CREDIT CONTROL AND DEBT COLLECTION POLICY

AMENDED

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CONTENTS

CHAPTER 1

1. Purpose

2. Problem statement

3. Definitions

CHAPTER 2: PROPERTY RATES

4. Property rates

5. Amount due for property rates

6. Claim on rental for property rates in arrears

7. Property rates payable on leased municipal property

8. Property rates payable for municipal property sold by the municipality

CHAPTER 3: MUNICIPAL SERVICES

Part 1: Application / Registration for Municipal Services

9. Application for services

10. Deposits

Part 2: Accounts Management

11. Accounts

12. Responsibility of amounts due

13. Disputes

14. Payment options

15. Full and final settlement

16. Cash allocations

17. Interest charges

PART 3: TERMINATION OF SERVICES FOR ACCOUNTS IN ARREAR

18. Arrear accounts

19. Reconnection of municipal services

Part 4: Debt Repayment Arrangements

20. General principals

Part 5: Legal Steps

21. Further steps to be instituted against defaulter

22. Property rates accounts

23. Estate accounts in arrears

24. Sundry debtors in arrears

25. Handing of accounts over to attorneys

26. Staff and councillors in arrears

27. Once-off incentive schemes

28. Adjustment on an account

29. Indigent support

30. Termination / transfer of services

31. Unallocated consumption

32. Revenue clearance certificates

33. Refunds

34. Irrecoverable debt

35. Review

36. Short title

CHAPTER 1

1. PURPOSE

This policy has been compiled as required in terms of section 97 of the Local Government : Municipal Systems Act, 32 of 2000 (hereinafter referred to as the Act) and is designed to provide credit control and debt collection procedures and mechanisms. It also aims to ensure that the municipality's approach to debt recovery is sensitive, transparent and is equitably applied throughout the municipality's geographic area.

2. PROBLEM STATEMENT

The Act requires the municipality to review the credit control and debt collection policy annually.

The municipality has taken cognisance of the high level of poverty which is prevalent in various areas of the municipality and has developed various initiatives to assist those customers who are economically unable to meet normal rates and service charges (see Council's indigent policy).

3. DEFINITIONS

For the purpose of this policy, any word or expressions to which a meaning has been assigned in Local Government : Municipal Systems Act, 32 of 2000 or the Local Government : Municipal Finance Management Act, 56 of 2003 shall bear the same meaning in this policy unless the context indicates otherwise and a word in one gender shall be read as referring also, to the other gender.

"*account*" means a notification by means of a statement of account to a person liable for payment of any amount for which he or she is liable to pay the municipality in respect of municipal services provided or property rates.

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

"*approved*" means approved by the municipality in writing and signed by an authorized official.

"*arrears*" means any amount due, owing and payable in respect of municipal services not paid by due date.

"*authorized official or agent*" means any official or agent of the municipality who has been authorized by the municipal council to administer, implement or enforce the provisions of these by-laws or to grant any approval in terms of these by-laws.

"*billing date*" means the date upon which the monthly statement is generated and debited to the customers' account.

"*business premises*" means premises utilized 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 ground 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 organization which, in the opinion of the Council, performs charitable work; and/or

(e) any property utilized for bona fide church or religious purposes.

"*chief financial officer*" means the official accountable and responsible to the municipal manager for the implementation, enforcement and administration of the customer care management and debt collection policies in this policy.

"*credit control*" means all the functions relating to the collection of monies owed by ratepayers and user is of municipal services.

"*Council*" means the Municipal Council of Steve Tshwete Local Municipality or any duly authorized committee, political office bearer or official of the said Council.

"*customer*" means any person liable to the municipality for property tax or any other charges.

"*defaulter*" means any customer in arrears.

"*domestic consumer*" means a customer who uses municipal services primarily for domestic purposes.

"*due date*" means the date on which an amount payable in respect of an account becomes due, owing and payable by the customer, which date shall not be less than fourteen (14) calendar days from the date of the account.

"*estimated consumption*" means the consumption that a customer, whose consumption cannot be read or accurately measured during a specific period is deemed to have consumed during a specific period, based on an estimate by the municipality on rational grounds such as the average consumption of municipal services by a customer during a three (3) or twelve (12) month period during a prior or later period or the same period the previous year if info available.

"*household*" means a family unit that is determined by the municipality to be a household.

"*immovable property*" includes:

(a) an undivided share in immovable property; and

(b) any right in immovable property.

"*indigent debtor*" means:

(a) the head of an indigent household:

(i) who applied for and has been declared indigent in terms of the by-law for the provision of services from the municipality; and

(ii) who makes application for indigent support in terms of these by-laws on behalf of all members or his or her household.

(b) orphaned minor children duly represented by their legal and/ or *de facto* 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 and calculated at a rate determined by Council from time to time.

"*month*" means a calendar month.

"*meter*" means any water meter, electricity meter or device that enables the quantity of services provided to be measured and includes a prepayment meter.

"*municipal pay point*" means any municipal office in the area of jurisdiction of the municipality.

"*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, and shall include charges in respect of water and electricity consumption.

"*municipality*" means the Steve Tshwete Local Municipality.

"*municipal manager*" means the municipal manager of the Steve Tshwete 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; and

(b) where a husband and wife both reside on immovable property and one of them is an occupier thereof; the other shall also be deemed to be 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) in relation to –

(i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986 the developer or the body corporate in respect of the common property; or

(ii) a section as defined in the Sectional Titles Act 1986 the person in whose name such section is registered under a sectional title and includes the lawfully appointed agent of such a person; or

(iii) a person occupying land under a register held by a tribal authority or in accordance with a sworn affidavit made by a tribal authority.

(f) a lessee in the case of a property that is registered in the name of the municipality and is leased by it;

(g) a buyer, in the case of a property that was sold by the municipality and of which possession was given to the buyer pending the registration of ownership in the name of the buyer.

"*person*" means natural and juristic persons, including any department of state, statutory bodies or foreign embassies.

"*premises*" means any piece of land, the external surface boundaries of which are delineated on -

(a) a general plan or diagram registered in terms of the Land Survey Act, Act 9 of 1927 or in terms of the Deed Registry Act, 47 of 1937; or

(b) a sectional plan registered in terms of the Sectional Titles Act, 95 of 1986; or

(c) a register held by a tribal authority or in accordance with a sworn affidavit made by a tribal authority.

"*prescribed*" means adopted by Council.

"*prescribed form*" means any form required by the chief financial officer from time to time.

"*property*" means –

(a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person.

(b) a right registered against immovable property in favour of a person, excluding a mortgage bond registered against the property;

(c) a land tenure right registered in favour of a person in terms of any law; or

(d) public service infrastructure.

"*rates*" means property tax levied on the valuation of a property. The rate is expressed as cents in the rand.

"*registered owner*" means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, 47 of 1937.

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

"*revenue clearance certificate*" means a certificate of the kind referred to in section 118(1) of the Act.

"*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 by-law.

"*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.

"*sundry debtor accounts*" means accounts raised for miscellaneous charges for services provided by the municipality or charges that were raised against a person as a result of an action by a person and which were raised in terms of Council's policies, by-laws and decisions.

"*tariff*" means any rate, tax, duty and levy or fee which may be imposed by the municipality for services provided either by itself 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.

CHAPTER 2: PROPERTY RATES

4. PROPERTY RATES

4.1 Property rates levied may be recovered in one (1) annual payment, in which case it is payable before October in a financial year, or in twelve (12) monthly instalments commencing 1 July of a financial year as stipulated by section 26 of the Municipal Property Rates Act, and interest in terms of section 97(1)(e) of the Municipal Systems Act, 32 of 2000, and section 64(2)(g) of the Municipal Finance Management Act, 56 of 2003 will be levied according to a rate equal to the prime interest rate of the bankers of the municipality as applicable from time to time of all levied outstanding tax not paid at the due date or in regular monthly instalments.

4.2 A property tax account is opened for each property separately registered according to the information received from the Deeds Office as well as information received from the Department of Property and Valuation Services of the Council.

5. AMOUNT DUE FOR PROPERTY RATES

5.1 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.

5.2 Property rates forms part of the customer's consolidated account and consolidated debt.

5.3 An owner is responsible for paying property rates from the date that the property is transferred into the owners name and in the case of a lessee and/or purchaser of municipality property, from date that that possession is given to the lessee and/or purchaser as per the deed of sale.

5.4 Joint owners of property shall be jointly and severally liable for the payment of property rates.

5.5 Property rates shall be levied in equal monthly instalments and shall be included in the municipal account.

5.6 A property owner remains liable for the payment of property rates included in municipal accounts, notwithstanding the fact that –

5.6.1 the property is not occupied by the owner thereof; or

5.6.2 the municipal account is in the name of a person other than the owner of the property, except where Council leases property to a lessee or where Council has sold a property and registration has not yet taken place.

5.7 Payment of property rates may not be deferred because of an objection to the valuation reflected in the valuation roll or interim valuation roll.

6. CLAIM ON RENTAL FOR PROPERTY RATES IN ARREARS

6.1 The municipality may attach any rent due to the owner in respect of rateable property to cover any amount outstanding in respect of property rates.

7. PROPERTY RATES PAYABLE ON LEASED MUNICIPAL PROPERTY

7.1 For the purpose of liability for property rates the lessee of municipal property shall be deemed to be the owner of the property for the duration of the lease.

8. PROPERTY RATES FOR MUNICIPAL PROPERTY SOLD BY THE MUNICIPALITY

8.1 For the purpose of liability of property rates, the purchaser of municipal property shall be deemed to be the owner of the property from the date that occupation of the said property has been given to the purchaser according to the stipulations as indicated in the deed of sale.

CHAPTER 3: MUNICIPAL SERVICES

PART 1: APPLICATION / REGISTRATION FOR MUNICIPAL SERVICES

9. APPLICATION FOR SERVICES

9.1 All customers of services will be required to sign a written agreement for the supply of municipal services.

9.2 On default by a tenant, the owner will be the debtor except where the municipality is the owner of the property.

9.3 Customers will accept the full responsibility for any administration cost of collection, interest and penalties in the event of delayed and/or non-payment.

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

9.5 To register for municipal services the customer must:

9.5.1 Complete the municipal services application form on the prescribed form.

9.5.2 All information and documentation indicated on the application form or where separately requested by the municipality has been furnished.

9.5.3 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.

9.5.4 The prescribed deposit has been made.

9.5.5 In the case of a tenant has been co-signed by the owner of the property and/or the agent of the owner.

9.6 Accounts for existing current residential lessees' as well as tenants 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.

9.7 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.

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

9.9 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.

9.10 The written agreement to be completed with regard to consumers who are tenants shall amongst others, make provision for the following:

9.10.1 an acknowledgement that both the occupier and owner shall be jointly and severally liable for any monies in respect of such services.

9.10.2 an undertaking by the owner that he or she will be jointly and severally liable for collection costs including administration fees, interest, penalty costs for the cut-off of services and any other legal costs occasioned by his/her failure to settle accounts by the due date.

9.10.3 an acknowledgment by the owner that accounts will become due and payable by the date indicated on the account notwithstanding the fact that he/she did not receive the account.

9.10.4 that the onus will be on the consumer/owner to ensure that he/she is in possession of an account before due date.

9.11 The municipality shall cause a reading of the meters installed at the premises in respect of which application for the provision of municipal services has been made to be taken on the working day preceding the requested date of occupation, if possible.

10. **DEPOSITS**

10.1 At the time of registration as a customer, a deposit will be required based on the criteria set by the chief financial officer from time to time, except for properties exempted from paying deposits in previous policies and/or Council resolutions.

10.2 The municipal Council may exclude a category of owners from payment of deposits, from time to time.

10.3 Deposits will be due and payable on registration of new customers and upon the movement of existing customers to a new address.

10.4 The municipality may appropriate a customers' deposit on any account related to that customer.

10.5 Notwithstanding receipts for different services, deposits payable to the municipality shall be a consolidated deposit, paid in cash. Sureties shall not be accepted in lieu of deposits.

10.6 Where a business customer does not present a valid South African ID document, a deposit equivalent to twice the usual deposit shall apply in addition to the personal suretyships.

10.7 If a customer is in arrears, the deposit may be increased.

10.8 The municipality may utilize the consolidated deposit as security for any or all the charges or amounts included in the statement of account.

10.9 No arrangement shall be entered into for the payment of deposits.

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

10.11 <u>Guarantees</u>

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

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

10.11.3 Addendums to existing guarantees shall not be accepted. The additional deposit must be paid in cash, unless the guarantee amounts to more than twenty thousand rand (R20 000,00), in which case an amended guarantee will be accepted.

10.11.4 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.

10.12 No interest will be paid on any deposit.

10.13 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.

10.14 Review of deposits

10.14.1 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.

10.14.2 The deposit on an account shall be reviewed when:

(a) payment by negotiable instrument or direct debit, is dishonoured; and

(b) there is increased consumption of services.

10.14.3 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 nine (9) month period on the account.

10.14.4 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.

10.14.5 With regards to the review of deposits where bank guarantees are held as deposits the same process as for cash deposits (see point c) 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.

PART 2: ACCOUNTS MANAGEMENT

11. ACCOUNTS

11.1 Accounts will be rendered on a monthly basis in cycles of approximately thirty (30) days.

11.2 Consumptive amounts will be provided and other charges and dues dates will be linked to the statement date.

11.3 The municipality will have accounts posted to all customers or sent electronically if so registered. In the case of multiple ownership the account will be posted to any one owner.

11.4 Failure to receive or accept accounts does not relieve a customer of the obligation to pay the account by due date. The onus is on the customer to make every effort to obtain a copy of the account, or establish the amount payable for payment.

11.5 The municipality must issue an electronic duplicate account to a customer on request. The municipality will provide owners with copies of their tenant's accounts if requested in writing.

11.6 The Council may in accordance with the provisions of section 102 of the Act –

11.6.1 Consolidate any separate accounts of customers liable for payments to the Council.

11.6.2 Credit any payment by such customer against any account of that customer.

11.6.3 Implement any of the debt collection and credit control measures provided for in the Council's policies and by-laws in relation to any arrears on any of the accounts of such a customer.

11.7 Customers are required to update their information details with the municipality. Failure to respond to the municipalities request for updated information may result in withholding of services or disconnection of services.

11.8 The payment of rates or service charges shall not be affected by reasons of an objection, appeal or non-compliance with the rates or tariff policy.

11.9 All accounts rendered by the municipality shall be payable on the due date as indicated on the account.

11.10 The amount due and payable by a customer and/or owner of the property shall constitute a consolidated debt, and any payment made by the customer and/or owner of an amount less than the total amount due will be allocated in reduction of the consolidated debt in the order delivered by the Council.

11.11 Any amount which remains due and payable after the due date shall attract interest except for properties exempted from paying interest in previous policies and/or Council resolutions.

11.12 Payments shall be deemed to be late unless received on or before the due date at a municipal paypoint by the close of business.

11.13 Electronic payments or payments made through agents must be received in the municipal bank account by the close of business on the due date.

12. RESPONSIBILITY FOR AMOUNTS DUE

12.1 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.

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

12.1.2 The municipality receives the right to cancel a contract with the customer in default and register only the owner for services on the property.

12.2 Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to be absolved, for all municipal debts charged on the property.

12.3 In the case where duet properties share one (1) water meter and fail to pay for the water consumption, the Council may install a separate meter for each duet at the costs of both owners.

12.4 All newly appointed officials and/or councillor whose municipal accounts are in arrears must within sixty (60) days of appointment sign an agreement to pay the arrears.

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

12.6 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.

12.7 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.

12.8 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.

12.8.1 The municipality may recover the amount in full or in part despite any contractual obligation to the contrary on the tenant/occupier/ agent.

12.8.2 The amount the municipality may recover from the tenant, occupier or agent is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent.

12.8.3 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.

12.9 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 – see subsection 13 for procedures with regard to disputes.

12.10 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.

12.11 If a property is sold and the seller insists on paying outstanding debt only for the last two (2) years for the purpose of obtaining a clearance certificate the following shall apply:

12.11.1 After receipt of the payment the clearance certificate will be issued to the seller.

12.11.2 The historical debt will be handed over for legal collection.

12.11.3 The total debt outstanding on the property shall remain on the property.

12.11.4 The purchaser shall be advised of the hypothec against the property and that he or she might be cited as an interested party when the municipality exercises its right to have the property declared executable as part of the debt collection process.

12.12 In accordance with the provisions of schedule 3 of the MSA, an elected councillor or an official of Council, residing and/or is the owner of a property within the demarcated area of the Council, may not be in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the Council for more than three (3) months.

12.13 Accounts for councillors and/or an official may be deducted from their salaries/allowances on a monthly basis.

13. **DISPUTES**

13.1 Any matter must first be treated as a normal enquiry. Should the customer not be satisfied with the outcome of the normal enquiry process a formal dispute process may be followed on condition that:

13.1.1 all the relevant details pertaining to the enquiry is made available in the official dispute. This includes copies of letters to Council as well as responses from Council;

13.1.2 details of all telephonic enquiries are provided (date, whom spoken to etc.); and

13.1.3 details of all personal visits to Council offices (date, whom spoken to etc.).

13.2 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.

13.3 The dispute must be submitted within sixty (60) 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.

13.4 The dispute must relate to a specific amount on the account. Amounts not in dispute must be paid in full. If the amounts not in dispute remains unpaid, services may be disconnected.

13.5 A query is not regarded as a dispute.

13.6 Proven tampering charges are not regarded as a dispute.

13.7 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.

13.8 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.

13.9 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.

13.10 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.

13.11 Objections and appeals on property valuations do not stay credit control and debt collection procedures.

13.12 Disputes regarding the general valuation roll must be submitted to the Property and Valuation Services in the form of an objection or appeal as envisaged by sections 50 and 54 of the MPRA. The account must be paid in full until an objection or appeal outcome is reached whereafter the account will be credited or debited accordingly.

13.13 This provision is subject to section 62 of the MSA.

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

13.14.1 disputes with regard to municipal valuations – see subsection 13.12;

13.14.2 enquiries with regard to municipal tariffs as approved by Council during approval of the annual budget;

13.15 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;

13.16 disputes of a repetitive nature;

13.17 where a matter has been disputed and the dispute process has been exhausted; and

13.18 the non-payment of an account will not be seen as a dispute.

14. **PAYMENT OPTIONS**

14.1 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 from their home.

14.2 The municipality shall accept payment by negotiable instrument only under the following circumstances:

14.2.1 payment by cheques;

14.2.2 the customer has the option of payment via bank guaranteed cheque, bank cheque, electronic funds transfer, cash, debit order; and/or

14.2.3 payments by debit and credit cards at the main municipal building.

14.3 Where any payment made to the municipality by debit order or electronic fund transfer is later dishonoured by the bank, the municipality:

14.3.1 Will recover the bank charges incurred relating to a dishonoured negotiable instrument against the account of the customer;

14.3.2 May regard such an event as default on payment and the account shall be dealt with as an arrear account; and

14.3.3 Reserves the right to take legal action on the negotiable instrument or for recovery of arrears.

14.4 Alternative methods of payment shall be determined by the CFO as and when required.

14.5 Consumer and rates accounts will be posted approximately by the twenty fifth (25th) of each month.

The due date for payment will be approximately the seven (7th) day of the following month as reflected on the account and will serve as a notification that services will be terminated unless payment is received on or before the due date.

15. FULL AND FINAL SETTLEMENT

15.1 Where the exact amount due and payable has not been paid in full, any lesser amount tendered and receipted, except when duly accepted in terms of Council's delegation of power, shall not be in full and final settlement of such account.

15.2 The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or receipted in full settlement.

15.3 The CFO or his delegate must be consulted on any settlement, out of court or otherwise, that have a financial implication.

16. CASH ALLOCATIONS

16.1 In accordance with section 102 of the Act, the municipality may:

16.1.1 Consolidate any separate accounts of persons liable for payments to the municipality.

16.1.2 Credit a payment by such a person against any account of that person; and

16.1.3 Implement any of the debt collection and credit control measures provided for in this policy in relation to any arrears on any of the accounts of such a person.

16.2 Any amounts paid may be appropriated to the oldest debt first.

16.3 Any amount paid by the customer in excess of an existing debt may be held in credit of the customer in anticipation of future rates and fees for municipal services, and no interest will be payable on that amount.

16.4 The municipality's allocation of payment is not negotiable and the customer may not choose which service to pay.

16.5 All payments received will be allocated on the consolidated consumer account in the following sequence:

(a) All arrear debt
(b) Sundry debtors
(c) Estates
(d) Interest
(e) Penalties
(f) Additional deposits
(g) Rates
(h) Any adjustments
(i) VAT
(j) Refuse removal
(k) Sewerage
(l) Availability fees : Electricity
(m) Availability fees : Sewerage
(n) Availability fees : Water
(o) Fixed levies
(p) Water consumption
(q) Electricity basic charge
(r) Electricity consumption

16.6 Payments to other accounts rendered such as sundry debtors accounts will firstly be allocated to the arrear amount and thereafter the current account.

17. **INTEREST CHARGES**

17.1 Accounts are due and payable on account due date.

17.2 Interest will be levied on all arrears longer than thirty (30) days outstanding at a rate prescribed by the Council from time to time.

17.3 Specific categories of customers, services and debtor groups as determined by the Council from time to time may be extended from interest on arrear charges.

17.4 If a customer enters into an arrangement to settle his/her debt, all future interest will be waived as a payment incentive. Interest will however be levied if the customer does not adhere to the arrangement.

17.5 Interest will be reversed where the debt giving or raise to the interest was levied in error by the municipality and the municipality hypothec will remain intact as provided for in section 48(3) of the MSA.

18. **ARREAR ACCOUNTS**

18.1 The Council or duly appointed agent may terminate and/or restrict the supply of water, electricity or in the case of prepaid electricity withhold the selling of electricity in terms of the disconnection procedures, or discontinue any other service to any premises associated with the customer, whenever a consumer of any service –

18.1.1 After the last payment date in terms of the final demand notice and/or fails to make full payment on the due date and/or fails to make acceptable arrangements for the repayment of any amount due.

18.1.2 Fails to comply with a condition of supply imposed by the Council.

18.1.3 Obstructs the efficient supply of electricity, water or any other municipal services.

18.1.4 Cause a situation which is dangerous or a contravention of legislation.

18.1.5 Bridges the supply or illegal reconnect municipal services

18.2 The Council shall hand deliver per mail or per electronic means available, to the physical address of property or most recent recorded address or electronic contact address and/or number of such customer, a disconnection notice informing such consumer.

18.3 For consumers who use conventional meters:

18.3.1 The electricity supply will firstly be disconnected on cut-off date.

18.3.2 After thirty (30) calendar days the water supply will be restricted unless a formal repayment arrangement or an acknowledgement of debt has been signed, alternatively the debt has been paid in full.

18.3.3 The supply of electricity for bulk consumers (Time-of-Use accounts) will be disconnected due to non-payment only when the following have been complied with:

- notify the firm / headmaster / business representative by telephone,;

- record the details of the contact person;

- if no response has been received within two (2) working days a hand delivered notice or facsimile or electronic mail be forwarded to the firm / headmaster / chief financial officer; and

- if no response has been received within three (3) working days thereafter, the supply promptly be terminated by giving written instruction to the director electrical engineering services.

18.4 Prepaid electricity consumers whose accounts are in arrears will be regulated by means of electricity sales.

18.5 An admin penalty fee will be raised on all accounts that are disconnected.

18.6 Accounts with outstanding amounts less than five hundred (R500,00) will not be disconnected unless of a repetitive nature.

18.7 Any official or contractor appointed by the municipality for the purposes set out herein, may, at all reasonable times enter any premises to which services are supplied by the municipality, in order to inspect pipes, curves or any apparatus used for the supply of services and belonging to the municipality, for the purpose of ascertaining the quantity of services supplied or consumed, or to disconnect or terminate such supply or remove any apparatus belonging to the municipality.

18.8 Should access be unreasonably denied or prevented, a disconnection penalty fee may be raised. Instruction will be issued to Electrical and/or Civil Engineering Services to disconnect supply where contractor does not have access to the meter.

18.9 Should confirmation be received on tampering with any water and/or electricity supply will result in the whole water/electricity installation being removed. The supply will only be replaced on the following:

18.8.1 50% of the outstanding arrear amount on the property has been paid and acceptable arrangements have been made;

18.8.2 the penalty charges for water and/or electricity has been paid;

18.8.3 the consumption as calculated by the electricity department or water department for the period of the theft has been paid; and

18.8.4 the prevailing cost of a new water and/or electricity connection has been paid.

19. RECONNECTION OF MUNICIPAL SERVICES

19.1 Services, restricted or disconnected in terms of section 18 will only be reinstated and reconnected after payment or satisfactory arrangement for payment of arrears, penalties have been made.

19.2 Onus shall be on the customer to request reconnection and to prove that the full amount as required has been paid.

PART 4: *DEBT* REPAYMENT ARRANGEMENTS

20. GENERAL PRINCIPALS

The following criteria regarding the extension of payment will be strictly followed:

20.1 Deposits

20.1.1 No extension of payment of a deposit will be granted.

20.1.2 When a new consumer occupies a property after official work hours the electricity supply will be connected and the occupant has until 10:00 on the following work day to enter into the necessary consumer agreement with the municipality.

20.1.3 The consumer will be informed by the 24 Hour Control Centre that, should the consumer not pay his deposit and the normal connection fee before 10:00 on the following work day such consumer would be disconnected and be held liable for a further reconnection fee.

20.2 Prepaid electricity meters

20.2.1 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).

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

(a) the total outstanding account on the property must be paid on or before the due date of the month for which the account has been issued;

(b) 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) in cases where the owner is in arrears with his/her municipal account but the lessee's account has been paid up to date, Council will allow the lessee to purchase a maximum amount of hundred rand (R100,00) electricity per calendar month so that he may arrange that the owner pay any outstanding fees;

(d) in exceptional cases, where an account has not yet been handed over for collection, an authorized official can authorize the selling of electricity when:

(e) the previous months account has been paid in full unless a formal acknowledgement of debt is made;

- 50% of the current month's account has been paid;

- if the consumer is unable to pay fifty percent (50%) of the current account, an agreement can be made for the amount the client can afford to 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. Such an agreement is subjected to the individual assessment and approval by the senior delegated official in the estates and credit control section;

- in cases where the consumer can only pay a minimal amount of one hundred (R100,00) 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.; and/or

(f) if a lessee wishes to make arrangements or buy prepaid electricity where the account has not been paid in full, a letter from the owner or his agent agreeing to the arrangement must be provided.

20.3 All other accounts (owners and/or tenants)

20.3.1 A formal written agreement on the prescribed form should be completed by the account holder only and if the account holder is the lessee a letter from the owner or his agent must be attached wherein he/she confirms that the lessee may enter into a repayment agreement with Council.

(a) *Applicable to lessees*

The total amount in arrears for the previous months must be paid in full before any extension of payment may be considered. In addition to the above at least fifty percent (50%) of the current account must be paid provided that the remaining fifty percent (50%) is not more than the deposit.

(b) *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.

20.3.2 The extension of payment period may not exceed fourteen (14) calendar days after the due date of the account i.e. if due date is sixth (6th) of the month the repayment date may not exceed the twentieth (20th) of the same month.

20.3.3 A maximum of six (6) extensions per calendar year is allowed.

20.3.4 Should the electricity supply be terminated more than four (4) times during a specific calendar year, no extensions will be allowed.

20.3.5 Extensions may be granted in the following cases (not exhaustive):

(a) the death of a family member within the household – a death certificate must be obtained (only family members living with the account holder);

(b) unforeseen circumstances have depleted the account holders funds (proof must be produced); and

(c) 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.

20.4 Acknowledgement of debt

20.4.1 If it is not possible for the account holder to comply with any of the conditions in 17.3.1 the account holder may be allowed to follow an alternative mechanism in that they may be allowed to enter into an agreement with Council subject to signing an acknowledgement of debt agreement (if the account holder is the lessee a letter from the owner must be attached wherein he/she confirms that the lessee may enter into a repayment agreement with Council). This system is regulated by a loan register as follows:

(a) the full amount outstanding is transferred to a holding account;

(b) the amount transferred to the holding account may be repaid interest free over a maximum period of twelve (12) months;

(c) the repayment must make provision for equal instalments over the agreed repayment period;

(d) the instalments agreed upon, will automatically be debited to the monthly account; and

(e) the instalment plus the monthly account must be paid on the due dates in order to purchase prepaid electricity. In the case where there is a conventional meter and the account has not been paid by due date the normal process with regard to termination of electricity supply will follow. With regard to prepaid electricity, no electricity may be sold until account has been paid up to date.

20.4.2 No additional repayment agreement directly or indirectly be entered into with account holder before the original amount placed on the loan register has been paid in full.

20.4.3 No arrangements may be entered into with an account holder once the account has been handed over to Council's debt collectors and/or attorneys for the collection of the debt. All arrangements must then be entered into with them and not Council.

20.5 Exceptional cases

20.5.1 There may be cases where an account holder cannot comply with any of the above-mentioned maximum repayment periods (maximum twelve (12) months) due to a number of reasons namely, unemployment, re financial need where he/she has been incorporated in an official debt recovery plan etc.

20.5.2 In these cases the account holder should be allowed to state his case in writing providing the necessary documentary proof together with an official affidavit. In the case where the account holder is a lessee a letter from the owner must be provided wherein he/she confirms that the lessee may enter into an acknowledgement of debt agreement in excess of twelve (12) months and also indicate the maximum period Council may allow.

20.5.3 These arrangements in excess of twelve (12) months must however be approved as follows:

up to a maximum of thirty six (36) months - chief financial officer and/or delegated official
up to a maximum of forty eight (48) months - accounting officer

20.5.4 In addition to the above the account holder must be advised to apply for indigent support in order to further relieve his/her financial burden (if this is at all possible and/or feasible).

20.5.5 With respect to charges in respect of electricity and/or water theft special arrangements may be entered into with pensioners and/or child-headed households where an affidavit is provided that the theft was not committed by them but by the lessees. Arrangements with regards to the repayment of the consumption levied on the account for the period of the theft may be entered into according to subsection 18(c) on condition that all other charges as mentioned in subsection 17.6 have been paid in full.

PART 5: LEGAL STEPS

21. FURTHER STEPS TO BE INSTITUTED AGAINST DEFAULTERS OF INACTIVE ACCOUNTS

21.1 As soon as the account holder who is a lessee of a property, of an inactive account remains in arrears after the deposit has been utilized a letter should be sent to the owner informing him that the lessee has an outstanding balance even after the deposit has been utilized and that should the amount not be paid within thirty (30) calendar days of the date of the letter, the outstanding amount will be transferred to the owners account.

21.2 In cases where the account holder is the lessee of Council property a final notice should be sent to the defaulter giving them fourteen (14) calendar days to pay the outstanding amount or to enter into acceptable arrangements with Council. Failure to lead to legal action.

21.3 After this fourteen (14) calendar days period mentioned in subsection 18.1.2, officials of the debt collection section must endeavour to contact the defaulter telephonically and to make an assertive attempt to try and trace the defaulter and make the necessary repayment arrangements.

All these attempts must be recorded and the recorded actions placed on the erf file and also be recorded on the "*diary*" of the specific account.

21.4 Should the above-mentioned steps still be unsuccessful the account should be handed over to Council's debt collectors for collection. Copies of all the documentation with regards to the defaulter must be obtained from the erf file as well as the sundry debtor section (includes previous application for extensions, previous acknowledgement of debt arrangements and application for services etc.) and be provided to the debt collectors.

21.5 The debt collectors will have a period of sixty (60) calendar days for the collection of the outstanding monies or part thereof. In instances where the debt collector has successfully engaged with the defaulter and proof has been provided, the chief accountant estate affairs and credit control may grant a further period where-in the debt is repaid in instalments. If the defaulter fails to honour his agreement the account may be withdrawn from the debt collectors.

21.6 The accounts should now together with copies of all relevant information (see subsection 23) be handed over to Council's attorneys. The attorneys may exhaust all the legal processes available to them including:

21.6.1 attachment of salary;

21.6.2 attachment of movable property to be sold at auction; and/or

21.6.3 in cases where the defaulter may own an immovable property and is used for any other purpose but for residential purposes attorneys may attach that immovable property and subsequently sold by public auction.

21.7 All untraceable debtors with an outstanding balance of less than five hundred rand (R500,00) should be regarded as irrecoverable and listed to be written off by the municipality. These debtors must be listed with the ITC Credit Bureau.

22. PROPERTY RATES ACCOUNTS

22.1 The property rates levied per annum is owing and payable in equal monthly instalments over twelve (12) months commencing from 1 July each year or in a single payment before 1 October of that year as per section 26 of the Municipal Property Rates Act, 6 of 2004 and interest on such rates in terms of section 64(2)(g) of the Municipal Finance Management Act, 56 of 2003 as amended, will be levied on all property tax not paid on the due date or in regular monthly instalments.

22.2 When a rates account is levied monthly it is payable as per the due date on the consolidated consumer account issued which should not be later than the fifth (5th) working day of the month.

22.3 Amounts outstanding for a period of thirty (30) calendar days will be assumed to be in arrears.

22.4 Registered property owners on e-service will be notified that their combined rates account is in arrears before the final notice for payment is sent.

22.5 A final notice for payment will be sent for accounts outstanding for fourteen (14) calendar days and more.

22.6 All attempts to contact the defaulter should be undertaken by the debt collection section and all attempts be recorded in writing and information placed on the erf file and on the "*diary*" of the specific account holder.

22.7 All accounts not paid after a period of fourteen (14) calendar days from sending out of the final notice with a balance above five hundred rand (R500,00) will be handed over to the debt collectors for collection. (Copies of all relevant documentation with regards to the defaulter must be made available to the debt collectors (i.e. all previous agreements etc.). They will have a period of sixty (60) calendar days for collection of the amount due or a portion thereof.

22.8 In instances where the debt collector has successfully engaged with the property owner and proof is provided, the chief accountant estate affairs and credit control may grant a further period wherein the debt is repaid in instalments. Failure to honour the agreement with the debt collector will result in the account being withdrawn from the debt collectors and handed over to Council's attorneys for collection.

22.9 The ward councillors should be notified of all amounts handed to the debt collectors in order to do the necessary interaction simultaneously with the action of the debt collectors.

22.10 Within the above-mentioned thirty (30) calendar days period another opportunity is afforded to the consumer to make full payment or arrangements to be entered into.

22.11 If property tax remain unpaid for a period of three (3) months after the fixed day, the municipality may at any time within twelve (12) months after the fixed day demand payment of such amount or any part thereof from any tenant or occupier of the rateable property concerned or any agent of the owner of such property to the extent of any rent due and payable by the tenant at the date of such demand, and by non-payment thereof may, after one (1) month from such demand, recover such amount from such tenant or occupier or agent in the same manner as if he/she were the owner in terms of section 28 and 29 of the Municipal Property Rates Act 2004, 6 of 2004) – also see subsection 6 and 12.6 (a-d).

22.12 All accounts not paid after sixty (60) calendar days or where arrangements have not been made with the debt collectors should be handed to Council attorneys for collection after being withdrawn from the debt collectors.

22.12.1 The attorneys may exhaust all legal processes available to them including:

(a) obtaining attachment order on defaulters salary;

(b) attach movable property to be sold by means of public auction as arranged by the sheriff of the court; and/or

(c) all vacant stands, business premises and unoccupied residential properties will be attached by Council attorneys after following the necessary legal steps and be sold by means of public auction as arranged by the sheriff of the court.

(d) all occupied residential properties must be attached as per the normal procedures by the attorneys as stated above. These properties may only be sold in execution after the Council has been able to supply the evictees of suitable alternative accommodation in terms of the Housing Act 1997, 107 of 1997. (Refer subsection 24 below.)

23. ESTATE ACCOUNTS IN ARREARS

23.1 Estate accounts are amounts owed to the municipality for properties sold and financed by the municipality prior to 1 July 2004. Properties rented out by the municipality are also categorized under this section.

23.2 The due date for instalments on these properties is as specified in the sale and purchase agreement or the lease agreement.

23.3 If an instalment is outstanding for a period of thirty (30) calendar days a final notice will be issued to the purchaser or lessee.

23.4 If no payment is received after fourteen (14) calendar days of the final notice the matter will be handed over to the director legal and administration for further action.

23.5 The director legal and administration must then issue a final thirty (30) calendar day notice to the consumer advising them of the amounts in arrears.

23.6 If after thirty (30) calendar days the amount due is still outstanding, the director legal and administration must cancel the agreement with the consumer/lessee with immediate effect in accordance with the stipulations of the agreement with the purchaser/lessee and ensure that the property is vacated.

23.7 In the situation where the property is registered in the name of the defaulter, the matter will then be handed over to the attorneys to repossess the property.

23.8 The property will be sold in execution to recover the outstanding amount due. If there is a surplus after the sale, the balance will be refunded to the party concerned. Alternatively if the property is not sold in execution the property will be sold over the counter and the municipality shall not be liable to pay compensation as stipulated on the deed of sale or deed of lease.

23.9 If it is a leased property the attorney will proceed with legal action at his disposal to recover the outstanding amount due.

24. SUNDRY DEBTORS IN ARREARS

24.1 Sundry debtors' accounts includes all sundry levies for services not contained under a specific trade or economic service of the municipality and is mostly regulated by a separately entered into agreement.

24.2 Sundry debtors' accounts will be sent out to consumer by approximately the seventh (7th) working day of the month.

24.3 The accounts are payable as specified in the separate agreement entered into or as per due date of the sundry debtor account.

24.4 Where services are not specifically governed by agreements and the applicable by-laws do not stipulate collection procedures, final notices should be issued thirty (30) calendar days from due date for payments where they will be given another fourteen (14) calendar days to pay the outstanding amount or make acceptable arrangements for settling the account.

24.5 After the fourteen (14) calendar day period accounts with a balance of above (five hundred rand (R500,00) will be handed to the debt collectors for collection. They will have a period of thirty (30) calendar days for collection of the amount due or a portion thereof.

24.6 In instances where the debt collector has successfully engaged with the debtor and proof is provided, the chief accountant estate affairs and credit control may grant a further thirty (30) calendar days for the collection of the outstanding amount, before the handing over of the account to the attorneys.

25. HANDING OF ACCOUNTS OVER TO ATTORNEYS

25.1. When the thirty (30) calendar day period has lapsed and no or insufficient response was received, the account will be withdrawn from the debt collectors and handed over to the attorneys for collection.

25.2 All accounts where the necessary arrangements have not been complied with are also handed over to the attorneys.

25.3 The attorneys will exhaust all the legal processes until the cost to recover exceeds the recoverable amount and it will be fruitless to continue.

26. STAFF AND COUNCILLORS IN ARREARS

26.1 Item 10 of Schedule 2 to the Act states that – "*A staff member of the municipality may not be in arrears to the municipality for rates and service charges for a period longer than three (3) months and a municipality may deduct any outstanding amounts from a staff member's salary after this period*".

26.2 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.

26.3 The staff member must sign an acknowledgement of debt in accordance with this policy subject to the deduction of all future accounts from his/her salary. These arrangements may not exceed three (3) months.

26.4 No special treatment shall be afforded to staff in arrears.

26.5 Failure to pay the outstanding amount or to make acceptable arrangements for repayment will result in the deduction of the full amount from the next salary.

27. ONCE-OFF INCENTIVE SCHEMES

The municipality can from time to time decide on an incentive scheme or schemes that will have the purpose to decrease the outstanding debts to the municipality depending on available funds. This will only be done to the advantage of the municipality and to improve the municipality's cash flow situation. This policy cannot dictate such incentive schemes.

28. ADJUSTMENT OF AN ACCOUNT

28.1 Where a situation arises that an exceptionally large debt is levied to an account due to, for example, a large water leak or an adjustment on an incorrect levy, extension of payment can be arranged as follows:

28.1.1 In the case of a water leak, the amount, over and above the normal consumption can be paid over a three (3) to twelve (12) month period, depending on the amount *and subject to part 4*.

28.2.1 In the case of an adjustment of an incorrect levy, the amount can be repaid over a maximum period equal to that over which the incorrect levy has taken place.

29. INDIGENT SUPPORT

29.1 In cases where a consumer is unable to pay his/her account the indigent policy may be introduced for additional support and for qualifying pensioners the pensioners rebate may be introduced for additional support.

30. TERMINATION / TRANSFER OF SERVICES

30.1 At least fourteen (14) calendar days' notice is required from the customer upon termination/transfer of an account, to enable the municipality to take final meter readings and process account adjustments.

30.2 Once the account is terminated, the account must thereafter be linked to the owner's rates account.

30.3 Landlords are not permitted to terminate water if there are occupants on the property and the account is not in arrears.

30.4 The municipality may exercise its common-law right where a tenant on a property is in breach of his/her contract with the municipality, and transfer the debt to the owner's account. The tenant shall forfeit his/her deposit to the owner where the outstanding debt is paid by the owner.

31. UNALLOCATED CONSUMPTION

31.1 When electricity and water consumption is recorded on a property during a period for which there is no registered customer against whom a bill can be raised, the relevant charges for electricity and water services shall be raised against the registered owner on his consolidated bill.

32. REVENUE CLEARANCE CERTIFICATES

32.1 Subject to sections 118(1) and (1A) of the 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:

32.1 Assessments

32.1.1 Application shall be made by the conveyance, 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.

32.1.2 An assessment in terms section 118(3) of the Act will only be issued on request by the conveyancer.

32.1.3 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.

32.1.4 The new owner will not receive services on the property until the debt is paid or suitable arrangements are made to pay the debt.

32.1.5 The onus is on the conveyancer to advise the purchaser of the hyptothec against the property and that he or she might benefit as an interested party when the municipality exercise its right to have the property executable as part of the debt collection process.

32.1.6 The certificate shall be valid for a period of sixty (60) calendar days from date of issue.

32.2 Information and addresses of the purchaser provided on the revenue clearance certificate shall be used as details of the new owner/purchaser for the purposes of billing for rates, services and consolidated accounts, until same is changed by the purchaser.

33. REFUNDS

Provided all the customers' accounts are paid, credit on accounts shall be refunded, on application, as follows:

33.1 On a water services or electricity account – to the account holder.

33.2 Where the owner pays the tenants account in terms of section 118(3) of the Act – to the owner.

33.3 On transfer of a property – to the conveyancing attorney. This includes any credits that may arise from an objection or appeal process.

33.4 All repayments must be made within thirty (30) calendar days.

33.5 Refunds shall be forfeited after three (3) years if it remains unclaimed.

34. IRRECOVERABLE DEBT

34.1 Debt will only be considered as irrecoverable if it complies with one or more of the following criteria:

34.1.1 All reasonable notifications and cost-effective legal avenues have been exhausted to recover a specific outstanding amount;

34.1.2 Any amount equal to or less than five hundred rand (R500,00), or as determined by Council from time to time, will be considered too small, after having following basic checks, to warrant further endeavours to collect it.

34.1.3 The cost to recover the debt does not warrant further action;

34.1.4 It has been proven that the debt has prescribed;

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

34.1.6 The debtor has emigrated leaving no assets of value to cost-effectively recover Council's claim;

34.1.7 It is not possible to prove the debt outstanding;

34.1.8 A court has ruled that the claim is not recoverable;

34.1.9 The claim is subject to any order of court;

34.1.10 The claim is subject to an out of court settlement agreement;

34.1.11 The claim is subject to a settlement in terms of section 109 of the Systems Act;

34.1.12 Council has resolved that the debt is irrecoverable;

34.1.13 If an offer of full and final settlement is accepted and confirmed in writing by the director legal and administration and chief financial officer if it has financial implications;

34.1.14 The outstanding amount is:

(a) due to an irreconcilable administrative error by the municipality;

(b) as a result of an administration error and exceeds three (3) years;

(c) a property debt that arose prior to the current owner taking transfer and successive transfer before his.

34.1.15 Conversion of old dormant account balances of debtors, inherited from the previous municipalities which now form part of the municipality, and where reasonable steps have been taken to recover these debts; or

34.1.16 Where Council expropriates any property or purchases any property in terms of its sales in execution.

34.2 Provided there is sufficient provision for bad debt, the chief financial officer shall write off any revenue which is irrecoverable or the recovery of which is considered not be reasonably practicable.

34.3 The chief financial officer must report to Council all amounts that have been written off as irrecoverable with the section 71 MFMA report.

35. REVIEW

35.1 This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and regulations.

36. SHORT TITLE

36.1 This policy shall be called the Credit Control and Debt Collection Policy of the Steve Tshwete Local Municipality.