LEKWA LOCAL MUNICIPALITY
BUDGET RELATED POLICY

DRAFT CREDIT CONTROL AND DEBT COLLECTION POLICY
2026 - 2027

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LEKWA MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

1. PREAMBLE

WHEREAS SECTION 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 ('the Constitution') provides that one of the objects of local government is to ensure the provision of services to communities occurs in a sustainable manner,

AND WHEREAS section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning process to give priority to the basic needs of the community, and to promote the social and economic development of the community;

AND WHEREAS section 195 (1) of the Constitution provides that the public administration must be governed by the democratic values and principles enshrined in the Constitution, including:

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

AND WHEREAS section 4 (1) (c) of the Local Government: Municipal Systems Act 33 of 2000 ('the Systems Act') provides that the Council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties;

AND WHEREAS section 5 (1) (g), read with subsection (2) (b), of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides provided that, where applicable and subject to the policy for indigent debtors, pay promptly for services fees, surcharges on fees, other taxes, levies and duties imposed by the municipality;

AND WHEREAS section 6 (2) (c) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of a local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

AND WHEREAS Chapter 9, of the Systems Act provides for Customer Care Management, Debt Collection responsibility of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority, respectively.
AND WHEREAS Local Government: Municipal Finance Management Act (MFMA) 56 of 2003, Municipal Property Rates Act (MPRA) 6 of 2004, National Credit Act 34 of 2005, Promotion of Administrative Justice Act (PAJA) 3 of 2000, Protection of Personal Information Act (POPIA), Electricity Regulation Act, Water Services Act 108 of 1997provides.

2. DEFINITIONS

In this policy any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act, has that meaning, unless the context, indicates otherwise;

"Arrangement" means a written agreement entered into between the Council and the debtor where specific repayment parameters are agreed to.

"Arrears" means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

"Account" means an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and which account may or may not include assessment rates levies.

"Authorised Representative" means a person or instance legally appointed by Council to act or to fulfil a duty on its behalf.

"Billing date" means the date upon which the monthly statement is generated and debited to the customer's account.

"Business premises" means premises utilised for purposes other than residential and excludes the following: -

(a) Hospitals, clinics and institutions for mentally ill persons which are not operated for gain;
(b) Museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and are open to the public, whether admission fees are charged or not;
(c) Sports grounds used for the purpose of amateur sports and any social activities which are connected with such sports;
(d) Any property registered in the name of an institution or organisation which, in the opinion of the Council, performs charitable work;
(e) Any property utilised for bona fide church or religious purposes.

"Credit Control" means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

"Council" means the Municipal Council of Lekwa Local Municipality or any duly authorised Committee, political office bearer or official of the said Council.

"Customer" means any occupier of any premises to which the Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the Municipality.

"Day/days" means calendar days, inclusive of Saturdays, Sundays and debtor balance as at 30 June of a financial year by which the debtor balance must be reduced in the Annual Financial Statements.

"Defaulter" means any person owing the Council arrear monies in respect of taxes and/or service charges.

"Due date" refers to the date a payment on the account needs to be made which is on/before the 10^{th} of every month.

"Immovable property" includes –
(a) an undivided share in immovable property, and
(b) any right in immovable property.

"Implementing Authority" means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Local Government: Municipal Systems Act No. 32 of 2000.

"Indigent debtor" means:
(a) the head of an indigent household:
(i) who applied for and has been declared indigent in terms of Council's Indigent Support Policy for the provision of services from the municipality; and
(ii) who makes application for indigent support in terms of Council's Indigent Support Policy on behalf of all members of his/her household;
(b) orphaned minor children duly represented by their legal guardians.

"Indigent Support Programme" means a structured programme for the provision of indigent support subsidies to qualifying indigent debtors in terms of the Council's Indigent Support Policy.

"Indigent Support Policy" means the Indigent Support Policy adopted by the Council of the Municipality.

"Interest" means a charge levied on all arrear monies with the same legal priority as service fees and calculated at a rate determined by Council from time to time.

"Month" means a calendar month.

"Monthly average consumption" means the monthly average consumption in respect of that property calculated on the basis of consumption over the preceding or succeeding twelve months.

"Municipal pay point" means any municipal office in the area of jurisdiction of the municipality designated by Council for such purposes, or any such other places as the Chief Financial Officer may from time to time designate.

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

"Municipality" means Lekwa Local Municipality.

“Municipal Manager” means the Municipal Manager of Lekwa Local Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.

“Occupier” means the person who controls and resides on or controls and otherwise uses immovable property, provided that-

(a) the husband or wife of the owner of immovable property which is at any time used by such owner and husband or wife as a dwelling, shall be deemed to be the occupier thereof;
(b) where the husband and wife both reside on immovable property ad one of them is an occupier thereof;

“Owner” means –

a) the person in whose name the ownership of the premises is registered or his agent;
b) the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
c) where the municipality is unable to determine the identity of the owner, a person who has a legal right in, or the benefit of the use of, any premises, building, or any part of a building situated on them;
d) where a lease has been entered into for a period of thirty (30) years or longer, or for the natural life of the lessee or any other person mentioned in the lease, or is renewable from time to time at the will of the lessee, indefinitely or for a period of periods which, together with the first period of lease, amounts to thirty-six (36) years, the lessee or any other person to whom he has ceded his right, title and interest under the lease, or any gratuitous successor or the lessee;
e) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;
f) if the owner is absent from the Republic or if his address is unknown to the Municipality, any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property, or

(i) if the Municipality is unable to determine who such person is, the person who
is entitled to the beneficial use of such property.

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

“Service charges” means the fees levied by the Municipality in terms of its tariff policy for any municipal services rendered in respect of an immovable property and includes any penalties, interest or surcharges levied or imposed in terms of this policy.

"Service delivery agreement" means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.

"Supervisory Authority" means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Municipal Systems Act 32 of 2000.

"Tariff" means any rate, tax, duty and levy fee which may be imposed by the municipality for services provided either by it or in terms of a service delivery agreement.

"Tariff Policy" means a Tariff Policy adopted by the Council in terms of Section 74 of the Local Government: Municipal Systems Act 32 of 2000.

"User" means the owner or occupier of a property in respect of which municipal services are being rendered.

3. PRINCIPLES OF POLICY

The principles supported in this policy are:

3.1 The administrative integrity of the municipality must be maintained at all times.

3.2 The policy must have the full support of Council and the community.

3.3 Councillors must have full knowledge of the implementation and enforcement of the policy.

3.4 The Executive Mayor overseas and monitors the implementation and enforcement of this policy.

3.5 The Municipal Manager implements and enforces this policy.

3.6 The Municipal Manager may delegate the implementation and enforcement of this policy to the Chief Financial Officer.

3.7 Consumers must apply for services from Council by the completion of the prescribed application form.

3.8 Consumers must receive regular and accurate accounts that indicate the basis for calculating the amounts due.

3.9 Consumers must pay their accounts regularly by the due date.

3.10 Consumers are entitled to reasonable access to pay points and to a variety of reliable payment methods.

3.11 Consumers are entitled to an efficient, effective and reasonable response to appeals, and should not suffer any disadvantage during the processing of a reasonable appeal.

3.12 Debt collection action will be instituted promptly, consistently, and effectively without exception and with the intention of proceeding until the debt is collected.

4. OBJECTIVES OF THE POLICY

The objectives of this policy are to:

- **Ensure effective revenue collection**
- **Promote a culture of payment for municipal services**
- **Ensure financial sustainability of the Municipality**
- **Provide fair and transparent credit control measures**
- **Protect the rights of indigent households**
- **Ensure compliance with national legislation**

5. REVENUE ENHANCEMENT STRATEGIES

The Municipality shall implement the following revenue enhancement strategies to strengthen revenue management, improve billing accuracy and reduce revenue losses:

• Data cleansing and verification of the billing database

The Municipality shall regularly review and update the customer billing database to ensure that all consumer information, property details, meter numbers and account holders are accurate and up to date. Data cleansing will include correcting incorrect records, removing duplicate accounts, verifying ownership details and ensuring that all properties receiving municipal services are properly billed.

• Regular meter audits

The Municipality shall conduct periodic meter audits to verify the existence, condition and functionality of all water and electricity meters. Meter audits will help detect faulty, bypassed, or tampered meters and ensure that all consumption is correctly measured and billed to the responsible consumer. When the meter is faulty or not working the property user will be liable to buy a replacement meter to correct the meter to be in good use again.

- **Conversion of conventional meters to prepaid meters**

Where feasible, the Municipality shall convert conventional post-paid electricity and water meters to prepaid meters. Prepaid meters allow consumers to pay for services before consumption, which improves revenue collection, reduces arrears and promotes responsible usage of municipal services.

- **Installation of smart meters where possible**

The Municipality may introduce smart metering technology that allows remote meter reading, real-time consumption monitoring, and improved billing accuracy. Smart meters help reduce manual meter reading errors, detect leaks or abnormal consumption patterns, and improve overall revenue management.

- **Revenue protection against illegal connections**

The Municipality shall implement strict measures to prevent and address illegal connections to municipal services such as electricity and water. This may include inspections, enforcement actions, penalties, disconnections and community awareness campaigns to discourage unlawful connections that result in revenue losses. Where the transform burn before the user who are connected to the transform, their meter will have to be inspected so that the transform is protected. The municipality has seven (7) days turn around time to fix the transform and meter inspections of the user connected to the transform.

- **Debt recovery campaigns**

The Municipality shall conduct structured debt recovery campaigns aimed at collecting outstanding municipal debt. These campaigns may include consumer awareness programs, payment arrangements, incentive schemes for settling arrears, and the use of credit control measures such as disconnections, restrictions, and legal action where necessary.

6. DATA MANAGEMENT

Data management is essential for accurate billing, efficient revenue collection and improved service delivery. The Municipality shall ensure that all customer, property and service information is properly recorded, maintained and updated in its systems.

The Municipality shall:

• Maintain an accurate billing database

The Municipality shall maintain a reliable and comprehensive billing database that contains complete and accurate information for all consumers and properties receiving municipal services. The database must include details such as property descriptions, account holder information, meter numbers, service types, tariffs and billing history. Regular monitoring and quality control measures shall be implemented to ensure the integrity and reliability of the billing data.

• Conduct annual property verification

The Municipality shall conduct annual property verification exercises to confirm that all properties within the municipal jurisdiction are correctly recorded in the municipal systems. This process will involve physical inspections, verification of property ownership, confirmation of services connected to each property and ensuring that all properties are correctly billed according to the applicable tariffs and valuation roll.

• Update consumer records regularly

Consumer account information shall be updated regularly to ensure accuracy and completeness. Consumers will also be required to notify the Municipality of any changes to their account details to maintain accurate records.

•integrate GIS and billing system

The Municipality shall integrate its Geographic Information System (GIS) with the municipal billing system to improve data accuracy and revenue management. This integration will allow the Municipality to link property locations, service infrastructure and consumer accounts, making it easier to identify unregistered properties, detect billing discrepancies and support better planning and service delivery.

7. CREDIT CONTROL MEASURES

The Municipality shall implement credit control measures to ensure the efficient collection of revenue and to reduce outstanding debt. These measures will be applied fairly, consistently and in accordance with applicable legislation to ensure that all consumers meet their obligations for municipal services.

The Municipality shall implement the following credit control measures:

• Issuing of monthly accounts

The Municipality shall issue monthly statements to all consumers reflecting the amount payable for municipal services rendered. These accounts must clearly indicate the due date for payment and provide a breakdown of charges such as property rates, electricity, water, refuse removal and other municipal services.

• Payment due dates

Consumers shall be required to pay their municipal accounts on or before the due date indicated on the statement. Failure to make payment by the due date will result in the account becoming overdue and subject to credit control procedures.

• Reminder notices

Where accounts remain unpaid after the due date, the Municipality shall issue reminder notices to the consumer informing them of the outstanding balance and requesting immediate payment. Consumers may also be advised of possible credit control actions if the account remains unpaid.

• Final demand notices

If the consumer fails to settle the outstanding account after receiving a reminder notice, the Municipality may issue a final demand notice. The final demand shall notify the consumer that failure to pay within seven (7) days, may result in further credit control actions such as service restriction, disconnection or legal action.

• Disconnection or restriction of services

The Municipality may restrict or disconnect municipal services such as electricity or water where accounts remain unpaid after the required notices have been issued. Disconnections shall be carried out in accordance with the procedures set out in this policy and relevant legislation.

• Payment arrangements

Consumers who are unable to settle their accounts in full may apply to the Municipality to enter into a payment arrangement. The Municipality may approve a structured repayment plan, provided the consumer complies with the agreed terms and continues to pay current monthly accounts.

• Interest on overdue accounts

Interest may be charged on overdue accounts in accordance with the tariffs approved by the Municipal Council in accordance with the rate approved by the South African Reserve Bank. The purpose of charging interest is to encourage timely payment and to compensate the Municipality for the delayed collection of revenue.

8. SERVICE-RELATED COMPLAINTS AND ACCOUNT VERIFICATION

8.1 Purpose

To ensure that all complaints relating to electricity, water and sewer services are managed efficiently while enforcing credit control measures and promoting a culture of payment for municipal services.

8.2 Legislative Framework

This clause is implemented in accordance with the:

- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)

8.3 Policy Statement

Lekwa Local Municipality shall attend to all service-related complaints in a fair, transparent and efficient manner. However, the provision of technical assistance shall be subject to verification of the customer's municipal account status.

8.4 Scope

This clause applies to all customers of the Municipality who lodge complaints relating to:

- Electricity supply
- Water supply
- Sewer and sanitation services

8.5 Procedures

No customer with an account in arrears shall be assisted with municipal service-related queries, complaints or requests unless the outstanding amount has been paid in full or a formal payment arrangement has been made with the Municipality.

When contacting the call centre or customer services, the customer must provide the municipal account number, registered cellphone number and email address for verification purposes. The call centre consultant must verify the account status before any assistance is provided.

If the account is in arrears, the customer shall be referred to the Credit Control or Revenue Section to make payment or enter into a payment arrangement prior to any further assistance being provided, except in cases of emergency or essential services as determined by the Municipality.

8.5.1 Lodging of Complaints

- All complaints must be reported through the official Customer Care channels.
- Complaints must be recorded on the municipal system and allocated a reference number.

8.5.2 Verification of Account Status

- Customer Care officials shall verify the customer's account to determine whether:
    - The account is fully paid and up to date;
    - The account is in arrears; or
    - A payment arrangement exists.

8.5.3 Processing of Complaints

- Where the account is **up to date**, the complaint shall be immediately referred to the relevant technical department.
- Where the account is **in arrears**, the complaint shall not be escalated for technical intervention until compliance with credit control requirements.

8.5.4 Settlement of Arrears

Customers with outstanding balances shall be required to:

- Settle the full outstanding amount; or
- Enter into a formal payment arrangement in accordance with the Municipality's Credit Control Policy.

8.5.5 Conditional Dispatch of Technical Teams

Technical teams shall only be dispatched once:

  - Proof of payment has been received and verified; or
  - A valid payment arrangement has been approved and recorded.

8.5.6 Exceptions

Notwithstanding the above, immediate assistance may be authorised by a delegated official in cases involving:

- Public health and safety risks;
- Critical service interruptions affecting communities or key institutions;
- Emergencies or infrastructure failures.

8.5.7 Customer Communication

- Customers must be advised of the outstanding balance and steps required before assistance can be rendered.

8.6 Roles and Responsibilities

- **Customer Care Unit**
- **Revenue and Credit Control Unit**
- **Technical Services Department**

8.7 Non-compliance

Failure by municipal officials to adhere to this clause may result in disciplinary action in accordance with municipal policies and procedures.

9. ARREAR ACCOUNTS AND PROVISION OF MUNICIPAL SERVICES

Legal action for debt recovery

Where all internal credit control measures have been exhausted and the consumer fails to settle the outstanding debt; the Municipality may institute legal action to recover the debt. This may include handing over the account to attorneys or debt collection agencies, obtaining court judgments, or attaching movable or immovable property were permitted by law.

• Protection of indigent households

Credit control measures shall take into consideration households registered under the Municipality's indigent support programme. While indigent households may receive basic service support, they are still required to comply with the conditions of the indigent policy.

10. SUPERVISORY AUTHORITY

10.1 The Executive mayor oversees and monitors-

10.1.1 The implementation and enforcement of the municipality's credit control policy.
10.1.2 The performance of the Municipal Manager in implementing the credit control policy.

10.2 The Executive Mayor shall at least once a year, cause an evaluation or review of the credit control policy to be performed in order to improve the efficiency of the Municipality's credit control and debt collection mechanisms, processes and procedures and to the implementation of this policy.

10.3 The Municipal Manager shall submit a report to council regarding the implementation of the credit control policy at such intervals as Council may determine.

10.4 The Municipal Manager: -

10.4.1 Implements and enforces the credit control policy.

10.4.2 Is accountable to the Executive Mayor for the enforcement of the policy and shall submit a report to the Executive Mayor regarding the implementation and enforcement of the credit control policy at such intervals as may be determined by Council.

10.4.3 Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the Municipality.

10.4.4 Where necessary propose to the Executive Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.

10.4.5 Establish effective communication between Council and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.

10.4.6 Establish customer service centres, which are located in such communities as determined by Council.

10.4.7 Convey to account holder's information relating to the costs involved in service provision, the reasons for payment of services are utilised, and may where necessary, employ the services of local media to convey such information.

10.5 The Municipal Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of Council's credit control by-law to the Chief Financial Officer.

10.6 A delegation in terms of subsection (4.5) –

10.6.1 Is subject to any limitations or conditions that the Municipal manager may impose;

10.6.2 May authorise the Chief Financial Officer to, in writing, sub-delegate power to another official of the municipality;

10.6.3 Does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power.

10.7 The Chief Financial Officer shall be responsible to the Municipal Manager for the implementation, enforcement and administration of this policy, and the general exercise of his powers in terms of this policy.

11. <u>APPLICATION FOR THE PROVISIONS OF MUNICIPAL SERVICES</u>

11.1 An Owner who requires the provision of municipal services must apply for the service from Council.

11.2 The application for the provision of municipal services must be made by the registered owner of an immovable property.

11.3 APPLICATION FOR SERVICES

11.3.1 Residential

(a) The municipality shall only register owners for services on their properties.
(b) Child headed households shall be registered and household be assisted to change ownership.

(i) current tenants who have entered into a service agreement with Council will continue until the tenant vacates, the account is closed or municipality cancels the contract of the tenant who is in default; and
(ii) existing tenant accounts will be closed and owner accounts opened on transfer of ownership of the property (i.e. when an owner sells his/her property and the tenant remains in the property; the new property owner will have to enter into a new service agreement with Council.

Council will not entertain an application for the provision of municipal services from a tenant of a property, or any other person who is not the owner of the property.

11.3.2 Business / Industrial

(a) The municipality will not register tenants for services

11.3.4 Government

The municipality will continue to register tenants for services. The respective government departments shall still be held liable for the debts on their property.

11.4 Leased property belonging to Council

- The municipality will continue to register tenants who have leased a property from the municipality with the understanding that a signed copy of the lease agreement with Council is provided.
- Municipal property that has been sold by the municipality
- The municipality will continue to register purchasers of municipal property on condition that a signed copy of the Deed of Sale entered into with Council is provided.

11.5 The municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the municipality, into one consolidated account.

11.6

(a) To register for municipal services application has to be made on a prescribed form for the supply of municipal services.
(b) All information and documentation indicated on the application form or where separately requested by the municipality has been furnished.
(c) In the cases where a company, closed corporation, trusts etc. enters into a service agreement with Council, all directors, members and trustees will be required to complete a personal suretyship for all debts.
(d) The prescribed deposit has been made.

11.7 Accounts for existing current residential/consumer lessees' whose accounts remain outstanding after vacating the premises, must be settled in full. If an amount remains outstanding and cannot be recovered by Council, the debt may be transferred to the account of the owner.

11.8 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.

11.9 The municipality must assist an illiterate person to understand and complete an application form.

11.10 Where the purpose for or extent to which any municipal service use is changed, the onus and obligation is on the customer/owner to advise the municipality of such change. The owner must enter into new agreement with the municipality for the new use.

11.11 Registered indigent tenants will be allowed in terms of the Deceased Estate and Absconded Owner Schemes to open accounts in their name in order to benefit from the rebates offered by the Municipality. A tenant account may be opened in the name of the Government departments who lease properties to their tenants.

11.12 The application for the provision of municipal services must be made in writing on the prescribed application form that is provided by Council.

11.13 By completing the prescribed application form for the provision of municipal services the consumer of services enters into an agreement with Council. (By receiving service/s from the Municipality having completed the application form or not the customer of service enters into an agreement from the first day the service was rendered to the customer. It is the responsibility of the customer to ensure that the application of service is signed at all times. From the day the municipality become aware of the service rendered without an agreement and or payment the municipality will do a back charge from the day the municipality became aware to the first day the service was rendered.

11.14 The agreement with Council makes provision for the following: -

11.14.1 An undertaking by the owner that he or she will be liable for collection costs including administration fees, interests, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date;

11.14.2 An acknowledgement by the owner that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account; and

11.14.3 That the onus will be on the owner to ensure that he or she is in possession of an account before the due date.

11.14.4 An undertaking by the Municipality that it shall do everything in its power to deliver accounts timeously.

11.14.5 An undertaking by the Directors of Companies or members of Close Corporations that they will be held individually responsible for the payment of the account, should the company or close corporation default on payment of the account, in terms of the terms of condition as stipulated in the application for services agreement.

11.15 The application for the provision of municipal services shall be made at least seven (7) working days prior to the date on which the services are required to be connected.

11.16 No account will be opened if there is an existing account with an outstanding balance on the previous address.

11.17 No account will be opened if there is an existing account with an outstanding balance on the new address.

12. <u>DEPOSITS AND GUARANTEES</u>

12.1 DEPOSITS

12.1.1 On application for the provision of municipal services the prescribed consumer deposit shall be paid.

12.1.2 A guarantee in lieu of a deposit will be accepted on application for the provision of municipal services by a business in terms of the prevailing conditions *determined by Council at the time of the application.*

12.1.3 Existing consumers moving to a new address are required to pay the prescribed consumer deposit on application for the provision of municipal services at the new address.

12.1.4 The minimum deposit payable is determined annually by Council and is contained in the tariff structure produced annually.

12.1.5 The consumer deposit paid on application for the provision of municipal services may be increased or decreased, upon written notice to consumers, if found that the deposit is not equal to the estimated charges for the supply of electricity and water for a period of three (3) months.

12.1.6 Council may increase the amount of the deposit required from the owner of a property where the electricity supply had been disconnected at least twice during the preceding period of twelve months, after the owner of the property was given notice of Council's intention to increase the deposit.

12.1.7 On termination of the supply of services the amount of the deposit less any payment due to Council will be refunded to an account holder, provided that payments due are less than the deposit paid, and that the account holder has provided a forwarding address or banking details.

12.1.8. Beneficiaries of RDP or government funded houses shall be exempted from paying Consumer Deposits upon opening Consumer Accounts. The exemption shall happen only if the Occupant is on the beneficiary list of the RDP or Government Funded House.

12.2 GUARANTEES

12.2.1 Guarantees less than twenty thousand rand (R20 000,00) shall not be accepted as a form of deposit.

12.2.2 Existing guarantees shall be honoured for the duration of the contract with the municipality.

12.2.3 The additional deposit must be paid in cash.

12.2.4 Where guarantees are held in lieu of deposits, such guarantee shall be presented for payment and a new deposit shall be raised to any arrear account.

12.3 REVIEW OF DEPOSITS

12.3.1 If the customer poses a credit risk, the value of the original deposit paid or a guarantee held may be reviewed from time to time by the Chief Financial Officer or his/her delegated official.

12.3.2 The deposit on an account shall be reviewed when:
(i) payment by negotiable instrument or direct debit, is dishonoured; and
(ii) there is increased consumption of services.

12.3.3 All deposits will be adjusted annually in October, equal to three (3) consecutive months' consumption preceding October on water and conventionally metered electricity calculated by the billing system and levied over a four (4) month period on the account. These adjusted deposits must be verified by the Chief Accountant Consumer Relations before implementation. Deposits will not be adjusted downwards except when the demand to specific services has changed.

12.3.4 With regards to the review of deposits where bank guarantees are held as deposits the same process as for cash deposits will apply.

12.3.5 will be followed excepting when it is determined that the guarantee should be increased, the consumer must then be notified in writing to increase the guarantee within twenty-one (21) calendar days failing which a cash deposit will be levied on the account
No interest will be paid on any deposit.

12.3.6 On termination of the supply of services, the amount of such deposit, less any payments due to Council will be refunded to the account holder.

13. ACCOUNTS AND BILLING

13.1 Council provides all consumers of municipal services monthly with a consolidated account for all services rendered.

13.2 The consolidated account can include property rates charges.

13.3 Accounts are produced on a monthly basis in cycles of approximately 30 days.

13.4 All accounts rendered by Council shall be payable on the due date as indicated on the account.

13.5 Amounts on accounts, which remain unpaid after the due date, shall attract interest on arrears irrespective of the reason for non-payment.

13.6 All accounts are payable by the due date regardless of the fact that the person responsible for the payment of the account has not received the account. The onus is on the account holder to obtain a copy of the account before the due date.

13.7 The Municipality shall cause consumer and rates accounts to be delivered to all account holders provided that the Municipality shall not be obliged to: -

13.7.1 distribute any account to registered indigent debtors if the subsidy granted by the Council fully covers the consumption of services and rates;

13.7.2 distribute accounts for services to debtors where water and electricity consumption is measured by means of prepaid meters; and

13.7.3 distribute an account with zero balance or credit balance.

13.7.4 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 with-holding of services, disconnection of services or prosecution. Such update of information includes, but is not limited to−

A) Cell phone numbers, ID numbers, email address etc
B) Details of executors or administrators of deceased estates;
C) Deregistration of a company if the company is the account holder;
D) Details of deceased company directors, members of Close Corporations
E) Details of deceased partners and;
F) Letters of appointment of a Trustee or Liquidator

13.7.5 Tokens for pre-paid electricity may only be refunded within 48 hours of purchase.

13.8. DECEASED ESTATES

13.8.1. The Executor of a Deceased Estate shall be liable for payment of all debts on the property.
13.8.2. Where the property estate has not yet been finalised, the occupants of the property shall be regarded as "Deemed Owners" for the purposes of the accounts only, and shall be responsible for the consolidated account, including rates.
13.8.3. "Deemed Ownership" does not confer any rights on the occupants other than the liability to pay the accounts.
13.8.4. Failure to inform the Municipality that the property forms part of a deceased estate may result in the disconnection of services, until an executor has been appointed

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

14.1.1 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.

14.1.2 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.

14.1.3 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.

14.1.4 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.

14.1.5 This Policy applies to quotations, public tenders and tenders in terms of section 36 of the Municipality's Supply Chain Management Policy.

15. AGREEMENT WITH EMPLOYERS

- 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 that person-(i) any outstanding amounts due by that person to the Municipality; or

  (ii) regular monthly amounts as may be agreed.

  - In the event that the employee voluntarily chooses to use the method of payment as contemplated above for the payment of his or her municipal accounts, the employee may approach the Municipality for the agreement to be concluded and consent to this using the standardized form provided by a credit control official.

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

16. PAYMENT OPTIONS

16.1.1 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.
16.1.2 The following payment methods are also available:
16.1.2.1 EFT
16.1.2.2 Third party collectors appointed from time to time by the Municipality
16.1.2.3 Direct deposit
16.1.2.4 Debit order payments
16.1.2.5 Municipal cash halls
16.1.2.6 Online municipal portal
16.1.2.7 Mobile payments
16.1.2.8 Banking apps
16.1.2.9 Retail partners (EasyPay, Pay@, etc.)

16.2 Payments in Cases of Disputes or Objections
16.2.1 The obligation to pay rates shall remain in effect regardless of any objection, appeal, or query lodged in terms of the Municipal Property Rates Act (MPRA).
16.2.2 The payment of municipal services shall not be withheld due to a dispute over an account. Customers must continue to pay the portion of the account that they reasonably believe to be correct while the dispute is being resolved.

17. REVENUE FROM CLEARANCE CERTIFICATES

17.1.1 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.

17.1.2 Assessments: Application shall be made by the conveyancer via online on LexusNexus or in the prescribed format. Each application must be accompanied by the relevant application fee. The application will not be processed until the fee is paid. The new owner may be held liable post transfer should the application not record the correct meter numbers on the property. Assessed figures are calculated ninety (90) days in advance. Service charges are estimated for ninety (90) days based on previous consumption. An “Attorneys report” in respect of all amounts owing and the assessed figures, shall be issued within ten (10) days of the receipt of the request for the report. The assessment shall remain valid for a period of thirty (30) days. If payment has not been received within this period, a re-assessment may be required and payment of a further application fee will apply. Penalties. Interest or other charges that accrue during the assessed period, and which are not included in the revenue clearance certificate, shall be billed to the purchaser. The accounts will be adjusted once proper readings are taken on service or consumption charges and billed to the purchaser accordingly.

17.1.3 The attorneys/ Client must provide the current water meter details along with a picture of the current reading. If the electricity meter is conventional, the same requirement applies. For prepaid consumers, a picture of the meter number must be submitted.

17.1.4 An assessment in terms of section 118(1) of the Act will only be issued on request by the conveyance.

17.1.5 Once provided, the account should be corrected as needed to ensure that all applicable charges for the past three years have been billed.

17.1.6 The balance of the debt, prior to the two years preceding the date of application of a certificate, shall remain as a charge against the property and it is payable on the due date of the registration of the property. The municipality may institute legal proceedings against the seller or purchaser of the property to recover the balance of the debt.

17.1.7 Including lodging an urgent application to Page 29 of 35 interdict the sale of the property until the debt is paid in full or an irrevocable bank guarantee for the full outstanding debt, on date of registration of transfer has been furnished by the conveyancer.

17.1.8 The new owner will not receive services on the property until the debt is paid or suitable arrangements are made to the debt. (Section 89 of the insolvency Act).

17.1.9 The onus is on the conveyor to advise the purchaser accordingly. Where the municipal account is in respect of a debt consolidated under Section 102 of the Act, the said consolidated account will be deconsolidated on application for a revenue clearance certificate.

17.1.10 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.

17.1.11 A revenue clearance certificate shall be issued within ten (10) days of the date of payment of the amount requested in the “Attorneys Report”.

17.1.12 The certificate shall be valid for a period of sixty (60) calendar days from date of issue. Information and addresses of the purchaser provided on the rates clearance certificate shall be used as details of the new owner/purchaser for the purposes of billing for rates, services and consolidated accounts, until same is changed by the purchaser.

18. FINAL ACCOUNTS

18.1. On receipt of an application for termination of services the final readings of metered services will be taken, the accounts finalised, the consumer deposit will be appropriated and if a debit balance remains the balance will be payable by the consumer and if a credit balance remains the balance will be refunded to the consumer, on condition that the consumer has provided Council with a forwarding address.

18.2 The Municipality will not process any refunds where a consumer has other outstanding amounts on different addresses, however, the credit balance will be transferred to settle the other outstanding balances of the consumer.

18.3 The municipality will only pay refunds if a consumer has sold all the properties in his or her name and has no other consumer accounts within the Municipality.

19. <u>DUE DATE FOR ACCOUNTS</u>

The due date for payment of accounts in all areas in Lekwa Local Municipality area is the 10^{th} day of the month.

19.1.1 In terms of section 118(3) of the 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.
19.1.2 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.
19.1.3 The municipality receives the right to cancel a contract with the customer in default and register only the owner for services on the property.
19.1.4 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.
19.1.5 Owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are still registered as customers for debts on their property.
19.1.6 Refuse removal and sewerage shall form part of the property debt, payable by the owner of the property. Residential lessees of government property will be billed for the refuse removal and sewerage charges; however, the owners will ultimately be responsible for these debts.
19.1.7 Directors of companies, members of Closed Corporations and Trustees of Trusts shall sign personal suretyships with the municipality when entering into service agreements with Council. If they are unable to sign personal surety then a deposit equivalent to twice the usual deposit shall apply.
19.1.8 For as long as a tenant or an 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, then the municipality may recover from such 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.
19.1.9 The municipality may recover the amount in full or in part despite any contractual obligation to the contrary on the tenant/occupier/ agent.
19.1.10 Should the tenant, occupier and/or agent refuse to pay as above, to the municipality, the services of the tenant, occupier and/or agent may be disconnected and legal steps taken to attach the rental payable to the owner.
19.1.11 Should a dispute arise as to the amount owing the customer must continue paying the account in full excluding the disputed amount until the dispute has been settled
19.1.12 The owner of the property shall be held liable for tampering with the electricity as well as the water metering equipment on the property as well as charges that arise therefrom.

20. <u>METER READING AND RIGHT OF ACCESS</u>

- If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible, the municipality shall estimate the consumption based on an average consumption for the past 6 month or as determined by the billing system and thereafter bill the consumer for the monetary value of such estimated consumption.

- Municipality will levy an average/ interim consumption where readings cannot be obtained for whatever reason (due to gate locked, dogs, meter underground, inactive, bees etc)

- Where the municipality has by-passed electricity connection, the consumer will be charged an average fee as determined by the municipality

Voluntary or Self Readings

- The consumer may voluntarily supply readings by sending photo of the meter where the need arises. Should a consumer submit readings to the municipality for whatever reason, an audit reading during the normal reading cycles must be obtained at least once every 6 months as means of verification and control.

  20.1 RIGHT OF ACCESS

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

  - any person who contravenes the above-mentioned clause, will be deemed to have contravened the provisions of Section 101 of the Local Government: Municipal Systems Act, 2000, as amended and will be charged with the commission of an offence which, if proven, may attract the penalties referred to in Section 119 of the Act.
  - failure to comply with clause (a) above could result in, inter alia, any of the debtor's services being disconnected or terminated.

21. <u>BACK CHARGES</u>

21.1.1 Council may, if it is found that the relevant consumer of services has been undercharged for a period of time irrespective of the reason, charge the consumer for the period as determined but not exceeding three (3) years, and the municipality must inform the consumer in writing of the back charge~~.~~

21.1.2 The consumer may settle the back charge in equal instalments as indicated in section 21 of this policy.

21.1.3 If it is found that the consumer is back charged due to meter tampering, then the municipality must recover all the consumption for the period of tampering, not exceeding three years from the date that the consumer is made aware of the back charge in writing by Council. The back charge must be settled in full and not repayment terms will be entertained by Council and the services will remain suspended until the back charge is settled.

22. BILLING OF GOVERNMENT FUNDED (RDP) PROPERTIES

22.1.1 The municipality will only commence to raise charges in respect of rates and applicable service charges once the property has been officially handed over to the beneficiary (i.e. the keys to the house) by the Directorate responsible for Housing within the municipality, and the applicable service agreement must have been entered into.

22.1.2 Availability charges will not be raised on Government Funded (RDP) properties.

23. METERING OF MUNICIPAL SERVICES

23.1 Council may introduce various metering equipment and may encourage consumers to convert to a system, which is preferred by Council when Council considers this to be beneficial to its functioning and operations.

23.2 Councils preferred metering system to measure electricity is the prepayment electricity metering system for domestic consumers and for certain businesses depending on their electricity usage and or should the business tampered/ not paid for their services beyond 60 days they will automatically loose the privilege of using the services first before the pay, the only preferred system will be based on prepaid where the business will deposit 60 days of the service money into the municipality account before the service can be deliver to the business. Businesses that are on a prepaid system due to tampering or non-payment. The calculation of the 60 days consumption money that the business must prepaid will be calculated by the municipality and approved by the CFO. For tampering the prepay system will not be reviewed for non-payments the system will be annually reviewed for the affected businesses and the decision will be made by the CFO if the status and guarantees and deposit of the business will change. In the instance where there is a credit meter and the consumers account is in arrears, the consumer must apply for the conversion of the credit meter to the prepayment meter and then the supply may be restored once the debt is settled in terms of the Credit Control Policy.

23.3 Electricity and water consumption is measured with credit and prepayment electricity and water meters.

23.4 The following applies to the reading of credit meters: -

23.4.1 Credit electricity and water meters are read at in cycles of approximately 30 days.

23.4.2 If for any reason the credit electricity and water meters cannot be read, Council will render an account based on estimated consumption.

23.4.3 The account based on estimated consumption will be adjusted in the subsequent account based on the actual consumption.

23.4.4 The consumer is responsible to ensure access to metering equipment for the purpose of obtaining meter readings for billing purposes.

23.4.5 Consumers can for reasons of non-accessibility to their properties by meter readers, provide Council monthly with meter readings for billing purposes, provided that an audit reading can be obtained by Council once every two months.

23.4.6 If any calculation, reading or meter error is discovered in respect of any account rendered to a consumer-
23.4.6.1 the error shall be corrected in the subsequent account. If the water leak is on the owner's side of the meter, Council may repair the lead to prevent further water losses and charge the cost of the repair to the account of the owner.

23.4.6.2 any such correction shall only apply in respect of account for the period of three years preceding the date on which the error in the account was discovered.

23.4.6.3 the correction shall be based on the tariffs applicable during the period, and

23.4.6.4 the application of this section shall not prevent a consumer from claiming overpayment for any longer period where the consumer is able to prove the claim in the court of law. If it is certified that the leak occurred on a pipe listed on the schedule of approved pipes and fittings prescribed by the Director of Engineering Services.

23.4.6.5 When a consumer vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly.

23.5 The following applies to prepayment metering: -

23.5.1 Prepayment electricity is purchased at prepayment vending points for consumption after the date of purchase.

23.5.2 Amounts tendered for the purchase of prepayment electricity will not be refunded after the prepayment meter token has been produced.

23.5.3 On request of the consumer copies of the previous prepayment meter tokens will be produced.

23.5.4 Credits remaining in the prepayment meter will not be refunded when a premises is vacated by a consumer.

23.5.5 Council shall not be liable for the reinstatement of credit in a prepayment meter lost due to tampering with, or the incorrect use or the abuse of prepayment meters.

23.5.6 Council will apply all the debt collection functions available on the prepayment system to collect all arrear debt on the account of the debtor.

23.5.7 Council will appoint vendors for the sale of prepayment electricity and does not guarantee the continued operation of any vendor.

23.5.8 The following applies to water leaks that are found on properties: -

23.5.8.1 Water leaks in the reticulation system on a property and after the water meter is the responsibility of the owner of the property.

23.5.8.2 When a water leak is discovered on a property which resulted in excessive water charges on the account of the consumer, the consumer will be entitled to a water leak rebate if: -

(a) The consumer submits a certificate from a registered plumber or sworn affidavit from any other person who has repaired the leak within ten (10) days of the leak having been repaired.

(b) The said certificate must clearly state the date on which the leak was repaired.

(c) It is confirmed that the leak was not discernible from the surface.

(d) It is certified that the leak occurred on a pipe listed on the schedule of approved pipes and fittings prescribed by the Director of Engineering Services.

(e) The leak must have been repaired within forty-eight hours (48) after detection.

(f) The cost of repairs shall be for the account of the consumer.

(g) The excess charge for water on the account of the consumer due to a water leak will only be adjusted after three (3) monthly readings, following the repairs of the water leak, to determine the average consumption during the period the leak occurred.

(h) During the period that the water leak occurred the charge for water will be based on average consumption of water.

23.5.8.3 Solar users will be charged a basic charge (equal to that of non-solar users in the same property category), the policy acknowledges that even off-grid or partially off-grid consumers still **rely on municipal infrastructure** in some capacity (e.g., grid access during cloudy days or emergencies).
23.5.8.4 Solar users and borehole users must formally inform the municipality for them to be in a data base register and they submit proof that it was installed by the authorised person.

24. RISK AND FRAUD PREVENTION IN REVENUE

• Prosecution of offenders

Any person found guilty of tampering with municipal meters, reconnecting services illegally or establishing unlawful service connections may be prosecuted in accordance with applicable municipal by-laws and national legislation. The Municipality may also recover any financial losses incurred due to such fraudulent activities.

• Installation of tamper-proof meters

To reduce the risk of tampering and manipulation, the Municipality shall gradually install tamper-resistant or tamper-proof water and electricity meters where possible. These meters are designed to detect interference and may automatically report irregular activity to the municipal monitoring systems.

• Establishment of a Revenue Protection Unit

The Municipality may establish a dedicated Revenue Protection Unit responsible for identifying and preventing revenue losses. This unit will focus on monitoring consumption patterns, investigating suspected fraud, conducting inspections, coordinating disconnection operations, and supporting legal enforcement processes.

• Monitoring and reporting mechanisms

The Municipality shall implement monitoring systems and internal controls to detect unusual consumption patterns, billing discrepancies, and other indicators of possible fraud. Officials and members of the public may also report suspected fraud through designated reporting channels.

• Community awareness and education

The Municipality may conduct awareness campaigns to educate communities about the dangers and legal consequences of illegal connections and meter tampering. These initiatives will also encourage residents to report fraudulent activities and promote responsible use of municipal services.

25. INSOLVENT DEBTORS AND DEBTORS UNDER ADMINISTRATION

25.1. The Chief Financial Officer shall take all reasonable steps to ensure that the Municipality:

- Is informed timely of the insolvency of and administration orders issued against any debtors of the Municipality; and
- 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
- Register as a creditor in terms of section 43 of the Insolvency Act 1936 (Act No 24 of 1936); or

25.2. 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 20 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.

25.3. 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.

25.4. 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.

26. WRITE-OFF OF IRRECOVERABLE DEBT

The Municipality may write off outstanding debts that are considered irrecoverable after all reasonable credit control and debt collection measures have been exhausted. The purpose of writing off irrecoverable debt is to ensure that the Municipality's financial records reflect realistic and recoverable amounts while maintaining transparency, accountability, and sound financial management practices.

The write-off of debt shall be done in accordance with the Municipality's approved policies and relevant legislation. All write-offs must be properly supported by documentation and approved by the relevant municipal authority.

Debt may be written off under the following circumstances:

• The debtor is deceased with no estate

Where a debtor has passed away and there is no estate available from which the outstanding municipal debt can be recovered, the Municipality may consider writing off the debt. The Municipality must verify the death of the debtor and confirm that there are no assets or estate available to settle the debt.

• The debtor is insolvent

Where a debtor has been legally declared insolvent and the insolvency process has been finalized; the Municipality may write off the outstanding debt if it is confirmed that the Municipality will not receive any payment through the insolvency proceedings.

• The cost of recovery exceeds the value of the debt

Where the administrative, legal, or collection costs required to recover the debt exceed the actual value of the outstanding amount, the Municipality may determine that it is not financially viable to pursue further recovery actions.

• The debtor cannot be traced

Where the Municipality has made all reasonable attempts to locate the debtor but has been unsuccessful, the debt may be considered irrecoverable. Efforts to trace the debtor must include checking municipal records, contact information, and other available sources.

• Vandalised or abandoned houses

In cases where properties have been vandalised, abandoned, or severely damaged to the extent that they are unoccupied and no responsible account holder can be identified, the Municipality may consider writing off the outstanding debt. Before such a write-off is approved, the Municipality must conduct a verification process to confirm the condition of the property and ensure that no responsible owner or occupier can be held liable for the debt.

• Auctioned properties

Where a property has been sold through a public auction, including sales in execution or other legal processes and the proceeds from the auction are insufficient to cover the outstanding municipal debt, the remaining balance may be considered for write-off. This may occur where the sale value of the property is lower than the total municipal debt owed and 30% of the sale value, clearance amounts to be charged, buying of the new electrical and water meter must be charged.

• Completion of credit control procedures

Before any debt is written off, the Municipality must confirm that all reasonable credit control and debt collection procedures have been followed. This may include issuing notices, attempting payment arrangements, restricting services, or taking legal action where appropriate.

• Approval of write-offs

All write-offs must be approved in accordance with the Municipality's delegated authority framework and financial policies. Proper documentation must be maintained to justify the write-off.

• Reporting to Council

All debts written off must be reported to the Municipal Council as part of financial reporting and oversight processes. The report must clearly indicate the amounts written off and the reasons for the write-off.

The write-off of irrecoverable debt does not necessarily cancel the Municipality's right to recover the debt in the future should the debtor or assets become traceable.

26. ENQUIRIES AND DISPUTE

26.1.1 A customer who disputes an account must submit each dispute in writing on the prescribed form to the person appointed by the municipality to deal with such disputes (hereinafter referred to as "the authorized delegate"), stating the reasons for such dispute and any relevant facts, information or representation which the authorized delegate should consider to resolve the dispute – should a person be illiterate an official of Council will assist him/her to complete the prescribed form.

26.1.2 The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution.

26.1.3 The lodging of a dispute shall not relieve the aggrieved person of the responsibility to settle his or her account. An interim payment similar to an average account must be paid by the due date pending finalisation of the dispute

26.1.4 Council will respond to all inquiries from consumers in writing within sixty days from the lodging of the inquiry.

26.1.5 The dispute must be submitted within sixty (30) calendar days after the due date 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.

26.1.6 For disputes lodged beyond three years that remain unresolved, the consumer must provide proof of the dispute lodged with the municipality. This documentation, along with a request for approval to correct the account, must be submitted to the accounting officer. Only the accounting officer has the authority to approve disputes beyond three years.

26.1.7 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, will be disconnected.

26.1.8 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.

26.1.9 Proven tampering charges are not regarded as a dispute.

26.1.10 The authorized delegate or his nominee must evaluate the dispute on the account and he/his nominee may take a decision, based on the spirit of the policy and provide the customer with a written decision with twenty-one (21) calendar days after receipt of the written dispute.

26.1.11 A dispute submitted above shall not stop or defer the continuation of any legal procedure already instituted for the recovery of arrear payments relating to such dispute.

26.1.12 The customer has the right to appeal to the CFO or his/her delegated official against the decision of the authorized delegate. The CFO or his delegated official may hear representations and make a decision that is binding.

26.1.13 A person whose rights are affected by the decision of the CFO may appeal against that decision within twenty-one (21) calendar days of the date of notification of the decision, to the Municipal Manager.

26.1.14 Disputes regarding the general valuation roll must be submitted to the Property and Valuation Section in the form of an objection or appeal. 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.

26.1.15 This provision is subject to the following.

26.1.15.1. The following will not be regarded as a dispute and will only be handled as an enquiry:

(i) disputes with regard to municipal valuations
(ii) enquiries with regard to municipal tariffs as approved by Council during approval of the annual budget;

(iii) fees made applicable where it has been found that a water and/or electricity meter has been tampered with or by-passes any metering equipment in order to obtain an unmetered service;
(iv) disputes of a repetitive nature;
(v) where a matter has been disputed and the dispute process has been exhausted; and
(vi) the non-payment of an account will not be seen as a dispute.

26.2 REFUNDS

26.2.1 The following processes need to be followed when applying for refund:

(i) All refund request must be done in writing
(ii) A Proof of payment must be submitted for an overpayment or any payments made after clearance payment

26.2.2 The Municipality will not process any refunds where a consumer has other outstanding amounts on different addresses, however, the credit balance will be transferred to settle the other outstanding balances of the consumer.

26.2.3 The municipality will only pay refunds if a consumer has sold all the properties in his or her name and has no other consumer accounts within the Municipality.

27. Improve Debt Collection Process

To improve the efficiency of revenue collection and reduce outstanding municipal debt, the Municipality shall implement a structured and time-bound credit control process. A clear timeline ensures that consumers are treated fairly while also enabling the Municipality to take prompt action against non-payment.

The recommended credit control timeline shall be applied as follows:

Days- Actions

Day 1- Account Issued – The Municipality issues the monthly municipal account to the consumer, reflecting all charges for services such as water, electricity, refuse removal, sanitation and property rates. The statement must clearly indicate the total amount payable and the due date.

Day 10- Due Date – Payment of the municipal account becomes due. Consumers are expected to settle the account in full or make payment arrangements with the Municipality before the due date.

Day 14- Final Notice / SMS Reminder – If the account remains unpaid after the due date, the Municipality shall send a final reminder notice through SMS, email or written communication informing the consumer that the account is overdue and must be settled immediately to avoid further action.

Day 21- Disconnection Notice – If payment is still not received, the Municipality shall issue a formal disconnection or restriction notice warning the consumer that municipal services may be disconnected or restricted if the outstanding amount is not settled within the specified period (7-days).

Day 30- Service Disconnection or Restriction – The Municipality may proceed with the disconnection of electricity or the restriction of water services where accounts remain unpaid after 7 days of receiving the disconnection notice. These actions must be carried out by authorized municipal officials and recorded in the municipal system.

Day 60- Handover to Internal Collections – Accounts that remain unpaid after service disconnection may be referred to the Municipality's internal debt collection unit for further recovery actions. This may include follow-up communication, negotiation of payment arrangements, and intensified credit control measures.

Day 90- Handover to External Debt Collectors – Where internal collection efforts have not been successful, the outstanding debt may be handed over to external debt collection agencies appointed by the Municipality to recover the debt on its behalf.

Day 120- Legal Action – If the debt remains unpaid after all collection efforts have been exhausted, the Municipality may institute legal action against the debtor. This may include obtaining court judgments, attaching movable or immovable property, or any other lawful debt recovery measures.

Monitoring and Compliance

The Municipality shall ensure that this timeline is implemented consistently across all consumer accounts. Proper records must be maintained for all credit control actions taken, including notices issued, disconnections carried out, and legal steps initiated.

Flexibility and Special Considerations

While the timeline provides a standard framework, the Municipality may exercise reasonable discretion in certain cases, particularly for:

- Registered indigent households
- Consumers with approved payment arrangements
- Cases involving billing disputes or investigations

Implementing a structured debt collection timeline will improve revenue collection, promote accountability among consumers and support the financial sustainability of the Municipality.

28. <u>DEBT COLLECTION</u>

28.1 The Chief Financial Officer is authorised to institute agreed upon debt collection mechanisms without exception and with the intention to proceed until the debt is collected.

28.2 All accounts rendered by Council shall be paid on the due date as indicated on the account.

28.3 Amounts on accounts, which remain unpaid after the due date, will be subject to debt collection action.

28.4 Should and active account remain outstanding for a period of seven (7) days after the due date, a final notice and intention to restrict and/or to terminate services will be sent to account holder.

28.5 Debt collection action will be taken on the total amount outstanding on the account after the due date. The total amount outstanding includes property rates, refuse, sewerage, water, electric, fire levy and sundry debtor charges, and includes handed over debt for which arrangements have not been entered into.

28.6 The debt collection actions to be taken will be as follows: -

28.6.1 **<u>Disconnection of electricity supply</u>**

28.6.1.1 Council shall disconnect the electricity supply to a property if the account rendered by Council is not paid by the due date as indicated on the account.

28.6.1.2 Credit electricity meters and prepayment electricity meters will be disconnected for the non-payment of municipal accounts.

28.6.1.3 Disconnection of electricity supply will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the panel of Debt Collection Agents and not just for the electricity portion of the account.

28.6.1.4 Disconnection of electricity supply for the non-payment of an account will be during the 30-day period following the due date.

28.6.1.5 The list of accounts scheduled for disconnection will be issued to Ward Councillors one day prior to the implementation of credit control actions

28.6.2. **Block from the purchase of electricity**

28.6.2.1 Council will block a consumer from the purchase of electricity on the prepayment electricity system if the account rendered by Council is not paid by the due date as indicated on the account.

28.6.2.2 **Prepaid electricity meters:**

a) No prepaid electricity will be sold until the total combined account, including property tax account, related to the property to which the electricity is consumed has been settled, (irrespective in whose name the account is).

b) The following conditions are applicable where a prepayment meter has been installed at premises:

(i) the total outstanding account must be paid on or before the due date of the month for which the account has been issued;
(ii) no prepaid electricity may be sold before the total outstanding account, including the property tax account irrespective of the name of the account holder, has been paid;

c) If 50% of the outstanding account has been paid the 90/10 principle shall apply where ninety percent of the consumer purchase money (90%) will be allocated to electricity prepayment and where 10% will be allocated to the arrears account.

d) If the consumer is unable to pay fifty percent (50%) of the outstanding account, an agreement will be made for the amount the client will pay based on a seventy/thirty (70/30) principle, where seventy percent (70%) must be allocated to the combined arrear accounts and thirty percent (30%) towards prepaid electricity.

e) In cases where the consumer can only pay a minimal amount of two hundred (R200,00) or less, then a fifty/fifty (50/50) principle will be applied; or only applicable when customer comes in to the main municipal offices during office hours – not applicable to consumers requiring this service after office hours or by means of the internet etc.

Applicable to owners

- The total amount in arrears for the previous months must be paid in full before any extension of payment may be considered.
- No further extensions for will be allowed after the initial agreement.
- A maximum of six (6) extensions per calendar year is allowed.
- Should the electricity supply be terminated more than four times during a specific calendar year, no extensions will be allowed.
- Extensions may be granted in the following cases (not exhaustive):

- the death of a family member within the household – a death certificate must be obtained (only family members living with the account holder);
- unforeseen circumstances have depleted the account holders' funds (proof must be produced); and
- salaries being received after the due date – proof must be obtained from the applicant's employer, provided that the deposit is sufficient to cover the outstanding account. This monthly extension of payment may only be allowed for one (1) year.

The applicant should make provision that his payments of his municipal account is paid in advance before the year expires.

28.6.2.3 The block from purchase of electricity will be for the total amount outstanding on the account, including unpaid amounts handed over for collection to the panel of Debt Collection Agents and not just for the electricity portion of the account.

28.6.2.4 The blocked from purchase of electricity for the non-payment of an account will be during the 30-day period following the due date.

28.6.2.5 Non-indigent consumers with arrears will be blocked on a block type that will require the consumer to pay the amount due to Council before prepayment electricity can be purchased.

28.6.2.6 Indigent consumers with arrears will be blocked on a block type on the prepayment system that will require the consumer to pay the current monthly account due before prepayment electricity can be purchased and with the purchase of electricity 50% of the amount tendered to purchase electricity will be held back and be allocated to arrear debt.

The amount of the current monthly account due is the amount after the indigent subsidy has been deducted.

28.6.2.7 Consumers will be placed on a total block from the purchase of electricity for the following reasons and will only be permitted to purchase electricity after a visit to Council's offices by the consumer to attend to the reason for blocking: -

(a) When a consumer moved into a property and failed to apply for services from Council and failed to pay the required consumer deposit.

(b) When the disconnection of electricity, blocked from the purchase of electricity and the restriction of water flow to the property did not have the desired effect to persuade the consumer to pay the arrear debt.

28.6.3 **Restriction or disconnection of water flow**

28.6.3.1 Council will restrict the water flow to a property for the following reasons and will only restore the water flow after a visit to Council's office by the consumer to attend to the reasons for the restriction of the water flow: -

(a) When disconnection of electricity supply or blocked from the purchase of electricity on the prepayment system did not have the desired effect to persuade the consumer to pay the arrear debt.

(b) When the water consumption by indigent consumers is more than the 6kl water provided by Council to indigent consumers and the account remains unpaid.

28.6.3.2 Council will restrict or disconnect the water flow to a property under the following circumstances and will only restore the water flow after a visit to Council's office by the consumer to attend to the reasons for the restriction or disconnection of the water flow: -

(a) The water supply to a business with an unpaid account will be disconnected if the disconnection of electricity supply to the property or blocked from purchase of electricity from the prepayment electricity system did not have the desired effect to persuade the consumer to pay the arrear debt.

(b) When the consumer moved into a property and failed to apply for services from Council and failed to pay the required consumer deposit.

28.6.4 **Handover of debt to debt collectors**

28.6.4.1 Debt that could not be collected by the disconnection of electricity supply to a property, blocked from the purchase of prepayment electricity, restriction or disconnection of water supply and that are 90 days old will be handed over to debt collectors.

28.6.4.2 Handover to debt collectors is a pre-legal action and if the debt collectors are unsuccessful in collecting the debt, the debt will be handed over to attorneys for legal collection.

28.6.4.3 Only Council will hand debt over to debt collectors for legal collection and the same debtor will not be handed over to more than one Debt Collector irrespective of the period that the debt relates to.

28.6.4.4 The following types of debt will be handed over to the debt collectors: -

(a) Debt that is 90 days and older

(b) The amount of the debt per debtor to be handed over is the amount that will be determined from time to time.

(c) Debt that relates to non-indigent debtors living in RDP houses

(d) Debt for which no payment arrangements were made.

28.6.4.5 The following types of debt will not be handed over to the debt collectors: -

(a) Debt of indigent debtors that are registered as indigent at the date of handover.

(b) Government debt.

(c) Debt that is been paid off as per arrangement with debtor.

(d) Debt that is under query.

28.6.4.6 The process of collecting debt by debt collectors includes: -

(a) The phoning of debtors

(b) Sending out demand letters

(c) Making arrangement with debtors to pay off debt in terms of Council's credit control and debt collection policy.

(d) Making follow-ups with debtors on unpaid arrangements.

28.6.5 **<u>Handover of debt to Attorneys for legal collection</u>**

28.6.5.1 Debt that could not be collected by the debt collectors, and debt that requires urgent legal attention will be handed over to attorneys for legal collection.

28.6.5.2 The following types of debt will be handed over to attorneys: -

(a) Debt that is 150 days or older.

(b) The amount of the debt per debtor to be handed over is the amount that will be determined from time to time.

(c) The handed over debt will be liable for the extra 10% of the debt, sheriff fee and letters fee.

(d) Debt for which no payment arrangements were made.

(e) Debt that relates to non-indigent debtors living in RDP houses. The legal process will be preceded with as far as sale of movable property.

28.6.5.3 The following types of debt will not be handed over to attorneys: -

(a) Debt of indigent debtors that are registered as indigent at the date of handover.

(b) Debt that is being paid off as per arrangement with the debtor.

(c) Debt that is under query.

28.6.5.4 The process of legal collection includes: -

(a) Final demands for payment to debtors.

(b) Emolument attachment orders on debtor's salaries.

(c) Summons issued for debt to be paid.

(d) Default judgement be obtained against a debtor.

(e) The attachment of moveable properties and sale in execution of moveable property.

(f) The attachment of immoveable property and the sale of immoveable property, in the case of business property.

(g) Only Council will hand debt over to attorneys for legal collection and the same debtor will not be handed over to more than one Attorney irrespective of the period that the debt relates to.

28.6.6 **Withholding or offsetting payment on contracts**

Institutions or individual persons, who are in contract with Council to provide a service, and who are in arrear with their services account, will have payments to them withheld by Council until the arrear debt with Council is settled or the payment will be offset against the arrear debt with Council.

28.6.7 **Withholding approval of building plans**

Institutions or individual persons, who apply to Council for the approval of a building plan, and who are in arrears with their services account, will have approval of the building plan withheld by Council until the arrear debt with Council is settled.

28.6.8 **Other debt collection methods**

The debt collection methods mentioned in paragraph 34 above are not an exhaustive list of methods that can be applied to collect debt and any other methods that can be initiated, will be implemented with the consent of Council, to collect debt.

29. DEBT COLLECTION COST

Any costs, which include:

- Collection costs,
- Delivery of disconnection notices charges,
- Disbursements and legal thing, to any of the debt collection methods applied to collect the debt, will be debited to the account of the defaulting debtor.

The **"reconnection fee"** charged is due and payable irrespective of whether the supply was disconnected or not.

29.1 Arrangements to pay arrear debt

29.1.1 A consumer who cannot pay their arrear debt may enter into an arrangement to pay the account over an extended period of time, as per the payment arrangements below:

Business and Consumers may apply for payment arrangements subject to:

- Minimum **30% upfront payment for residential and Business 50% upfront payment**
- Balance payable over **6–24 months for residential and Business payable up to 3 months**
- Defaulting on arrangement leads to immediate credit control action

29.1.2 During the time of the debt collection process, but before debt is handed over to the attorneys a consumer may enter into an arrangement to pay off arrear debt.

29.1.3 No arrangements will be entertained by attorneys on debt that has been handed over for legal collection.

29.1.4 Council will entertain only one arrangement with a consumer to pay off the arrear debt.

29.1.5 The consumer, by signing the arrangement agreement to pay off arrear debt acknowledges the following: -

29.1.5.1 That debt is owed to Council.

29.1.5.2 That on default to honour the arrangement agreement, interest on arrears will be charged on the amount due, electricity supply will be disconnected to the property of the consumer or the consumer will be blocked from the purchase of electricity on the prepayment system and/or the water supply to the property of the consumer will be restricted and legal proceedings will be instituted to collect debt.

29.1.5.3 That the consumer will be liable for all cost, which includes legal costs, incurred to collect the debt.

29.2 Arrangements for Non-Indigent consumers

29.2.1 Payment Arrangements for Outstanding Debt

35.2.1.1 Customers with outstanding municipal debt are required to settle an amount equivalent to Minimum **30% upfront payment for residential and Business 50% upfront payment** immediately balance payable over **6–24 months for residential** and 3 months for business.

29.2.1.2 The remaining balance shall be repaid over a **6-12-month period**, in addition to the ongoing monthly current account charges.

29.2.1.3 If a customer purchases electricity during the repayment period, **30 % of each electricity purchase** will be automatically allocated to the outstanding debt until:

- The 24-month repayment term is completed, or
- The outstanding debt is fully settled, whichever occurs first.

29.2.1.4 This arrangement remains valid **only if the monthly account remains up to date**. If the current account falls into arrears, the agreement will be terminated, and the **full outstanding balance will become immediately payable before any further electricity purchases can be made**.

29.2.2 Conditions for Payment Arrangements

29.2.2.1. These repayment arrangements are only applicable **if the consumer or property owner** formally agrees to the terms.

29.2.2.2 If the consumer or owner **can demonstrate beyond reasonable doubt** that the allocated repayment options are unaffordable, the Municipality will enforce the **70/30 principle**, where:

- **70% of each electricity purchase** will be allocated to settling the outstanding debt.
- **30% of each electricity purchase** will be allocated to the purchase of electricity.
- The **70/30 arrangement** will remain valid **only if the customer continues to pay the monthly current account in full**. If the current account falls into arrears:
    - The **full outstanding debt becomes immediately due**, and
    - The consumer or owner **will be unable to purchase electricity** until the overdue amount is fully settled.

29.3 Businesses

Customers are required to settle the equivalent of three months' current account charges from their existing debt immediately. The remaining balance shall be repaid over a 12-month period, in addition to settling the ongoing monthly current account. Furthermore, 35% of any amount spent on electricity purchases will be automatically allocated towards the outstanding debt.

29.4 Interim Measures

In the interim all the debtors must be encouraged to honour their arrangements and consumers should be monitored to keep them up to date with the arrangements they made. Follow ups should be made through using communication channels like SMS, phone calls and notices.

30. BROKEN ARRANGEMENTS

30.1 Residential Customers

- In the event that an arrangement has been broken by a residential consumer, Council may entertain one more arrangement on the same capital debt and the debt may be settled over a period of time as set out hereunder: In the event that an arrangement has been broken again by a residential consumer, the Municipality may refer overdue accounts to appointed debt collection agencies in accordance with approved debt recovery procedures, consumer will be liable for the commission, letter amount and sheriff fee.

30.2 Business

- In the event that an arrangement has been broken by a business consumer, no further arrangements will be entertained, and the debt will become due and payable in full and the services will only be restored once the full outstanding debt (including amounts handed over for collection) has been settled. Council will hand over the account to debt collection, consumer will be liable for the commission, letter amount and sheriff fee.

30.3 The Council or its delegate (MM or CFO) reserve the right to negotiate the discounting of interest charges if the account will be settled in full on the date of agreement for the benefit of the Municipality.

31. RECONNECTION/ RE-INSTATEMENT OF TERMINATED OR RESTRICTED SERVICE

Services which have been terminated or restricted shall be reconnected or reinstated by the municipality only when all the following conditions have been met:

- The payment as required by this policy has been paid as set out in Section 35.1 above and an acceptable arrangement has been entered into with the municipality for the payment of the arrear account, including the interest raised on such account; approved by the Chief Financial Officer have been concluded.
- A fee for reconnection/tamper paid as per the approved budget/tariffs of Council.

- Instructions for the reconnection of electricity may only be done by the Credit Control Section or as delegated from time to time by the Chief Financial Officer.

32. PERIOD FOR RECONNECTION OF TERMINATED SERVICE

- The municipality shall endeavour to reconnect or reinstate terminated or restricted services within 48 hours, after the date on which the conditions set out in Section 37 of this policy have been met, unless unable to do so because of circumstances beyond the control of the municipality

33. INDIGENT DEBTORS

33.1 An account holder (consumer) may apply, for Indigent support as prescribed in the Indigent Policy of this Municipality. Which offer the following

• Free Basic Water – **6 kl per month**

Registered indigent households may receive a basic allocation of 6 kilolitres of water per month at no cost and municipality to change the meter to prepaid water meter. This ensures that households have access to sufficient water for basic domestic needs such as drinking, cooking, and hygiene.

• Free Basic Electricity – **50 kWh per month**

Qualifying indigent households may receive a free basic electricity allocation of 50 kilowatt-hours per month where electricity is supplied by the Municipality and the municipality will have to change the meter to the applicable size. This assists households with essential energy needs such as lighting, cooking and heating. Circuit breakers to be reduced by metering units.

• Refuse removal subsidy

The Municipality may provide a subsidy for refuse removal services to registered indigent households. This support ensures that waste management services remain accessible and helps maintain public health and environmental cleanliness.

• Property rates rebate

Approved indigent households may receive a rebate or reduction on property rates in accordance with the Municipality's rates policy. The rebate helps reduce the financial burden on low-income households while ensuring that they continue to receive municipal services.

33.1.1 **Debt of deceased indigent estates-**

33.1.1.1 Until the property is transferred from the deceased estate to the new owner all the services from the account for the deceased owner as at the date of death will be transferred to the account of the occupant for property rates.

33.1.1.2 The occupant of the property must sign an agreement in which the occupant agrees to pay all the rates and service charges that are to be raised on the property that is occupied.

33.1.1.3 The following circumstances must prevail to transfer the services to the account of the occupant: -

33.1.1.3.1 The occupant of the house must be a registered indigent consumer with Council and be receiving an indigent subsidy from Council.

33.1.2 Debt of absconded owners

33.1.2.1 The occupant of the property must sign an agreement in which the occupant agrees to pay all property rates and service charges that are to be raised on the property of the absconded registered owner's property.

33.1.2.2 The occupant of the house must be a registered indigent consumer with Council and be receiving an indigent subsidy from Council.

33.1.2.3 Once transferred, the debt of the absconded Indigent owner will be dealt with in terms of the Writing Off Bad Debt and the Impairment of Debtors Policy.

34. MUNICIPAL STAFF AND COUNCILLORS – PAYMENT OF ARREARS

34.1 Section 10 of schedule 2 of the Local Government: Municipal Systems Act, No32 of 2000 provides the following: -

> "A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period."

34.2 The financial situation of each applicant will be assessed.

34.3 If the staff member or Councillor cannot afford to repay the debt over six months, the debt be spread over twelve months or the repayment instalment will not be greater than 50% of the staff member's net salary. In each case, the size of the debt and the net salary may be considered.

34.4 Municipal staff and Councillors are not entitled to benefit from the Indigent Support subsidy whilst employed and if it is discovered that a staff member or councillor has benefitted from the Indigent Support subsidy after the date of their employment with the municipality, this will result in disciplinary action being taken against the relevant staff member or councillor.

34.5 In the case where an official is in arrears for a period of sixty (60) days a written notice will be issued to that official and given a period of fourteen (14) calendar days to pay the outstanding amount or make arrangements.

34.6 No special treatment shall be afforded to staff and councillors in arrears
34.7 Failure to pay the outstanding amount or to make acceptable arrangements for repayment will result in the deduction of the outstanding amount, the terms will be determined by the Accounting Officer / CFO.
34.8 Item 12A of Schedule 1 of the Act states – "A councillor may not be in arrears to the municipality for rates and service charges for a period longer than (3) months." The municipal manager shall liaise with the Executive Mayor and issue the necessary salary deduction instruction where appropriate.

35. WRITE-OFF ARRANGEMENTS ON IRRECOVERABLE DEBT

Debt Relief Programme: 50/50 Write-Off of Historical Debt

In order to improve revenue collection and assist consumers who are struggling with large outstanding municipal accounts, the Municipality may implement a **Debt Relief Programme** that provides for the partial write-off of historical debt on a **50/50 basis**.

The purpose of this programme is to encourage consumers to settle their municipal accounts while reducing long-outstanding debt that has accumulated over time.

50/50 Debt Write-Off Arrangement

Under this arrangement, the Municipality may write off **50% of the approved historical outstanding debt of June 2023 and backwards**, provided that the consumer pays the remaining **50% of the debt** in accordance with the conditions determined by the Municipality.

The programme shall be implemented as follows:

• Eligibility for the programme

Consumers with long outstanding municipal accounts may apply to participate in the 50/50 debt relief programme. The Municipality shall assess the consumer's account and determine whether the debt qualifies for partial write-off.

• Payment of 50% of the debt

The consumer must agree to settle **50% of the outstanding historical debt**, either through a **once-off payment or within 12 months.**

• Write-off of the remaining 50%

Once the consumer has successfully paid the required 50% of the outstanding debt and complied with the terms of the agreement, the Municipality may write off the remaining 50% of the historical debt.

• Exclusion of current charges

The debt relief programme will normally apply only to **historical arrear debt**. Consumers must continue to pay their **current monthly municipal accounts** in full and on time while participating in the programme.

• Cancellation of the arrangement

If the consumer fails to comply with the payment agreement or defaults on current municipal charges, the Municipality may cancel the arrangement and reinstate the full outstanding debt.

• Approval and monitoring

All debt relief arrangements must be approved by the relevant municipal authority and properly recorded in the municipal financial system. The Municipality shall monitor compliance with the agreement to ensure that the objectives of the programme are achieved.

This initiative aims to reduce long-standing municipal debt, improve the Municipality's cash flow, and assist consumers in bringing their municipal accounts into good standing.

36. <u>THEFT AND FRAUD</u>

36.1 The Municipality does not condone theft and fraud of municipal services and will monitor the service networks for signs of tampering or irregularities.
36.2 Water and electricity metering and connection equipment remain the property of the municipality and anyone involved in instances of tampering, damaging or theft thereof will be liable for a tampering fee and/or criminal prosecution.

36.3 With regard to electricity services, if tampering of any nature or theft of such services is identified, the electricity supply to the property must be discontinued by the removal of the cable and the water supply may be restricted and/or discontinued.

36.4 If the restricted water supply is tampered with or any variable flow-restricting device removed, the water supply may be discontinued, the service connection removed and the consumer's service agreement with the Council may be cancelled. The consumer's deposit may be offset against any amounts owed to the Council, should the service be required a new application will be made.

36.5 Once Council becomes aware that any terminated or restricted service has been irregularly reconnected or reinstated, the necessary action to remedy the situation, which could include the Municipal Manager reporting such action to the South African Police Service, will be implemented.

36.6 All outstanding amounts, including all metered consumption since the date of the illegal reconnection, or the estimated consumption if a reliable meter reading is not possible, shall be paid in full together with the required deposit, before any reconnection/reinstatement and new services agreements are considered. However, the receipt of payment will not necessarily impact on nor prejudice any legal or criminal proceedings against the consumer.
36.7 Cost related charges, as reflected in the applicable Tariff Registers will be imposed where illegal use of water and electricity is detected.

36.8 If the Council is of the reasonable opinion or is in possession of prima facie evidence indicating alleged tampering/illegal use, the Council may publish the names of the consumer, person or entity responsible for such activity

36.9 The council may approve specific penalties and distinguish between cases of theft and fraud. Amounts pertaining to the fines will be determined by Council on an annual basis

36.10 Subsequent acts of tampering may lead to a refusal to supply certain services for determined periods.

36.11 Unpermitted use of property will be penalised six times of the property rates until the property is complied with Town planning rules.

36.12 All water and electrical meter that must be replaced irrespective of the problem are sold and recon fee as in the tariff.

36.13 A place where a transformer is burned, all meters that are lint to that transform will be inspected to check if they are not bypass and a fine will be issued to the users. The users will be also liable for the price of the transform.

36.14 Clear tamper code will be only be issued after the fine is paid.

37. BY-LAWS TO BE ADOPTED

- By-laws shall be adopted to give effect to the Council's Credit control and debt collection policy.
- The by-laws are to comply with the requirements of the Municipal Systems Act, 2000 (Act No. 32 of 2000), the Water Services Act, 1997 (Act No. 108 of 1997), the Electricity Act, 1987 (Act No. 41 of 1987) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
- The by-laws deal severely with defaulters, and their application requires a considerable degree of commitment from the Municipal Manager and his or her administration, as well as from the municipality's political structures. For the by-laws to ensure the avoidance of financial misfortunes for the municipality, and to lead to sustained financial stability, their application will have to receive the constant attention of all the municipality's key role-players and decision makers. If the by-laws are not constantly and consistently applied, from "month to month" and from "yearto-year", the municipality's political and administrative credibility will be severely impaired, and it may not be able to ensure financial sustainability in the long run.
- Although the by-laws envisage even the termination of basic services for defaulting account holders this will not, in itself, no matter how harsh it may seem to those councillors and officials who are disposed to greater leniency, prevent the accumulation of arrears. The monthly billing for property rates, sewerage charges and refuse removal fees will continue in respect of defaulting accountholders, even though their consumption of electricity and water may have been terminated or restricted. The termination or restriction of services must therefore be seen merely as a vital first step in the credit control program, and the commitment by the municipality to follow up such actions with the full force of the law at the municipality's disposal is an essential further step if the accumulation of debts is to be meaningfully curtailed

38. WATER LEAKS

Where a water leak has occurred on a property the following should be applied:

- The consumer will be liable for the total water consumption should the leak occurred on the pipeline towards the property or after the incoming point on the Meter.

PRESCRITION OF DEBTS

Debt prescribes when payment is not demanded, legal action is not taken or not any communication is taking place with a debtor. This is on condition that the municipality can provide reasonable evidence that during the prescription period (three years for services, i.e., water and electricity consumption and 30 years for property rates and availability of services) an attempt was made to contact the debtor. Property rates, sewerage and refuse charges fall within the bracket of the thirty (30) years period of prescription. This means property rates, sewerage and refuse charges will only be extinguished by prescription once thirty (30) years has lapsed.

Prescription will not apply if:
i) The debt is acknowledged.
ii) Legal action was taken.
iii) The debtor is residing outside South Africa.
iv) The debt is within the prescription period as mentioned above.
In line with Section 10 (1) of the Prescription Act a debt shall be extinguished by prescription after the lapse of the period which in terms of the relevant law applies in respect of the prescription of such debt.

A 3-year prescription period applies to debt not mentioned in section 11 of the Prescription Act 68 of 1969, such as debts, including but not limited to, debts arising from a breach of contract between private parties or a debt arising from a cause of action in delict relating to bodily injury etc. Any debt owed to the State in respect of any share of the profits, royalties, or any similar consideration payable in respect of the right to mine minerals or other substances attracts a 30-year prescription period. Property rates, sewerage and refuse charges fall within the bracket of the thirty (30) years period of prescription. This means property rates, sewerage and refuse charges will only be extinguished by prescription once thirty (30) years has lapsed. Placed in a practical scenario, should a ratepayer fail to pay property rates for months, the municipality will be legally entitled to recover those debts within thirty (30) years from the date on which the debt became due, i.e. when the ratepayer ought to have been aware of the debt.

39. APPLICATION OF THE POLICY

39.1. The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying this, Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution. No debtor may be exempted from credit control action as a sign of goodwill for any period of time as this is in contravention of the action applied in this policy and the Credit Control principles contained in the Municipal Systems Act No. 3 of 2000.

ANNEXURE “A”

REVENUE COLLECTION TARGETS

1. Computerised credit control and debt collection management system

1.1 It is Council’s intention to collect all revenue due to Council from customers who can afford to pay.
1.2 For this purpose it is acknowledged that the Municipality will use computerised credit control and debt collection management system.

2.1 The Municipal Council may from time to time approve Writing Off of Irrecoverable Debts and Impairment of Debtors Policy with the following incentives to their customer base to assist them to get out of their spiral of debt provided that all levies since the June 25 billing run will be paid up to date:

a) Council will write-off 50% of outstanding debt before the June 2024 billing run that a household customer accrued.

2.2. The incentive will not be applicable to Government or school debtors except on conditions approved by MM or CFO

2.3. Chief Financial Officer or delegated person can in extreme cases accept a longer period of repayment based on the financial position of the customer and other circumstances if the incentives in the Writing-Off of Irrecoverable Debt Policy do not assist the customer to get out of their spiral of debt within three years

2.4. In exceptional cases, the Chief Financial Officer (CFO), in consultation with the Municipal Manager (MM), may approve a 50% discount, provided that the circumstances are deemed satisfactory and justifiable.