



**Date of implementation: 1 July 2015**

## **CREDIT CONTROL POLICY**

## **1. PURPOSE**

The municipality aims –

- (a) To move progressively towards the social and economic upliftment of the community in harmony with its natural environment;
- (b) to provide basic services that are affordable to all its people, and specifically to the poor and disadvantaged, provided that, where applicable, service fees, 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, are paid for;
- (c) To engage the active participation of the community in the municipality's affairs, in particular in planning, service delivery and performance management;
- (d) To provide efficient, effective and transparent administration that conforms to constitutional principles;
- (e) To ensure that the municipality is financially and economically viable; and
- (f) To create a harmonious relationship between the municipality and the community through the acknowledgement of reciprocal rights and duties;

## **2. POLICY STATEMENT**

- 1. The municipality by this policy, within the scope and spirit of the Constitution, the Local Government Municipal Systems Act, 2000 (Act 32 of 2000), and the Property Rates Act, 2004 (Act 6 of 2004) and any amendments thereto, gives effect to the principles underlying and expressed in these Acts, and therefore designs, regulates on and implements –
- 2. (a) a customer care and management system which has as purpose –
- 3. (i) to create a positive and reciprocal relationship between the municipality and an account holder;
- 4. (ii) to establish mechanisms for an account holder to give feedback to the municipality regarding the quality of the services and the performance of the municipality;
- 5. (iii) to ensure that reasonable steps are taken to inform an account holder of the costs involved in service provision, the reasons for payment of service fees, and the manner in which monies raised from the services provided, are utilised;
- 6. (iv) to ensure, where the consumption of services has to be measured, that reasonable steps are taken to measure the consumption by individual account holders of services through
- 7. accurate and verifiable metering systems;
- 8. (v) to ensure that an account holder receives regular and accurate accounts that indicate the basis for calculating the amounts due;
- 9. (vi) to provide accessible mechanisms for an account holder to query or verify a municipal account and metered consumption and appeal procedures which allow the account holder to receive prompt redress for inaccurate accounts;
- 10. (vii) to provide accessible mechanisms for dealing with complaints from an account holder, together with prompt replies and corrective action by the municipality, and to provide
- 11. mechanisms to monitor the response time and efficiency of the municipal's actions; and 7

12. (viii) to provide for accessible pay points and other mechanisms for settling an account or for making pre-payments for services;
13. (b) credit control and debt collection mechanisms and procedures which aim to ensure, subject to the Act and other legislation, that all money that is due and payable, from whatever source or cause, to the municipality, is collected; and
14. (c) structures for tariffs and rates

### 3. DIFINITIONS

**“Arrears”** refers to any amount due to the Council and not paid by the due date

**“Account”** means any account or accounts rendered for municipal services that have been provided by the municipality or its duly authorized agent;

**“Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time;

**“Actual consumption”** means the measured consumption by a customer of a municipal service;

**“agreement”** means a contractual relationship between the municipality and a customer that arises, either as a result of the municipality's approval of a written application for municipal services made in terms of paragraph 2 of this policy, including any subsequent variation that may be made to that agreement in conformity with this policy, or that is deemed to be an agreement by subparagraph (3) of that paragraph;

**“Applicable charges”** means the rate (including assessment rates), charges, tariffs or subsidies determined by the council;

**“Area of supply”** means any area within or partly within the area of jurisdiction of the municipality to which a service is provided;

**“arrears”** means any amount that is due, owing and payable by a customer in respect of a municipal service provided to such customer that has not been paid on or before the due date reflected on an account rendered in respect thereof ;

**“Authorized agent”**

Means:

- (a) Any person authorized by the council to perform any act, function or duty in terms of or to exercise any power under this policy;
- (b) Any person to whom the council has delegated responsibilities, duties or obligations in respect of the provision of revenue collection services; or
- (c) any person appointed by the council, in a written contract, as a service provider for the provision of revenue collection services or a municipal service to customers on its behalf, to the extent authorized by that contract;

**“average consumption”** means the average consumption by a customer of a municipal service during a specific period, which consumption is calculated by dividing by three the total measured consumption of that service by that customer over the preceding three months;

**“Billing”** refers to the process of charging for services provided by issuing accounts.

**“Town”** refers to all administrative units within the area of Emalahleni Local Municipality. **“Credit control”** refers to certain basic credit worthiness checks which must be completed prior to a municipal service being provided and deposits collected.

**“Council”** means the Council of the Local Municipality of Emalahleni.

**“Commercial customer”** means a customer other than a domestic customer and an indigent customer, including, but not limited to, a business or an industrial, governmental or an institutional customer;

**“Connection”** means the point at which a customer gains access to municipal services;

**“Customer”** means a person with whom the municipality has concluded or is deemed to have concluded an agreement for the provision of a municipal service;

**“Chief Financial Officer”** means the staff member of the Municipality responsible for the collection of moneys owed to the Municipality and and/or any other staff member to whom he/she has delegated duties and responsibilities in terms of this Policy.

**“Defaulter”** means a customer who owes arrears to the municipality;

**“Domestic customer”** means a customer who, primarily for residential purposes, occupies a dwelling, structure or premises;

**“due date”** means the date on which an amount payable in respect of an account becomes due, owing and payable by a customer, which date shall be not less than 21 days after the date on which the account has been sent to the customer concerned in any manner contemplated in paragraph 56;

**“Debt collection”** refers to the debt recovery process and includes sanctions (warning, disconnection, adverse credit rating, legal process and/or eviction, etc) to be applied in the event of non-payment of accounts.

**“Disconnection”** means interrupting the supply of water or electricity to a debtor as a consequence of ignoring a notice for payment.

**“Effective disconnection”** includes, inter alia, the physical removal of connections and/or equipment as a consequence of unauthorized reconnection (tampering and/or by-passing) of the disconnected service.

**“emergency situation”** means a situation that would, if allowed to continue, pose a substantial risk, threat, impediment or danger to the present or future financial viability or sustainability of the municipality or to a specific municipal service;

**“estimated consumption”** means the consumption that a customer, whose consumption is not measured during a specific period, is deemed to have consumed and that is estimated by taking into account factors that are considered relevant by the municipality and which may include the consumption of municipal services by the totality of the users of a service within the area where the service is rendered by the municipality, at the appropriate level of service, for a specific time;

**“Financial year”** means a year ending 30 June.

**“Holistic”** or **“consolidated”** refers to the combining of all debt in order to establish the total obligation the debtor has to the Municipality.

**“household”** means a family unit that is determined by the municipality to be traditional by taking into account the number of persons in the unit, the relationship between the members of a household, their ages and any other factor that the municipality considers to be relevant;

**“Illegal connection”** means a connection to any system through which a municipal service is provided and that is not authorized or approved by the municipality;

**“incidental credit agreement”** as defined in the National Credit Act No. 34 of 2005 means an agreement, irrespective of its form, in terms of which an account was rendered for utility services that have been provided to a customer and a fee, charge or interest became payable when payment of the amount charged in terms of that account was not made on or before a date which is less than 20 business days before such fee, charge or interest was first levied;

**“Indigent customer”** means a domestic customer who is qualified to be and who is registered with the municipality as an indigent in accordance with this policy;

**“Indigent amount”** refers to the applicable value of the indigent subsidy as determined by the Council of the Municipality of Emalahleni from time to time.

**“infrastructure”** means the facilities, installations or devices required for the rendering of a municipal service or for the functioning of a community including but not limited to facilities, installation or devices relating to water, power, electricity, transport, sewerage, gas and waste disposal;

**“interest”** means interest as may be prescribed by the Minister of Justice in terms of paragraph 1 of the Prescribed Rate of Interest Act, 1975 (Act No. 55 of 1975) or in terms of the Municipal Property Rates Act or in terms of the National Credit Act No. 34 of 2005 in the case of an incidental credit agreement, as may be applicable to any agreement concluded under this policy;

**“Interest on overdue accounts”** is based on a full month and part of a month shall be deemed to be a full month.

**“Legal process or procedures and/or legal action”** refers to, inter alia, the process and/or action described in the Magistrate Courts Act No. 32 of 1944; Supreme Court Act No. 59 of 1959; Adjustment of Fines Act No. 101 of 1991; Debt Collectors Act No 114 of 1998; Criminal Procedures Act No. 51 1977; Local Government: Cross-Boundary Municipalities Act No. 29 of 2000; Local Government: Municipal Structures Amendment Act No. 33 of 2000; Local Government: Municipal Systems Act No. 32 of 2000.

**“Letter of Demand”** means a notice sent prior to the legal process commencing.

**“Municipality”** means:

- (a) The Municipality of Emalahleni, a local municipality established in terms of paragraph 12 of the Local Government: Municipal Structures Act No. 117 of 1998 and its successors-in-title; or
- (b) subject to the provisions of any other law and only if expressly or impliedly required or permitted by this policy, the municipal manager in respect of the performance of any function, or the exercise of any duty, obligation, or right in terms thereof or any other law; or
- (c) An authorized agent of the municipality;

**“municipal manager”** means the person appointed by the council as the municipal manager of the municipality in terms of section 82 of the Local Government: Municipal Structures Act No. 117 of 1998 and includes any person to whom the municipal manager has delegated a power, function or duty but only in respect of that delegated power, function or duty;

**“Municipal Property Rates Act”** means the Local Government: Municipal Property Rates Act No. 6 of 2004;

**“municipal services”** for purposes of this policy, means services provided by the municipality, including refuse removal, water supply, sanitation, electricity services and rates either collectively or singularly;

**“occupier”** includes any person who occupies any land, building, structure or premises or any part thereof without regard to the title under which he so occupies and includes any person who, for someone else's benefit, remuneration or reward, allows a lodger, tenant or any other person to use or occupy any land, building, structure, premises or any part thereof;

**“Owner”** means:

- (a) The person in whose name the ownership of the premises is registered from time to time or his agent;
- (b) where the registered owner of the premises is insolvent or dead or, for any reason, lacks legal capacity or is under any form of legal disability that has the effect of preventing him from being able to perform a legal act on his own behalf, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or legal representative, as the case may be;
- (c) where the municipality is unable to determine the identity of the owner, a person who has a legal right in or the benefit of the use of any premises, building, or any part of a building;
- (d) where a lease has been entered into for a period of 30 (thirty) years or longer or for the natural life of the lessee or any other person mentioned in the lease or is renewable from time to time at the will of the lessee indefinitely or for a period or periods which, together with the first period of the lease, amounts to 30 years, the lessee or any other person to whom he has ceded his right, title and interest under the lease or any gratuitous successor to the lessee;
- (e) In relation to:
  - (i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No 95 of 1986), the developer or the body corporate in respect of the common property, or
  - (ii) a section as defined in the Sectional Titles Act, 1986 (Act No 95 of 1986), the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person; or
  - (iii) A person occupying land under a register held by a tribal authority or in accordance with a sworn affidavit made by a tribal authority;

**“Parked arrears”** refers to those monies that were put on hold by some of the former Councils which now constitute the Municipality of Emalahleni.

**“Payment”** refers to any form of redemption acceptable to the Council of Emalahleni from time to time towards the balance on an account.

**“person”** means any person, whether natural or juristic, and includes but is not limited to any local government body or like authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust;

**“Premises”** means any piece of land, the external surface boundaries of which are delineated on-

- (a) A general plan or diagram registered in terms of the Land Survey Act No. 9 of 1927 or in terms of the Deeds Registries Act No. 47 of 1937;
- (b) A sectional plan registered in terms of the Sectional Titles Act No. 95 of 1986; or
- (c) A register held by a tribal authority or in accordance with a sworn affidavit made by a tribal authority;

And, where the text so requires, includes any building, structure or the like erected on such land;

**"Public notice"** means publication in the media including one or more of the following:

- (a) publication of a notice, in at least two of the official languages in general use within the Province or area in question and, where possible, the notice shall be published in a newspaper appearing predominantly in the language utilised in the publication of the notice:
  - (i) In any local newspaper or newspapers circulating in the area of supply of the municipality;
  - (ii) In the newspaper or newspapers circulating in the area of supply of the municipality determined by the council as a newspaper of record; or
  - (iii) On the official website of the municipality;
  - (iv) By means of radio broadcasts covering the area of supply of the municipality;
- (b) Displaying a notice in or at any premises, office, library or pay-point of either the municipality or of its authorized agent and to which the public has reasonable access; and
- (c) Communication with customers through public meetings and ward committee meetings;

**"Prescribed tariff or charge"** means a charge prescribed by the Municipality;

**"Residential debtors"** are classified as those debtors who qualify for and receive free electricity and/or water

**"Non-residential debtors"** are classified as those debtors who do not qualify for or receive free electricity and/or water

**"shared consumption"** means the consumption by a customer of a municipal service during a specific period and that is calculated by dividing the total metered consumption of that municipal service in the supply zone where the customer's premises are situated for the same period by the number of customers within the supply zone during that period;

**"Subsidized service"** means:

- (a) A municipal service which is provided to a customer at an applicable rate which is less than the cost of actually providing the service and includes services provided to customers at no cost;
- (b) An area, as determined by the council, within which all customers are provided with services from the same bulk supply connection; and
- (c) The receipt, use or consumption of any municipal service which is not in terms of an agreement or authorized or approved by the municipality;

**"Service"** means municipal services rendered by the Municipality and includes the supply of electricity, water, sanitation and refuse removal.

**"Sundry debt"** refers to any debt other than for rates, housing, metered services, sewerage and refuse removal.

**"Supply"** means any metered supply of water or electricity.

**"tampering"** means the unauthorised reconnection of a supply that has been disconnected for non-payment, the interference with the supply mains or bypassing of the metering equipment to obtain an un-metered service.

**"Total household income or household income"** refers to the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based.

**“Unauthorized service”** means the receipt, use or consumption of any municipal service which is not in terms of an agreement with or approved by the municipality.

**“Utility”** as defined in the National Credit Act No. 34 of 2005, means the supply to the public of an essential-

(a) Commodity, such as electricity, water or gas; or

(b) Service, such as waste removal or access to sewage lines, telecommunication networks or any transportation infrastructure.

Unless the context clearly indicates a contrary intention, an expression which denotes gender shall include a reference to any other gender; the singular shall include a reference to the plural and vice versa.

#### **4. Responsibility / Accountability for Credit Control and Debtors**

**[4.1]** Section 64(1) of the Municipal Finance Management Act (No. 56 of 2003) prescribes that the Accounting Officer of a municipality is responsible for the management of the revenue of the municipality.

**[4.2]** Section 10(G)(2)(f) of the Local Government Transition Act No. 209 of 1993, as amended, further states that “if a person who is or was in the employment of a Municipality causes or caused the Municipality a loss or damage because he or she failed to collect money owing to the Municipality for the collection of which he or she was responsible, the Municipal Manager of that Municipality, or, if the Municipal Manager was responsible for such loss or damage, the Council, shall determine the amount of such loss or damage and take disciplinary action where possible and in appropriate cases recover the loss or damage”.

**[4.3]** It is clear therefore that the determination and application of credit control measures are the responsibility of the Municipal Manager. However, the day-to-day handling of credit control and debtors is the Chief Financial Officer's or his designate's responsibility. Council will, however, be consulted in the determination of the credit control measures to recover budgeted income. If there is any undue interference by a Council or Councilor, which prohibits the Municipal Manager from executing his responsibilities in this regard, he should report this to the relevant MEC.

**[4.4]** The Municipal Manager and his/her designate must take effective and appropriate steps to collect all money due to the municipality including as necessary:

- Maintenance of proper accounts and records for all debtors, including amounts received in part payment; and
- Referral of a matter to the State Attorney, where economical, to consider a legal demand and possible legal proceedings in a court of law.



## **Customer Care Responsibility**

- In terms of Section 95 of the Local Government Municipal Systems Act 2000, in relation to the levying of rates and other taxes by a Municipality and the charging of fees for municipal services, a Municipality must, within its financial and administrative capacity:
- Establish a sound Customer Management System that aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality itself;
- Establish mechanisms for users of services and ratepayers to provide feedback to the Municipality or other service provider regarding the quality of the services and the performance of the service provider;
- Take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of service fees, and the manner in which monies raised from the service are utilised;
- Where the consumption of services have to be measured, take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems;
- Ensure that persons liable for payments, receive regular and accurate accounts and indicate the basis for calculating the amounts due;
- Provide accessible mechanisms for those persons to query or verify accounts and metered consumptions, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts;
- Provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the Municipality;
- Provide mechanisms to monitor the response time and efficiency in complying with the above point; and
- Provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for services.
- The municipality will have the accounts send to all customers. However failure to receive or accept the accounts does not relieve a customer of the obligation to pay any amount due and payable. The onus is on the customer to make every effort to obtain a copy of the account, or establish the amount payable on the account.

## **5. PRINCIPLES**

This Policy supports the following principles:

**[5.1]** Human dignity must be upheld at all times.

**[5.2]** The Policy must be implemented with equity, fairness and consistency.

**[5.3]** Details related to the debt and the account of the debtor should be correct at all times.

**[5.4]** Debts and arrangements to repay debts shall be treated holistically, but different repayment periods or methods may be determined for different types of service, debtors or areas within the general rule that the repayment period should be in sympathy with the installments that the debtor can afford.

**[5.5]** The implementation of this Policy should be based on sound business practices. This includes debt collection through sanctions of warnings, disconnections, evictions and other legal processes.

**[5.6]** New services will only be provided if a clearance certificate has been issued indicating that all amounts due in respect of municipal services, surcharge on fees, property rates and other municipal taxes, levies and duties at the debtor's previous address have been paid.

**[5.7]** New applications for services will be subject to prescribed credit information and outstanding amounts may be transferred to the new account. All information furnished on the application form may be verified by the Council with any or all data information institutions, credit information bureaux and/or any financial institutions as may be deemed necessary by the said Council in determining the applicant's credit worthiness. The Municipality is bias toward completing applications for services with owners rather than with occupiers/tenants where it is practical possible.

**[5.8]** Where alternatives are available, Council may provide reduced levels of service to manage the debt growth.

**[5.9]** Debtors may be referred to third party debt collection agencies and may be placed on the National Credit Rating list.

**[5.10]** All recoverable costs incurred by Council relating to the collection process shall be recovered from the debtor.

**[5.11]** Interest charges on overdue accounts will be levied from the due date if not paid by the following due date and will be calculated for a full month irrespective of when payment is made. The interest charged will appear in the following month's account.

**[5.12]** As part of the arrangements made to repay debt, debtors may be required to co-operate with any reasonable measures that might be required to reduce their level of use of consumptive services to affordable levels.

**[5.13]** At all times, the most financially beneficial arrangement to Council must be entered into whilst still retaining the principles of this Policy.

**[5.14]** Successful credit control is dependent upon a reliable billing system and an accurate municipal data base.

## **[6] APPLICATION FOR MUNICIPAL SERVICES**

The municipality will endeavor to register owners only for services on their properties.

**[6.1]** Applicants for municipal services shall be required to complete a prescribed application form which shall contain:

**[i]** A certificate by the applicant to the effect that the information contained therein is true and correct;

**[ii]** An acknowledgement by the applicant that, in the event of the Municipality supplying the requested service, a binding contract shall come into existence between the applicant and the Municipality subject to the terms of conditions pertaining to the supply of the requested service as may be determined by the Council from time to time.

- In the event where the customer has an outstanding debt on the property, and the customer requires additional services to be installed, the outstanding debt must be settled in full, or suitable payment arrangements must be made by the owner of the property, before any customer/owner is registered for additional services.

**[6.2]** The applicant shall be interviewed by an official who may carry out a full credit check and endeavour to trace all municipal debt owed by the applicant. This will require the provision of, inter alia and if applicable, an Identity Document, binding lease agreement, title deed and other supporting documents as required by Council from time to time. No registration or addition of the customer database can be processed unless there is a complete form with all relevant documents attached.

**[6.3]** Applications for services from businesses, including but not limited to trusts, companies, close corporations and partnerships must include a resolution delegating authority to the applicant to apply for the relevant service and furnishing, if applicable, the business entity's registration number or IT number, the names, addresses and all relevant contact particulars of all the business's directors, members, trustees, proprietors or partners.

**[6.4]** The prescribed application form forms an integral part of this Policy insofar as the contents of such application form is not in conflict with any of the provisions of this Policy.

**[6.5]** Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.

#### **[6.6] PROPERTY DEVELOPMENTS**

**(1)** A property developer must, as soon as an infrastructure is able to render a municipal service or services to an area which is the subject of development, adequately and promptly inform the municipality, within a reasonable time, of the nature and extent of the service or services to be provided and of the measuring devices that will be used.

**(2)** A property developer who fails to comply with the provisions of subparagraph (1) shall be liable for the payment of all the applicable charges that would have been payable by customers in respect of municipal services that have been used or consumed by such customers.

#### **[7] TERMINATION OF SERVICES**

**[7.1]** It is the responsibility of the debtor to notify the municipality when municipal services are no longer required due to the sale of the property or other reasons.

**[7.2]** Failure to comply with the provision of paragraph 7.1 above renders the debtor liable for all service charges and interest thereon accumulated from the date when the premises are vacated to the date when council becomes aware of such vacation.

**[7.3]** A customer may terminate an agreement for the supply of municipal services by giving at least **21 (twenty-one) days** written notice to the municipality of such termination.

**[7.4]** The municipality may terminate an agreement for the supply of municipal services by giving at least **21 (twenty-one) days'** written notice to a customer where:

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

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

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

## **[8] RATES**

### **[8.1] Annual Rates (and other annual levies)**

[8.1.1] Interest will be charged on all overdue accounts at an interest rate that shall be determined by the Council from time to time.

[8.1.2] If an account is not paid by the due date as displayed on the account, a notice shall be issued showing the total amount owed to Council.

[8.1.3] If an account is not settled or there is no response from the debtor to make acceptable arrangements to repay the debt, summons shall be issued and the legal process followed.

[8.1.4] At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in-execution is avoided or taken only as a last resort. The Council, however, has total commitment to a sale-in-execution should the debtor fail to make use of the alternatives provided for by the Council from time to time.

[8.1.5] Any debtor may be granted the opportunity of converting to a monthly rates payment arrangement for the following financial year.

[8.1.6] The municipality may recover the amounts due for rates from the agent of the owner in line with the Municipal Property Rate Act.

### **[8.2] Monthly Rates**

[8.2.1] Interest will be charged on all overdue accounts at an interest rate that shall be determined by Council from time to time.

[8.2.2] Debtors may make application to the Council before **31 May** each year to pay current and future rates monthly, the approval of which is at the sole discretion of the Chief Financial Officer with the right to sub-delegate. By law monthly unless arrange to pay annually by September of each year.

[8.2.3] The monthly amount payable for current annual rates plus interest will be calculated to allow the total balance of such amount to be paid in equal instalments by the end of that financial year.

**[8.2.4]** Should the debtors rates arrears equal the amount of any three monthly installments or more, the full balance of the annual rates will become due and payable and the account status will be converted from monthly to annual.

**[8.3] Rates Clearance Certificate**

No rates clearance certificate will be issued by the Municipality contrary to the provisions of Section 118 of the Local Government: Municipal Systems Act, 2000.

Where an undertaking is submitted by an attorney to the Municipality to pay all outstanding debt on receipt of the purchase price of the property, the municipality may issue a rates clearance certificate, valid for 90 days, after the relevant fee for the certificate was deposited in the municipality's primary account. If the attorney would default to pay the outstanding debt, this arrangement will be forfeited by him.

**[8.4] Determination and Collection of Rates**

The provisions of the Municipal Ordinance 20 of 1974, the Transkei Municipalities Act and the relevant provisions of the Local Government Transition Act 1993 and the Municipal Systems Act 2000 shall, until repealed or replaced, continue to apply in respect of the determination, application and collection of rates owing to the Municipality as well as the seizure and sale of property in execution.

**[9] SERVICES**

**[9.1] Service Tariffs**

All tariffs and or charges payable in respect of services rendered by the Municipality must be determined by the Municipality by a resolution passed by its Council in accordance with its tariff Policy or any by-laws in respect thereof and/or in accordance with any regulations adopted by the Municipality or made applicable to the Municipality in terms of the provisions of the Water Services Act 1997 and any other national legislation.

**[9.2] Fixed Charges**

**[9.2.1] Availability Charge**

The tariffs referred to in paragraph [9.1] may include an availability charge payable by every owner or debtor in respect of services provided by the Municipality whether or not such services are actually used by such owner or debtor.

**[9.2.2] Flat Rate Tariffs**

The municipality is using flat rate tariff structure for the time being but may change to stepped tariff in future in order to improve its revenue base.

### **[9.3] Deposits**

- [9.3.1]** The Municipality will no longer charge deposit for municipal service. The Municipality will however continue charging deposit for the rental of municipal infrastructure.
- [9.3.2]** The Council may require a debtor to whom services are provided and who was not previously required to pay a deposit, for whatever reason, to pay a deposit on request, within a specified period
- [9.3.3]** The Council may from time to time review the sum of money deposited by a debtor in terms of this section and, in accordance with such review –
- [a]** require that an additional amount be deposited by the debtor; or
- [b]** Credit the account of the debtor with such amount as may be held by the Municipality in excess of the reviewed deposit.
- [9.3.4]** An amount deposited with the Municipality in terms of this Section shall not be regarded as being in payment or part payment of an account due for services rendered.
- [9.3.5]** If, upon the termination of the agreement for the provision of services, an amount remains due to the Municipality in respect of services rendered to the debtor, the Municipality may apply the deposit in payment or part payment of the outstanding amount and refund any balance to the debtor.
- [9.3.6]** No interest shall be payable by the Municipality on the amount of a deposit held by it in terms of this Section.
- [9.3.7]** An agreement for the provision of services may contain a condition that a deposit shall be forfeited to the Municipality or its authorised agent if it has not been claimed within twelve months of the termination of the agreement.

### **[9.4] Recovery of additional costs**

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

- (a)** all legal costs, including attorney and client costs incurred in the recovery of arrears which shall be debited against such customer as arrears in his account; and
- (b)** the costs incurred in demanding payment from such customer and for reminding him, by means of telephone, fax, e-mail, letter or otherwise that payment is due, provided that, in respect of an incidental credit agreement, default administration and collection charges may only be charged on condition that they do not exceed the **applicable limit permissible in terms of the National Credit Act, No. 34 of 2005** in the event of the customer concerned defaulting on a payment obligation under such agreement and provided that proper notice in terms of this Act has been given.

#### **[9.5] Payment for municipal services provided**

- (1) A customer shall be responsible for the payment of all municipal services accounts rendered to him from the commencement date of the agreement until his accounts have been paid in full and the municipality shall be entitled to recover all payments due to it from the customer concerned.
- (2) If a customer uses a municipal service for a use other than that for which it is rendered by the municipality in terms of an agreement and if he is charged an amount lower than the applicable prescribed charge, the municipality may alter the amount so charged and recover from him the difference between the altered charge and the amount initially charged to him.
- (3) If amendments to the applicable charge become operative on a date between measurements and/or meter readings for the purpose of rendering an account for services rendered:
  - (a) it shall be deemed that the same quantity of municipal services was provided to the customer for each period of twenty-four hours during the interval between the measurements and/or meter readings as the case may be; and
  - (b) Any fixed charge shall be calculated on a pro-rata basis in accordance with the charge that applied immediately before such amendment and such amended applicable charge.

#### **[9.6] "Full and final settlement" of an amount**

- (1) Where an account is not settled in full, any lesser amount tendered to and accepted by the municipality shall not constitute a full and final settlement of such an account despite the fact that the payment was tendered in full and final settlement unless the municipal manager or his nominee or the manager of the municipality's authorized agent expressly accepts such payment in writing as being in full and final settlement of the amount reflected on the relevant account.

#### **[9.7] Responsibility for payment of amounts due and payable**

- (1) Notwithstanding any other provision in this policy, an owner of premises shall be liable for the payment of any amount that is due and payable to the municipality by a customer who is a lessee or occupier of such premises to which municipal services have been provided for the preceding two years, if the municipality, after having taken reasonable steps to recover from such customer any amount due and payable by him, could not do so;
- (2) Subparagraph (1) must not be construed as absolving the municipality from its responsibility to collect outstanding amounts in respect of municipal services provided to premises from the customer who has benefited there from nor for timorously informing the owner of the premises concerned that the occupying customer has defaulted in making payments due to the municipality in respect of rendered municipal services.
- (3) Despite subparagraph (1) but subject to any law governing prescription, the municipality may collect amounts owing to it for a period in excess of two years through due legal process.

#### **[9.8] Dishonored payments**

Where any payment made to the municipality by negotiable instrument is later dishonored by the bank, the municipality:

- (a) May debit the customer's account with the bank charges incurred in respect of dishonoured negotiable instruments;
- (b) Shall regard such an event as default on payment, and will not accept the type of instrument again.

#### **[9.9] Incentive schemes**

- (a) The council may, by resolution, approve incentive schemes to encourage prompt payment of charges for services rendered and to reward customers who pay their accounts regularly and on time.
- (b) The aforementioned incentive schemes may include the conclusion of a written agreement with the employer of a customer in terms of which such employer undertakes to deduct outstanding rates and service charges or to settle regular monthly accounts, through deductions from the relevant customer's salary or wages, in exchange for a monetary reward either by way of payment of a commission or the grant of a rebate on the charges owing by the employer concerned to the municipality in respect of services rendered to such employer.

#### **[9.10] Pay points and payment methods**

- (1) A customer must pay his account at pay-points specified by the municipality or by an approved agent of the municipality.
- (2) The municipality must inform customers of the location of specified pay-points and the identity of approved agents who may receive payments on its behalf in respect of services rendered to customers.
- (3) Subparagraphs (1) and (2) must not be construed as prohibiting a customer from paying amounts due to the municipality or its authorized agent by means of electronic payment methods provided that the date of receipt of a payment shall be the date such payment appears on or is reflected in the banking account of the municipality.

#### **[10] INTEREST**

- [10.1]** Except where expressly provided to the contrary in this Policy, the Municipality may levy interest on all arrears at a rate prescribed by the Council from time to time in accordance with prevailing law. The applicable interest rate for the financial year will be prime plus one.
- [10.2]** Interest will not be raised on "Parked Arrears". Parked arrears must, however, be included in arrangements and notwithstanding anything to the contrary contained in this Policy, parked arrears must be collected in full before transfer of the property to a new purchaser is authorized by the Municipality. Paragraph 104 of the National Credit Act No 34 of 2005 will apply.



## **[11] ACCOUNTS**

**[11.1]** Monthly accounts will be rendered to debtors for the amount due and payable, at the address last recorded with the Municipality.

Customers are required to update their information details with the Municipality. Failure to update the account does not relieve a customer of the obligation to pay any amount due and payable.

**[11.2]** Failure by the Municipality to render an account does not relieve a debtor of the obligation to pay any amount due and payable.

**[11.3]** An account rendered by the Municipality for services provided to a debtor shall be paid not later than the last date for payment specified in such account, which date will not be more than twenty one days after the date of the account.

**[11.4]** If payment of an account is received after the date referred to in Sub-Section 11.3, interest, as may be prescribed by the Municipality, must be paid by the debtor to the Municipality.

Payment of rates shall not be affected by reason of an objection, appeal or non-compliance with rates policy.

**[11.5]** Accounts for water supply will show the following;

**[i]** The consumption or estimated consumption or assumed consumption, where possible, as determined for the measuring and / or consumption period;

**[ii]** The measuring or consumption period;

**[iii]** The applicable tariff;

**[iv]** The amount due in terms of the consumption;

**[v]** The amount in arrears, if any;

**[vii]** The interest payable on any arrears, if any;

**[viii]** The final date for payment;

**[11.6]** Accounts may be accompanied by a notice stating that –

**[i]** The debtor may conclude an agreement with the Municipality for payment of the arrear amount in installments at the Municipality 5 working days before the final date for payment, if a debtor is unable to pay the full amount due and payable;

**[ii]** If no such agreement is entered into, the Municipality may, in accordance with the Policy contained herein, limit the water services to the debtor by installing a water restrictor;

**[iii]** Legal action may be instituted against any debtor for the recovery of any arrear amount in terms of the Policy contained herein;

[iv] The defaulting debtor's name may be listed with a credit bureau or any other equivalent body as a defaulter;

[v] The account may be handed over to a debt collector for collection;

[vi] Proof of registration, as an indigent debtor, in terms of the Municipality's indigent Policy must be handed in before the final date for payment; and

## **[12] DISPUTES, QUERIES AND COMPLAINTS**

**[12.1]** In this Section "Dispute" refers to the instance when a debtor questions the correctness of any account rendered by the Municipality to such debtor and the debtor lodges an appeal with the Council in accordance with this Section.

### **[12.2] Procedure to be followed**

In order for a dispute to be registered with the Municipality, the following procedures must be followed:

#### **[12.2.1] By the Debtor:**

**[12.2.1.1]** The debtor must submit the dispute in writing to the Municipal Manager of the Municipality.

**[12.2.1.2]** No dispute will be registered verbally whether in person or over the telephone.

**[12.2.1.3]** The debtor must furnish his full personal particulars including the account number, direct contact telephone number, fax, e-mail addresses and any other relevant particulars as may be required by the Municipality.

**[12.2.1.4]** The full nature of the dispute must be described in the correspondence referred to above.

**[12.2.1.5]** The onus will be on the debtor to ensure that he receives a written acknowledgement of receipt of the dispute from the Municipality.

#### **[12.2.2] By the Council:**

**[12.2.2.1]** On receipt of the dispute, the following actions are to be taken:

**[12.2.2.2]** All Administrations must keep a register in which all disputes received will be entered.

**[12.2.2.3]** The following information should be entered into the register:

- Debtor's Account Number
- Debtor's name
- Debtor's address
- Full particulars of the dispute
- Name of the official to whom the dispute is given to investigate.
- Actions that have/were taken to resolve the dispute.
- Signature of the controlling official.

- [12.2.2.4]** The Chief Financial Officer will keep custody of the register and conduct a daily or weekly check or follow-up on all disputes as yet unresolved.
- [12.2.2.5]** A written acknowledgement of receipt of the dispute must be provided to the debtor.
- [12.2.2.6]** All investigations regarding disputed amounts must be concluded by Council's Chief Financial Officer within 21 calendar days from receipt thereof.
- [12.2.2.7]** The debtor shall be advised in writing of the findings on the dispute.

### **[12.3] Appeal against finding**

- [12.3.1]** A debtor may, in writing, appeal against a finding of the Municipality.
- [12.3.1.1]** An appeal in terms of Section 14.3.1. shall be in writing and shall set out the reasons for the appeal and be lodged with the Municipal Manager within 21 days from the date the debtor is advised of the findings of the investigation.
- [12.3.1.2]** An appeal must be decided by the Council of the Municipality at its first ordinary meeting held after the appeal was lodged.
- [12.3.1.3]** The decision of the Council shall be final and the debtor must pay any amounts due and payable in terms of such decision within 14 days of him being advised of the Council's decision.
- [12.3.1.4]** The Council may, in its sole discretion, condone the late lodging of an appeal or other procedural irregularity.
- [12.3.1.5]** If the debtor is not satisfied with the outcome of the appeal, he may, under protest, pay the amount in dispute and redress his action in a court of law.

### **DEBT CONTROL**

### **[13] ARREARS**

- [13.1]** If a debtor fails to pay the amount/s due and payable on or before the final date for payment, the unpaid amount is in arrear and a final demand notice may be hand delivered or sent, per registered mail, to the most recent recorded address of the debtor, within 7 [seven] working days.
- [13.2]** Failure to deliver or send a final demand notice within 7 [seven] working days does not relieve a debtor from an obligation to pay such arrears.
- [13.3]** The final demand notice must contain the following statements –
  - [a]** The amount in arrears and any interest payable;
  - [b]** That the debtor may conclude an agreement with the Municipality for payment of the arrear amount in installments within 14 [fourteen] days of the date of the final demand notice;

- [c] That, if no payment is received and no such agreement is entered into within the stated period, services to the debtor will be limited and that legal action may be instituted against such debtor for the recovery of any amounts owing in accordance with the Policy contained herein;
- [d] That the debtor's name may be listed with a credit bureau or any other equivalent body as a defaulter;
- [e] That the account may be handed over to a debt collector for collection;
- [f] That proof of registration, as an indigent debtor, in terms of the Municipality's Indigent Policy must be handed in before the final date of the final demand notice;

#### **[13.4] Business customers:**

In terms of Regulation 38(1) (d) to the Municipal Finance Management Act 56 of 2003 customers with outstanding debts will be prohibited from entering into any business with the municipality.

When submitting a tender or quote for the provision services or delivery of goods, each potential contractor, service provider and supplier must prove to the satisfaction of the Municipality that all accounts for which the bidder is liable, have been paid to date, and that all accounts for which each and every director, owner, partner or trustee of the tenderer/supplier is liable, have also been paid to date.

Where the bidder is the tenant to the property, both the tenant and the property owner's account for the leased property must be paid to date.

If the agreement between the owner and the tenant stipulates that the tenant is not liable for services, the owner's account must be paid to date.

#### **[13.5] Staff and Councillors in arrears:**

13.5.1 Item 10 of schedule 2 to the Municipal Systems Act, No 32 of 2000 state that employees of the municipality may not be in arrears for the Municipal rates and service charges for a period longer than three (3) months. And a Municipality may deduct any outstanding amounts from a staff member's salary after this period."

- a) The Municipality shall liaise with the relevant employee on repayment of their arrears.
- b) The employee must sign a credit authority, authorising the municipality to deduct the arrears amount from the employee's salary. Where the employee did not respond to the communication made to such an employee until the expiry of the due date stated on such communication, the municipality may assume that the employee have given such authority and may deduct outstanding debts against the employees income.
- c) No special treatment shall be afforded to staff in arrears.

13.5.2 Item 12A of schedule 1 to the Municipal System Act, No 32 of 2000 states that 'A Councillor may not be in arrears to the Municipality for rates and service charges for a period longer than three (3) months.'

- a) The Municipal Manager shall liaise with the Mayor and Issue the necessary salary deduction where appropriate.

13.5.3 Where the employee or councillor makes a debt arrangement on behalf of the debtor account, the municipality will apply the arrangement processes stipulated in sections 20 and 21 of this policy. The instalments will still be deducted against the employee's or councillor's salary.

#### **[14] AGREEMENT FOR THE PAYMENT OF ARREARS IN INSTALMENTS**

- [14.1]** Only a debtor with positive proof of identity or a person authorised by that debtor, will be allowed to enter into an agreement for the payment of arrears in instalments.
- [14.2]** The offer by the debtor to settle arrear amounts plus accrued interest thereon shall be embodied in a written agreement signed by the parties. The aforesaid agreement shall include an acknowledgement of debt signed by the debtor and a copy of the agreement shall be made available to the debtor. The cost of preparation of the agreement plus any incidental costs associated therewith shall be borne by the debtor.
- [14.3]** A debtor will, in the agreement, assume liability for any administration fees, costs incurred in taking action for the recovery of arrears and any penalties, including the payment of a higher deposit.
- [14.4]** A debtor may be required to complete a debit order for the payment of arrears.
- [16.5]** No agreement for the payment of arrears plus accrued interest thereon will be longer than twenty-four months, unless the circumstances referred to in Sub-Section 16.6 and Sections 17 to 20 prevail.
- [14.6]** The Municipality may, on an individual basis, allow a longer period than twenty four months for the payment of arrears if special circumstances prevail that, in the opinion of the Municipality, warrants such an extension and which the debtor reasonably could not prevent or avoid. Documentary proof of any special circumstances must be furnished by the debtor on request by the Municipality.
- [14.7]** In concluding an agreement with a debtor, the arrangement criteria referred to in Sections 16 to 19 shall be applied and, as far as possible, be incorporated into the agreement referred to in this Section.

**[14.8]** The Municipality may, in exercising its discretion under Sub-Section [16.6] have regard to a debtor's—

**[a]** credit record;

**[b]** consumption;

**[c]** level of service;

**[d]** previous breaches of agreements for the payment of arrears in installments; and

**[e]** any other relevant factors.

**[14.9]** If a debtor fails to comply with an agreement for the payment of arrears in installments, the total of all outstanding amounts, including the arrears, any interest thereon, administration fees, costs incurred in taking relevant action, and penalties, including payment of a higher deposit, will immediately be due and payable, without further notice or correspondence.

**[14.10]** The amount due and payable by a debtor constitutes a holistic or consolidated debt, and any payment made by a debtor of an amount less than the total amount due, will be allocated in reduction of the consolidated debt in the following order —

**[a]** Towards payment of the current account;

**[b]** Towards payment of arrears;

**[c]** Towards payment of interest; and

**[d]** Towards costs incurred in taking relevant action to collect amounts due and payable.

**[14.11]** A debtor may, in the sole discretion of the Chief Financial Officer, be allowed to enter into a new agreement for the payment of arrears in installments where that debtor has failed to honor a previous agreement for the payment of arrears in installments, entered into after the receipt of a discontinuation notice. In the event of such further agreement being permitted, then the arrangements mentioned in Section 21 shall be applied to such debtor on the basis of primary arrangements.

**[14.12]** Where a body corporate is responsible for the payment of any arrear amount to the Municipality in respect of a sectional title development, the liability of the body corporate shall be extended to the members thereof, jointly and severally and the agreement shall reflect this status accordingly.

**[15] LIMITATION AND DISCONTINUATION OF SERVICE DUE TO FAILURE TO COMPLY WITH FINAL DEMAND**

**[15.1]** The Municipality shall, within 7 [seven] working days after the expiry of the 14 [fourteen] day period allowed for payment in terms of the final demand:

**[a]** limit the provision of services to the defaulter; and

**[b]** hand deliver or send, per registered mail, to the last recorded address of the debtor, a discontinuation notice informing him that the provision of services will be disconnected within 14 (fourteen) days of the date of the discontinuation notice; if –

**[i]** No payment is received within the allowed period;

**[ii]** No agreement is entered into for the payment of arrears in instalments;

**[iii]** No proof of registration as indigent is handed in within the 14 (fourteen) day period allowed; or

**[15.2]** A discontinuation notice must contain –

**[a]** The amount in arrears and any interest payable;

**[b]** A statement that the debtor may conclude an agreement with the Municipality for payment of the arrears amount in instalments, within 14 (fourteen) days of the date of the discontinuation notice;

**[c]** That if no such agreement is entered into within the stated period, the Municipality may discontinue the provision of services with immediate effect, notwithstanding any legal action instituted or in the process of being instituted against the debtor for the recovery of the arrear amount; and

**[d]** Proof of registration, as an indigent debtor, in terms of the Municipality's indigent Policy must be handed in within 14 (fourteen) days of the date of the discontinuation notice.

**[15.3]** The Municipality may, within 10 (ten) working days after the expiry of the 14 [fourteen] day period allowed for payment in terms of the discontinuation notice, discontinue the provision of services to the defaulting debtor, if -

**[a]** no payment was received within the allowed period;

**[b]** no agreement was entered into for the payment of arrears in instalments;

**[c]** No proof of registration as indigent was furnished within the 14 (fourteen) day period allowed; or

## **[16] LIMITATION AND DISCONTINUATION OF SERVICE DUE TO FAILURE TO COMPLY WITH AGREEMENT TO PAY ARREARS IN INSTALMENTS**

**[16.1]** In the event of a debtor failing to make payment in terms of an agreement referred to in Section 15 a notice shall be served on the debtor informing him:

**[a]**that payments in terms of the agreement have not been received;

**[b]**of the full amount outstanding in terms of the agreement;

**[c]**that unless full payment of the outstanding instalments are received within a period of 14 days from the date of such notice, the Municipality reserves the right to cancel the agreement, claim all outstanding amounts from the debtor and discontinue the service in respect of which the agreement was concluded.

**[16.2]** In the event of the debtor failing to respond to the aforesaid notice within the stipulated period, the Municipality may discontinue the provision of services to the defaulting debtor without further notice.

## **[17] RESTORATION OF SERVICES**

After a debtor settles arrear amounts owing to the Municipality following discontinuance of a service, the discontinued service will be restored within 7 [seven] working days to the type of service the debtor elected in terms of the agreement for the provision of services.

## **[18] DISCRETION: NEGOTIABLE AMOUNTS**

**[18.1]** Discretion in terms of negotiable amounts as per this Policy is delegated to the Chief Financial Officer with the right to sub- delegate.

**[18.2]** Officials with delegated powers may use discretion as a final tool by which decisions can be made in accordance with this Policy.

**[18.3]** At all times, and at all levels, discretion will only be used so as to apply the principles embodied in the Policy and to ensure that some form of payment acceptable to Council is forthcoming from negotiations with the debtor.

## **[19] ARRANGEMENTS**

### **[19.1] Principles for Residential Debtors**

**[19.1.1]**Notwithstanding that all debts should be treated holistically, certain categories of debt may be subject to category specific repayment parameters.

**[19.2.2]**Current charges must be paid in full and cannot be negotiated.

**[19.2.3]**The debtor may be required to prove levels of income and must agree to a monthly payment towards arrears based on his ability to pay or based on his total liquidity if Council so requires.

**[19.2.4]**All negotiations with the debtor should strive to result in an agreement that is sustainable and is most beneficial to Council.



**[19.2.5]** Interest will be charged on arrears at an interest rate that shall be determined by Council from time to time.

**[19.2.6]** Interest on arrears in respect of all services and rates may, at the option of the Council, be frozen whilst the debtor adheres to the conditions of an arrangement.

**[19.2.7]** Debtors, excluding housing debtors, who default on three occasions in respect of arrangements made will be denied the privilege of making further arrangements and the full amount becomes due and payable.

**[19.9]** All arrangements should be subject to periodic review.

**[19.10]** All services may be disconnected and legal action will be taken against debtors as provided for in this Policy and/or such debt may be referred to third party debt collectors, for recovery.

## **[20] ARRANGEMENT CRITERIA FOR RESIDENTIAL DEBTORS**

**[20.1]** All debtors who are in arrears and apply to make arrangements to reschedule their debt will, subject to Section 17, be obliged to make the following minimum payment requirements at the time of entering into such arrangement:

**[20.1.1]** Current bill, plus

**[20.1.2]** An initial payment towards arrears with the minimum payment being equal to a monthly installment which will liquidate the arrear amount plus accrued interest thereon within a period of 24 months (6 months for businesses).

The Chief Finance Officer may approve the installments lower than those listed above.

**[20.2]** Each month the debtor will then be required to pay the following amounts in installments for the term agreed in terms of section 20.1.2 above:

**[20.2.1]** Current account, plus

**[20.2.2]** An installment as determined in 20.1.2 above.

**[20.2]** Should the debtor default, payments will be as follows:

**[20.2.1]** First Default -Current account + the monthly payment as determined in 20.1.2. above increased by 25% of that payment.

**[20.2.2]** Second Default -Current account + 50% the monthly payment as determined in 20.1.2. above.

**[20.2.3]** Final Default -Current account + Full arrears.

**[20.3]** In all cases, failure to respond to notices will result in normal credit control procedures and/or legal processes being followed.

**[21] ARRANGEMENT CRITERIA FOR NON RESIDENTIAL DEBTORS**

- [21.1]** Non-residential debtors may make arrangements to liquidate their arrears where it would be financially beneficial to the Council for them to do so.
- [21.2]** The final decision to make these arrangements will rest with the Financial Officer with the right to sub-delegate.
- [21.3]** If any non-residential debtor wishes to make an arrangement for a period of not longer than six months and will pay the first installment immediately, interest on the arrangement amount may be suspended as long as the terms of the arrangement are maintained.

**[22] LISTING OF DEBTOR WITH CREDIT BUREAU**

- [22.1]** Where an account rendered to a debtor remains outstanding for more than 90 [ninety] days –
- [a]** The defaulting debtor's name may, at the option of the Municipality, be listed with a credit bureau or any other equivalent body as a defaulter, provided that the agreement for the provision of services provide thereof; and
- [b]** May be handed over to a debt collector or an attorney for collection.

**[23] TERMINATION, LIMITATION AND DISCONTINUATION OF SERVICES**

- [23.1]** A debtor may terminate an agreement for the provision of services by giving to the Municipality not less than thirty calendar days' notice in writing of the debtors intention to do so.
- [23.2]** The Municipality may, after having given notice, terminate an agreement for services if a debtor has vacated the premises to which such agreement relates.
- [23.3]** The Municipality may, subject to the conditions contained in this Policy, limit or discontinue services provided in terms of this Policy –
- [a]** On failure by the debtor to pay the prescribed tariffs or charges on the date specified and after the final demand referred to in this policy has been issued and there has been no response from the debtor.
- [b]** On the failure of the debtor to comply with the provisions of any agreement entered into with the Municipality in terms of this Policy.
- [c]** On failure by the debtor to comply with any other provisions of this policy and after due notice has been given to the debtor.
- [d]** At the written request of a debtor;
- [e]** If the agreement for the provision of services has been terminated and the Municipality has not received an application for subsequent services to the premises within a period of 90 [ninety] days of such termination;

[f] If the building on the premises to which services were provided has been demolished;

[g] If the debtor has interfered with a limited or discontinued service; or

[h] In an emergency.

**[23.4]** The Municipality will not be liable for any damages or claims that may arise from the limitation or discontinuation of services provided in terms of this Section.

## **[24] NOTICES AND DOCUMENTS**

**[24.1]** A notice or document issued by the Municipality in terms of this Policy shall be deemed to be duly authorised by the Council of the Municipality.

**[24.2]** Without derogating from the provisions of Section 115 of the Local Government: Municipal Systems Act, 2000, if a notice or document is to be served on an owner, debtor or any other person in terms of this Policy, such service shall be effected by -

[a] delivering it to him or her personally or to his or her duly authorized agent;

[b] Delivering it at his or her residence, village or place of business or employment to a person not less than sixteen years of age and apparently residing or employed there;

[c] If he or she has nominated an address for legal purposes, delivering it to such an address;

[d] If he or she has not nominated an address for legal purposes, delivering it to the address given by him or her in his or her application for the provision of water services, for the reception of an account for the provision of water services.

[e] Sending it by pre-paid registered or certified post addressed to his or her last known address;

[f] In the case of a legal person, by delivering it at the registered office or business premises of such legal person; or

[g] If service cannot be effected in terms of sub-sections [a] to [f], by affixing it to a principal door of entry to the premises concerned.

**[24.3]** In the case where compliance with a notice is required within a specified number of working days, such period shall be deemed to commence on the date of delivery or sending of such notice.

## **[25] UNAUTHORISED RECONNECTION OF ELECTRICITY SUPPLY (TAMPERING)**

**[25.1]** The unauthorized reconnection of, or tampering with a service supply is prohibited and shall constitute a criminal offence that will result in legal action being taken against the person responsible for such unauthorized reconnection or tampering.

Where this has occurred the service reconnected without authorization or tampered with will be effectively disconnected.

**[25.2]** The full amount of arrears plus any unauthorized consumption, and any applicable reconnection tariffs, will be payable prior to reconnection. Should exceptional circumstances exist, adequate payment arrangements may be permitted at the sole discretion of the Chief Financial Officer with the right to sub-delegate.

**[25.3]** The municipality reserve the right to double the reconnection fee for second offenders.

**[25.4]** Sales of property:

On sale of property by the customer, the Municipality shall inspect the meters for any tempering, and if it is discovered that the meter was tempered with, the meter will be disconnected and will only be reconnected on payment of the applicable fee.

No clearance certificate shall be issued until the reconnection fee is paid.

**[26] ENERGY DISPENSERS**

The installation of energy dispensers, with the written permission of the owner, should be encouraged but those debtors whose electricity supply has been disconnected three times for non-payment will be compelled to install an energy dispenser before the supply is reconnected. All energy dispensers are installed at the owner or tenant's expense.

**[27] ENERGY DISPENSERS USED TO RECOVER ARREARS (PIGGYBACKING)**

A minimum of 20% to a maximum of 50% of the value of units purchased for electricity shall be allocated in the first instance to electricity arrears and thereafter to any other arrears. This action will be by prior arrangement with the debtor and shall remain unchanged unless by default

**[28] RIGHT OF ACCESS**

**[28.1]** An authorized representative of the Municipality must, at all reasonable hours, be given unrestricted access to the debtor's premises in order to read, inspect, install or repair any meter, service or service connection for reticulation, or to disconnect, reconnect, stop or restrict the provision of any service.

**[28.2]** Any person who contravenes Section 28.1 above will be deemed to have contravened the provisions of Section 101 of the Local Government: Municipal Systems Act, 2000, as amended and will be charged with the commission of an offence which, if proven, may attract the penalties referred to in Section 119 of the Act.

**[28.3]** Failure to comply with Clause 28.1 could result, inter alia, in any of the debtor's services being disconnected or terminated.

## **[29] OTHER DEBT AND GENERAL**

### **[29.1] Sundries**

**[29.1.1]** Interest will be charged on all overdue accounts at an interest rate that shall be determined by the Council from time to time.

**[29.1.2]** In the recovery of sundry debt, Council reserves the right to utilize any legal action at its disposal as well as make use of any third party debt collector.

**[29.1.3]** Disconnection and/or termination of services may be utilized to obtain overdue payment.

### **[30] EMPLOYER DEDUCTIONS.**

**[30.1]** The Council may, subject to an employee's consent, enter into an agreement with the employer of such employee to deduct an agreed amount from that employee's weekly or monthly wages or salary in payment towards current service and arrear service charges owing to the Municipality.

**[30.2]** In return for this "collection service", employers' who have municipal accounts will have their accounts credited with the equivalent commission, the extent of which will be determined by Council from time to time.

**[30.3]** Employers who do not have municipal accounts will be paid their commission in a manner determined by the Council.

### **[31] FULL AND FINAL SETTLEMENT PAYMENTS**

**[31.1]** Any part payment of an account in full and final settlement can only be tendered to the Chief Financial Officer or his delegated authority.

**[31.2]** Should such a payment not be tendered in accordance with Paragraph 31.1 above and :

**[31.2.1]** Such payment being cash or postal orders, on discovery thereof, will be returned to the payer; or

**[31.2.2]** Such payment be in the form of a cheque, the cheque will be returned to the drawer; or

**[31.2.3]** Such payment be in the form of a cheque, credit card or electronic payment and deposited, the amount of such payment will be returned to the drawer thereof.

**[31.2.4]** Furthermore, should such a payment not be tendered in accordance with Paragraph [30.1] above, the account will be adjusted accordingly, where applicable, and debt management actions in terms of this Policy will commence or continue as if no payment had been tendered.

## **[32] DISHONoured PAYMENTS**

### **[32.1] Rates and General Services**

If the drawer of the cheque, or the debtor who received value from the depositing of the cheque, is an existing debtor of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor. Council reserves the right to refuse to accept further cheques from the drawer or beneficiary, to place the matter on the National Adverse Credit Listing and also institute legal action which may include criminal charges against the offender.

### **[32.2] Miscellaneous Services**

**[32.2.1]** If the drawer of the cheque is not an existing debtor of Council, then a sundry debtor account is opened and the debit and penalty is raised. Once the account is submitted and the debtor fails to honour the cheque and pay the penalty within 14 days of receipt, a final demand is generated and submitted. If there is still no response, then the matter shall be handed over for placement on the National Adverse Credit listing and/or legal action that may include criminal charges being instituted against the offender.

**[32.2.2]** If the drawer of the cheque, or the debtor who received value from the depositing of the cheque is an existing debtor of Council, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor. Council reserves the right to refuse to accept further cheques from the drawer or beneficiary and also institute legal action which may include criminal charges against the offender.

#### **[32.2.3] Motor Vehicle Licensing and Payment of Fines**

Unpaid cheques shall be dealt with in accordance with paragraph 34.2 or be forwarded to the relevant authority for further action.

## **[33] PROPERTY MANAGEMENT LEASES**

The procedure for the recovery of arrears on leases will be in accordance with the conditions contained in the relevant lease contract.

## **[34] HOUSING**

### **[34.1] General Principles**

**[34.1.1]** Interest may be charged on all overdue accounts at an interest rate that shall be determined by Council from time to time.

**[34.1.2]** Interest charges on arrears may be frozen subject to a rescheduled debt arrangement being consistently honoured.

**[34.1.3]** A debt rescheduling arrangement requires the payment of the current account plus an acceptable amount towards the arrears each month.

[34.1.4] The first payment of the debt should be made at the time the debt rescheduling arrangement is entered into.

[34.1.5] If an arrangement is not honoured, the debt collection process/legal action will resume from where it was suspended and not restart at the beginning of the administrative process.

[34.1.6] The Ward and Proportional Representative (PR) Councilors will be informed of defaulting debtors following the issuing of a Letter of Demand to and Judgment Order against the occupant.

[34.1.7] Home visits will be undertaken by officials or representatives on behalf of Council following the issue of the Letter of Demand to the debtor and again, once a Judgment Order has been granted. The visiting official or representative will make every effort to encourage the defaulting debtor to pay his current account and enter into an arrangement for the payment of arrears.

[34.1.8] The debtor is responsible for all legal costs and will have to pay such costs before any legal action may be stopped. An acceptable debt rescheduling agreement must also be entered into before any legal action may be stopped.

[34.1.9] The following minimum payments are required from the debtor prior to cessation of the legal process:

Following issue of Summons 3 X total monthly housing charge

Following issue of Judgment Order 6 X total monthly housing charge

On day of eviction 12 X total monthly housing charge

In each case, the payment required will be limited to the lesser of the outstanding balance or the amount calculated above.

[34.1.10] If the debtor defaults on an arrangement made on the day of eviction, a re-issued Warrant of Ejectment will be obtained and the subsequent eviction process may only be stopped if all outstanding arrears, plus any legal costs, are paid.

[34.1.11] Once an eviction has been carried out by the Sheriff of the Court, no re-instatement of the evicted debtor will be considered.

## **[34.2] The Housing Collection Process**

### **[34.2.1] Rental Schemes**

[34.2.1.1] Rental is payable in advance by the due date.

[34.2.1.2] If payment is not received by the due date on the account, a First Contact Letter requesting payment and offering the debtor an opportunity to make an arrangement within 14 days, must be sent to the defaulting debtor.

[34.2.1.3] If no response to the First Contact Letter is received, a Letter of Demand must be issued allowing the defaulter 7 days as a final opportunity to make an arrangement.

[34.2.1.4] If the debtor fails to respond to the aforesaid Letter of Demand, the legal collection process will commence and the debtor will be liable for all legal costs.

[34.2.1.5] The legal collection process will commence with the issue of a letter demanding payment within a stipulated period of 10 days.

[34.2.1.6] If the debtor fails to respond within the allowed time, summons will be issued, which in turn will be followed by default judgement and ultimately, the sanction of eviction will follow.

### **[34.3] Home-ownership Schemes**

[34.3.1] Loan Installments and other housing charges are payable by the due date.

[34.3.2] If payment is not received by the due date, a First Contact Letter must be served on the debtor requesting payment and offering the debtor an opportunity to make an arrangement for payment within 14 days from the date of such letter.

[34.3.3] If there is no response to the First Contact Letter, a Letter of Demand must be issued, allowing the defaulter 7 days as a final opportunity to make an arrangement for payment.

[34.3.4] If the debtor fails to respond to this notice, the legal collection process will commence and the debtor will be responsible for all legal costs incurred by the Council.

[34.3.5] If the amount due on the day of eviction is not paid, repossession of the property will take place and arrangements must be made for resale of the property.

### **[35] IRRECOVERABLE DEBT**

[35.1] Debt will be regarded as irrecoverable if:

[35.1.1] All reasonable notifications and cost effective measures to recover a specific outstanding amount have been exhausted; or

[35.1.2] If the amount to be recovered is too small to warrant further endeavors to collect it; or

[35.1.3] The cost to recover the debt does not warrant further action, i.e. to summons in another country; or

[35.1.4] The amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or

[35.1.5] A deceased estate has no liquid assets to cover the outstanding amount; or

[35.1.6] It has been proven that the debt has prescribed; or

[35.1.7] The debtor is untraceable or cannot be identified so as to proceed with further action; or



[35.1.8] It is impossible to prove the debt outstanding; or

[35.1.9] The outstanding amount is due to an administrative error by Council.

**[35.2] Authorisation**

[35.2.1] As rates are deemed to be recoverable in all instances, all requests to write-off debt in respect of rates must be presented as individual items to the Chief Financial Officer.

[35.2.2] In respect of other debt, schedules indicating the debtor account number, the debtor's name, the physical address in respect of which the debt was raised, address erf number, if applicable, amount per account category as well as the steps taken to recover a debt and a reason to write off the amount, must be compiled and submitted to the Council for consideration with a view to writing off such debt as irrecoverable.

[35.2.3] Notwithstanding the above, Council or its authorised officials will be under no obligation to write off any particular debt and will always have the sole discretion to do so.

**[36] OFFENCES AND PENALTIES**

[36.1] The Council acknowledges that, in terms of Section 119 of the Local Government: Municipal Systems Act 2000 it is an offence for:

[a] A Councilor to attempt to influence the Municipal Manager or any staff member of the Municipality not to enforce an obligation in terms of this Policy;

[b] A Municipal Manager or other staff member of the Municipality to accede to an attempt mentioned in paragraph [a]

**[37] PUBLICATION OF POLICY**

The Municipal Manager shall, within 14 days from the date of adoption of this Policy by the Council, by public notice draw the attention of the public to its broad contents and method of application.

**[38] DELEGATION OF AUTHORITY:**

38.1.1 The Municipal Manager or a designated Director will coordinate policy development and revision. This includes the development and review of policy proposals for consideration by Council.

38.1.2 While the Municipal Manager is responsible for coordinating the preparation and presentation of a draft policy, accountability for its substantive components lies with the appropriate Director.

**[39] DATE REVISED**

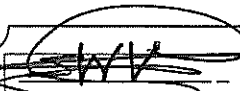
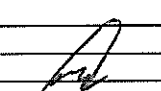
23 May 2015

**[40] DATE ADOPTED**

28 May 2015

**[41] EFFECTIVE DATE**

01 July 2015

 DR SW VATALA MUNICIPAL MANAGER	23/06/2015 DATE	 CLLE NC LALI SPEAKER ELM	23/06/2015 DATE
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