

CREDIT CONTROL AND DEBT COLLECTION POLICY 2026/2027



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PRE-AMBLE

The Municipal Finance Management Act (MFMA), Act 56 of 2003, aims to modernise budget and financial management practices in municipalities in order to maximise the capacity of a municipality to deliver services to all residents, customers and users. It also gives effect to the principle of transparency as required by sections 215 and 216 of the Constitution.

The Council of the municipality, in adopting this policy on credit control and debt collection, recognizes its constitutional obligations as set out in chapter 7 of the Constitution and chapter 9 of the Municipal Systems Act, Act No. 32 of 2000, to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies in full from those residents who can afford to pay, and in accordance with its indigence relief measures for those who have registered as indigents in terms of the Council's approved indigence management policy.

It is imperative that the Municipality collects monies owed to it for the rendering of services to local communities and for property rates. Should the Municipality not collect such debts it will not be able to continue providing services at the same or an improved level and it will not be able to significantly expand service delivery. The policy and procedures contained in this document shall form the basis of the Municipality's efforts to collect debt owed to it.

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PART 1: DEFINITIONS, APPLICATION AND PRINCIPLES

1. DEFINITIONS

In this policy, unless the context indicates otherwise –

“application” means an application in writing apply for the relevant service on the prescribed application form;

“Arrears” in respect of an amount, means an amount or rates and taxes charges that remains unpaid after the due date and no arrangement has been made;

“Chief Financial Officer or CFO” means an official accountable and responsible to the municipal manager for the implementation, enforcement and administration of the customer care and debt management policy or nominee;

“Child-headed household” means a household consisting only of persons younger than 18 years, irrespective of the number of persons constituting it, which ordinarily resides within the Municipality without an adult person living with such household, irrespective whether such adult person is a relative of the other members of the household concerned;

“consumer” means any occupier of any premises to which municipality has agreed to supply or is actually supplying services or if there is no occupier, then the owner of the premises and including any debtor of the municipality and a rate-payer;

“Consumer account” includes a rates account;

“Council” means Municipal council of Govan Mbeki Municipal or any duly authorized Committee, political office bearer or official of the said council;

“Councillor” means a person elected as Councilors in terms of section 21 of the Structures Act

“Debtor” in relation to the Municipality means any person owing money to the Municipality regardless of the reason for the debt arising;



ANNEXURE E

"Default" includes making only a partial payment of the amount indicated on a consumer account issued by the Municipality;

"Defaulter" means any person owing the municipality arrear money in respect of taxes and/or service charges;

"Due date" in relation to an account, means the date stipulated on the relevant account;

"Habitual defaulter" means a consumer who defaults on more than one occasion during any six-month period on any payment owing to the Municipality;

"Insolvent debtor" means any person declared to be insolvent in terms of the insolvency Act 43 of 1936 (as amended);

"Municipal manager" means an official accountable and responsible for the implementation, enforcement and administration of the customer care and debt management policy or nominee;

"Municipal services" means services provided either by municipality, or its external agent on behalf of the municipality in terms of a service delivery agreement;

"Overdue" in respect of an amount, means an amount that remains unpaid after the due date;

"Property" means immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;

"Rates" means any tax, duty or levy imposed on property by the Municipality in terms of the Property Rates Act

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

"Structures Act" means Local Government: Municipal Structures Act 117 of 1998 (as amended)



2. OBJECTIVES

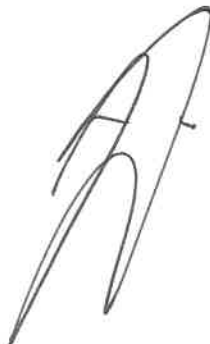
The objectives of this policy are to provide for:

- Credit control procedures and mechanisms.
- Debt collection procedures and mechanisms.
- relief to indigent households that is consistent with the municipality's policy on indigent support and free basic services.
- The termination or restriction of services when payments are in arrears.
- Procedures relating to unauthorised consumption of services, theft and damages.
- Guidelines and procedures for the rendering of accounts.
- realistic targets/benchmarks as set by the municipality which is consistent with:
 - General recognized accounting practices and collection ratios.
 - the estimate income set in the budget minus an acceptable provision for bad debts.

3. APPLICATION

This policy applies to –

- (a) Decision-making with regard to whether the Municipality shall provide services on credit or on a prepaid basis to any consumer;
- (b) All debts owing to the Municipality, including but not limited to, debts arising from –
 - (i) the provision of goods and services to consumers;
 - (ii) the levying of property rates;
 - (iii) the renting of municipal property;



- (iv) the employment relationship between the Municipality and its employees and former employees, e.g. debts owing to the Municipality due to the use of the Municipality's telephones and other office equipment for private purposes, debts arising from employees or former employees being liable for authorizing, making or incurring irregular, fruitless and wasteful or unauthorized expenditure, overpayment of wages and loss of property of the Municipality; and
- (v) overpayment of any salaries and allowances to councillors and former councillors and for a Councillor or former Councillor being liable for authorizing, making or incurring irregular, fruitless and wasteful or unauthorized expenditure; and
- (c) all overdue amounts.

4. PRINCIPLES

The policy contained in this document is informed by the following principles –

4.1 Customer Care and Management, Communication and Feedback

4.1.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget as per the Integrated Development Planning process.

4.1.2 Council's Credit Control and Debt Collection Policy and By-Laws will be made available upon specific request, and will also be available at Council's Records Section.

4.1.3 Ward councillors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.

4.1.4 Each pay point or Rates Hall is equipped with a customer care clerk who attends to customer queries/complaints and provides feedback.



- 4.1.5 Services shall be rendered to premises on the basis of an application lodged on the official application form of the Municipality by the owner of the premises concerned.
- 4.1.6 Completed application forms will be used, amongst other things, to –
- (a) Categorize consumers according to credit risk in order to determine –
 - (i) the amount of the deposit the applicant will be required to pay; and
 - (ii) whether a consumer shall receive services on a credit or prepayment basis; and
 - (b) to determine relevant levels of services to be provided.
- 4.1.7 A current and prospective consumer has, subject to those instances where the Municipality may require her/him to switch from a credit metering system to prepaid metering as set out in this policy, a choice as to whether any or all credit consumption meters at the premises where the services are rendered or required should be replaced by prepaid meters.
- 4.1.8 A copy of the application form, conditions of service provision, an extract of the credit control and debt collection policy and relevant by-laws must –
- (a) be available on the Municipality's website; and
 - (b) given to every person on request at such fees as may be prescribed by Council.
- 4.1.9 Billing must be accurate, timely and understandable.
- 4.1.10 Debtors are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 4.1.11 Debtors are entitled to an efficient, effective and reasonable response to appeals, and may suffer no disadvantage during the processing of a reasonable appeal.
- 4.1.12 Enforcement of payment must be prompt, consistent and effective.
- 4.1.13 Unauthorized consumption, connection and reconnection, tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the

provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.

4.1.14 Incentives and disincentives may be used in collection procedures.

4.1.15 The collection process must be cost-effective.

4.1.16 The Municipal Manager must regularly report to the Council and the Executive Mayor regarding the results achieved with the application of the Municipality's ~~debt~~ collection policy and procedures.

4.1.17 Targets for performance in both customer service and debt collection will be ~~set~~ and pursued and remedies implemented for non-performance.

PART 2: INSTITUTIONAL ARRANGEMENTS

5. INSTITUTIONAL ARRANGEMENTS

5.1 Powers, duties and functions of the Council

The following functions, powers and duties are reserved for the Council –

- (a) Approving budgets;
- (b) Determining service charges, fees and penalties;
- (c) Making funds available to give access to basic services for the poor;
- (d) Providing for bad debt in line with the payment record of the community, as reflected in the financial statements of the Municipality and chapter 3 of the Local Government: Municipal Property Rates Act. The bad debt provision should at least reflect the increase in debtors during the previous financial year. The amount provided for as bad debt can only be reduced by the amount provided for working capital;
- (e) Determining whether an overdue amount is irrecoverable;



- (f) Setting targets for debt collection, in line with acceptable accounting ratios. Such targets shall be set in respect of the debtors' turnover rate the Council wishes to attain as well as the reduction of arrears debtors on balance sheet date;
- (g) Annually reviewing this policy together with the consideration and adoption of the budget;
- (h) Approving a reporting framework for credit control and debt collection;
- (i) Considering and adopting by-laws to give effect to this policy;
- (j) Monitoring the performance of the Municipal Manager regarding credit control and debt collection;
- (k) Revising the budget as per the MFMA should the Council's targets for credit control and debt collection not be met,
- (l) Taking disciplinary and/or legal action against councillors, officials and agents of the Municipality who do not execute this policy and by-laws adopted to give effect to this policy or who act improperly in terms of this policy and such bylaws;
- (m) Delegating authority to monitor and execute the credit control and debt collection policy to the Executive Mayor and the Municipal Manager;
- (n) Approve writing off, of irrecoverable and/bad debts in line with 5.5.2 (b) below and
- (o) Providing funds for the training of staff involved in debt collection.

5.2 Duties and functions of councillors

5.2.1 *Councillors must –*

- (a) convey the Council's policies to debtors;
- (b) encourage debtors to meet their obligations towards the Municipality;
- (c) regularly meet with their constituencies to provide feedback to them on Council matters; and
- (d) adhere to the Council's policy.

5.2.2 A Councillor who issues a false certificate or declaration relating to the status of an applicant

for registration as indigent or a registered indigent debtor shall be deemed to have contravened the Code of Conduct for Councillors.

5.2.3 The municipality may deduct any outstanding amounts from a councillor's allowance after three (3) months

5.2.4 The normal credit control procedures shall also be applied to any arrear account of a councillor.

5.2.5 ***Ward councillors must ensure that –***

- (a) copies of this policy and bylaws are made available to the members of the ward committees;
- (b) the contents of this policy and procedures are explained to such ward committee members;
- (c) such ward committee design, adopt and implement a strategy for popularizing this policy and procedures within her/his ward;
- (d) ward committee members actively encourage people to meet their obligations to the Municipality; and
- (e) ward committee members who are liable for service charges and/or rates meet their obligations to the Municipality.

5.3 **Duties of the Speaker**

5.3.1 The Chief Financial Officer shall within seven working days after the due date submit a written report to the Speaker and the Municipal Manager detailing particulars of any and all overdue amounts owing by councillors.

5.3.2 The Municipal Manager shall engage with the relevant councillors with a view to secure payment of any overdue amounts and inform the Speaker of the results she/he achieved within seven working days of receipt of the report of the Chief Financial Officer.

5.3.3 The Speaker shall, as soon as practicably possible after receipt of the Municipal Manager's report comply with item 13 of the Code of Conduct for Councillors contained in Schedule 1 to the Municipal Systems Act as amended.

5.3.4 The period referred to in 5.3.3 above should not exceed 2 (Two) months

5.4 **Duties, powers and functions of the Executive Mayor**



The Executive Mayor shall –

- (a) oversee and monitor the implementation and enforcement of this policy and the by-laws adopted to give effect to this policy and the performance of the Municipal Manager in implementing the policy and any by-laws;
- (b) evaluate implementation of this policy and such by-laws, in order to improve efficiency of the Municipality's credit control and debt collection mechanisms, processes and procedures;
- (c) at such intervals as determined in terms of this policy report to the Council with regard to her/his duties in terms of paragraphs (a) and (b);
- (d) on receipt of a monthly budget statement or the mid-year performance report issue appropriate instructions to the Municipal Manager to ensure that revenue collection proceed in accordance with the budget; and
- (e) ensure that when an annual budget is tabled it is accompanied by a document setting forth measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the Municipality's integrated development plan and any proposed amendments to this policy

5.5 Duties, functions and powers of the Municipal Manager

5.5.1 *The Municipal Manager shall –*

- (a) implement sound customer care management systems;
- (b) implement the Council's credit control and debt collection policy and bylaws;
- (c) install and maintain an appropriate accounting system;
- (d) bill debtors;
- (e) demand payment from debtors on due dates;
- (f) raise penalties for defaulting debtors;
- (g) appropriate (allocate) payments received;

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- (h) collect overdue amounts;
- (i) provide for different payment methods;
- (j) determine credit control and debt collection mechanisms and measures;
- (k) determine all relevant work procedures regarding, amongst other things, public relations, making arrangements for paying off debt owing to the Municipality, disconnection of services due to defaulting on payment for services rendered, summonses, attachments of assets, sales in execution, writing off of irrecoverable debts, sundry debtors and legal processes;
- (l) subject to the Municipality's supply chain management policy, appoint debt collectors to collect overdue amounts;
- (m) set performance targets for staff with regard to debt collection;
- (n) appoint staff to execute this policy and the by-laws;
- (o) determine control procedures;
- (p) provide sufficient capacity in the Municipality's administration for credit control and debt collection;
- (q) monitor contracts with service providers in connection with credit control and debt collection; and
- (r) report to the Council regarding debt collection.

5.5.2 The Municipal Manager may –

- (a) delegate any function or duty vested in, or conferred upon, her/him in terms of the policy to only the Chief Financial Officer subject to such conditions, directions and limitations as she/he may determine, provided that such delegation –
 - (i) must be in writing;
 - (ii) may include the power to sub-delegate such function or duty;
 - (iii) does not divest the Municipal Manager of the responsibility concerning the performance of the function or duty; and



- (iv) must be reviewed when a new Municipal Manager is appointed and when a new Chief Financial Officer is designated.
- (b) after consultation with the Chief Financial Officer declare any overdue amount irrecoverable and write it off, within the provision for bad debt made by the Council.
- (c) The Municipal Manager shall, after consultation with the managers who are directly accountable to her/him, implement a marketing strategy aimed at encouraging debtors who receive services measured by credit meter to switch to prepaid metering of services.

5.6 Duties, functions and powers of the Chief Financial Officer

The Chief Financial Officer shall –

- (a) perform such functions, exercise such powers and discharge such duties in respect of credit control and debt collection as –
 - (i) the Council, Executive Mayor or the Municipal Manager may delegate or assign to her/him from time to time;
 - (ii) has been assigned or delegated to her/him in this policy and the bylaws giving effect to this policy;
- (b) shall advise the Municipal Manager with regard to the recoverability of overdue amounts and it's writing off; and
- (c) may determine a scoring or other evaluative mechanism or model to be used in managing, underwriting and pricing credit risk, provided that such mechanism or model is not founded or structured upon a statistical or other analysis in which the basis of risk categorization, differentiation or assessment is a ground of unfair discrimination prohibited in section 9(3) of the Constitution.



5.7 Conduct of staff members involved in credit control and debt collection

5.7.1 No staff member who –

- (a) performs a credit risk assessment of any prospective consumer;
- (b) considers an application by a debtor for the postponement of the due date for the payment of an account;
- (c) considers an application of a debtor to be registered as indigent; or
- (d) considers an application by a debtor to pay off arrears debt

shall disclose any personal and private information regarding such prospective consumer or debtor she/he may obtain in the course of the discharge of her/his duties or the exercise of her/his powers to any person other than her/his supervisor, the Chief Financial Officer or the Municipal Manager except –

- (i) in terms of item 13 of the Code of Conduct of Municipal Staff Members contained in Schedule 2 of the Systems Act; or
- (ii) when ordered to do so by a court or other competent tribunal.

PART 3: CREDIT CONTROL MEASURES

6. APPLICATION FOR SERVICES

6.1 A prospective consumer who requires a municipal service must –

- (a) request the owner of the property to apply in writing for the relevant service on the prescribed application form prior to the service being required; and
- (b) The owner must enter into a written consumer agreement with the Municipality.
- (c) When the applicant is not the owner of the property to which the services are to be provided, **NO** account will be opened unless the owner of the property applies in writing on the prescribed form.
- (d) Be informed that **NO** account will be opened if there is an existing account with an outstanding balance on the same property.



- 6.2 An applicant shall have a choice to have any credit water or electricity consumption meter at the premises where she/he requires the service to be rendered, to be replaced with a prepayment water and/or electricity consumption meter at his/her cost.
- 6.3 A separate application must be lodged and a separate consumer agreement entered into in respect of each premises occupied by the owner, provided that where two or more adjacent premises are utilized as if they have been consolidated, the Chief Financial Officer may permit one application to be lodged and one owner/consumer agreement to be entered into in respect of all such premises.
- 6.4 ***If the applicant is a natural person, she/he shall disclose –***
- (a) the name, postal and physical address and telephone number of a relative who does not ordinarily form part of her/his household on the application form;
 - (b) if applicable, details of her/his employment and employer; and
 - (c) details of at least two other creditors.
- 6.5 An applicant shall authorize the Municipality to make such enquiries with regard to her/his creditworthiness as may be reasonable. Should the Chief Financial Officer, after having enquired into the applicant's creditworthiness be of the opinion that the applicant poses an unacceptable credit risk, she/he may require the applicant to apply for the installation of prepaid meters at the premises where the services are required. If the applicant who poses an unacceptable credit risk is not the owner of the premises concerned, the applicant shall be required to obtain and furnish the Chief Financial Officer with the owner's written consent that any credit metering equipment on the premises be replaced with prepaid meters.
- 6.6 Anyone who consumes services without having applied for the provision of such services and/or failed to conclude an owner/consumer agreement may be subject to punitive action in addition to any other steps the Municipality may take.
- 6.7 An application for municipal services on behalf of a person other than a natural person shall be accompanied by a written resolution of the governing body of such person authorizing the applicant to apply for the services in question and to conclude an owner/consumer agreement.
- 6.8 An applicant for services shall, in respect of services and rates payable, be encouraged to provide

the Municipality with –

- (a) a debit order if she/he has a banking account; or
- (b) a stop-order against her/his salary if she/he is employed.

7. CONSUMER AGREEMENTS

NO consumer agreements will be allowed or entered into with the tenants

- 7.1 This policy and any relevant bylaws shall be deemed to be part of a consumer agreement between the Municipality and the owner.
- 7.2 A consumer agreement shall include –
 - (a) an undertaking by the debtor that she/he accepts liability for the costs of collection of any debts owing to the Municipality, including any administration fees, penalties for late payment, legal costs, interest on overdue amounts, disconnection fees and reconnection fees; and
 - (b) an undertaking by the Municipality that it will deliver accounts to the consumer.
- 7.3 non-receipt of an account shall not be a defense for non-payment of a debt in any proceedings regarding the collection of such debt.

8. DEPOSITS AND GUARANTEES

- 8.1 A consolidated consumer deposit is payable when –
 - (a) a new consumer applies for services to be provided to her/him; or
 - (b) an existing consumer moves to a new supply address; and
 - (c) water and/or electricity consumed at the premises concerned is measured by credit meter and the applicant does not choose to have these replaced with prepaid meters.
- 8.2 A registered indigent debtor, the State and the occupier of premises where consumption of all metered services are measured by prepaid meter shall not be required to pay a consumer deposit, provided that –
 - (a) a deposit paid by a debtor who is subsequently registered as indigent shall not be refunded for that reason;
 - (b) a deposit paid in respect of premises where all credit meters have been replaced with

prepaid meters shall not be refunded for that reason; and

- (c) an indigent debtor who is deregistered as such shall pay the required deposit within 30 days after having been notified in writing that her/his registration as an indigent debtor has been cancelled.

8.3 The Chief Financial Officer may authorize a debtor who conducts a business, industrial or commercial undertaking to furnish a guarantee in lieu of a deposit if the amount of the deposit payable in respect of the premises where such business, factory or commercial is conducted ~~exceeds~~ such amount as she/he may determine from time to time. Such guarantee shall be in the form the Chief Financial Officer may determine.

8.4 The amount of a consumer deposit shall be equivalent to an amount equal to the highest two months consumption of all services the consumption of which is measured by credit meter plus sewage services and solid waste removal services at the premises where the services are required or an amount determined by council, whichever is the greater, provided that –

- (a) a non-citizen who does not own the premises in respect of which the application for services is made, shall be required to pay a deposit equal to the highest three months consumption of services; and
- (b) if enquiries regarding the creditworthiness of an applicant for services reveals that the applicant may pose an unacceptable credit risk and she/he does not wish to have any credit meters at the premises replaced by prepaid meters, the deposit required shall be equal to the highest three months consumption of services.

8.5 The Chief Financial Officer shall as often as is necessary, but at least once during a financial year, assess the deposits and guarantees held by the Municipality and adjust such deposits and guarantees to the amount referred to in paragraph 8.4(a) or (b), as the case may be, provided that she/he may at any time increase the consumer deposit in the case of a habitual defaulter to highest three months' consumption of services at the premises where the services are rendered. Any amount (exceeding R 50) due to supplement a deposit pursuant to such adjustment shall be –

- (a) raised on the debtors' system;
- (b) indicated on the next account after the adjustment has been made; and
- (e) due together with the other debts indicated on the account concerned.

8.6 After the initial deposit is paid, businesses deposits will be adjusted after three (3) months to the highest two (2) months consumption.

8.7 The consumer deposit paid by a debtor shall be refunded upon closing of the consumer account

when all outstanding monies due to the Council have been paid in full. Any balance of a deposit a refund of which has not been claimed within one year after the closing of the consumer account to which that deposit relates shall be forfeited to the Municipality, provided that such forfeited sum shall be paid to the person who paid the deposit upon her/his satisfying the Chief Financial Officer as to her/his identity or another person who has satisfied the Chief Financial Officer that she/he is entitled to have the payment made to her/him.

- 8.8 No interest shall be paid in respect of a consumer deposit held by the Municipality.
- 8.9 Municipal employees are exempted from paying consumer deposits as all debt owed are recovered from their salaries/pension fund when employees leave the service of the municipality.

9. ACCOUNTS AND BILLING

- 9.1 The municipality will provide consumers timeously with monthly accounts in order to allow a fourteen (14) calendar days payment period before the due date. The account serves as a notification that services will be terminated unless payment is received on or before due date.
- 9.2 Consumer and rates accounts shall be prepared and rendered in meter reading cycles.
- 9.3 The first consumer and rates account after a consumer agreement was concluded shall be rendered after the first meter reading cycle following the date of signing the agreement.
- 9.4 A debtor will receive one consolidated consumer account for all municipal services rendered to premises by the Municipality provided that water or electricity consumption at the premises concerned are measured by credit meter. A rates account shall be rendered to the owner of the premises concerned. Any other account shall be rendered to the debtor concerned.
- 9.5 Consumer and rates accounts will be rendered each month in cycles of approximately 30 days. Any other accounts shall be rendered in terms of the relevant policy or contract, as the case may be.
- 9.6 The Municipality shall cause consumer and rates accounts to be delivered via electronic mail or mobile text message to all account holders provided that the Municipality shall not be obliged to—
- (a) distribute any account to registered indigent debtors if the subsidy granted by the Council fully covers the consumption of services and rates;
 - (b) distribute accounts for services to debtors where water and electricity consumption is measured by means of prepaid meters.
 - (c) distribute an account with zero balances



9.7 non-receipt of an account –

- (a) or acceptance of accounts does not relieve a customer of the obligation to pay any amount due and payable.
- (b) does not prevent interest to be charged on any overdue amount; or
- (c) does not prevent debt collection procedures to be instituted against the debtor concerned.

The onus rests on the debtor to obtain a free copy of any account she/he has not received, on or before the due date.

9.8 Accounts rendered by the Municipality must be paid, and payment received by the Municipality, on or before the due date. Interest in the form of simple interest shall accrue on any overdue amounts irrespective of the reason for non-payment unless the Chief Financial Officer has granted, on application of the consumer concerned, a postponement in respect of the due date. In the case of any electronic payments or payments via agents, the money must be transferred three working days before the due date on the 7th of each month. It is the responsibility of the owner to send through proof of payment to the municipality if account is paid by electronically or vending channels.

9.9 A debtor may apply for a postponement of the due date. The Chief Financial Officer may postpone the due date on application by a debtor. No postponement may be granted if –

- (a) the consumer agreement between the Municipality and the debtor has been concluded within three months prior to the application having been received;
- (b) during the six months immediately preceding the application for postponement –
 - (i) the debtor has defaulted on the payment of her/his account; or
 - (ii) a debit order granted by the debtor to the Municipality was returned unpaid;
- (c) the debtor is registered as indigent;
- (d) the debtor has failed at any time to comply with an agreement between her/him and the Municipality regarding the payment to the Municipality of overdue amounts; or
- (e) another application for ~~postponement~~ postponement of the due date by the same debtor has been granted during the past six months immediately preceding the application.



- 9.10 The owner of premises may, if she/he is not the occupier thereof, request the Municipality in writing to supply to her/him a duplicate of every consumer account rendered in respect of a premises she/he owns. The Municipality shall provide a copy of every consumer account on receipt of the applicable fee for duplicate accounts to the owner of premises who has applied in writing to receive such copy.

10. INTEREST CHARGES

- 10.1. Accounts are due and payable on account Due Date (7th of each month).
- 10.2. Interest will be levied on all arrears longer than 30 days at a rate prescribed by the Municipality from time to time.
- 10.3. Specific categories of Customers, Services and debtor groups as determined by the Municipality from time to time, may be excluded from interest on arrears;
- 10.4. No interest will be levied on arrear charges owing by indigent debtors and Government Debtors
- 10.5. If a customer enters into an arrangement to settle arrear debt, all interest will be waived as a payment incentive. All interest will be written off on entering into a debt repayment arrangement.
- 10.6. Interest will be reversed where the debt giving raise to the interest was levied in error by the Municipality.
- 10.7. Interest waiver shall not be provided to a Customer who is selling the property (for clearance purposes). Interest waiver shall only apply when the property is being transferred from a deceased estate to the surviving spouse or heirs;
- 10.8. Interest may be waived on a clearance application if it is in the best interest of the Municipality and by approval of the Chief Financial Officer or Municipal Manager.

11. JOBBINGS (Work for third parties at request)

- 11.1 Whenever a request for the provision of a service or the execution of work in respect of which the Municipality did not determine a tariff (except an emergency service) is received the relevant

departmental head shall forthwith prepare and submit a quotation for providing the service or executing the work to the requester.

- 11.2 No material may be acquired or provided and no work executed for a third party unless –
- (a) the requester has accepted the quotation in terms of paragraph 10.1 in writing;
And
 - (b) the Chief Financial Officer notified the departmental head concerned that the amount of the estimated costs of the material or work has been paid or provided for in another manner.
- 11.3 If payment has been made in advance and it becomes clear to the Chief Financial Officer or the departmental head concerned that the cost of the work or material will exceed the amount of such payment, the departmental head must cease performing the work or providing the material until permission to continue had been received from the Chief Financial Officer.

12. INSOLVENT DEBTORS AND DEBTORS UNDER ADMINISTRATION

- 12.1 The Chief Financial Officer shall take all reasonable steps to ensure that the Municipality:
- (a) is informed timely of the insolvency of and administration orders issued against any debtors of the Municipality; and
 - (b) register as a creditor in terms of section 43 of the Insolvency Act 1936 (Act No 24 of 1936); or
 - (c) file a claim in terms of section 74G or 74H of the Magistrates' Courts Act 1944 (Act No 32 of 1944), as the case may be, in respect of any debtor against whom an administration order was granted.
- 12.2 The Chief Financial Officer may, upon learning that a sequestration order or an administration order has been issued in respect of a debtor, restrict the water supply to 10kl and the electricity circuit breaker to 50 amperes after giving 14 days written notice of her/his intention to the debtor or the (provisional) trustee or the administrator of the debtor's estate.
- 12.3 The services rendered to the premises in terms of paragraph 11.2 shall remain restricted unless the debtor's trustee or administrator, as the case may be, concludes a consumer agreement on behalf of the debtor with the Municipality or authorizes the debtor in writing to conclude such an agreement. The Municipality shall, when a new consumer agreement is concluded in terms of this paragraph replace, at the debtor's cost, any credit meter at the premises concerned with a prepayment meter.



- 12.4 A consumer agreement concluded by a trustee or administrator on behalf of a debtor shall be cancelled and a new consumer agreement entered into with the debtor concerned when the Municipality receives written notification that the debtor was rehabilitated (in the case of an insolvent debtor) or the administration order has been executed and satisfied.

13. METERING OF ELECTRICITY AND WATER CONSUMPTION

- 13.1 The Municipality may introduce various metering systems to measure the consumption of water and electricity supplied to premises.
- 13.2 The Municipality may at any time require a habitual defaulter to convert from one metering system to another. Such conversion shall be carried out at the cost of the consumer concerned.
- 13.3 Prepaid metering (Split Metering) systems are the preferred metering installation for all new domestic and smart metering in appropriate cases and business accounts. Consumers shall be encouraged to voluntarily convert to prepay metering. Whenever a debtor requests the conversion to prepay metering such conversion shall be carried out at the debtor's cost.
- 13.4 Credit consumption meters will be read monthly. Should circumstances prevent reading, the Municipality is entitled to estimate a reading that is within reason comparable to past consumption.
- 13.5 A debtor is responsible for ensuring access to metering equipment at a time that is agreeable between her/him and the Municipality's meter readers. If the Municipality cannot access metering equipment on a regular basis the debtor will be liable for any cost the Municipality may incur to ensure access to such equipment, including the cost of relocating the meter concerned.
- 13.6 A debtor who cannot make a reliable arrangement with the Municipality's meter reading personnel may, by written agreement with the Municipality, take such readings of meters as may be required and provide same telephonically to the Municipality. Such an agreement shall stipulate that the Municipality –
- (a) shall obtain any final reading should the debtor move to another supply address;
 - (b) shall have the right to obtain an audit reading once during every six months during the normal reading cycles of the Municipality;
 - (c) is entitled to cancel the agreement by written notice to the debtor if she/he fails to ensure that an audit reading is obtained or to render readings on two consecutive occasions.

- 13.7 Routine or special maintenance of metering equipment will be communicated to the debtor concerned. Whenever it becomes necessary to replace a credit meter, technical department (HOD) shall in writing inform the Chief Financial Officer when such meter has been replaced. The notice informing the Chief Financial Officer of the replacement of a meter shall indicate the final reading of the meter that was removed and the commencement reading of the meter that was installed, if another credit meter was installed.
- 13.8 The Municipal Manager shall, after consultation with the Chief Financial Officer, set targets relating to the accuracy of meter readings to be achieved by the meter readers. The Chief Financial Officer shall make such arrangements for the monitoring of meter reading services as may be necessary.

14. STAFF AND COUNCILLORS IN ARREARS

- 14.1 Item 10 of Schedule 2 to the Act states that: - "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 months and a Municipality by deduct any outstanding amounts from a staff members salary after this period."
- 14.2 The Municipality shall liaise with the relevant staff on repayment of their arrears and issue the necessary salary deduction instruction where appropriate.
- 14.3 Item 12A of Schedule 1 to the Act states that: - "A Councillor may not be in arrears to the municipality for rates and service charges for a period longer than three months."
- 14.4 The Municipal Manager shall liaise with the Speaker and issue the necessary salary deduction instruction where appropriate.

PART 4: DEBT COLLECTION PROCEDURES

15. PAYMENT FACILITIES AND METHODS

- 15.1 The Municipal Manager shall ensure that an adequate number and range of municipal payment and enquiry facilities are provided and maintained subject to acceptable levels of activity when compared to operational costs. The Municipal Manager shall actively monitor the effectiveness of payment facilities, methods and convenience for debtors.
- 15.2 Subject to the Municipal Manager's determination as to the range of settlement options available, a debtor may settle a debt owing to the Municipality by -



- (a) cash payment at a pay point of the Municipality;
- (b) stop-order in favour of the Municipality against her/his bank account or salary
- (c) debit order;
- (d) credit or debit card; or
- (e) direct electronic transfer or deposit into the Municipality's bank account

15.3 Allocation of payment to account will be from oldest debt to the current.

15.4 Any agent used for transmitting payments to the Municipality is at the risk and cost of the debtor concerned. In addition, the debtor must take into account the transfer time of the particular agent.

16. AGREEMENT WITH EMPLOYERS

16.1 Section 103 of the Systems Act reads as follows: -

"A Municipality may-

- (a) with the consent of a person liable to the Municipality for the payment of rates or other taxes or fees for municipal services, enter into an agreement with that person's employer to deduct from the salary or wages of the person –
- (b) any outstanding amounts due by that person to the municipality or
- (c) such regular monthly amounts as may be agreed."

16.2 The onus to introduce such arrangements remains with each employer/employee.

16.3 A collection commission may be payable to the employer as determined from time to time.

17. CONTESTING OF ACCOUNTS

17.1 A debtor may contest an account, provided that an account that has not been contested within 3 months of the date of its issue shall be deemed to be correct.

17.2 A debtor contesting an account of the Municipality may do so –

- (a) in writing addressed to the Municipal Manager;



- (b) telephonically; or
- (c) in person at any customer care office provided by the Municipality.

17.3 A debtor who has lodged an enquiry in connection with an account or who is contesting an account is not relieved of the responsibility to maintain regular payment of the account concerned. An interim payment equal to the average account of that debtor over the last three months must be paid by the due date pending finalization of the enquiry. Failure to make a payment will result in debt collection action been instituted against the debtor.

17.4 Depending on the nature of the enquiry and the resources available, an enquiry regarding an account must receive a response within 5 working days.

18. AUTHORISED MECHANISMS OF DEBT COLLECTION

The Municipal Manager may institute the following mechanisms -

- (a) Disconnection/restriction of water and/or electricity for overdue amounts;
- (b) Barring of prepayment services to debtors who are in arrears with other services, including assessment rates account related to the property irrespective in whose name the account is;
- (c) Allocating a portion of any payment for prepayment services to overdue amounts;
- (d) Insisting on pre-paid supply meters being installed at the cost of the debtor;
- (e) Emolument attachment orders on debtors' salaries;
- (f) Legal process, including the attachment and sale of property;
- (g) Withholding payments of grants-in-aid;
- (h) Withholding payment on contracts; and
- (i) Any other method authorized by the Council from time to time.

19. COMMENCING THE DEBT COLLECTION PROCESS

19.1 As soon as is reasonably possible after the due date on which consumer and rates accounts for any month should have been paid, the Chief Financial Officer shall cause a customer age analysis to be prepared indicating accounts and amounts owing to the Municipality for 30, 60, 90, 120 and more than 120 days, separating accounts -

- (a) where electricity consumption is measured by means of a prepaid meter from accounts

- where electricity consumption is measured by credit meter; and
- (b) where the Municipality is not the electricity supplier.

19.2 The Chief Financial Officer shall cause a final notice to be given to the debtor concerned –

19.3 ***A notice in terms of par 19.2 must -***

- (a) state that the account is in arrears;
- (b) demand payment within 14 days of the date of the final demand notice
- (c) invite the debtor to visit the Municipality and to make arrangements for the payment of the arrear amount within 14 days of the date of the final demand notice and
- (d) state that services to the premises to which the account relates shall be discontinued or restricted should the debtor fail to take action.

20. REFUSAL TO RENDER CERTAIN SERVICES WHEN ACCOUNT IS IN ARREARS

20.1 The Municipality may refuse to render any service which a user is required to pay for only if she/he utilizes the service if any amounts that debtor owes the Municipality are overdue. Such services include, but are not limited to –

- (a) consideration and approval of a building plan;
- (b) conducting any inspection of construction work;
- (c) removal of garden refuse or building rubble from the property concerned; and
- (d) issuing a certificate condemning food as unfit for human consumption.

20.2 The Municipality shall not award any contract for the supply of any goods, the execution of any work or the provision of any service to or on behalf of the Municipality to any supplier

- (a) who is in arrears with any debt owing to the Municipality; or
- (b) who has not made arrangements for the settlement of overdue amounts owing to the Municipality; or
- (c) who has made arrangements for the settlement of overdue amounts owing to the Municipality but who has defaulted on the terms and conditions of such agreement, or

- (d) who has signed a debit order against her/his bank account for payment of an instalment in terms of an agreement to pay overdue amounts and such debit order was returned unpaid.

21. RESTRICTING AND DISCONTINUING SERVICE PROVISION

21.1 Whenever a debtor fails to take appropriate action following a notice in terms of paragraph 19, the Chief Financial Officer shall take the necessary steps to –

- (a) Disconnect the electricity or block the purchase of electricity coupons and/or water tokens from any vendor if the debtor concerned obtains electricity or water by means of a pre-paid meter; or
- (b) disconnect the electricity supply to the property concerned if electricity consumption is measured by means of a credit meter; or
- (c) restrict or discontinue water supply to the property if –
 - (i) the debtor does not purchase electricity from the Municipality; or
 - (ii) the amount outstanding is not paid within fourteen (14) calendar days after the electricity supply to the property was disconnected; or
 - (iii) the purchasing of electricity coupons have already been blocked.

21.2 The Chief Financial Officer shall cause a written notice of the action taken in terms of paragraph 21.1 to be left at the premises concerned. Such notice shall -

- (a) state that the relevant service shall be reconnected or reinstated as soon as the debtor has –
 - (i) paid the amount owing to the Municipality; or
 - (ii) has made suitable arrangements for paying any such amount;
- (b) inform the debtor –
 - (i) that the relevant service may only be reconnected or reinstated by the authorized officials of the Municipality;
 - (ii) that any tampering with or reconnection of the service concerned shall expose her/him to legal action;



- (iii) that she/he shall be liable for the disconnection and reconnection fee relating to the disconnection or restriction of the service concerned; and

© invite the debtor to visit a customer care office of the Municipality to make arrangements for the payment of the overdue amount.

21.3 Notwithstanding the provisions of paragraph 21.2 (a), the Chief Financial Officer shall cause

A written notice of the action taken in terms of paragraph 21.1 (c) to be left at the premises concerned. Such notice shall state that the water supply shall be reconnected or reinstated within 48 hours after satisfactory payment or satisfactory arrangements for payment of arrears; penalties and/or adjusted deposit have been made in accordance to this policy.

22 RECONNECTION OF SERVICES

- (a) Services, restricted or disconnected in terms of section 21, will only be reinstated and reconnected after satisfactory payment or satisfactory arrangement for payment of arrears have been accepted; penalties and/or deposit has been increased in accordance with this policy.
- (b) Services may only be reinstated or reconnected by the Municipality or its duly appointed agent.
- (c) Subject to capacity at the time to restore such Services which have been restricted or disconnected, such Services will be restored within a reasonable time after the relevant conditions of this Policy have been met. Only where payments have been made before 12h00 on a working day will Services be restored on the same day.
- (d) Onus shall be on the Customer to request reconnection and to provide acceptable proof that the full amount as required has been paid.
- (e) Where any instruction is issued by the Municipality for the reinstatement of normal service flow or reconnection of Municipal Services, restricted or disconnected in terms of this Policy, reconnection fees will be levied in terms of tariff provisions of the Municipality



23 ARRANGEMENTS FOR PAYMENT OF OVERDUE AMOUNTS

23.1 A debtor who cannot meet her/his obligations to the Municipality may enter into a written agreement with the Municipality regarding the payment of overdue amounts,

23.2 An agreement in terms of paragraph 23.1 shall apply only in respect of amounts overdue on the date on which the agreement is signed.

23.3 A debtor shall –

- (a) admit liability for the amount of the overdue debt, interest thereon and costs as set out in the agreement;
- (b) offer to pay the overdue debt and costs for which she/he admits liability, in installments or otherwise;
- (c) undertake on payment of any installment in terms of her/his offer to pay the collection fees for which the Municipality is liable in respect of the recovery of such installment; and
- (d) agree that in the event of her/his failure to carry out the terms of her/his offer the Municipality shall, without notice to her/him, be entitled to apply for judgment for the balance of the overdue debt for which she/he admits liability, with costs, and for an order of the court for payment of the judgment debt and costs in installments or otherwise in accordance with her/his offer.
- (e) Alternatively, the Municipality may hand over such an account to its collection Agencies or law firm for collection.
- (f) In the event that an agreement or an acknowledgement of debt has been signed with Municipality; the overdue capital amount will be capitalized and transferred to the loan account.
- (g) The acknowledgment of debt referred to in (f) above will be activated with the instalment amount agreed upon between the municipality and the debtor, in the event that the overdue capitalized amount is handed over to a debt collection agency or law firm; the debtor will enter into an agreement with the agency or law firm inclusive of the costs referred to in (c) and (d) above.
- (h) Where the Municipality has handed over a debtor to a Debt collection Agency or law firm; such Debt

collection Agency or Law firm must submit a collection report to the Municipality on a monthly basis detailing the amount handed over; arrangement/agreement with the debtor; instalment amount, period of the agreement/arrangement and when the final instalment is due.

- (i) In the event of a handed over debtor; the Agency or Law firm shall make all necessary attempts to collect the handed over amount.

(j) The Agency or Law firm must return all handed over files in the event:

- (i) That the debtor has passed on with no Estate or successor
 - (ii) In the case of a non-domestic debtor-excluding all State Departments or Parastatals- the debtor has become insolvent or sequestrated with no prospects of success of any claim being pursued.
 - (iii) That debt has prescribed or the file has been with the Agency Law firm for a period of more than Six (6) months with no success
 - (iv) That such files shall be returned to the Municipality at no cost to the Municipality.
- (k) All debts and/or returned files referred to in 23.3 (j), read with clauses 5.1 (n) and 5.5.2 (b) above has been satisfied, a written report must be tabled before the Municipal Council or its delegated authority for write offs.

24. ADDITIONAL CONDITIONS IN RESPECT OF DOMESTIC DEBTORS

24.1 An agreement in terms of paragraph 23 shall, in the case of a domestic consumer, further stipulate that the debtor shall -

- a) pay the amount owing, interest thereon and costs as stipulated in equal monthly installments over a maximum period of 60 months, provided that –
 - (i) The debtor pays 30 days plus current account or 20% of the total debt, whichever is lesser upon signing of their 1st agreement.
 - (ii) The debtor pays 30 days plus current account and additional 5% of the arrear debt with the signing of the 2nd repayment agreement and thereafter current account plus 30 days and additional 10% of any further repayment agreements.

- (iii) The above-mentioned minimum down payment requirements may be reduced or withdrawn based on merit of written request by account holder to the CFO or nominee. The payment history and credit risk of the account holder will be considered

- b) regularly pay the current monthly account in respect of the premises concerned on or before the due date.
- c) apply write off of interest when a customer settles the account in full

24.2 The Municipality may, on an individual basis, allow a longer period than 60 months to a maximum not exceeding 120 months for the payment of arrears, if –

- (a) special circumstances prevail, which in the opinion of the Council warrants such an extension, and which the Customer could not reasonably prevent or avoid; and
- (b) documentary proof of any such special circumstances has been furnished by the consumer on request by the Council.

24.2.1 This extension of the repayment period in 24.2 may not be further extended longer than an additional 60 months.

24.2.2 The Customer may be required to prove levels of income and must agree to a monthly instalment.

24.2.3 The Council must, in exercising its discretion under paragraphs 24.2 (a) and 24.2 (b), have regard to a customer's –

- (i) internal credit record history;
- (ii) previous and frequency of dishonored payments;
- (iii) instances of meter tampering or illegal connection;
- (iv) consumption and level of service;
- (v) previous breaches of agreements for the payment of arrears in instalments;
- (vi) provisions of National Credit Act; and
- (vii) any other relevant factors.

24.3 Council may at any time relax the provisions of sections of the policy and substitute them with conditions which will be applicable for a determined period.

25. ADDITIONAL CONDITIONS IN RESPECT OF NON-DOMESTIC DEBTORS

25.1 An agreement in terms of paragraph 23 shall, in the case of a business, commercial and industrial consumer, further stipulate that the debtor shall-



- (a) pay a minimum of 30% of the overdue amount and costs upon signing of the agreement;
- (b) pay the balance of the overdue amount and costs in equal instalments over a period not exceeding 36 months; and
- (c) undertake to regularly pay the current monthly account in respect of the premises concerned on or before the due date.
- (d) apply write off of interest when a customer settles the account in full

25.2 Council may at any time relax the provisions of sections of this policy and substitute it with conditions which will be applicable for a determined period.

PART 5: INDIGENT DEBTORS AND CHILD-HEADED HOUSEHOLDS

26. INDIGENT ASSISTANCE SCHEME

- 26.1 A debtor who meets the criteria contained in this paragraph may apply, in the prescribed manner, to be registered as indigent.
- 26.2 A debtor may be registered as indigent if she/he meets the following conditions –
- (a) The applicant must be a natural adult person.
 - (b) The gross total monthly household income of all persons ordinarily residing at the premises concerned from all sources may not exceed an amount as may be determined by the council from time to time.
 - (c) The applicant must ordinarily reside at the premises concerned. Should the qualifying applicant (debtor) own more than one property, indigent subsidy will only be applicable to the property where the applicant resides.
- 26.3 An approved registered applicant remains enlisted until he/she applies in writing to be deregistered or be requested to apply to be deregistered from the indigent register.
- 26.4 The departmental head concerned shall inform the Chief Financial Officer in writing of date on which services to premises have been restricted. The departmental heads shall thereafter take all reasonable steps to ensure that services remain restricted at the premises concerned until such time as a consumer agreement in respect of the premises is concluded with the Municipality.
- 26.5 If it is established on a balance of probabilities that the adult person(s) who previously occupied premises together with children –

- (a) is dead and that her/his heir(s) is a child, the Municipal Manager may write the debt owing in respect of services supplied to the premises and rates off as irrecoverable;
- (b) on receipt of a report from the authority responsible for child welfare, declare the child-headed household indigent.
- (c) has abandoned the premises, the Chief Financial Officer shall take all reasonable steps to find that person(s) and recover the debt from her/him.

PART 6: INTERFERENCE WITH METERING EQUIPMENT

27. THEFT, FRAUD AND TAMPERING WITH METERS

- 27.1 The Chief Financial Officer shall cause such routine and special inspections of metering equipment to be conducted as may be necessary to detect tampering with meters, provided that inspections shall be conducted regularly of meters where the provision of a service has been discontinued or restricted.
- 27.2 Whenever a person conducting an inspection detects or reasonably suspects that a meter has been tampered with, she/he shall complete the prescribed equipment tampering form and forward the completed form at the earliest opportunity to –
- (a) the electricity distribution section, if it involves electricity equipment; or
 - (b) the water distribution section, if it involves water equipment.
- 27.3 Upon receipt of a completed equipment tampering form, the relevant section head shall cause an electrician or a plumber, as the case may be, to inspect the relevant equipment.
- 27.4 If the –
- (a) electrician confirms upon inspection that the equipment has been tampered with, she/he shall forthwith –
 - (i) disconnect the supply; and
 - (ii), furnish a written report to the Chief Financial Officer; and



- (b) plumber confirms upon inspection ~~that~~ the equipment has ~~been~~ tampered with, she/he shall forthwith –
- (i) install a restriction washer in the supply pipe;
 - (ii) lock the meter;
 - (iii) remove any bypass pipes; and
 - (iv) furnish a written report to the Chief Financial Officer.

a.5 The relevant service shall be reinstated upon payment by the consumer concerned of –

- (a) the prescribed reconnection fee;
- (b) the prescribed tampering fee; and
- (c) a charge as determined by the Chief Financial Officer in respect of the consumption of the service concerned.
- (d) Notwithstanding the above, in the event that electricity is not purchased from the GMM or its approved venders, the Municipality reserves the right to recover any electricity losses by way of calculating average consumption and debit such an account.

27.6 Unless the contrary is proven to the satisfaction of the Chief Financial Officer, the occupier and the owner of the premises concerned shall be jointly and separately liable for the payment of any tampering fee.

28. UNLAWFUL CONNECTION/RECONNECTION OF SERVICES

28.1 Whenever the Chief Financial Officer becomes aware that the person who resides at premises had not applied for, but is consuming services, she/he shall cause the services to be disconnected. A written notice explaining why the services were disconnected shall be left at the premises. Such notice shall invite the consumer concerned to visit any customer care office of the Municipality to complete and submit to relevant application for services, to pay the prescribed deposit and to enter into a consumer agreement with the Municipality.

28.2 Whenever it is discovered that a service which was discontinued or restricted had been reinstated without the necessary authority, the Chief Financial Officer shall cause the service concerned to be disconnected. A written notice explaining why the service was disconnected shall be left at the premises. Such notice shall invite the consumer concerned to visit any customer care office of the Municipality to make arrangements for the payment of outstanding debts owing to the Municipality.



- 28.3 It is an offence to temper with an electrical or water meter without permission from the municipality.
- 28.4 The CFO/Responsible Manager shall open a criminal case against the owner, consumer or the person responsible for the tempering with the meter with the South African Police services.

PART 7: FINAL ACCOUNTS AND RATES CLEARANCE CERTIFICATES

29. FINAL ACCOUNTS

- 29.1 A consumer who no longer requires municipal services to be rendered at the premises stipulated in her/his application for the provision of services, shall apply for the disconnection of services on the prescribed application form.
- 29.2 The Chief Financial Officer shall –
- (a) if water and/or electricity consumed at the premises are measured by credit meter, cause a final reading in respect of water and/or electricity supplied to the premises concerned to be taken on the date indicated on the consumer's application to discontinue services; and
 - (b) cause services to the premises to be discontinued from that date.
- 29.3 Services to premises must be disconnected/ discontinued in such a way as to prevent persons moving into the premises from consuming services without the required application for connection of services having been furnished.
- 29.4 A consumer account will be prepared until the date of the final reading and furnished to the consumer.
- 29.5 The consumer deposit held by the Municipality shall be appropriated against the final account. If, after the appropriation of the deposit against the account a –



- (a) credit balance remains on the account; the credit balance will be refunded to the consumer; provided there are no other debts owed.
- (b) No interest shall be paid in respect of the credit balances on the consumer Accounts
- (c) debit balance remains on the account; the consumer shall pay such amount.

29.6 The debit balance that remains unpaid must be handed over for collection within 30 days.

30. ABSCONDED DEBTORS

30.1 Whenever the Chief Financial Officer becomes aware that the person that had applied for services is not ordinarily residing at the premises, she/he shall cause –

- (a) a final reading of services to be taken;
- (b) a final account to be prepared; and
- (c) the consumer deposit to be appropriated against such final account.

30.2 A credit balance on the account must be refunded to the consumer provided that there are no other debts owed. Any arrear balance on the account must be handed over for collection to recover the arrear amounts.

31. ISSUING OF RATES CLEARANCE CERTIFICATES AND RESPONSIBILITY FOR AMOUNTS DUE

31.1 Subject to **Section 118 subsection 3 of the Municipal Systems Act 32 of 2000 as amended** any amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties are a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.

31.1.1 Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.

31.1.2 The Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property

31.1.3 The owner or seller MUST undertake to pay all outstanding debts towards the Municipality by concluding an Acknowledgement of Debt in the Municipal prescribed form.

31.1.3 No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.

31.2 Where the property is owned by more than one person, each such person shall be liable

jointly and severally, the one paying the other to be absolved, for all Municipal debts charged on the property.

31.3 Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.

31.4 Refuse removal shall form part of the property debt, payable by the owner of the property.

31.5 Tenants and/or agents may be held liable for arrear rates in accordance with the provisions of Section 28 of the Municipal Property Rates Act.

31.6 Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute.

31.7 pre-paid meters shall not be installed until all outstanding debt has been paid in full.

32. SALES IN EXECUTION

Whenever notice of sale in execution is given, the Chief Financial Officer shall inform the Sheriff in writing of the amount due to the Municipality in respect of the property concerned.

PART 8: EXTERNAL DEBT COLLECTION

33. COLLECTION OF DEBTORS BY EXTERNAL SERVICE PROVIDERS

33.1 Whenever it appears to the Chief Financial Officer that the internal debt collection endeavors of the Municipality do not have the desired result in respect of any consumer, she/he may hand over that account for collection by the debt collector appointed by the Municipality.

33.2 A handover list shall contain –

- (a) the correct name(s) of the current owner(s) of the property;
- (b) the physical and postal address of the current owner(s) of the property;
- (c) correct details of amount to be collected; and
- (d) in appropriate cases, a copy of any agreement between the consumer and the Municipality regarding the payment of arrears debt.

33.4 The debt collector shall immediately peruse the handover list and advise the Municipality of any obvious problem matters within 30 thirty days of receipt thereof. The Municipality shall respond to the debt collector's enquiry with specific written instructions in respect of those matters within seven days, failing which the debt collector shall be entitled to close the file.

- 33.5 The debt collector shall commence the process of collection by way of letter of demand sent by ordinary mail to the debtor. If there is no response to the letter of demand the summonses must be delivered to the clerk of the court within seven days of expiry of the demand period, in appropriate cases. If there is no response to the summons, application must be made for default judgment immediately when the time allowed for entering an appearance to defend has expired.
- 33.6 The debt collector shall immediately inform the Municipality of any matter that will be defended and supply the Municipality with a blank affidavit in support of an application for summary judgment, which will be returned to the debt collector, duly signed and commissioned, should the Municipality be of the view that the debtor has no defense to the matter.
- 33.7 The debt collector must inform the Municipality in writing of all applications for default judgment. Once default judgment has been granted the debt collector must check the municipal system once again for payments and if no or insufficient payments have been recorded and if there is no record of any impediment preventing her/him from proceeding, the debt collector shall first proceed by way of writ against movable property should the capital be less than R3, 000. In the event that the capital is R3,000 or more the debt collector may proceed by way of writ against immovable property or, in her/his sole discretion, against movable property.
- 33.8 The debt collector shall Endeavour wherever possible to persuade the debtor to sign consent to judgment and consent to an emoluments attachment order which will satisfy the judgment debt within 12 months.
- 33.9 If a debtor is not traceable, the debt collector shall inform the Municipality accordingly. The Municipality shall issue appropriate instructions within 7 days on how the debt collector must proceed with the matter, failing which she/he may assume that the file may be closed.
- 33.10 The debt collector shall inform the Municipality immediately if she/he forms the opinion that the debt has become irrecoverable and the reasons, therefore.
- 33.11 The debt collector shall attempt to recover the amount handed over in each matter within a period of 3 months from the date of hand over.

A handwritten signature in black ink, consisting of a large, stylized 'A' or 'R' shape with a loop at the top and a tail extending downwards.

PART 9: MISCELLANEOUS MATTERS**34. PRIVATE INTERNAL WATER LEAKS**

Water leaks on a site water reticulation system are the responsibility of the occupier of the property. In case of exceptionally high meter readings of water consumption, due to leaks from a private internal pipeline, the Chief Financial Officer: Finance Department or his nominee, may determine that the excess consumption be levied at a determined rate (Tariffs Book) per kiloliter for a maximum period of 91 days, the commencement date of such period to be determined in the entire discretion of the said CFO. A reduction in consumption is required as well as proof of the leak been rectified as substantiated by a plumber's invoice or affidavit from the consumer which must be submitted to the municipality within 90 days after repair of the leak.

35. RETURNED DEBIT ORDERS

35.1 Whenever a debit order held by the Municipality is returned unpaid by the relevant bank, it shall be regarded as a fraudulent act by a debtor.

35.2 On receipt of a returned debit order –

- (a) the payment must be reversed on the debtor's account;
- (b) services to the debtor's premises must be disconnected and shall only be reconnected when the debtor's account has been settled in full;
- (c) the debtor shall be informed that –
 - (i)——no arrangement to pay arrears debt in instalments shall be entertained.

36. ALLOCATION OF PAYMENT RECEIVED

36.1 Settlement of an account clears all charges, including, where applicable, interest on arrears, tamper fees, collection cost and disconnection and reconnection fees.

36.2 Part payment of an account shall be allocated as follows

- (a) Interest on arrears
- (b) Miscellaneous charges
- (c) Rental charges



- (d) Refuse removal
- (e) Sewage charges
- (f) Property rates
- (g) Water consumption and basic charges
- (h) Electricity consumption and basic charges

36.3 The Municipality shall not entertain selected payment of certain charges.

36.4 Pre-paid Electricity Sales

In respect of any arrear services debt of 90+ days linked to pre-paid customer services account, total of 30% may be allocated to arrear debt with EACH Prepaid electricity purchase. Balance of purchase will be allocated towards pre-paid electricity units at prescribed rate.

37. **FACTOR AND COUPLING ERRORS**

In the event a miscalculation was made and charged for by the Council for water services rendered due to a factor or coupling error, the rectified charges applicable shall be calculated as follows, upon approval by the Head of Department: Water and Sanitation or his nominee.

The Charges applicable shall be the levy Rand Water charges the Municipality (at that point in time, including the WRC levy), for the duration that the incorrect charges were rendered, up to a maximum of 36 months backdated. Should accurate readings not be available the charges will be based on the average monthly consumption registered over three succeeding metered periods after the factor error or incorrect coupling was rectified.

38. **REPORTING**

38.1 The Chief Financial Officer shall within 10 working days after the end of each month submit a written report to the Municipal Manager in suitable format regarding debt collection. This report shall contain particulars on –

- (a) revenue raised per source during the past month;
- (b) revenue collected per source during the year to date;
- (c) an explanation of any material variances between –
 - (i) the amounts raised and the amounts actually collected; and
 - (ii) the amounts raised and the projected revenue to be raised in terms of the approved cash flow projection;
- (d) any remedial or corrective steps taken or to be taken to ensure that projected revenue

remain within the Municipality's approved budget;

- (e) a projection of the Municipality's revenue and expenditure for the rest of the financial year, and any revisions from initial projections;
- (f) growth in, or reduction of, arrears debt;
- (g) the number of consumer accounts not paid by the due date;
- (h) the number of consumers notified of the fact that their consumer accounts were in arrears;
- (i) the number of premises to which services have been discontinued or restricted;
- (j) the number of accounts in respect of which the purchasing of electricity coupons have been stopped;
- (k) the number of premises to which services were previously discontinued or restricted or in respect of which the purchasing of electricity coupons have previously been stopped that has not been reconnected or reinstated; and
- (l) the number of consumers who has made arrangements for the payment of arrears amounts owing to the Municipality.

38.2 The amounts reflected in the statement must, in each case, be compared with the corresponding amounts budgeted for in the Municipality's approved budget.

38.3 Whenever, in the opinion of the Chief Financial Officer, a material under collection of revenue is likely during a current financial year, she/he shall forthwith, in writing report the matter to the Municipal Manager. A report in terms of this paragraph must state the steps to be taken to prevent or rectify any impending shortfalls.

38.4 The Municipal Manager shall submit any report in terms of this paragraph, together with her or his comment and recommendations to the Executive Mayor.

38.5 The Executive Mayor shall, at intervals of 3 months, report to the Council in terms of section 99(c) of the Municipal Systems Act.

39. PERFORMANCE MANAGEMENT

39.1 The Municipality aims to achieve and to maintain a debtors' turnover rate of between 45



to 56 days.

- 39.2 In order to achieve the debtors' turnover rate referred to in paragraph 37.1 the Municipality strives to annually improve the debtors' turnover rate by 10%.

40. IRRECOVERABLE DEBT

- 40.1 A debt owing to the Municipality shall be deemed to be irrecoverable if -

- (a) after execution against property has been issued and there is not found sufficient movable property to satisfy the judgment or order and the court refuses execution against the immovable property of the debtor or the debtor does not own any immovable property;
- (b) any tracing agent engaged by the Municipality or a debt collector appointed by the Municipality advises that the debtor is untraceable;
- (c) all reasonable notifications and cost-effective measures to recover a specific outstanding amount have been exhausted; or
- (d) If the amount to be recovered is too small to warrant further endeavors to collect it; or
- (e) where the debt arose from unauthorized, irregular or fruitless and wasteful expenditure certified by the Council, after investigation by a committee of the Council.
- (f) where the debt arose from unauthorized, irregular fruitless and wasteful expenditure certified by the Council, after investigation by a committee of the Council.

- 40.2 The balance, if any, that remains after –

- (a) property of a debtor has been sold in execution of judgement or order;
 - (b) immovable property of a debtor has been sold as abandoned;
 - (c) claims against the sequestrated estate of a debtor has been settled
- such balance shall be deemed to the irrecoverable

- 40.3 The following authorizations are given for the writing off of irrecoverable debt:

- (a) Council



- (i) Any debt arising from unauthorized, irregular or fruitless and wasteful expense; and
- (ii) Any debt exceeding R5 001.00

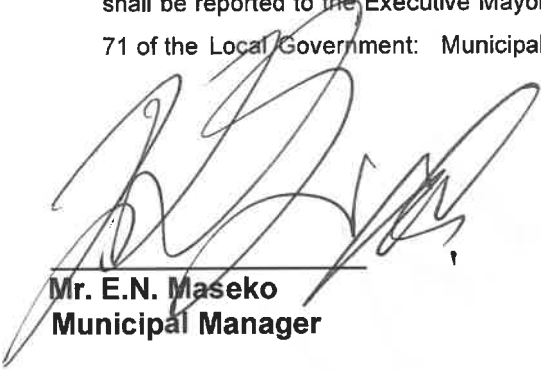
(b) Municipal Manager

Any debt between R2 001 and R5 000 excluding any debt arising from unauthorized, irregular or fruitless and wasteful expenditure

(c) Chief Financial Officer

Any debt of R2 000 and less excluding any debt arising from unauthorized, irregular or fruitless and wasteful expenditure.

- 40.3 The Any debts written off by the Chief Financial Officer and the Municipal Manager during any month shall be reported to the Executive Mayor as part of the monthly budget statement required by section 71 of the Local Government: Municipal Finance Management Act 2003 (Act No 56 of 2003).



Mr. E.N. Maseko
Municipal Manager

Date