy have been paid in full and any other conditions have been complied with; or
 - b. after an arrangement with the consumer has been concluded for payment of the amounts contemplated in sub paragraph (a); and
 - c. payment by the consumer of all levies as determined in the municipality's Tariff Policy with regard to tampering of damaging of metering equipment.
- 4. The municipality may restrict, disconnect or discontinue any service in respect of any arrear debt.
- 5. The onus shall always be on the debtor to request reconnection and to prove that the full amount required was paid or that an agreement was entered into for the payment thereof.

6. Restricted or disconnected services will be restored within a reasonable period of time after the debtor produces proof of payment of the required amount and subject to the municipality's capacity at the time to restore such service.
7. Services disconnected for unauthorized use of services/ tampering with metering equipment or services, shall only be reconnected upon:
 - a. Payment of the connection fees
 - b. Payment of the cost of damages to equipment;
 - c. the cost of re-placement of damaged equipment; and
 - d. any other fees as determined in terms of the municipality's Tariff Policy.
8. No standby service shall be rendered for re-connection of services in case of non-payment or tampering with metering equipment.
9. The monthly municipal account will serve as a final notice of payment due by the accountholder. After fifteen (15) calendar days after each monthly due date for payment (as stipulated in terms of paragraph 15), the electricity of 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, will be blocked or discontinued.
10. Electricity accounts will only be unblocked after payments or agreements have been made to the satisfaction of the municipal manager or chief financial officer.

19. TERMINATION OF SERVICES

- 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 the property has been sold.

- 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.

20. ARRANGEMENTS FOR PAYMENT

- a. The municipal manager may make arrangements with a consumer to pay any arrear debt under conditions as prescribed in terms of the policy.
- b. Should any dispute arise as to the amount of the arrear debt, the consumer must nevertheless continue to make regular payments in terms of the arrangement until such time as the dispute has been resolved.
- c. Should an account holder, before any of the steps have been taken for reconnection not be able to pay a municipal account in full, may approach the municipality with the aim of making short-term arrangements to settle the account.
- d. Should an account holder, after any of the steps have been taken regarding nonpayment of accounts, 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 in terms of this policy and on a basis determined by the Municipal Manager.

- e. The written agreement referred to in sub-paragraph d must be signed on behalf of the municipality by a duly authorized officer.
- f. 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. 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:
 - any outstanding amounts due by that person to the municipality; or
 - such regular monthly amounts as may be agreed upon ○ provide special incentives for:
 - employers to enter into such agreements; and ○ employees to consent to such agreements; 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.

21. AGREEMENT WITH EMPLOYER

The Municipal Manager may:

- a. with the consent of a consumer who is in arrears with payments, enter into an agreement with that person's employer to deduct from his or her salary or wages:
 - i. any outstanding amounts due by the consumer to the municipality; or
 - ii. regular monthly amounts as may be agreed and
- b. provide special incentives for employers to enter into such agreements and for consumers who consent to such agreements.

22. ATTACHMENT

The municipal manager may, in order to recover debt, approach a competent court for an order to attach movable or immovable property of a consumer.

23. FULL AND FINAL SETTLEMENT PAYMENTS

- a. Any amount tendered in defrayment of a debt, shall be accepted at any cash receiving office of the municipality.
- b. No offer of payment in full and final settlement of a debt, when such amount is less than the outstanding amount may be accepted, unless confirmed in writing by the Municipal Manager.
- c. The payment so offered must nevertheless be credited against the consumer's account, without prejudice to the municipality's rights.

24. APPLICATION FOR SPECIFIC LEVEL OF SERVICE

1. The municipality will only be obliged to provide a specific level of a municipal service requested:
 - a. if it is already provided by the municipality in the normal course of events; and
 - b. if the municipality possesses the means and capacity to provide such a level of service.
2. A consumer may at any time apply to change the level of a municipal service originally approved, provided that the level of service requested is available and that the costs and disbursements incidental to such change be borne by the applicant.
3. In the case of an illiterate or similarly disabled person, the municipality must ensure that he or she is aware of and understands the contents of the application form and that he or she is assisted with the completion thereof.
4. Where the municipality:
 - a. refuses an application for the provision of municipal services or a specific service or level of service; or
 - b. is not in a position to provide such municipal service or level of a service on the date on which it is requested; or

- c. is not in a position to provide such municipal service or level of a service at all;
- it must inform the applicant of such refusal or inability to provide the service and the reasons therefor.
5. An approval for the provision of services or any undertaking or arrangement in terms of this policy does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act 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, 2005.
 6. In order to secure full payment of any amounts owing by an account holder, the municipality may:
 - a. require such account holder to convert to another metering system;
 - b. 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;
 - c. publish a list of account holders who remain in default;
 - d. withhold payment of a grant-in-aid to an account holder indebted to the municipality and exclude such account holder from the tender process;
 - e. 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;
 - f. review and alter the conditions of the service agreement entered into with an account holder;
 - g. institute legal proceedings against an account holder for the recovery of debt owed by him to the municipality;
 - h. classify an account holder as an unreliable customer;
 - i. use the services of external debt collection specialists or agencies to recover debts owed to the municipality by account holders;
 - j. insist that an account holder owing debts to the municipality converts to a prepaid meter at the cost of such account holder; or
 - k. employ any other method authorized by the municipality from time to time to recover arrear amounts owing to it by account holders.

26. INSTITUTION OF LEGAL PROCEEDINGS

1. The institution of legal proceedings includes, but is not limited to:

- (a) the issuing of summons for payment of amounts in arrears;
 - (b) the attachment of rent payable in respect of a property where applicable;
 - (c) the attachment of a consumer's remuneration;
 - (d) the attachment and sale in execution of movable property; (e) the attachment and sale in execution of immovable property; (f) the eviction of an occupier of any municipal property.
2. The institution of legal proceedings must be undertaken with due consideration of all legal requirements and in compliance with the applicable regulations;
 3. Where a consumer's debt is less than R500 and older than 90 days, the Chief Financial Officer may decide whether:
 - i) an account should be handed over for collection. A notice letter of handover will be sent to the account holder at least ninety (90) calendar days after termination of services. Handover will be done at least fourteen (14) calendar days after sending the notice letter to the account holder; or
 - ii) legal proceedings should be instituted against the consumer.
 4. The Chief Financial Officer may determine where debt is more than R500 and older than 90 days, which of the judicial measures will be the most appropriate and effective in each case.

27. WRITING OFF OF OUTSTANDING DEBT will be dealt with on a case by case basis.

- a. The cost of collection of any outstanding debts, where applicable, is for the account of the account holder.
- b. 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.

28 RECOVERY OF COSTS

1. Where costs are incurred by or on behalf of the municipality in order to recover monies owed to it, the municipal manager may recover such costs, including but not limited to:
 - a. costs and administration fees where payments made to the municipality by negotiable instruments are dishonoured by banks when presented for payment;
 - b. legal and administration costs, including attorney-and-client costs and tracing fees incurred in the recovery of debts;
 - c. restriction, disconnection and reconnection fees, where any service has been restricted or disconnected as a result of non-compliance with this by-law;
 - d. any losses the municipality may suffer as a result of tampering with municipal equipment or meters; and (e) any collection commission incurred.

29. 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 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 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 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 this case 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.

30. 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 the municipality 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.

31. METERING EQUIPMENT, METERING OF SERVICES AND DEFECTIVE METERS

- a. 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.
- b. The municipality must ensure the measurement of electricity and water provided to consumers through accurate and verifiable metering systems.
- c. Meters must, as far as possible, be read at intervals of one month or a period as determined by the municipality.
- d. If for any reason meters cannot be read or have not been read, the municipality shall be entitled to render an account based on the estimated consumption calculated on the last 3 months' average consumption preceding the date on which the meter was last read, provided that the difference between the actual usage and estimated usage must be set off as soon as a metered reading is obtained.
- e. It is the responsibility of the owner to ensure access to the meter for reading purposes. All meters **MUST** be read at least every 3 months to ensure correct accounts. Notices will be issued to consumers when access could not be obtained and the consumer will have to make arrangements for reading of the meter by municipal officials. Should

the consumer fail to comply, the consumer will be notified to move the meter(s) at own cost to erf boundaries accessible to meter readers or to pay for costs of installing smart meters to ensure regular and correct meter readings.

- f. The Manager Revenue will on a monthly basis submit a report of all inaccessible meters to the Chief Financial Officer.
- g. It may be assumed that the electricity or water usage registered by a meter has in fact been delivered, provided that for any period that a meter is out of order, the electricity or water so delivered may be calculated on the basis of the average usage over the three months preceding the period in question.
- h. A consumer may request a special meter reading against payment of the prescribed tariff.
- i. Defective metering equipment shall be dealt with in terms of the municipality's bylaws relating to water services and electricity supply.
- j. 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.
- k. 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 per individual unit or per group of units.
- l. Where any building 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.
- m. Where the electricity used by consumers is charged at different tariffs, the consumption must be metered separately for each tariff.

- n. Where sub-metering equipment is installed, accommodation separate from the municipality's metering equipment must be provided where appropriate.
- o. 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.
- p. 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.

32. METER ACCURACY

1. 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 pre-payment 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.
- 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 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 sub-paragraph (i).
- e) The municipality must consider any representations made by the consumer in terms of sub-paragraph (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 sub-paragraph (d)(i).
- g) In terms of Section 62 of the Municipal Systems Act 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.

33. 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.

34. PROHIBITION OR RESTRICTION OF CONSUMPTION OF METERED SERVICES

34.1 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;

- b) determine and impose -
 - i. limits on the quantity of metered services which may be consumed over a specified period;
 - ii. levy charges additional to those prescribed in respect of the supply of metered services in excess of a limit contemplated in subparagraph (i); and
 - iii. levy 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.

35. MEASURES TO ENSURE COMPLIANCE WITH PROHIBITION OR RESTRICTION NOTICES

- a) To ensure compliance with a notice published in terms of paragraph 34.1(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 34.1 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 34.1 of this policy.

36. 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) 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.
- d) 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.
- e) 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.

37. READING OF CREDIT METERS

37.1 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.

38. PRE-PAYMENT METERS

38.1 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 sub-paragraph 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 pre-payment meter which has been lost due to tampering with, the incorrect use of or the abuse of a prepayment 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.

39. 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 sub-paragraph (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 sub-paragraph (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.

40. 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).

41. 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 use or gain access to municipal services without approval in terms of this policy 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) In the case of tampering with or damaging of any metering equipment, the owner shall be regarded as being responsible for such tampering with or damaging thereof unless he or she can prove otherwise.

- d) Where an account holder or any person has contravened sub-paragraph (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 unauthorized estimated consumption as well as additional charges determined by the municipality.

- e) 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.

- f) The Municipal Manager may report such actions to the South African Police Service.

- g) 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, the municipality has the right to take such action as it is authorized to undertake in terms 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.

- h) 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.

- i) Thereafter the municipality may refuse to supply services for a period determined by it and in the case of the use of a pre-paid meter, the municipality may cease further vending of pre-paid services.

- j)

42. CLEARANCE CERTIFICATE

- a. 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 and any applicable regulations issued under the Act being complied with.
- b. In terms of section 118(3) of the Act, an amount due for municipal services, surcharges on fees, property rates and other municipal taxes, levies fees and charges is a charge upon the property in terms of which the amount is owed and enjoys preference over any mortgage bond registered against the property.
- c. On the sale of any property the municipality shall withhold the required clearance certificate in terms of section 118(1) of the Act until all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.
- d. All payments shall be allocated to the seller's municipal accounts and all refunds shall be made to such seller.
- e. No interest shall be paid in respect of such payments.
- f. The clearance certificate validation period is 60 days and the amount due shall be calculated as follows:
 1. applications received on 30 June shall include 3 (three) months' advance payments;
 2. applications received on 1st July shall include:
 - i. rates and availability charges in advance for the full financial year; and
 - ii. 3 (three) months advance payments for water, electricity, sewerage and refuse removal.
 3. all other applications shall include 3 (three) month's advance payments.
 4. All outstanding debt on the property shall be included for the purpose of clearance certificates.

- g. The amount owing shall be for the account of the registered owner regardless of who incurred the debt.
- h. The municipality may, after obtaining an appropriate court order, sell any property in execution to recover outstanding debt.

43. 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.

44. POWER OF COUNCIL TO RECOVER COSTS

- a) Where a bank dishonours 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) Where cheque payment has been dishonoured for a third time within a financial year, no future payments per cheque shall be accepted from such person.

- c) 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.

- d) 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.

45. PRIMA FACIE EVIDENCE

In lawsuits initiated by the municipality, 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.

46. SAFE ACCOMMODATION OF SERVICE CONNECTIONS AND APPLIANCES

A consumer shall be responsible for the safe accommodation of any service connections, meters, stopcocks, as well as appliances and equipment for the safeguarding of services on their premises, and shall be liable for any costs or losses incurred, or damages suffered by the municipality in respect thereof.

47. ABANDONMENT OF BAD DEBTS, AND FULL AND FINAL SETTLEMENT OF ACCOUNTS

a) Indigent Household Consumers

The abandonment of debts owing by indigent household consumers are to be done in accordance with the indigent policy. Financial assistance may be granted by the municipality to a person that meets the criteria as laid down in the Indigent Policy of the municipality.

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 this policy 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 interest 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.

48. IMPAIRMENT OF DEBT 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; and
- 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:

1. **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).
2. **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.

49. 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 provided that such official must provide the necessary identification upon request.

- 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.

50. 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) Serving of a copy is deemed to be serving 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.

51. 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.

52. 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

53. 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) Anti-corruption and Fraud Prevention Policy
- g) Records Management Policy

54. 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.

b. Implementation and Monitoring

1. The Finance Department has the responsibility of upholding and adhering to the Credit Control and Debt Collection Policy.

2. The Chief Financial Officer must monitor and report on compliance with the policy to the Municipal Manager and Council.
3. The Municipal Manager must take corrective / disciplinary actions to address any non-compliance with the policy.
4. 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.

c. Enforcement

It is the responsibility of the Chief Financial Officer, Municipal Manager, each municipal officer and Council to ensure that all provisions of this policy are strictly adhered to at all times.

55. INFORMATION AND COMMUNICATION

- a. In order to give effect to the provisions of section 95(a), (b) and (c) of the Act, the municipality may:
 - i. establish a customer care forum where members of the community and members of the council may meet;
 - ii. hold ward meetings where representatives of the municipality and other service providers may consult with ward members and their ward representative; and
 - iii. implement measures to ensure that consumers of municipal services or any other service, ratepayers and residents in general, are properly informed with regard to the delivery of services and in particular the costs of the provision of services.
- b. The municipal manager will annually issue a letter to each household to explain matters relating to the Credit Control and Debt Collection Policy to ensure that households are aware of the policy.
- c. 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.

- d. 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.
- e. Any illiterate consumer will be assisted to understand forms and stipulations of this policy.

56. OFFENCES AND PENALTIES

A person who:

- (a) obstructs or hinders any councillor or official of the municipality in the execution of his or her duties under this by-law or the policy;
- (b) unlawfully uses or interferes with municipal equipment or consumption of services supplied;
- (c) tampers with any municipal equipment or breaks any seal on a meter or damages a meter;
- (d) fails to comply with a notice served in terms of this by-law or the policy;
- (e) refuses an official of the municipality access to any premises; or
- (f) gives false information regarding the supply of services or with regard to an application for assistance as an indigent;

shall be guilty of an offence and on conviction be liable to the payment of a fine or imprisonment or to such imprisonment without the option of a fine or to both such fine and such imprisonment.

57. POLICY IMPLEMENTATION AND REVIEW DATES

- a) This policy replaces any other policy or Council resolutions, including those of the disestablished municipalities, 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 and published in terms of the Act, the Credit Control and Debt Collection Policy will form part of the Municipal Manager's formal delegations and financial regulations of the Dr Beyers Naudé Municipality.

- c) The implementation of this policy will take effect on 1 July 2022 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.

58. POLICY APPROVAL

This policy was approved by the Council (**Council Resolution number: SCOUN-076.1/21**) dated 21 June 2021 and will be effective from **01 July 2022** .