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Debt Collection and Credit Control Policy

Council Resolution No. CR97-28/05/26sp

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1. PURPOSE

This Policy, read together with the Greater Giyani Municipality Credit Control and Debt Collection By-law, provides procedures and mechanisms for credit control and debt collection. The Policy has been compiled in compliance with the Local Government: Municipal Systems Act 32 of 2000 (the Systems Act), which requires the adoption of a credit control and debt collection policy, which is consistent with the Municipality's rates and tariffs policies and which complies with the Systems Act. The Policy aims to ensure that the Municipality's approach to debt recovery is sensitive, transparent and is equitably applied throughout the Municipality's geographic area.

2. DEFINITIONS

Words contained in this Policy have the same meaning as in the Greater Giyani Municipality: Credit Control and Debt Collection By-law. In addition, the following words and phrases have the following meanings:

"Account" means written notification in the form of a statement of account in respect of municipal services, rates, sundry charges and other charges, addressed to a person liable for payment thereof;

"Acknowledgement of debt" means an admission of liability and written undertaking by a debtor to repay an amount owing to the Municipality, and includes a consent to judgement and for the purposes of this policy it also means a Credit Authority;

"Agent" means a person authorised by the Customer to act on his or her behalf;

"Arrears" means any amount which is due, owing and payable and which remains unpaid by due date;

"Authorised Official" means the Manager: Revenue or his delegate in terms of the Municipality's System of Delegations;

"By-law" means Greater Giyani Municipality: Credit Control and Debt Collection By-Law, as amended;

"Category of Owners" means any department of state or administration in the national, provincial or local sphere of government which has a good credit history with the Municipality.

"CFO" means a person employed by the Municipality in terms of section 57 of the Systems Act as the Chief Financial Officer of the Municipality, and includes any person to whom the Chief Financial Officer has delegated or sub-delegated a power, function or duty in accordance with the system of delegation developed by the Municipal Manager in terms of section 79 of the Municipal Finance Management Act and section 59 of the Systems Act;

"Collection Charges" means the charges which the Municipality is entitled to recover in terms of section 75A (1) of the Systems Act, and includes the administrative cost–

- (a) Of reminding any ratepayer or Customer of arrears;
- (b) For the termination, restriction or reinstatement of any Municipal service to a defaulting ratepayer or Customer;
- (c) Of any notice rendered, sent, delivered or published to a ratepayer or Customer in terms of the By-law or any other law;

- (d) in respect of any other charge which the Municipality is by law entitled to recover; "Company" shall bear the same meaning as "Company" in the Companies Act, 2008 (Act 71 of 2008);

"Consolidated account" means a monthly account reflecting municipal service fees, charges, surcharges on fees, property rates, sundry charges and other municipal taxes, levies and duties and all consolidations in terms of section 102 of the Systems Act;

"Credit Authority" means any arrangement made by agreement between the Municipality and a Customer for the payment of any arrears in instalments. Such arrangement may take the form of an agreement or an acknowledgment of debt;

"Customer" means any person or their agent with whom the Municipality or an Authorised Official has entered into an agreement for the provision of any Municipal service to the premises;

"Defaulter" means a Customer whose account is in arrears;

"Disconnection" means a termination or restriction of a Municipal service supplied to a meter;

"Due date" means the date on which a Customer's account becomes payable, which in the case of monthly accounts is twenty-one days from the date of the account,

"Fines" means any lawfully determined pecuniary penalty which is payable by a person to the Municipality in terms of applicable legislation, arising from the commission of an act or an omission that is punishable by law;

"Illegal connection" means any connection or reconnection to a system through which Municipal services are provided, which is not authorised or approved by the Municipality or an Authorised Official; "Juristic person" includes a partnership, a proprietor, association or other body of persons, corporate or unincorporated and includes a trust and organ of state;

"Meter" means any device which measures any demand or quantity of either electricity energy or water passing through such meter;

"MPRA" means the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), as amended;

"Municipal charges" means municipal service fees, surcharge on fees, penalties, interest, property rates, and other municipal taxes, levies and duties, as well as any other charges in terms of Legislation, Policy or an agreement including Sundry Charges and Collection charges;

"Municipal service" means a service provided by the Municipality in terms of its powers and functions to or for the benefit of the local community, irrespective of whether or not –

- (a) Such service is provided by the Municipality itself or by engaging an external mechanism contemplated in section 76 of the Systems Act; or
- (b) Any fees, charges or tariffs are levied in respect thereof;

"Net salary" means the gross salary minus pension and statutory deductions;

"Owner" means:

- (a) In relation to a property referred to in paragraph (a) of the definition of "property" in the MPRA, a person in whose name ownership of the property is registered;

- (b) The administrator of the body corporate of a sectional title scheme where the common property of a sectional title scheme is at issue and there are no elected trustees of the body corporate;
- (c) The administrator, where the owner of a property is a mental health care user as defined in section 1 of the Mental Health Act, 2002 (Act No. 17 of 2002);
- (d) The business rescue practitioner, where the owner of a property has been placed under business rescue;
- (e) Every person who is entitled to occupy or use a building, or who does occupy or use a building, where –
 - i. The owner of the property is absent from the Republic of South Africa;
 - ii. The Municipality has, after reasonable attempts, not been able to determine the whereabouts of the owner of the building; and
 - iii. There is no managing agent;
- (f) Trustees and beneficiaries jointly, in the case of property in a trust;
- (g) An executor or administrator, in the case of property in a deceased estate;
- (h) A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (i) A judicial manager, in the case of a property in the estate of a person under judicial management;
- (j) A curator, in the case of property in the estate of a person under curatorship;
- (k) A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude, as joint owner together with the registered owner;
- (l) A lessee, in the case of a property that is registered in the name of the Municipality and is leased by it;
- (m) A buyer or a developer, in the case of a property that was sold by the Municipality and of which possession was given pending registration of ownership in the name of the buyer, beneficiary, or a developer;
- (n) A child or children in charge of a property in the case of a child headed household as contemplated in this Policy and the Rates Policy of the Municipality;

"Person" means a natural person or Juristic Person;

"Property" means–

- (a) Immovable property registered in the name of a person, including, in the case of 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;
- (c) A land tenure right registered in the name of a person or granted to a person in terms of legislation, excluding a permission to occupy; or
- (d) A public service infrastructure;

"Prescribed" means a determination set or laid down by law, or by the Municipal Council or the CFO from time to time;

"Prescribed Form" means any document that may be prescribed by law or approved by Municipal Council or required by the CFO from time to time;

"Rates" means a municipal rate on property envisaged in terms of section 229(1) (a) of the Constitution and levied by the Municipality in terms of the MPRA, expressed as cents in the rand;

"Rates Regulations" means the Municipal Property Rates Regulations, 2006 as amended;

“Residential property” means a dwelling, in any building, premises, structure, or any other place, or any part thereof, used predominantly as a place of residence or abode of any natural person excluding a dwelling where the dominant use is for any purpose other than residential, or where it is used in the supply of commercial accommodation;

“Revenue Clearance Certificate” means a certificate of the kind referred to in Section 118(1) of the Systems Act;

“Services Account” means an account which relates to water and related charges;

“Service Agreement” means an agreement entered into between the Customer and the Municipality for the provision of a Municipal service which includes but is not necessarily limited to water and other services

“Sundry charge” means an amount charged to a Person which is not directly linked to a property and includes but is not limited to–

- (a) Charges arising from damage to municipal property and equipment;
 - (b) Monies owed for Municipal services other than rates, water, electricity and sanitation;
 - (c) Monies awarded to the Municipality through court orders and judgments;
 - (d) Fines; and
 - (e) Monies owed to the Municipality by the Municipality staff (staff debts);
- “Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended;

“Tenant” means in relation to this Policy a person with whom has entered into a lease agreement with the Landlord; and such person became a Customer to the Municipality prior the adoption of clause 3.1 of this Policy .This excludes tenants stated in clause 3.3 and Social Housing Tenants as mentioned in this Policy;

“Tenderer” means a contractor, service provider or supplier who has submitted a tender for the provision of services or the delivery of goods to the Municipality;

3. BACKGROUND

- (1) Services should be supplied to all the residents of Giyani and surrounding areas once the necessary administrative procedures are completed at the Municipality’s offices and the necessary consumer deposit has been paid.
- (2) The municipal services provided to residents and communities in the municipal area should be:
 - (a) Within the Municipality’s financial and administrative capacity;
 - (b) Regularly reviewed with a view to upgrading, extension and improvement,
 - (c) Provided in a manner that
 - (i) Is fair and equitable to all its residents and communities,
 - (ii) Ensures the highest quality service at the lowest cost and the most economical use and allocation of available resources, and
 - (iii) Is financially and environmentally sustainable.

- (3) Meters should be read on a monthly basis subject to access being possible to the property and consumers should be charged at the prevailing tariffs.
- (a) Accounts should be rendered on a monthly basis and should indicate details of consumption registered on meters as well as the final date of the payments.
 - (b) Credit control is the last step in ensuring payment for services rendered.
 - (c) The enforcement of payment for services could be ineffective if it is not based on acceptable principles.
 - (d) The inability for a Municipality to collect money disqualifies the Municipality to trade as a going concern and should impede service delivery.
 - (e) It is therefore of utmost importance to collect money owing to the Municipality.
 - (f) The Municipal Council should ensure that all money that is due and payable to the Municipality is collected, subject to the Municipal Systems Act and the MFMA.
 - (g) For this purpose the Municipal Council should adopt, maintain and implement a credit control and debt collection policy and by-laws that are consistent with its rates and tariff policies and comply with the provisions of the Municipal Systems and Structures Acts.
 - (h) The Municipal Council should adopt by-laws to give effect to its credit control and debt collection procedure manual and policy, its implementation and enforcement.
 - (i) By-laws may differentiate between different categories of taxpayers, customers, debtor's taxes, services, service standards and other matters.

4. PROVISION OF MUNICIPAL SERVICES

REGISTRATION FOR MUNICIPAL SERVICES

- (1) Residential property - The Municipality will endeavour to register owners only for services on their properties. Tenant registrations currently in place will continue until the tenant vacates, the account is closed or the Municipality cancels the contract of the tenant in default in terms of subsection 6.1 (b) of this Policy.
- (2) Business property - The Municipality will only enter into new contracts for Municipal services with tenants if the owner of the property is a multi-property owner as defined, and the municipal accounts on all of his or her properties are paid. Where the landlord is not a multi-property owner, the owner of the property must register for services.
- (3) When the owner of the property is a Bulk Customer, the CFO, at his or her discretion, may allow tenants of the bulk customer to be registered for municipal services on the property concerned, upon submission of any documents or information that may be requested by the CFO.
- (4) Government property - The Municipality will continue to register tenants for services. The respective Government Departments shall be held liable for the debts on their own property.
- (5) Sundry accounts – A Person must provide the Municipality with a municipal account number or rate account number. If the Person does not have an existing municipal account then a new account must be created.
- (6) The Municipality shall whenever possible, combine any separate accounts of a person who is liable for payment to the Municipality, into one consolidated account.
- (7) No registrations or additions to the customer database can be processed unless legal documentation acceptable to the CFO has been produced in each instance.

- (8) No municipal services should be provided to owners whose accounts are in arrears unless the debts are settled in full, or suitable payment arrangements have been made.
- (9) 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.
- (10) Where the purpose for or extent to which any Municipal service used is changed, the onus and obligation is on the Customer or owner to advise the Municipality of such change.
- (11) A Person applying for a Municipal service must enter into a Service Agreement with the Municipality in order for such Municipal service to be provided.
- (12) A person may be required to provide to the Municipality such personal information, as may be prescribed, for any purpose contemplated in this policy, amongst others, all contact details (such as postal/physical/email address.), proof of identification, financial information and such other relevant documentation, as may be required by the Municipality from time to time (such as a binding lease agreement or a title deed).
- (13) All information furnished may be verified by the Municipality with any or all data information institutions, credit information bureaus and any financial institutions as may be deemed necessary by the Municipality in determining a person's credit worthiness or for any other reason as determined by the CFO.
- (14) The Municipality has a right to conduct a full credit check on any person who is or who will become subject to this policy or any other policy of the Municipality.
- (15) Balances on consumer accounts can only be reduced or written off in exceptional circumstances including
- (16) In the normal course of accounts administration to correct indebtedness which arose as a result of genuine accounting and arithmetic errors, in which case the Chief Finance Officer or Municipal Manager should give approval.

ACCOUNTS MANAGEMENT

5. ACCOUNTS

- (1) The Municipality will deliver notices, any other document and accounts in accordance with section 115 of the MSA. A Customer may register for another mode of transmission as set out in the Credit Control and Debt Collection By-Law. In the case of multiple ownership, the account will be delivered to any one of the owners.
- (2) Subject to the provisions of section 95(e) of the Systems Act, a failure to receive or accept 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 for payment.
- (3) The Municipality or an authorised official must, if administratively possible, issue a duplicate account to a customer on request. The Municipality will provide owners with copies of their tenant's accounts if requested in writing.
- (4) The Municipality may post annual rates assessment for record purposes.
- (5) With the exception of Government Accounts, assessment rates shall be billed on a monthly basis, and may only be billed annually by prior written agreement, subject to the Rates Policy of the Municipality.
- (6) Customers are required to update their information details with the Municipality promptly whenever information on record changes and or whenever requested by the Municipality. A failure to update information with the Municipality or a failure to respond to the Municipality's request for updated information may, subject to the principles of administrative justice, result in the restriction of services, disconnection of services or prosecution. Such update of information includes, but is not limited to–
 - (a) Details of executors or administrators of deceased estates;

- (b) Deregistration or termination of a company, close corporation or trust if the company, close corporation or trust is the account holder;
 - (c) Details of deceased company directors, members of Close Corporations and trustees of Trusts;
 - (d) Details of deceased – partners
 - i. Company directors;
 - ii. Members of close corporations; or
 - iii. Trustees of Trusts;
 - (e) Letters of appointment of a Trustee or Liquidator in the case of an insolvency /liquidation together with contact particulars.
 - (f) Contact details of the Customer;
 - (g) Notice of a company or close corporation placed under business rescue or liquidation and
- (7) The payment of rates shall not be affected by reason of an objection, appeal or noncompliance with the Rates Policy of the Municipality.
- (8) A request for a reconciliation of any account shall be processed after payment of a prescribed fee.
- (9) There is no obligation on the Municipality to provide records older than 5 years from the date such records are requested.
- (10) Accounts may reflect actual or estimated Municipal charges.

6. RESPONSIBILITY FOR AMOUNTS DUE

- (1) In terms of Section 118 (3) of the Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property. Accordingly —
- a) the owner of such property shall be liable for charges incurred in connection with such property and all municipal debts must be paid by the owner of such property without prejudice to any claim or right of recovery which the Municipality may have against another person;
 - b) the Municipality reserves the right to cancel a contract with the Customer in default and register the owner of such property for services on the property; and
 - c) Subject to the right to a basic water supply as contemplated in the Water Services Act, 1997 (Act No. 108 of 1997), as amended, the Municipality will not provide any services on the property until all municipal debts on the property have been paid in full or suitable arrangements have been made to pay such debts. The Municipality reserves the right to determine the manner in which access to a basic water supply will be provided.
- (2) Where the property is owned by more than one person, each owner shall be jointly and severally liable, the one paying the other to be absolved, for all municipal debts charged on the property.
- (3) Owners with their tenants who are registered as Customers shall be held jointly and severally liable, the one paying the other to be absolved, for debts on their property, except for property rates.

- (4) Refuse removal shall form part of the property debt payable by the tenant or owner of the property.
- (5) When a Juristic person opens a Service Account, the directors, members or trustees as the case may be must sign personal surety ships in favour of the Municipality. Liability for outstanding amounts maybe extended to such directors, members or trustees jointly and severally, the one paying the other to be absolved.
- (6) The Municipality may —
 - (a) In a case of an Owner who is in arrears:
 - i. recover from a tenant, occupier or agent such monies as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner for so long as a tenant or occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing;
 - ii. Recover the amount in whole or in part despite any contractual obligation to the contrary on the part of the tenant, occupier or agent; or
 - iii. Recover from the tenant, occupier or agent an amount which is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent;
 - (b) apply to the Companies and Intellectual Property Commission to re-register a deregistered company or close corporation or apply to court for an order of restoration or the voiding of the deregistration for the purposes of recovering the amounts owed by that company or close corporation for all municipal debts which have accrued and shall recover the costs of reregistration from the directors or members accordingly; or
- (7) Should the tenant, occupier or agent refuse to pay as contemplated in subsection 6.6 to the Municipality, the services of the tenant, occupier or agent may be disconnected.
- (8) Should any dispute arise as to the amount owing, the Customer shall pay all amounts which are not subject to the dispute that are due and payable, pending the finalisation of the dispute lodged in respect of the specific amount owed by the Customer.
- (9) Debtors may be referred to a third party debt collector and tracing agent.

7. PAYMENT OPTIONS

- (1) The Municipality will endeavour to establish a payment network to ensure that wherever practically possible, Customers in receipt of accounts have access to a payment site within a reasonable distance of their home.
- (2) The Municipality shall accept payment under the following circumstances—
 - (a) Payment by cheque – provided it is a Bank cheque in ALL instance.
 - (b) Payment via a Bank cheque, electronic funds transfer (EFT) or Cash for Settlement of final accounts.
 - (c) Subject to a. and b. above, the following payment methods are also available:
 - i. EFT;
 - ii. Internet Transfers;
 - iii. Third party collectors appointed from time to time by the Municipality;
 - iv. Direct Debit; and
 - v. Debit Order payments.

- (d) The following shall apply for all EFT payments of the Customer's arrears accounts:
 - i. Only proof of payments from customers will be accepted.
 - ii. The proof of payment will be verified, where applicable, for authenticity (through the submitting bank's website).
 - iii. All reconnection requests where services have been disconnected will ONLY be actioned once payments have been cleared and or receipted to the respective consumer accounts.
- (e) Customers whose accounts are in arrears are encouraged to pay at online sites in the Municipality's banking halls.
- (3) Where any direct debit or payment made to the Municipality or an authorised official is later dishonoured by the bank, the Municipality or its authorised official–
 - (a) Will recover the bank charges incurred relating to that dishonoured payment against the account of the Customer;
 - (b) May regard such an event as default on payment and the account shall be dealt with as an arrear account; and
 - (c) Reserves the right to take legal action for recovery of arrears.
- (4) The methods of payment shall be determined by the CFO from time to time.
- (5) Where a Customer signs a Credit Authority with the Municipality, payment shall, as far as possible, only be accepted via a direct debit procedure.

8. CASH ALLOCATION

- (1) The Municipality may–
 - (a) Consolidate any separate accounts of persons liable for payments to the Municipality;
 - (b) Credit a payment by such a person against ANY account of that person; and
 - (c) Implement any of the debt collection and credit control measures provided for in this Policy and the By-law in relation to any arrears on any of the accounts of such a person.
- (2) Any amounts paid may be appropriated to the oldest debt first.
- (3) Any amount paid by the Customer in excess of an existing debt may be held in credit for the Customer in anticipation of future rates and fees for Municipal services, and no interest will be payable on that amount.
- (4) The Municipality's allocation of payment is not negotiable and the Customer may not choose which account to pay.

9. INTEREST AND ADMINISTRATIVE CHARGES

- (1) Interest charges are raised on arrears which appear on the accounts. The interest rate should be the rate as approved by Council and should be levied before or on the last working day of each month on the balance outstanding at the time
- (2) Interest shall accrue 30 days from date of account on unpaid accounts. Interest shall accrue for each completed month in respect of any arrears remaining unpaid after 30 days

of the account. A part of a month shall be deemed to be a completed month on the basis that interest is charged as from the first day of the account being in arrears.

- (3) Where a debtor qualifies for a full reduction in the value of his property, and where such debtor enters into an Acknowledgement of Debt with the Municipality to pay off arrears for service charges, no further interest will be added to the arrears outstanding if during the period, the debtor adheres to the agreement.
- (4) The Revenue Manager is empowered to suspend/freeze the levying of interest on a debtor's account in the instance that the debtor makes a payment arrangement.
- (5) The payment arrangement ceases to exist in the instance where the debtor defaults on a single payment. Interest shall be charged and retrospectively applied to the outstanding balance.
- (6) As long as the agreement is honoured, interest should not be charged, however, should the agreement not be honoured, interest should be charged from the moment that the agreement was dishonoured.

10. PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS

- (1) When submitting a tender for the provision of services or the delivery of goods, each potential tenderer must prove to the satisfaction of the Municipality that all accounts for which the tenderer is liable, have been paid up to date, and that all accounts for which each and every director, member, owner, partner or trustee of the tenderer is liable, have also been paid up to date.
- (2) The Municipality will at its sole discretion check whether all the municipal accounts are up to date. Copies of all current accounts sent to the tenderer and to each director, member, owner, partner or trustee must be attached to the tender documents.
- (3) Where a tenderer's place of business or business interests are outside the jurisdiction of the Municipality, a Revenue Clearance Certificate from the relevant Municipality must be produced.
- (4) Before awarding a tender, the Municipal debts of the tenderer and of each director, member, owner, partner or trustee of the tenderer must be paid in full.
- (5) Where payments are due to a creditor of the Municipality, or in terms of any contractual arrangement with the Municipality, any arrear amount owing to the Municipality may be set off against such payments.
- (6) This Policy applies to quotations, public tenders and tenders in terms of section 36 of the Municipality's Supply Chain Management Policy.

11. STAFF, COUNCILLORS AND WARD COMMITTEE MEMBERS IN ARREARS

- (1) Item 10 of Schedule 2 to the Systems Act (Code of Conduct for Municipal Members) states that—
 - (a) a staff member of the Municipality may not be in arrears to the Municipality for rates and service charges for a period longer than three (3) months; and
 - (b) Municipality may deduct any outstanding amounts from a staff member's salary after this period; and
 - (c) The Municipality shall liaise with the relevant staff on repayment of their arrears.
- (2) The staff member must sign a Credit Authority and direct debit deduction form in accordance with this Policy

- (3) No special treatment shall be afforded to staff members whose accounts are arrears.
- (4) Any staff member who has breached the code will be dealt with in accordance with the disciplinary procedures adopted by the Municipality or as prescribed by Law or determined by a Collective Agreement.
- (5) Item 12A of Schedule 1 to the Systems Act states that a Councillor may not be in arrears to the Municipality for a period longer than three months.
- (6) The Municipal Manager shall liaise with the Speaker and issue the necessary salary deduction instruction where appropriate.
- (7) Where the Municipality is satisfied with the reasons supplied by the staff member or Councillor or Ward Committee Member stating why the account is in arrears, the staff member or Councillor or Ward Committee Member must pay such arrears within a period of 3 months with interest.
- (8) On appointment to a higher post, employees who have signed a Credit Authority shall increase their instalments on the Credit Authority in accordance with their new salary increase.
- (9) The Council reserves the right to deduct any arrears from the stipend or any other amounts payable to ward committee members.

12. ARREAR ACCOUNTS

Disconnection and Reconnection of Services

- (1) Municipality will appoint and refer any debt to a third-party debt collector and tracing agent for collection, on its behalf.
- (2) A disconnection fee, as determined by the Council, from time to time, will be raised on all accounts printed for disconnection.
- (3) A reconnection fee will be raised on reconnection of services
- (4) Any official or contractor appointed by the Municipality for the purposes set out herein, may, at all reasonable times enter any premises to which services are supplied by the Municipality, in order to inspect pipes, wires or any apparatus used for the supply of services and belonging to the Municipality, for the purpose of ascertaining the quantity of services supplied or consumed, or to disconnect or terminate such supply or remove any apparatus belonging to the Municipality.
- (5) Should the owner fail to allow access to the premises or the property to which services are supplied by the Municipality on three consecutive occasions, the CFO may, having given due notice, disconnect, stop or restrict or discontinue the provision of any service, and the owner, at his or her cost should opt for a pre-paid meter.
- (6) The owner of the property remains liable and responsible for all instances of unauthorised reconnections and disconnections, Illegal connection, tampering, damage or theft of municipal infrastructure, and services installed in the property. Further, the onus is upon the owner to ensure that tenants on the premises or the property refrain from such acts.
- (7) Nothing precludes the Municipality from recovering charges from a previous owner where tampering is proven by the Municipality, or in a court of law, to have predated a current owner's title to the property, or where the application of the laws allows from both the previous and current owner, jointly or severally, the one paying the other to be absolved (given that the debt attaches by law to the property).
- (8) Unauthorised reconnection or illegal connection 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 owner and disconnection of Municipal services or removal of the entire services supply
- (9) Subject to applicable legislation, the Municipality may refuse the supply of water to a consumer who is found guilty of fraud, theft or any other criminal offence related to Municipal services, or, where it is evident that such criminal offence has occurred, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the Municipality have been paid in full.
 - (10) Reconnections of Municipal services will only be allowed when all applicable penalties and fees have been paid and the debt has been extinguished or suitable arrangements have been made to settle the debt.
 - (11) In addition to the other circumstances in which a Municipal service may be disconnected in terms of this policy or the By-law, services may be disconnected, after due notice has been given, where the—
 - (a) owner or tenant is deceased; or
 - (b) Company, close corporation or trust has been deregistered, and such has not been reported to the Municipality.
 - (12) Reconnection of services where services have been disconnected in terms of subsection 14.10 above will be authorised when—
 - (a) an executor has been appointed; or
 - (b) The Company or Close corporation has been re-registered.
 - (13) Where a Municipal service, which is not in the name of the registered owner, has been restricted, disconnected or discontinued, the CFO may, subject to the principles of administrative justice, insist that the service be transferred into the name of such property owner; and
 - (14) Notwithstanding subsection 12.13, the CFO may at any other time insist that the service be transferred into the name of such property owner.
 - (15) Any additional grounds for disconnecting Municipal services as set out in the By-law, shall be deemed to form part of this Policy.

13. ARRANGEMENT FOR EXTENSION OF REPAYMENT OF AMOUNTS OWING TO THE COUNCIL THAT ARE IN ARREARS

- (1) Arrangement for the extension of repayment of amounts owing to the Municipality should only be granted in special circumstances, as it has a negative effect on the Municipality's cash flow position.
- (2) Merit cases, where special circumstances prevail, should be treated individually. The Chief Finance Officer or the Extension Committee should approve/disapprove all applications received requesting extension of payment.
- (3) All applications for extension of payment should be in writing. Exceptional cases whereby extension for payment could be granted, could amongst others include the following categories:
 - (a) Deceased estates,
 - (b) Outstanding enquiries on accounts, for example, misallocated payments, water leaks, etc.
 - (c) Any other case not mentioned, which can be regarded as a merit case due to the circumstance and that is in line with the stipulations of the Extension Committee.
- (4) Arrangements for payments of arrears should only be granted on the following conditions:

- (5) An Acknowledgement of Debt should be completed with all arrangements for paying off on arrear accounts. A copy should be handed to the client and the original filed on the treasury credit control file.
- (6) Debit orders should, as far as possible, be completed for the monthly payment of the agreed arrears amount. If the arrangement is not honoured, the full balance should immediately become payable.
- (7) Extension for the payment of arrears together with their current accounts should not exceed 6 months with first payment payable within 30 days of date of agreement, and only the Director Finance can grant extension.
- (8) Only account holders with positive proof of identity or an authorised agent with a Power of Attorney should be allowed to complete an Acknowledgement of Debt.
- (9) Where cheques are returned, "Refer to Drawer (RD)", for instances where an arrangement has been made, the full balance including an administration fee should immediately become payable.
- (10) Water supply to such clients should be disconnected until the full amount is paid in cash or per bank guaranteed cheque.
- (11) Further cheques should be accepted from the account holder whose cheques have been returned as RD.
- (12) No person should be allowed to enter into a second extension of payment agreement if the first agreement was dishonoured.
- (13) If the overdue balance contains amounts that have been outstanding for longer than twelve (12) months, a minimum of 50 % of the total overdue balance should be made as initial payment.
- (14) The remainder should be repaid in equal instalments within a maximum period of twelve (12) months.
- (15) If the overdue balance contains amounts which have been outstanding for less than twelve (12) months, a minimum of 50 % initial payment should be made and the balance is to be repaid in equal instalments over a period not exceeding six (6) months.
- (16) Only the Chief Finance Officer or Credit control panel may agree to extensions on payment and these cases should be supported by documentary proof and previous payment records should be taken into consideration.
- (17) Where the customer has not entered into a service agreement with the Municipality, water and/or electricity should stay disconnected until such time as a service agreement has been signed and the applicable deposits paid.
- (18) Once an account has been handed over for collection, the case should not be withdrawn unless there was a mistake or oversight on the part of the Municipality and no negotiations may be entered into between the Municipality and the consumer.
- (19) All negotiations should be done with the relevant attorneys. Payments may however be accepted.
- (20) As soon as an agreement to repay arrears has been concluded, the amount in arrears should be transferred to a new debtor account.
- (21) As long as the agreement is honoured, interest should not be charged, however, should the agreement not be honoured, interest should be charged from the moment that the agreement was dishonoured.
- (22) Indigent individuals can apply for assistance through the Municipality's Indigent Policy.
- (23) Where indigents are still in arrears with payment after the indigent allowance were credited to the relevant accounts, normal credit control procedures should prevail.
- (24) Management reports summarising outstanding debts and possible irrecoverable debts should be submitted to the relevant roll players at the end of each month in order to facilitate the budget process.

14. METER READINGS

The Municipality may estimate readings and read meters in accordance with the period prescribed in the respective water policy and By-laws.

15. REVENUE CLEARANCE CERTIFICATES

Subject to Sections 118(1) and (1A) of the Systems Act, the following shall apply to the issue of a revenue clearance certificate for the purpose of effecting transfer of a property to a new owner.

(1) Assessments–

- (a) An application shall be made by a conveyancer, in the prescribed form. Each application must be accompanied by the relevant application fee. The application will not be processed until the fee is paid.
- (b) Copies of all current accounts must accompany any application made manually. If the relevant information is not provided, the application will be returned to the conveyancer.
- (c) The new owner may be held liable post transfer should the application not record the correct meter numbers on the property.
- (d) The Municipality does not accept responsibility for errors on manual applications. The Conveyancer must check that all details on the application, assessment and the revenue clearance certificate are correct.
- (e) Assessed figures are calculated in advance based on the period determined by the CFO. Municipal charges are estimated based on previous consumption, taking into account any existing Property Rates Rebate. However, in the case of a transfer of a share in a deceased estate property to the heir and holder of the other share/s, assessment figures may be calculated thirty (30) days in advance if all arrear debt is paid or will be paid when the assessment is paid by the Conveyancer and the heir is already registered on the system as a Customer in respect of such property. Should the Conveyancer opt for the reduced assessment period, he/she must indicate this when making application for a revenue clearance certificate.
- (f) Upon the receipt of the revenue clearance certificate request, a letter shall be sent to the nominated Conveyancer notifying him or she about his or her responsibilities to inform both the seller and the purchaser regarding the total amount of municipal outstanding debts charged against the property.
- (g) An "Attorneys' Report" in respect of all amounts owing and the assessed figures, shall be issued upon the receipt of the request for the report.
- (h) The assessment shall remain valid for a period of thirty (30) days from the issue date. If payment has not been received within this period, a re-assessment may be required and payment of a further application fee will apply.
- (i) Prior to the issue of a revenue clearance certificate for a subdivision which is still held under the title of the parent property, the owner/seller must, subject to the provisions of section 15.1.o pay all debt on the parent property. The onus rests with the owner/seller to ensure that on new sub-divisions, the debts on the parent property are fully paid.

- (j) Any discrepancies may result in delays in the issuing of a revenue clearance certificate, and in addition may result in the levying of additional backdated rates, penalties or charges.
- (k) Any amounts paid shall be appropriated to the oldest debt first.
- (l) A separate application is required for each transfer.
- (m) An assessment in terms of S118 (1) of the Systems Act will only be issued on request by a Conveyancer.
- (n) The Municipality shall exercise its rights to recover such debt as guided by the law on the application of section 118 of the Systems Act.
- (o) Subject to applicable law, the Municipality reserves the right not to provide services on the property until all debt is fully paid or suitable arrangements are made to pay the debt.
- (p) The onus is on the Conveyancer to advise the purchaser of the provisions of section 15.1.n and o above.
- (q) Where the Municipal account is in respect of a debt consolidated under Section 102 of the Systems Act, the said consolidated account will not be deconsolidated on application for a revenue clearance certificate. An account for the property subject to the Revenue Clearance application will be rendered together with the full interest that accrued on the consolidated account.
- (r) Subject to section 15.7 below, a revenue clearance certificate shall be issued within ten (10) days of the date of payment of the amount requested in the "Attorneys' Report".
- (s) Where simultaneous transfers of a property are contemplated, the Conveyancer must apply for a separate revenue clearance certificate in respect of each new transfer.

(2) Revenue Clearance Certificates—

- (a) Payment of the assessment must be made in cash, EFT payments, direct debit, bank transfers, bank cheques or other instruments accepted by the CFO from time to time.
 - (b) There shall be no refunds on the cancellation of a sale or otherwise.
 - (c) The Certificate shall be valid for a period of sixty (60) days from date of issue.
 - (d) The certificate shall be endorsed with the balance owing as a charge against the property in order to bring the same to the attention of the seller, buyer and conveyancer. The onus is on the conveyancer to advise his or her clients accordingly.
 - (e) The Municipality reserves the right to follow any of the legal mechanisms available to it in order to recover the balance of the debt, including, lodging an urgent application to interdict the sale of the property until the debt is paid in full.
 - (f) All Collection Charges incurred in pursuing recovery of arrears, shall be levied against the debtor's account.
- (3) Information and contact details of the purchaser provided on the revenue clearance certificate shall be used as details of the new owner (purchaser) for the purposes of billing for rates, services and consolidated accounts, until the same has been changed by the purchaser.
- (4) Subject to the application of the law, on the date of ownership transfer, the previous owner's (the Seller) service agreement will be deemed to have lapsed, and, subject

to the rights of the Municipality, the new owner (purchaser) must conclude a new service agreement with the Municipality.

- (5) Notwithstanding that the debt remains a charge on the property, the seller shall furnish to the Municipality new contact details, in writing, comprising a postal and physical address and such further information as may be determined by the CFO from time to time, prior to the Municipality issuing the rates clearance certificate. The seller shall continue to keep the Municipality informed of any change in contact details until such time as the Municipality has confirmed in writing that all amounts that became due whilst the property was in the ownership of the seller (whether or not raised at the time of the rates clearance certificate) have been paid up. Non-compliance with this clause will be regarded as an offence.
- (6) Subject to the application of the law, where, subsequent to the transfer of ownership of a property, a Municipality becomes aware of any Municipal Charges that ought to have been raised in terms of any Legislation (e.g. the MPRA) or this Policy against a predecessor in title to the property, the Municipality reserves the right to levy such Charges against the new owner (purchaser); provided that that the new owner (purchaser) shall only be liable for those Charges that become due and payable with effect from the date of transfer.
- (7) Where an application has been made for a revenue clearance certificate, in respect of a property on which unauthorised development has taken place, or unauthorised /illegal activities have been conducted, the application will not be processed further until such time as the Municipality has re-assessed the valuation of the property.

16. LEGAL ACTION

- (1) Legal proceedings may be instituted by the Municipality to recover arrear amounts on service accounts, where—
 - (a) disconnection action yielded no satisfactory result;
 - (b) disconnection action is not possible due to the nature of the services for which the account has been rendered; or
 - (c) The arrears are older than ninety (90) days.
- (2) The Municipality may, in terms of Sections 28 and 29 of the MPRA, recover arrear rates from tenants in occupation of the relevant property, or managing agents, but only to the extent of the rent payable or amount due by the tenant but not yet paid to the owner of the property. This does not preclude further legal action against the owner.
- (3) For residential properties occupied by owners, all reasonable steps shall be taken to ensure that the ultimate sanction of judgment and sale-in-execution is avoided or taken as the last resort. The Municipality, however, has total commitment to follow the legal process through to judgment and sale-in-execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time.
- (4) Once judgment is obtained the properties will be advertised and sold through public auction, unless appropriate settlement has been made to the satisfaction of the Municipality. The Municipality shall assess annually, the appropriate minimum amount below which it will not attach homes.
- (5) All Collection Charges shall be debited to the relevant debtor's account.
- (6) Proceeds of the Sale in Execution may be appropriated to any of the debtor's accounts in arrears.
- (7) Metering and connection equipment remain in the ownership of the Municipality at all times and the owner of the property, on which such meters and connection

equipment is installed, shall be held responsible for all instances of tampering, damage or theft. Accordingly, the owner of the property concerned is liable for any breach of this duty and may be prosecuted.

17. DISPUTES

- (1) A Person who wishes to lodge a dispute in respect of an account must submit the dispute in writing, stating the reasons for such dispute and any relevant facts, information or representation which the Authorised Official should consider to resolve the dispute.
- (2) The dispute must be submitted within twenty one (21) days of the account. If a dispute is raised after this period, it will be treated as an enquiry, the account will not be suspended and normal credit control procedures will apply.
- (3) The dispute must relate to a specific amount on the account. Amounts not in dispute must be paid in full. If the amounts not in dispute remains unpaid, services may be disconnected.
- (4) Should any dispute arise with respect to the amount owing, the debtor will continue to make regular payments based on the average charges for the preceding three (3) months prior to the dispute, plus interest where applicable.
- (5) A query is not regarded as a dispute. A query is a verbal inquiry whereas a dispute must be in writing and lodged with the relevant municipal department or section.
- (6) Proven tampering charges are not regarded as a dispute.
- (7) The person contemplated in 17.1 above must provide the Authorised Official with the account alleged to be in dispute, which includes incorrect readings, misallocation of payments, incorrect tariffs charged and incorrect property values used and any other relevant information that may be required.
- (8) The Authorised Official:
 - (a) May investigate or cause the dispute to be investigated within thirty (30) days, or as soon as possible after such dispute is received.
 - (b) May call for additional information /documentation from a Customer who disputes an account;
 - (c) Must inform the person in question, promptly, in writing, of his or her finding after conclusion of the investigation; and
 - (d) Must take a decision, based on the spirit of the Policy.
- (9) A dispute submitted above shall not stop or defer the continuation of any credit control and legal procedure already instituted for the recovery of arrear payments relating to such dispute.
- (10) A Person has the right to appeal to the CFO against the decision of the Authorised Official. The CFO may hear representations and either confirm, vary or revoke the decision of the Authorised Official and must communicate his decision within 30 days of date of receipt of the appeal or as soon thereafter as possible.
- (11) A person whose rights are affected by the decision of the CFO may lodge an appeal against that decision within 21 days of the date of notification of the decision, to the Municipal Manager in terms of section 62 of the Systems Act. The appeal must be lodged on the prescribed form.
- (12) Disputes regarding the General Valuation Roll must be submitted to the Municipality's Revenue Unit in the form of an objection or appeal as envisaged by Sections 50 and 54 of the MPRA. The account must be paid in full until an objection or appeal outcome is reached where after the account will be credited or debited accordingly.

18. REFUNDS

- (1) Credits on accounts shall only be refunded: On application and subject to all the Customer's accounts being fully paid,
 - (a) to the account holder, on a water services account; or
 - (b) to the owner; or
 - (c) To the conveyancer to pay the buyer or seller, on/after transfer of a property, unless otherwise directed by an order of Court.
- (2) The provisions of subsection 17.1 above shall also apply to any credits that may arise from an objection or Appeal process.
- (3) A refund shall be forfeited after 3 years if it remains unclaimed.

19. INTEREST REVERSALS

- (1) An accountholder may apply to the Municipality, in the prescribed form, for interest on an account to be reversed.
- (2) Interest on outstanding debt can be reverse when an account holder would like some relief from interest in order to facilitate the final settlement of all outstanding debt on his account
- (3) Interest relief on Arrear Debtor Accounts will be written off provided full settlement of account.
- (4) Interest Relief will be applicable to debtors' categories and will be based on the latest debtors age analysis.
- (5) In the event that the proposed Interest relief is more than the outstanding balance owed, the interest relief will be limited to the balance owed as per consumer statements.
- (6) Before embarking on litigation to recover outstanding debt, interest reversal is used as a tool to persuade the account holder to settle his outstanding debt in full; In the course of litigation, the reversal of interest is used as a negotiating point for the settlement of the matter in court;
- (7) Interest reversal may also be initiated by officials and authorised by the Revenue Manager & Chief Financial Officer in instances where errors with billing have occurred and outstanding arrears should not have accrued interest in the first instance.

20. DEBT WRITE OFFS

- (1) The Municipality has the discretion to write off debt if irrecoverable.
- (2) All debt write offs will be referred to the Chief Financial Officer.
- (3) Debt shall be considered irrecoverable if:
 - (a) Legal recourse has been exhausted, and the Municipality is still unable to secure payment of the outstanding debt; or
 - (b) The success of future legal action by the Municipality to recoup the outstanding debt is compromised due to actions or inactions by the Municipality; or
 - (c) The costs of instituting legal action for the recovery of the outstanding debt would be higher than the value of the outstanding debt; or
 - (d) The debtor in question cannot be traced and a tracing agency has rendered a non-traceable report on the debtor in question; or
 - (e) A deceased estate is insolvent and has no liquid assets to cover the outstanding amount; or
 - (f) A competent Plea of Prescription has been raised by the defendant in the Plea, or alternatively if the Plea of Prescription is raised ex facie the Plea but carries the real risk that it would be upheld if raised properly in the Plea; or
 - (g) If, as a result of the lack of evidence, it is not possible to prove the debt outstanding; or
 - (h) If the outstanding amount is due to an irreconcilable administrative error by the municipality; or
 - (i) If the Sheriff of the Court has rendered a Nula Bona return on movables and the debtor has no immovable property.
 - (j) The above factors do not constitute an exhaustive list of factors that may be taken into account, and the Municipality may, in its opinion, consider any other factor.
 - (k) In exercising its discretion, the Municipality must act lawfully and reasonably having regard to the principles of fairness and equity.
 - (l) A request by an account holder to write off an amount or amounts as bad debt must be made in the form of a submission/motivation and must be in the prescribed or required form as stipulated by the Municipality from time to time.
 - (m) Any deviation from the prescribed form shall result in the rejection of such submission/motivation.
 - (n) In making submission for a debt write off, a Municipality Official shall take all necessary and reasonable steps to ensure compliance with this Policy and shall take all necessary and reasonable steps in the detection of fraudulent activity on the part of the account holder and shall be obliged to report such fraudulent activity to the CFO.
 - (o) An official who knowingly participates in fraudulent conduct with an accountholder in the write off of a debt shall be subjected to the disciplinary action as set out in the Municipality's Disciplinary Code of Conduct, as well as civil or criminal prosecution in a competent court of law.

(p) Traffic Fine Debtors in Arrears

- Warrants of arrest issued in term of section 56(5) of the Criminal Procedure Act of 1977 in respect of traffic infringement have a lifespan of two years from the date of issue thereof.
- Consequently, traffic fines that have been outstanding for more than three (3) years after the date of issue of the traffic fine will be regarded as irrecoverable and be written off.
- At each reporting date Community Service department will initiate an item to council indicating all traffic fines outstanding for more than three (3) years for approval to be written off as irrecoverable

21.METHODOLOGY FOR DEBT IMPAIRMENT

1. The debt impairment methodology has been attached as part of the Annexure of this policy
2. Any changes made to the methodology as a result of changes in accounting standards should be approved by the Accounting Officer.

22.CLAIMS IN RESPECT OF DAMAGE TO SERVICE INFRASTRUCTURE AND MUNICIPAL PROPERTY

- (1) Where a contractor has been engaged to provide services or to deliver goods on behalf of the Municipality and the contractor damages/destroys service infrastructure or Municipal property, the following will apply:
- (2) The contractor must forthwith notify the relevant department within the Municipality whose service infrastructure or Municipal property was damaged/destroyed, so that a claim can be submitted to the Municipality's Insurance section or where applicable, to the Municipality's Insurance Company in order to quantify and recover the damages sustained.
- (3) The contractor shall remain liable for the damage caused to the service infrastructure or Municipal property notwithstanding that its contract with the Municipality may have terminated or been cancelled.
- (4) Upon quantification of the damages sustained, the CFO shall issue a certification of the quantum. Such certification shall be deemed to be a liquid document for purposes of recovery of the damages.
- (5) The damages shall become a collectable debt in terms of this Policy.

23.ASSISTANCE TO THE POOR

Qualifying Criteria

(1) Free Basic Water:

- (a) No charge for the supply of water is raised for domestic residential Customers for the first 6 kl of water per month for those Customers.

(2) Refuse Removal

- (a) Refuse removal and disposal shall be done weekly, free of charge for those Customers.

(3) Rates

- (a) In addition to the R30 000.00 reduction in value of residential property imposed by the MPRA, the Municipality may grant an additional rebate by resolution of the Municipal Council at its annual budget.
- (b) This further rebate is aimed primarily at persons owning low-cost properties and is an integral part of the Municipality's indigent relief measures.

24. ACKNOWLEDGEMENT OF DEBT

Where a debtor occupies property of the kind referred in the definition of a owner, and qualifies for a full reduction in the value of his/her property, and where such debtor enters into an Acknowledgement of Debt with the Municipality to pay off arrears for service charges, no further interest will be added to the arrears outstanding if during the period, the debtor adheres to the Agreement.

25. CERTIFICATE OF ENDORSEMENT:

- (1) The Agreement to this Policy shall come into effect on the date of endorsement and shall cease only in the event where such changes/variations has been reduced to writing and been signed by the speaker of the council.
- (2) Unless in the event where any changes in any applicable Act, Legislation has jurisdiction to supersede.

26. APPROVAL and AMMENDMENT

The municipal Council has the legislative powers to approve and to amend this strategy and it comes to effect on the date of the council resolution.

SIGNED BY:

MAYOR: Cllr Zitha T



SIGNATURE

28/05/2026

DATE

Council Resolution: CR97-28/05/26sp