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LOCAL AUTHORITY NOTICE

LOCAL AUTHORITY NOTICE 52

CREDIT CONTROL AND DEBT COLLECTION BY-LAWS

In terms of Section 13 of the Local Government: Municipal Systems Act 32 of 2000, the Mbombela Local Municipality ("the municipality") hereby publishes the Credit Control and Debt Collection by-laws set forth hereinafter, which have been made by the municipality in terms of Section 98 of the Local Government: Municipal Systems Act 32 of 2000.

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CHAPTER 1

GENERAL PROVISIONS

1. DEFINITIONS

- (1) For the purpose of this By-law, any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act 32 of 2000 shall bear the meaning so assigned to it and, unless the context otherwise indicates:

“**apparatus**” means any equipment, tool, device, meter, connection, system or network, service connection, service protection device, articulation network or supply mains, part thereof supplied or used in the supply, distribution or conveyance of services or the measurement or consumption of services;

“**authorized personnel**” means any employee, agent, sub-contractor, or representative of a Service Provider or any person duly authorised by a Service Provider to perform any function under this By-law;

“**debtor**” means a person owing an amount of money to the municipality for a reason other than through the provision of municipal services;

“**charges**” means surcharges on fees, penalties, property rates, taxes, levies and duties;

“**community**” means persons who are obliged to pay for services and/or charges and include interested parties.

“**customer**” means the owner of any premises upon which charges are levied as well as a person to whom a Service Provider supplies with services, and the occupier thereof, where applicable;

“**council**” means the Council of the municipality;

“**household**” means the total number of people who occupy a property for residential purposes whether permanently or on a temporary basis, but excludes persons employed by the household;

“**indigent**” means a household who cannot afford to make a full monetary contribution towards charges and refuse removal services as determined by council;

“**interested parties**” means a coherent, social group of persons with interests or rights in a particular area of land which the members have or exercise communally in terms of an agreement, custom, law or interest;

“**the municipality**” means Mbombela Local Municipality, a municipality established in terms of the Local Government: Municipal Structures Act 117 of 1998.

“**occupier**” in relation to any premises means-

- a) any person in actual occupation of such premises;

- b) a person indicated as such in the service agreement;
- c) any person legally entitled to occupy such premises;
- d) in the case of such premises being subdivided and let to boarders or tenants, the person receiving the rent payable by such boarders or tenants, whether for his/her own account or as agent for any person entitled thereto or , or entitled to receive such rent;
- e) any person in charge of such premises or responsible for the management thereof, and includes the agent of any such person when he is absent from the Republic of South Africa or his/her whereabouts are unknown;
- f) any person appearing as such on the records of the Municipality.

“**owner**” means the owner of land in terms of the common law and includes:

- a) a lessee or other person who controls the land in question in terms of a contract, testamentary document, law or order of court;
- b) in relation to land controlled by a community, the executive body of the community in terms of its constitution or any law or custom;

- c) in relation to state land not controlled by a person contemplated in par (a) or a community –
- (i) the Minister of the Government department or the Member of the Executive Council of the provincial administration exercising control over that state land; or
 - (ii) a person authorised by him or her; and
- d) in relation to a local authority, the municipal manager of the local authority or a person authorised by him or her;

And “own” shall have a corresponding meaning

“**person**” includes a juristic person, voluntary association, trustee, curator and liquidator;

“**property**” means –

- a) immovable property registered in the name of a person, and includes a unit as defined in section 1 of the Sectional Titles Act, 1986 (Act No. 95 of 1996); or
- b) a right registered against immovable property in the name of a person; ,

And “**premises**” shall have a corresponding meaning.

“**reside**” means the occupation of residential purposes;

“**services**” mean the provision of municipal services, including water, electricity, sanitation, sewerage and refuse removal;

“ **service contribution**” means a contribution towards bulk services and facilities levied in terms of the Local Government Ordinance, No 17 of 1939, the Local Authorities Rating Ordinance, No 11 of 1977 and the Town-planning and Townships Ordinance, No 15 of 1986, as the case may be;

“**service provider**” means the Municipality as well as any entity who provides services to customers pursuant to a service delivery agreement entered into with the Municipality in terms of Section 80 of the Local Government: Municipal Systems Act 32 of 2000.

“**sundry and housing accounts**” mean an account where a person owes an amount to the municipality for a reason other than through the provision of municipal services;

“**tamper**” means the interference with, damage to, alteration of, connection to or removal of any apparatus and includes the consumption or use of any service not in accordance with this By-law.

- (2) Words derived from the words defined have corresponding meanings, unless the context indicates otherwise.

- (3) A reasonable interpretation of a provision which is consistent with the purpose of this By-law must be preferred over an alternative interpretation which is not.
- (4) If there is any contradiction or inconsistency between this By-law and the Drainage and Sanitation Services By-laws, the Water Services By-laws or the Electricity Supply By-laws, this By-law shall take preference.
- (5) Neither –
- (I) a reference to a duty to consult, nor
 - (II) the absence of any reference to a duty to consult
- in this By-law exempts a Service Provider or its authorised personnel to act fairly in respect of all persons entitled to be heard.

2. PURPOSE OF BY-LAW

The purpose of this By-law is to:

- (1) Ensure that all monies due and payable to a Service Provider are collected;
- (2) Outline the procedures that will ensure that the members of the community are afforded an opportunity to contribute in the decision-making processes of the municipality and that they are informed thereof;
- (3) Outline credit control and debt collection policy procedures and mechanisms;

- (4) Provide for conditions pertaining to the supply of services and the discontinuation thereof;
- (5) Provide for mechanisms whereby accounts or meter able services are queried or verified and for written objections;
- (6) To make provision for indigent support;
- (7) To provide for mechanisms where irrecoverable debt are written off;
- (8) To provide for penalties for non-compliance with this By-laws.

CHAPTER 2

GENERAL PROVISIONS

3. COMMUNITY PARTICIPATION IN BUDGETARY PROCESS

- (1) The municipality, through its Financial Committee, shall hold an annual budget meeting during January (to be called the first budget meeting) where budget priorities, principles and a budget frame work will be considered.
- (2) Before the end of February of each year at least one public meeting shall be held where the local community and interest groups will be able to participate in the discussion and debating of budget priorities, budget principles and a budget framework.
- (3) At least 14 days notice shall be given of such public meeting by posting it on the designated notice board at the municipal offices and by publication thereof at least once in two local newspapers.
- (4) Before the end of March of each year a workshop shall be held in each ward, in order to:
 - Identify the needs of each ward;
 - Involve the community in prioritising those needs;

- Provide information regarding the budgetary process, levels of payment and non-payment and to devise strategies regarding non-payment;

(5) Before the end of April:

- (I) A council workshop shall be held to reconcile the results of the first budget meeting, the public meeting and the ward workshops with council's integrated development plan.
- (II) Council's mayoral committee shall create a draft budget.

(6) Before the end of May of each year the draft budget shall be discussed at a second round of at least one public meeting, to be held and convened in the same manner as the first round of public meetings;

(7) Council shall approve the final budget before the end of June of each year;

(8) a. Council shall levy the fees, charges and tariffs in respect of services and charges by way of Council Resolution.

b. The tariffs and charges so payable and the date of its implementation shall be published as prescribed in the Local Government: Municipal Systems Act No. 32 of 2000, as amended.

- c. Such tariffs and charges may differentiate between different categories of customers, services and service standards as well as geographical areas.
- (9) The dates and procedure mentioned in this section are indicative only and are further subject to the financial and administrative capacity of the municipality.

4. SERVICE AGREEMENTS

- (1) No municipal services shall be provided to any property unless a written agreement governing the supply and cost thereof has been entered into with a Service Provider subject to its administrative, logistical and financial capability.
- (2) Such agreement shall be entered into by both the owner and occupier, where applicable. The owner shall bind himself/herself as surety and co- principal debtor in favour of the Service Provider for the fulfilment of the obligations of the occupier towards the Service Provider;
- (3) The owner and occupier shall be jointly and severally liable for payment of all municipal services and charges.

It is the duty of the owner to ensure that at all times that the occupier of the premises are not in arrears with payments, but the Municipality shall, where it is the Service Provider, and within financial and human resource constraints,

endeavour to inform the owner of the performance by the occupier in terms of the agreement.

- (5) A Service Provider may require that service applications for business entities, including but not limited to trusts, companies, close corporations, partnerships, sole proprietors and voluntary associations be accompanied by any one or more or all of the following:
- i. A resolution whereby authority to enter into the agreement is delegated to the signatory;
 - ii. The business entity's registration number or IT number, if applicable;
 - iii. The names, addresses and all relevant contact particulars of all the businesses' directors or members or trustees or proprietors or partners or executive members;
 - iv. That any one or more or all partners/members/directors/trustees must sign as surety and co-principal debtor for the due fulfilment of all the obligations of the business entity;
 - v. That the signatory to the agreement warrants that he/she is duly authorised to do so, that all information supplied is true and correct and shall further warrant that the business is not trading in insolvent circumstances.
- (6) Upon application for municipal services, and if so required by the Municipality, customers emanating from other municipalities shall submit the particulars of the municipal

account of such municipality and shall agree in writing that such other municipality may indicate whether all amounts due in respect of municipal services, surcharges on fees, property rates and other municipal taxes, levies and duties have been paid by the customer. The municipality may refuse to render any municipal services to such customer in the event of the previous account not being fully paid up or arrangements with such other municipality have been made for the payment thereof.

- (7) In the agreement customers shall warrant that all information supplied are correct and that liability is accepted for all municipal services and charges, costs of collection and interest on overdue accounts in the event of accounts being in arrears;
- (8) The address furnished in the service agreement shall constitute the domicilium citandi et executandi of the customer for the purpose of service of any process, notice, document or account.
- 9) The municipality shall provide a customer with a copy of the service agreement upon signature thereof by the municipality;
- (10) The applicant for services may be referred for a credit check as contemplated in Sections 5 (1) – 5 (2) prior to signature thereof by the Service Provider. ;
- (11) The application for services will only become an agreement upon signature thereof by the Service Provider.

5 SCREENING

- (1) If required by a Service Provider, an application for service agreements shall be accompanied with banking details, previous municipal account, particulars of trade creditors , and an applicant shall give in the application for services permission and authority to the Service Provider to verify such information in order to assess the credit risk of the applicant;
- (2) Apart from the above, a Service Provider may also make the necessary enquiries with credit bureaus and similar institutions in order to assess the credit risk.

6. DEPOSITS

- (1) Prior to signature of a service agreement a security deposit shall be paid by the customer.
- (2) Such security deposit shall be paid either in cash or any other means of payment acceptable to the Service Provider. .
- (3) Security deposits may vary according to the credit risk of the customer as assessed by the Service Provider. ;
- (4) The municipality shall from time to time by resolution determine the criteria for the categories in terms whereof customers shall be graded as well as the amount of the deposit payable in each risk category, where the Municipality is the Service Provider.

- (5) The municipality shall only after consultation with the community periodically increase or decrease the deposits payable and date of implementation thereof, where it is the Service Provider.;
- (6) Upon termination of the service agreement the amount of the deposit less any outstanding amounts due will be refunded to the customer.
- (7) No interest shall be payable to the customer on deposits held by the municipality.

7. ACCOUNTS AND NOTIFICATION OF ADDRESS

- (1) In the absence of an agreement to the contrary, a Service Provider shall, within its administrative capacity and subject thereto, endeavour to render monthly accounts to the customer in respect of municipal services, and in the case of the Municipality, of charges.
- (2) Such accounts shall be posted to the address as indicated in the service agreement or to the address appearing in the records of the Service Provider as that of the customer, as the case may be.
- (3) It is the duty of the customer to ensure that accounts are received and payment effected notwithstanding the fact that it may not have been received. It shall be presumed unless proven otherwise that any such account has been timeously received by the customer.

- (4) In the absence to an agreement to the contrary, accounts shall be as nearly as practically possible to a period of 30 days, shall be produced in accordance with the meter reading cycle and due date shall be linked to the statement date.
- (5) Payment of an account shall be effected within 7 days of the statement date, but where the Municipality is the Service Provider, and in the event of monthly payment of charges, payment must be made on or before the 7th day of each month .
- (6) Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account, even where the customer is in dispute with a Service Provider regarding an amount due.
- (7) A customer shall inform a Service Provider in writing of any change of his/her postal and physical address within 7 days of date thereof, failure of which shall render the customer liable for all tracing costs and fees and wasted costs incurred as a result of such failure.
- (8) Every owner of property shall, within 60 (sixty) days after date of promulgation of this By-Law, inform the Municipality in writing of his/her postal and physical address and furthermore of any change thereof within 7 days of such change and every purchaser of property shall within 7 days after date of registration of that property into his/her name, inform the Municipality in writing of such fact and of his/her postal and physical address. Failure to do any of the above shall constitute an offence and such owner shall furthermore be liable for all

tracing fees and costs and wasted fees incurred as a result of such failure.

- (9) The address of a customer as it appears in the records of the Municipality shall constitute the domicilium citandi et executandi of the customer for the purpose of the service of any process, notice, document or account.
- (10) Where any payment is made to a Service Provider by negotiable instrument such as cheque or promissory note and is dishonoured, the Service Provider:
- (i) may recover the average bank charges incurred relating to dishonoured negotiable instruments and debit such amount against the account of the customer;
 - (ii) shall regard such an event as default on payment;
 - (iii) may refuse to accept further negotiable instruments from the drawer or customer;
 - (iv) may place such incident on the national adverse credit listing;
 - (v) and may institute legal action which may include criminal charges against the drawer.
- (11) When municipal services are discontinued and the customer applies for services at a different address, the Service Provider shall be entitled to debit the customer's new account with any outstanding amount and the customer shall be obliged to pay same.

- (12) The municipality shall, within its administrative capacity and subject thereto, where it is the Service Provider, ensure that customers will receive an understandable and accurate account consolidated with all municipal service costs and charges for that property, where applicable.
- (13) A Service Provider, if administratively possible, issues a duplicate account to a customer on request, against payment of the prescribed fee.
- (14) A Service Provider shall operate and maintain suitable banking and cash facilities which facilities must be reasonably accessible to all customers, subject to the municipality's administrative and financial capability of that Service Provider;
- (15) A Service Provider may allocate all payments received to any debit entry on the account and a customer who has overdue debt may not specify that the payment is for a specific portion of the account or for a specific service or charge;
- (16) A Service Provider may, with the consent of a customer, approach an employer to deduct an agreed amount from the employee's weekly or monthly wage/salary to pay towards arrear municipal accounts.
- (17) The use by the customer of agents to effect payment to the municipality is at the sole risk of the customer. The (customer shall be liable for payment of all additional costs which is levied by the customer's agent.

8. METERING

- (1) A Service Provider shall provide, subject to practical and financial constraints, meters to all premises, for all meterable services;
- (2) In the absence of an agreement to the contrary, and subject to practical and financial constraints all meters will be read monthly. Where a meter has not been read the Service Provider must average the consumption by debiting the account with the average monthly reading for the preceding three months, if the history of the account is available. Where no such history exists, the customer shall pay an estimate provided by the Service Provider.
- (4) When a meter is replaced, the customer shall be informed thereof in writing;
- (5) In the event of a service being metered but cannot be read due to practical, financial or human resource constraints or circumstances out of the control of the Service Provider, and the customer is then charged for an average consumption as contemplated in paragraph 8.2, the account following the reading of the meter consumption shall articulate the difference between the actual consumption and the average consumption and the resulting credit or debit adjustment.
- (6) Every customer shall give an authorised representative of the a Service Provider access at all reasonable hours to the property in order to read, inspect, install, repair or replace any meter or service connection for reticulation,

or in order to disconnect, stop, restrict or reconnect the provision of any service;

- (7) In the event of access not being reasonably possible the Service Provider may relocate a meter and the customer shall be responsible for payment of the costs of such relocation;
- (8) In the event of reasonable access not being possible the Service Provider may:
 - (i) by written notice require the customer to restore access at his/her own cost within a specified period; or
 - (ii) restore access without prior notice and recover the costs thereof from the customer.

9. COMPLAINTS AND APPEALS

- (1) A Service Provider shall, within practical and financial constraints establish:
 - (i) a central complaints/feedback office;
 - (ii) a centralised database in order to enhance co-ordination of complaints and the resolution thereof as well as effective communication with customers;
- (2) A customer may lodge a written request with the Service Provider for recalculation of an account, or testing of a

meter if such customer is of the opinion that the account rendered is inaccurate or such meter is defective.

- (3) Such a request must contain full personal and/or business particulars of the customer, the relevant account number, direct contact number, address and any other particulars required by the Service Provider.
- (4) Pending the outcome of the request , the customer must pay an amount equal to the average of the monthly total of the preceding three month' s accounts where history of such an account is available. Where no such history is available the customer shall pay an estimate provided by the Service Provider, not later than the date due for payment thereof;
- (5) Failure to make interim payments as contemplated herein will render the customer liable for disconnection of the services.
- (6) Upon receipt of the request, the relevant Service Provider shall give a written acknowledgment thereof, investigate the matter and inform the customer in writing of the outcome of such investigation, and shall give reasons for its decision.
- (7) Any adjustment to the customer's account as a result of the investigation shall be made within one month.
- (8) Upon receipt of the decision of the Service Provider the customer may lodge an appeal against the decision by furnishing it, together with reasons, within 21 days after communication of the decision to the Service Provider, and in the case of the Municipality, to the municipal

manager. The Service Provider or the municipal manager, as the case may be, shall commence with the appeal within six weeks and shall decide the appeal within a reasonable period. The decision of the Service Provider shall be final and it may proceed with credit control and debt collection measures provided for in this By-law after the customer has been notified of the outcome of the appeal

- (9) No dispute, enquiry or complaint will be reconsidered after the outcome thereof has been communicated to the customer.
- (10) If the customer is not satisfied with the outcome of the complaint, the customer must first pay the amount in dispute under protest before approaching a court of law for the necessary relief.
- (11) Under no circumstances may the payment of any amount be withheld as a result of any dispute or perceived dispute and the Service Provider may in such an event proceed with debt collection mechanisms as provided for in this By- Law.

10. CUSTOMER ASSISTANCE

- (1) **Incentives**
 - (i) A Service Provider may from time to time implement incentives to promote prompt payment of accounts.
- (2) **Rate rebate**

- (i) Properties used exclusively for residential purposes may qualify for a property rate rebate as determined annually by the municipality by resolution subject to the following:
 - (a) only customers receiving old-age pensions or state disability grants are eligible for a rebate;
 - (b) application for a rebate must be made in writing annually to reach the chief financial officer on/or before 30th June;
 - (c) The applicant must be the registered owner of and residing on the property;
 - (d) The subletting of any portion of the premises, the taking in of boarders or tenants or any children or family members being employed and living on the property shall disqualify the applicant for a rebate;
 - (e) The applicant should not own any other immovable property;
 - (f) The property must be readily accessible to municipal staff for purpose of carrying of inspections during reasonable hours.

(3) Settlement arrangements

- 3.1 Notwithstanding any arrangement for payment as contemplated herein, a Service Provider may

restrict and/or discontinue the provision of services as provided for in this By- Law.

3.2 A Service Provider may enter into an arrangement with a customer if such customer is unable to, on good cause shown, to pay his/her account, and may require that the customer shall:

- (a) sign an acknowledgement of debt;
- (b) sign consent to civil judgment;
- (c) consent to a garnishee order/emolument order/stop order (if he/she is in employment)
- (d) acknowledge that interest will be charged at the prescribed rate and in a manner determined by the Service Provider from time to time;
- (e) not fall into arrears with payment of the current portion of the account.
- (f) sign an acknowledgment that, if the arrangement is defaulted on, the full outstanding balance will then immediately become due and payable, that no further arrangements will be entered into and that disconnection of water and/or electricity will continue and that legal proceedings will be instituted for recovery of all arrear amounts and

- (g) the owner or his/her agent consents to such arrangement in writing.

3.3 In the event of a customer being in arrears pertaining to an account and seeking an arrangement for the payment thereof, the Service Provider may in its discretion convert the electricity meter to a prepayment meter and the cost of such conversion together with such arrears, shall be paid off either by:

- (a) adding it to the arrears account and repaying it over the period agreed upon; or
- (b) adding it as a surcharge to the prepaid electricity costs and repaying it within the agreed period with each purchase of services until the debt is liquidated.

3.4 The Service Provider may raise the security deposit payable in the event of an arrangement being sought or where a customer is in default in terms of such an arrangement;

3.5 The customer must prove levels of income, if the Service Provider requests same, and all arrangements shall be made subject to periodic review.

(4) Instalments

Customers and property developers will be given the opportunity to pay property rates and service

contributions in instalments, as determined by the municipality from time to time subject thereto that such period shall not exceed 12 months.

(5) Tenders

It shall be a condition of the awarding of all tenders for the provision of services or delivery of goods that the tenderer, its directors, owners, trustees, members or partners have paid all accounts pertaining to each and every such tenderer, director, owner, trustee, member or partner or that suitable arrangements for payment thereof have been made, which arrangement shall include the right to set-off in the event of non compliance of such arrangement.

CHAPTER 3

INDIGENT SUPPORT

10. The municipality shall render support to indigent owners of property, who, due to a number of socio-economic factors are unable to make a full monetary contribution towards services provided by the municipality;
11. For an owner to qualify to be indigent, such owner must comply with the following requirements:
 1. the applicant must be over 18 years of age;
 2. the total household income of all occupants must be less than an amount determined by the municipality, which amount shall be annually adjusted by the municipality;
 3. the applicant must have an active account with the municipality;
 4. the applicant may not own more than one immovable property.
 5. The applicant must reside on the property.
12. The applicant must apply on the prescribed application form only at service centres designated as such and situated within his/her respective area, together with the following documentary proof:

- (1) applicant's identity document;
 - (2) latest municipal account and proof of ownership;
 - (3) documentary proof of total monthly income of the household to the satisfaction of the municipality, including, but not limited to UIF card, salary advice, letter from an employer and bank statements.
 - (4) an affidavit to the effect that all the information supplied is true and correct and that the total income of the household from all sources has been declared;
 - (5) Recommendation by the applicant's ward councillor.
13. The municipality may appoint inspectors who shall be entitled to visit the applicant's premises in order to verify the correctness of the information provided in the application form, to record any changes in circumstances and make recommendations for approval, disapproval or disqualification of an application.
14. The application together with the inspector's recommendation shall be submitted to an indigent committee. Such indigent committee shall be a sub-committee of the finance committee of the municipality;
15. The indigent committee shall approve, disapprove or disqualify the application and in the event of an application being approved, determine the subsidy amount to be granted;
16. The indigent committee's decision shall be final and binding;

17. An applicant must reapply for indigent support on an annual basis;
18. The reapplication for indigent support shall not be approved if the account pertaining to the use of water and/or electricity in excess of the free water and electricity consumption is not paid up to date;
19. The municipality shall inform all applicants in writing about the outcome of the application. In the event of the application being approved, the applicant shall be informed of the date of commencement and date of termination of the subsidy, with no guarantee of renewal;
20. An owner who receives indigent support shall immediately request the cessation of the subsidy if his/her circumstances have changed to the extent that he/she no longer complies with the requirements for indigent support.
21. Subsidies shall only be granted in respect of property rates and refuse removal. Water, sanitation and electricity consumption shall not be subsidised.
22. Indigent customers may be required to revert to prepayment meters. In such an event the municipality may, in its sole discretion decide that the cost thereof shall be met either by:
 - (1) a surcharge on the coupon cost;
 - (2) cash payment by the indigent customer; or
 - (3) be regarded as part of the subsidy grant.

23. The municipality may differentiate between the amount of subsidies granted and may categorise indigent customers into various categories, but may not unfairly discriminate against customers.

24. If an indigent customer's consumption or use of a municipal service is less than the subsidised service or free basic service the unused portion may not be accrued by the customer and the customer shall not be entitled to cash or a rebate in respect of the unused portion.

25. Indigent support shall automatically terminate:
 - (1) upon death of the indigent customer;

 - (2) when the indigent customer disposes of his/her immovable property;

 - (3) when the indigent customer's circumstances change or indigent criteria for approval changes to the extent that the indigent customer no longer qualifies for indigent support;

 - (4) when the indigent customer no longer resides on the property

 - (5) If an indigent customer fails to pay the account in excess of the subsidy service pertaining to water and/or electricity or fails to honour any arrangements made by him/her for payment of the outstanding account; and

 - (6) It is discovered that the information supplied by the indigent customer was false, in which event all subsidies granted to the indigent customer shall reversed retrospectively.

CHAPTER 4

CREDIT CONTROL AND DEBT COLLECTION

26. ENFORCEMENT MECHANISMS

(1) Water/electricity and other services

- (i) If a municipal account is not paid on the due date shown on the account, and unless permission for deferment of a payment has been granted, a written warning of possible disconnection of water and/or electricity supply will be forwarded to the customer and in which notice the date of such disconnection shall be stipulated, which date shall not be less than 14 days, calculated from date of receipt of such notice.

- (ii) The customer will be deemed to have received such notice on the same day if delivered by hand, e-mail or telefax transmission, on the 3rd day after day of posting, if posted by ordinary mail and on the 4th day after date of posting, if posted by registered mail.

- (iii) A Service Provider shall be entitled to disconnect or restrict the supply of water and/or electricity without any further notice if payment in full had not been made on the date stipulated in the notice.
- (iv) upon disconnection of the supply of water and/or electricity, the Service Provider shall post a notice in a conspicuous place on the property wherein the customer is informed that the supply has been disconnected, that all electric points should be considered live and that all water outlets should be closed. The said notice shall also advise that the supply will only be reconnected upon payment of the total amount specified in the notice together with the prescribed reconnection fee. Such notice shall also warn the customer of the consequences of unauthorised reconnection or use.
- (v) Business entities shall not have the option to make arrangements for deferred payment but shall be obliged to pay all arrears and prescribed fees before services will be restored.
- (vi) the Service Provider shall restore services within a reasonable time after submission of proof of payment of the required amount, subject to logistical capacity. Services shall only be restored during official business hours except in instances deemed to be emergencies, and an additional after-hours fee shall then be charged.

- (vii) In the event of a customer being in arrears with property rates or any other municipal charges, the municipality shall have the right to deny or to restrict the sale and supply of electricity or water, where the Municipality is the Service Provider.
- (viii) The cost of restriction or disconnection and reconnection of services shall be determined by the municipality from time to time, and such costs shall be paid by the customer.

(2) Rates, charges and levies

It shall constitute an offence if charges are not paid on due date as stipulated on the account.

(2.1) Annual rates and other annual levies

- (i) If the account is not paid by due date as indicated on the account, a letter of demand shall be forwarded to the customer showing the total amount owed to the municipality and requesting the customer to pay the full amount owing within a prescribed period which shall not be less than 14 days after date of receipt of the notice.

- (ii) The customer will be deemed to have received such notice on the same day if delivered by hand, e-mail or telefax transmission, on the 3rd day after date of posting if posted by ordinary mail and on the 4th day after date of posting if posted by registered mail.
- (iii) If such notice is posted, it shall constitute due notice if forwarded to the postal address supplied by the customer in the service agreement.
- (iv) If the account has not been settled or acceptable arrangements have been made on or the date mentioned in the letter of demand, the municipality may issue summons and the due legal process as contemplated herein shall be followed.
- (v) Where the arrear rates is in respect of a municipal property sold by the municipality in terms of a suspensive sale agreement or lease agreement, the collection thereof may be done in terms of the Deed of Sale, lease agreement or any subsequent applicable written agreement between the municipality and the customer.

(2.2) Monthly rates

- (i) Interest will be charged on overdue accounts at an interest rate that shall be determined by the municipality from time to time by resolution;
- (ii) If the customer's account is in arrears for a period of 30 days or more, a letter of demand shall be forwarded to a customer, demanding payment of the arrear amount, and in which notice the amount is stipulated and the date for payment thereof is indicated, which date shall not be less than 14 days after date of dispatch of the said notice;
- (iii) The customer shall be deemed to have received the notice on the same day if delivered by hand, e-mail or telefax transmission, on the 3rd day after date of posting if posted by ordinary mail and on the 4th day after date of posting if posted by registered mail;
- (iv) If such notice is posted, it shall constitute due notice if forwarded to the postal address supplied by the customer in the service agreement.
- (v) Should a customer fail to pay the arrears on the due date stipulated in the notice, the full outstanding balance of the annual rates shall immediately become due and payable and the municipality shall then be entitled to institute legal action for the recovery thereof.

(V1) The provisions of section 26 (2.1) (v) shall be mutatis mutandis applicable to this par. (2.2).

(3) Sundry and housing accounts

- (i) If a debtor's account is in arrears for a period of 30 days or more, a letter of demand shall be forwarded to a debtor, demanding payment of the arrear amount, and in which notice the amount is stipulated and the date for payment thereof is indicated, which date shall not be less than 14 days after date of dispatch of the said notice;
- (ii) The debtor will be deemed to have received a notice on the same day if delivered by hand, e-mail or telefax transmission, on the 3rd day after date of posting if posted by ordinary mail and on the 4th day after date of posting if posted by registered mail.
- (iii) The municipality may thereafter institute legal action for recovery of the amount owing.
- (iv) Property purchased from the municipality sold by a suspensive sale agreement shall be repossessed in terms of the written agreement between the debtor and the municipality if payment of the purchase price is in arrears for more than 30 days.
- (v) Once a property has been repossessed, the debtor will not be eligible for reinstatement of the agreement and may not purchase any other

property from the municipality by way of suspensive sale agreement.

(5) Interest on overdue accounts

Interest will be charged on all accounts not paid by due date in accordance with applicable legislation and as determined by the Service Provider from time to time. Such interest will be levied and capitalised monthly in arrears on the monthly outstanding balance from due date and will be calculated for a full month irrespective of when payment is made. Such interest charged shall appear on the following month's account.

(6) Legal process

- (i) Where the service of outside parties are utilized for debt collection, inclusive of debt collection agencies and/or attorneys, such entities shall comply with such code of conduct as may be prescribed by their respective professional bodies.
- (ii) A Service Provider may release the credit information regarding a customer's account to credit bureaus or any other statutory institution as may be lawfully entitled to it. Apart from the above, such information shall remain confidential

and may not be released or divulged to any person or entity without the prior written consent of the customer.

- (iii) A customer's particulars shall only be removed from an adverse credit listing after payment of the full account outstanding together with interest and penalties as prescribed has been paid by means of cash or a bank guaranteed cheque.
- (iv) In the case of default judgments entered into against a customer or debtor, such customer or debtor shall at his/her own cost appoint an attorney to rescind the judgment and the Service Provider shall not oppose same, on condition that the full outstanding balance of the account together with interest and other charges as prescribed have been paid.

(7) Theft, tampering and fraud

- (1) No person shall in any manner or for any reason whatsoever tamper or interferes with any apparatus;
- (2) A Service Provider shall have the right to immediately terminate the supply of services of a customer where prima facie evidence of tampering, theft or wilful damage to any apparatus, without prior notice to the customer;
- (3) In cases where the tampering has resulted in the meter recording less than the true consumption,

the Service Provider shall have the right to recover from the customer the full cost of his/her estimated consumption;

- (4) The total amount owing, including interest, charges, assessment of unauthorised consumption, damages and discontinuation and reconnection fees as well as increased deposits as determined by the Service Provider , if applicable, shall be due and payable before any service shall be reconnected;
- (5) No person shall fail to provide information reasonably required regarding investigation into or enquiries in connection with tampering, theft or wilful damage to property of a Service Provider or used in connection with the provision of services or provide false information in connection therewith;
- (6) A Service Provider may, where prima facie evidence exists regarding the withholding of information or provision of false information, immediately and without notice to the customer disconnect or restrict services and the provision of this paragraph regarding the reconnection of services shall mutatis mutandis apply;

(8) Cost of collection

All costs and charges, interest, administration and collection costs, all penalties, surcharges, damages, service discontinuation and reconnection costs, assessment costs and all legal costs, fees and disbursements incurred in the collection of a debt shall be

for the account of the customer or debtor as the case may be and the customer or debtor as the case may be shall be liable to pay legal costs on an attorney and client basis.

(9) Magistrate Court jurisdiction

The Magistrate's Court shall have jurisdiction to adjudicate any action, notice of motion or application in terms of this By-law, notwithstanding the amount involved.

(10) Irrecoverable debt

(1) The municipality, in the case of charges due or where it is the Service Provider, shall only abandon recovery of a debt owed to it in one or more of the following circumstances:

- (i) Insolvency or demise of the customer or debtor as the case may be, if proven that his or her estate has insufficient funds to make payment;
- (ii) A balance being too small to recover for economic reasons considering the costs of recovery;
- (iii) where the claim has become prescribed;
- (iv) when the customer or debtor as the case may be relocate and three tracing agents are

- unable to trace the current whereabouts of such person;
- (v) All reasonable notifications and cost-effective legal avenues to recover the outstanding amount have been exhausted.
- (vi) The amount outstanding is the residue of the payment of a dividend from an insolvent estate or where there is a danger of contribution in proving a claim against the insolvent estate.
- (vii) If the debt outstanding cannot be proved;
- (viii) The outstanding amount is due to an administrative error by the municipality.
- (ix) by Council resolution on good cause shown. .
- (2) Notwithstanding the above the municipality shall be under no obligation to write off any particular debt.

CHAPTER 5

MISCELLANEOUS PROVISIONS

27. OFFENCES

- (1) Any person contravening or failing to comply with any provision of Sections 5(3) and Section 26(8) of this By-law shall be guilty of an offence and liable on conviction to a fine not exceeding R40 000,00, or in default of payment, to imprisonment for a period not exceeding 2 years.
- (2) Any person who contravenes or fails to comply with any other provision of these By-laws or who remain to be in default in complying therewith shall be guilty of an offence and shall be liable, on first conviction, to a fine not exceeding R10 000,00, or in default of payment to imprisonment for a period not exceeding 6 months, and on any subsequent conviction to a fine not exceeding R20 000,00, or in default of payment, to imprisonment for a period not exceeding 12 months.
- (3) Any person who fails to comply in any respect with any notice served on him by the municipality in terms of these By-laws directing him to do or not to do anything, shall be guilty of an offence and shall in addition be guilty of a further offence for every day or part of a day during which non-compliance continues and shall be liable in respect of each offence as aforesaid to a fine not exceeding

R375,00 or in default of payment, to imprisonment for a period not exceeding 7 days for each day of contravention.

28. COMMENCEMENT DATE

These By-laws take effect on the date of proclamation in the Provincial Gazette

MBOMBELA LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION POLICY

(Explanatory Note: This policy is applicable to Mbombela Local Municipality only. In terms of Section 80 of the Local Government: Municipal Systems Act, 32 of 2000, the Municipality may enter into service delivery agreements with service providers to provide municipal services to customers. In such instances the internal credit control and debt collection policies of those entities may differ from this policy, but shall always be subject to the promulgated Credit Control and Debt Collection By-Laws.)

1. Objectives

The objectives of the policy are to:

- Provide a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;
- Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner¹;
- Outline the procedures that will ensure that the members of the local community is afforded the opportunity to contribute in the decision-making processes of the municipality and that they are informed of the decisions and affairs of the municipality;
- Set realistic targets for debt collection;
- Outline credit control and debt collection policy procedures and mechanisms; and
- Provide a framework to link the municipal budget to
 - Indigent support; and
 - Tariff policies.

¹ Section 96(a) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides that a municipality must collect all money that is due and payable to it subject to this Act and any other applicable legislation.

2. Principles

- The administrative integrity of the municipality must be maintained at all costs. The democratically elected officials (councillors) are responsible for policy-making, while it is the responsibility of the municipal manager to execute these policies.
- All customers must complete an official application form formally requesting the municipality to connect them to service supply lines.
- A copy of the application form, conditions of services and extracts of the relevant council's credit control and debt collection policy and by-laws must be handed to every customer on request.
- Billing is to be accurate, timeous, understandable and subject to the provisions of the National Credit Act, 2005.
- The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- The customer is entitled to an efficient, effective and reasonable response to complaints and appeals, and should suffer no disadvantage during the processing of a reasonable request or appeal.
- Enforcement of payment must be prompt, consistent and effective.
- Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- Incentives and disincentives may be used in collection procedures.
- The collection process will be efficient and cost-effective and all costs incurred by Council relating to the credit control and debt collection process shall be recovered from the customer.
- Results will be regularly and efficiently reported.
- Application forms will be used to categorise customers, to determine the amount of the deposit payable by the customer and whether the customer qualifies for indigent support, pre-payment or credit meters. Council may not unfairly discriminate amongst customers, and must at all times act fairly and objectively.
- New applications for services will be subject to prescribed credit information and outstanding amounts may be transferred to a new account. All information furnished on the application form may be verified by Council with any or all data information institutions, credit information bureau and/or any financial institutions as may be deemed necessary by Council in determining the applicant's credit worthiness.
- Where alternatives are available Council may provide reduced levels of service to manage the debt growth.

- Customers may be referred to 3rd party debt collection agencies and may be placed on a national credit rating listing.
- Interest charges will be levied on overdue accounts at the rate determined by Council from time to time, will be levied from the due date if not paid by the following due date and will be calculated for a full month(s) irrespective of when payment is made. The interest charged will appear in the following month's account.
- As part of the arrangements made to repay debt the customer may be required to co-operate with any reasonable measures that might be required to reduce the level of use of consumptive services to affordable levels.
- Although customer care and debt collection are inter-related issues, they should be performed by two separate divisions.
- Indigent households will be identified and supported. Welfare is to be separated from tariff and credit control issues and will be supported by appropriate and affordable policies and practices. Indigent support will be introduced within council's financial ability.
- Targets for performance in both customer service and debt collection will be set and pursued and remedies implemented for non-performance.
- Human dignity must be upheld at all times.
- The policy must be implemented with equity, fairness and consistency.
- Debts and arrangements to repay debts shall be treated holistically, but different repayment periods or methods may be determined for different types of service, customers or areas within the general rule that the repayment period should be in sympathy with the instalments that the customer can afford.

3. Duties and Functions of Council

- To approve a budget consistent with the needs of communities, ratepayers and residents.
- To impose rates and taxes and to determine service charges, fees and penalties to finance the budget.

- To provide sufficient funds to give access to basic services for the poor.¹
- To provide for a bad debt provision, in line with the payment record of the community, ratepayers and residents, as reflected in the financial statements of the municipality.²
- To set an improvement target for debt collection, in line with acceptable accounting ratios.³
- To approve a reporting framework for credit control and debt collection.⁴
- To consider and approve by-laws to give effect to the Council's policy.
- To set performance targets and monitor the performance of the Municipal Manager regarding credit control and debt collection.
- To revise the budget should Council's targets for credit control and debt collection not be met.
- To take disciplinary action against councillors, officials and agents who do not execute council policies and by-laws.⁵
- To delegate the required authorities to monitor and execute the credit control and debt collection policy to the Municipal Manager and Chief Financial Officer respectively.
- To provide sufficient capacity in the Directorate: Finance for effective and efficient credit control and debt collection.

3.1 Duties and functions of the Executive Mayor

- To oversee and monitor the implementation and enforcement of this policy and by-laws enacted to give effect to the policy;¹
- To monitor the performance of the Municipal Manager in implementing the policy and by-laws¹.

¹ Preferably, the total equitable share should be set aside for this purpose. If this amount is not enough, an additional sustainable provision must be made, according to the municipality's financial ability.

² The bad debt provision should at least reflect the increase in debtors during the previous financial year. The amount provided for can only be reduced by the amount provided for working capital.

³ A realistic target would be to improve on the previous year's result by 5% - 10%. The target should be reviewed every year until the turnover rate of debtors is between 45-56 days.

⁴ See Section 3.4.

⁵ Including credit control and debt collection

Section 99 of the Local Government: Municipal Systems Act, 2000 provides that the executive mayor must –

(a) Oversee and monitor –

¹ (i) The implementation and enforcement of the municipality's credit control and debt collection policy and any by-laws enacted in terms of section 98; and

- To, when necessary, review and evaluate the policy and by-laws in order to improve the efficiency of Council's credit control and debt collection procedures, mechanisms and processes².
- To report to Council¹.

3.2 Duties and functions of the Municipal Manager

- To implement good customer care management.
- To implement council's credit control and debt collection policy.
- To install and maintain an appropriate accounting system.
- To bill customers.
- To demand payment on due dates.
- To raise penalties for defaults.
- To appropriate payments received.
- To collect outstanding debt.
- To provide different payment methods.
- To determine credit control measures.
- To determine work procedures for public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- To appoint firm/s of attorneys or collection agents to assist with the execution of his/her duties, where necessary.
- To set performance targets for staff.
- To appoint staff to execute council's policy and by-laws in accordance with council's staff policy.
- To delegate certain functions to senior managers.
- To determine control procedures.
- To report to the Finance Committee, who in return will report to the Executive Mayor.

3.3 Duties and functions of communities, ratepayers and residents

- To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.

¹ (ii) The performance of the municipal manager in implementing the policy and any by-laws.

² (b) When necessary, evaluate or review the policy and any by-law, or the implementation of the policy or such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and

- To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality.
- To observe the mechanisms and processes of the municipality in exercising their rights.
- To allow municipal officials reasonable access to their property to execute municipal functions.
- To comply with the by-laws and other legislation of the municipality.
- To refrain from tampering with municipal services and property.

3.4 Duties and functions of Ward Councillors and Political parties

- To hold regular ward meetings, at least quarterly, to inform the local community of at least the costs of service provision, the reason for payment of services charges and taxes and the manner in which the money received by the municipality is utilized.
- To adhere to and convey council policies to residents and ratepayers.
- To adhere to council's code of conduct for councillors.

POLICY PRINCIPLES

4. Customer Care and Management ²

4.1 Communication and feedback

- 4.1.1 The municipality will, within its financial and administrative capacity, conduct an annual process of compiling its budget which will include:
- a) A First Budget Meeting, in January, wherein the Finance Committee will consider budget priorities, principles and a budget framework.
 - b) A first round of public meetings will then be called, to invite at least the following: political parties; ratepayers and civic organisations; chambers of business and organised labour; the general public and other interested parties, at which the budget priorities, principles and framework will be outlined and debated.

¹ (c) At such intervals as may be determined by the Council report to a meeting of the Council, except when the Council itself performs the duties mentioned in paragraph (a) and (b).

1. Section 95(a) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must, within its financial and administrative capacity, establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for payments and the municipality.

- c) Need identification workshops will be conducted in all wards, the objects of which will be:
 - i) To identify all the needs of the wards that is legitimately in the are of responsibility of the council.
 - ii) To involve the community in prioritising these needs.
 - iii) To involve the community in Council's planning, and to provide the community with much basic information as to what Council does and what other levels of government do.
 - iv) To inform the community of the levels of payment and non-payment in that ward, and to devise strategies in that regard.
 - d) A council workshop, which will marry the results of the first budget meeting, the public meetings, and the need identification workshops with Council's Integrated Development Plan.
 - e) Thereafter Council's draft Capital and Operating budgets, informed by the above processes, will go through Council's Mayoral committee for the creation of a draft budget.
 - f) This draft budget, with tariff and rate implications, will then be presented to a second round of public meetings.
 - g) Thereafter a final draft of the budget appears before Council for approval.
- 4.1.2 Council's Credit Control and Debt Collection Policy and By-Laws will be available in English and any other official language, and will be made available upon specific request, and will also be available at Council's cash collection points.
- 4.1.3 Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues.
- 4.1.4 Ward councillors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.
- 4.1.5 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.
- 4.1.6 Council aims to establish:
- a) A central complaints/feedback office;
 - b) A centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
 - c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - d) A communication mechanism to give council feedback on service, debt and other issues of concern.

4.2 Service application and agreements

- 4.2.1 All customers of services will be required to sign an agreement governing the supply of, and cost of, municipal services. Owners may allow a tenant to sign a separate agreement with the municipality, which the municipality may accept. On default by a tenant, the owner is jointly and severally liable for payment. Owners must co-sign all service agreements with their tenants wherein owners shall bind themselves as sureties and co-principal debtors for the due fulfilment of the obligations of their tenants. It is the duty of owners to ensure that tenants are not in arrears with payments of their accounts. Council will, within financial and human resource constraints, endeavour to inform property owners regarding the performance of their tenants in terms of the service agreement.
- 4.2.2 Prior to signing these agreements, owners and or tenants will be entitled to receive the policy document of the Council on request.
- 4.2.3 New customers from other municipalities shall be required to submit the particulars of their previous municipal accounts and to agree in writing that any other municipality may indicate whether all amounts due in respect of municipal services, surcharges on fees, property rates and other municipal taxes, levies and duties at the customer's previous address have been paid.
- 4.2.4 On the signing of the agreement, owners and or tenants will receive a copy thereof.
- 4.2.5 The agreement will be referred to the Credit Control and Debt Collection sub-directorate for a full credit check on the customer, where after the customer will be categorised in accordance with its credit rating and the security deposit payable as set out in paragraph 4.3.
- 4.2.6 In the agreement, customers will acknowledge that the information supplied is correct and that they accept liability for all costs of collection, and interest and penalties, in the event of delayed payment. Owners must however give written consent before any extension of payment shall be granted to tenants.
- 4.2.7 Council may require that applications for services for businesses, including but not limited to, trusts, companies, close corporations, partnerships and sole proprietors must include the submission of a resolution delegating authority to the applicant and furnishing, if applicable, the business entity's registration number or IT number. It may also require that the names, addresses and all relevant contact particulars of all the business's directors or members or trustees or proprietors or partners be submitted with the resolution and, at the discretion of the Chief Financial Officer, at least one partner/member/director/trustee to bind him/herself in his/her personal capacity as surety and co-principle debtor for the due fulfilment of all of the business'/legal entity's obligations. The person, who signs the

agreement on behalf of the business, shall warrant that he/she is duly authorised to do so, that the information supplied is true and correct and that the business is trading in solvent circumstances.

4.2.8 The relevant application form as approved by Council from time to time forms an integral part of this Policy insofar as the contents of such application form are not in conflict with any of the provisions of this policy.

4.3 Customer screening and securities

4.3.1 All applicants for municipal services may be checked for credit-worthiness including checking information from banks, credit bureau, local authorities, trade creditors, and employers and all information furnished by the customer may be verified by Council.

4.3.2 Security deposits either in cash or any other security acceptable to the municipality will be taken, and may vary according to the risk. The municipal Council shall from time to time determine the criteria for the categories in terms whereof customers shall be graded as well as the amount of the deposit payable in each category.

4.3.3 The Municipality can, in consultation with the community, increase deposits at any time and implement such increases over an agreed period.

4.3.4 Deposits can vary according to the credit-worthiness or legal category of the applicant.

4.3.5 The municipality will not pay any interest on deposits.

4.3.6 On the termination of the agreement the amount of the deposit less any outstanding amount due to the municipality will be refunded to the consumer.

4.3.7 In assessing the credit worthiness of a customer, the Municipality may not unfairly discriminate amongst customers, and the credit assessment must be fair and objective.

4.4 Accounts and billing¹

Customers will receive an understandable and accurate bill from the municipality, which bill will consolidate all service costs for that property.

4.4.1 Accounts will be produced in accordance with the meter reading cycle and due dates are linked to the statement date.

4.4.2 Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the municipality. .

¹ Section 95 (d) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must, within its financial and administrative capacity take reasonable steps to ensure that the consumption of services has to be measured through accurate and verifiable metering systems.

- 4.4.3 It is the customer's responsibility to ensure timeous payment in the event of accounts not received or received late.
- 4.4.4 It is the customer's responsibility to ensure that Council is immediately informed in writing of any change of address.
- 4.4.5 Settlement or due date is within 7 days of the beginning of each month. .
- 4.4.6 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account, even where a dispute exists.
- 4.4.7 Discretion in terms of negotiable amounts as per this policy is delegated to the Chief Financial Officer with the right to sub-delegate.
- 4.4.8 At all times the most financially beneficial arrangement to Council must be entered into whilst still retaining the principles of this policy.
- 4.4.9 Customers will have a choice to receive their account in either English or any other official language.

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

- (a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the customer;
 - (b) Shall regard such an event as default on payment;
 - (c) May refuse to accept further cheques from the drawer or beneficiary;
 - (d) May place the matter on the national adverse credit listing;
 - (e) May institute legal action which may include criminal charges against the offender.
- 4.4.11 the municipality must, if administratively possible, issue a duplicate account to a customer on request, against payment of the prescribed fee.
- 4.4.12 when services are discontinued and the customer applies for services at a different address, Council reserves the right to transfer any outstanding amounts to a customer's new account.

4.5 **Metering**¹

- 4.5.1 The municipality will endeavor, within practical and financial limits, to provide meters to every paying client for all meter able services.

¹ Section 95 (c) provides that a municipality must ensure that persons liable for payments receive regular and accurate accounts that indicate the basis for calculating the amount due.

- 4.5.2 All meters will be read monthly, if at all possible. If the meter is not read monthly the council will average the consumption for the preceding three months.
- 4.5.3 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 4.5.4 Customers will be informed of meter replacements in writing.
- 4.5.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an average consumption the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

4.6 *Right of access to premises*

- 4.6.1 The owner and or occupier of premises must give an authorised representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service¹.
- 4.6.2 The owner accepts the cost of relocating a meter if satisfactory access is not possible.
- 4.6.3 If a person contravenes 4.6.1 the municipality may:
- (a) By written notice require such person to restore access at his/her own expense within a specified period.
 - (b) If it is the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

4.7 *Payment facilities and methods and stop orders and debit orders*

- 4.7.1 The municipality will operate and maintain suitable banking and cash facilities which facilities will be accessible to all users.
- 4.7.2 The municipality will, at its discretion, allocate all payments received and a customer who has overdue debt may not specify that the payment is for a specific portion of the account.
- 4.7.3 The municipality may, with the consent of a customer, approach an employer to deduct an agreed amount from the employee's weekly or monthly wages/salary to pay towards arrear municipal accounts.
- 4.7.4 The customer will acknowledge, in the customer agreement, that the use of customer agents in the transmission of payments to the municipality is at the risk of the customer –

¹ Section 101 provides that the occupier of premises in a municipality must give an authorised representative of the municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect stop or restrict the provision of any service.

also for the transfer time of the payment – and the customer shall be liable for any additional bank costs which is levied, apart from the normal service charges connected to such a payment.

4.8 Enquiries, appeals and service complaints

- 4.8.1 If a customer is convinced that his or her account is inaccurate, he or she can lodge a written request with the municipality for recalculation of this account¹.
- 4.8.2 The customer must furnish full personal and/or business particulars, the relevant account number, direct contact number, addresses and any other relevant particulars required by Council.
- 4.8.3 In the interim the customer must pay the average of the last three months account where history of the account is available. Where no such history is available the customer is to pay an estimate provided by the municipality before payment due date until the matter is resolved.
- 4.8.4 The relevant department will give a written acknowledgement of receipt of the request, investigate the matter and inform the customer in writing of the outcome of the investigation and supply details thereof.
- 4.8.5 Any adjustments to the customer's account will be done within one month.
- 4.8.6 Failure to make interim payment or payments will make the customer liable for disconnection.
- 4.8.7 After having been informed of Council's authorised official's decision, a customer may lodge an appeal against that decision by giving written notice of the appeal and reasons to the municipal manager within 21 days of the date of notification of the decision. The municipal manager shall commence with the appeal within six weeks and shall decide the appeal within a reasonable period. His/her decision shall be final and will result in the immediate implementation of any credit control and debt collection measures provided for in this policy after the customer is provided with the outcome of the appeal. .
- 4.8.8 The same dispute/enquiry/complaint will not be reconsidered.
- 4.8.9 If the customer is not satisfied with the outcome of his/her appeal, he/she must first under protest pay the amount in dispute before redressing his/her action in a court of law. Notwithstanding anything to the contrary contained herein, the authorised official and/or municipal manager may not allow or cause to allow the debt referred to in the dispute to prescribe.

¹ Section 95 (f) of the Local Government: Municipal Systems Act, 2000 provides that a municipality must provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts

4.8.10 The payment of an amount may not be withheld as a result of a dispute and the Municipality may in such an event proceed with debt collection subject to the provisions of the National Credit Act, 2005.

4.9 Business who tender to the Municipality

4.9.1 The Procurement Policy and Tender Conditions are to include the following:

- i. When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
- ii. A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated account or overdue in terms of the contract or any other due date that has passed.
- iii. Tender conditions contain a condition allowing the municipality to deduct moneys owing to the municipality from contract payments in terms of a reasonable arrangement with the tenderer.

4.10 Incentives for prompt payment

4.10.1 The municipality may, to encourage payment, and to reward good payers consider from time to time incentives for the payment of accounts.

4.10.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

4.11 Customer assistance programmes

4.11.1 Water leakages

4.11.1.1 If the leakage is on the side of the customer the customer is responsible for the payment of the full account, subject to the municipality's water services by-laws.

4.11.1.2 The customer has the responsibility to control and monitor his/her consumption.

4.11.2 Rate rebates

4.11.2.1 Properties used exclusively for residential purposes may qualify for a rebated rate determined annually by Council.

4.11.2.2 A rate rebate may be granted to old-age pensioners or the receiver of a State disability grant as determined by Council from time to time. To qualify for the concession the following minimum criteria will apply in addition to the criteria as determined by Council in Council's tariff policy:

- Application must be made each year and reach the Chief Financial Officer on or before 30 June.
- The applicant must be the registered owner of the property, shall not sub-let any portion of the dwelling or take in boarders or have any employed children or family members living on the property.
- The applicant should not own any other immovable property.
- The property must be readily accessible to municipal staff for the purpose of carrying out of inspections.

4.11.3 Arrangements for settlements

4.11.3.1 Notwithstanding an arrangement between the municipality and a customer whereby the customer is allowed to pay arrear amounts in instalments, the municipality may restrict and/or discontinue services until such time as the arrear payments are paid in full.

4.11.3.2 If a customer cannot pay his/her account with the municipality then the municipality may enter into an extended term of payment with the customer. He/she must:

- i. Sign an acknowledgement of debt;
- ii. Sign a consent to judgement;
- iii. Consent to a garnishee order/emolument order/stop order (if he or she is in employment);
- iv. Acknowledge that interest will be charged at the prescribed rate and in the manner determined by Council from time to time and that the particulars of the customer will be listed with ITC;
- v. Pay the current portion of the account in cash every month; and
- vi. Sign an acknowledgement that, if the arrangements are being negotiated later defaulted on, the full outstanding balance will become due and payable, that no further arrangements will be possible and that the restriction and/or disconnection of water and/or electricity will continue as will legal proceedings.

- 4.11.3.2 Customers with electricity arrears must agree to the conversion to a prepayment meter upon request of Council, and when implemented the cost of which, together with the arrears total, will be paid off either by
- i. adding it to the arrears bill and repaying it over the agreed period; or
 - ii. adding it as a surcharge to the prepaid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated.
- 4.11.3.3 Council reserves the right to raise the deposit/security requirement in accordance with paragraph 4.3 of customers who seek arrangements or who default in terms thereof.
- 4.11.3.4 The customer may be required to prove levels of income and must agree to a monthly payment towards arrears on his/her ability to pay or based on his total liquidity if Council so requires.
- 4.11.3.5 All negotiations with the customer should strive to result in an agreement that is sustainable and is most beneficial to Council.
- 4.11.3.6 Council may, in the sole discretion of the Chief Financial Officer or any other person authorised by him/her, refuse to allow any further arrangements should a customer default on any arrangement.
- 4.11.3.7 All arrangements shall be subject to periodic review.
- 4.11.3.8 Any arrangement for extension of payment shall be subject to the prior written consent by the owner.
- 4.11.4 Rates by instalments
- 4.11.4.1 Customers will be given the opportunity to pay the property rates account monthly in instalments, as determined by Council from time to time.

5. Credit Control and Debt Collection

5.1 Enforcement Mechanisms

5.1.1 Water, electricity and other services¹

- 5.1.1.1 Accounts must be paid by the due date shown on the account. Customers who are in arrears with their municipal account will have their supply of electricity and water, and other municipal services, suspended, restricted or disconnected.
- 5.1.1.2 When the municipal account is not paid on the due date shown on the account and unless permission for a deferred payment has been granted, a written warning of possible disconnection if the account is not paid will be forwarded to the customer as soon as practically possible. The notice shall also contain a proposal by Council that the customer refer the account to a Debt Counsellor with the intent that the parties resolve any dispute under the agreement or develop and agree and to plan to bring the

payments up to date. The customer will be deemed to have received the notice on the same day if delivered by hand, e-mail or fax, on the third day after date of posting if posted by ordinary mail and on the fourth day after date of posting if posted by registered mail.

- 5.1.1.3 If payment is not received by the due date as reflected in the notice, the supply will be disconnected without further notice.
- 5.1.1.4 A notice shall be left at the property advising that the supply has been disconnected, warning that all electric points should be considered live and that all water outlets should be closed. The notice must also advise that the supply will only be reconnected after the total balance of the amount specified in the notice, as well as the prescribed reconnection fee has been paid. The notice must also warn of the consequences of unauthorised reconnection.
- 5.1.1.5 Only the Chief Financial Officer shall have the authority to approve arrangements for delayed payment in terms of this policy, which authority may be delegated.
- 5.1.1.6 Businesses shall be required to pay all arrears and prescribed fees before services are restored.
- 5.1.1.7 Subject to Council's capacity at the time to restore such service, disconnected services will be restored within a reasonable period of time after the customer produces proof of payment of the required amount. Services will only be restored during the official business hours of Council, except in the case of an emergency (in the discretion of Council), when an additional after hours fee will be charged as prescribed by Council.
- 5.1.1.8 The onus is always on the customer to request reconnection and prove payment.
- 5.1.1.9 Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges.
- 5.1.1.10 The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs agreed by Council, and will be payable by the customer.
- 5.1.1.11 Should a customer default in terms of an arrangement, Council may refuse further extension of payment and the full outstanding amount due to Council will be payable. The full outstanding amount will be payable before services are reconnected.
- 5.1.1.12 Customers who make no further use of any services but still owe an amount are classified as inactive and who, after the rendering of a second inactive account to their latest known postal addresses, shall be handed over to the internal collections division. Should no payment be received in response to a letter of demand addressed to the above-mentioned address, the particulars of the customer and the fact of non-payment shall be listed with ITC, subject to the provisions of the National Credit Act, 2005. If the outstanding amount warrants it, further legal action may be instituted for recovery of the outstanding balance.

5.1.2 Rates

Annual Rates (and other annual levies)

- 5.1.2.1 If the account is not paid by the due date as displayed on the account a notice shall be issued showing the total amount owed to Council.
- 5.1.2.2 If the account is not settled or there is no response from the customer to make acceptable arrangements to repay the debt, summons shall be issued and the legal process followed.
- 5.1.2.3 In instances where the rates debt is in respect of Municipal property sold by suspensive sale agreement or in terms of a lease agreement, the collection thereof will be done in terms of the Deed of Sale or lease agreement or any subsequent applicable written agreement between Council and the customer.
- 5.1.2.4 During the process of debt collection, Council shall within reason give customers an opportunity to make arrangements for payment of arrear accounts without having to resort to sales in execution, which shall be utilized as a last resort. Council shall however not hesitate to proceed with sales in execution where no arrangements have been made or where alternatives provided by Council from time to time are not used.
- 5.1.2.5 Any debtor may be granted the opportunity of converting to paying rates monthly for the following financial year.

Monthly Rates

- 5.1.2.6 Interest will be charged on all overdue accounts at an interest rate that shall be determined by Council from time to time.
- 5.1.2.7 Customers can make application to the Council to pay current and future rates monthly, the approval of which is at the sole discretion of the Chief Financial Officer with the right to sub-delegate.
- 5.1.2.8 The monthly amount payable for current annual rates will be calculated to allow the total balance of such amount to be paid in equal instalments within the period determined by Council from time to time, but at least by the end of that financial year.
- 5.1.2.9 If a customer's account is in arrears for 30 days, a notice shall be delivered to the customer demanding payment of the arrear amount. The customer will be deemed to have received the notice on the same day if delivered by hand, e-mail or fax, on the third day after date of posting if posted by ordinary mail and on the fourth day after date of posting if posted by registered mail. Should the customer fail to pay the arrears by the due date stipulated in the notice, the full outstanding balance of the

annual rates shall become due and payable and Council may institute legal action for the recovery thereof.

5.1.3 Sundry and housing accounts

5.1.3.1 A letter of demand shall be forwarded in respect of all accounts 30 days in arrears and should payment not be received by the due date, legal action may be instituted forthwith. The debtor will be deemed to have received the notice on the same day if delivered by hand, e-mail or fax, on the third day after date of posting if posted by ordinary mail and on the fourth day after date of posting if posted by registered mail.

5.1.3.3 Property purchased from Council by way of suspensive sale agreement shall be repossessed in terms of the written agreement, subject to the provisions of the National Credit Act, 2005.

5.1.3.4 Once a property has been repossessed, the debtor will not be eligible for reinstatement of the agreement or to purchase any other property from Council by way of suspensive sale agreement.

5.1.2 Interest on overdue accounts

5.1.2.1 Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation and as determined by Council from time to time.¹ Interest will be levied and capitalised monthly in arrears, on the monthly outstanding balance, from the due date, if not paid by the due date, and will be calculated for a full month(s) irrespective of when payment is made. The interest charged will appear on the following month's account.

5.1.3 Personal contact

5.1.3.1 Telephonic contact

5.1.3.2 Officials/agents calling on clients

5.1.3.2.1 Council will endeavour, within the constraints of affordability, to make personal or telephonic contact with arrear customers to encourage their payment, and to inform them of their arrears state, and their rights (if any) to conclude arrangements or to indigence subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

5.1.3.2.2 The municipality shall maintain a schedule of customers with large amounts outstanding, the cut-off amount to be agreed by Council from time to time, and will maintain intensive contact with these customers.

¹ Section 97 (e) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for interest on arrears, where appropriate.

5.1.3.2.3 Such contact is not a right for customers that customers enjoy – disconnection of services and other collection proceedings will continue in the absence of such contact for whatever reason.

5.1.4 Legal Process/Use of attorneys/Use of credit bureaus

- 5.1.4.1 Council may, when any debtor is 60 days in arrears, commence legal process against that debtor, which process could involve final demands, summonses, judgments, garnishee and emolument attachment orders, financial enquiries and/or sales in execution of movable and immovable property, subject to the provisions of the National Credit Act, 2005.
- 5.1.4.2 Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.
- 5.1.4.3 Council will establish procedures and codes of conduct with these outside parties.
- 5.1.4.4 All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.
- 5.1.4.5 All costs of this process are for the account of the customer.
- 5.1.4.6 Individual customer accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus and other institutions lawfully entitled to such information. This release will be in writing and this situation will be included in Council's agreement with its customers.
- 5.1.4.7 Council may consider the cost effectiveness of this process, and will receive reports on relevant matters, including cost effectiveness.
- 5.1.4.8 Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors; and will be closely monitored by Council
- 5.1.4.9 Customers will be informed of the powers and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.
- 5.1.4.10 any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.
- 5.1.4.11 only payment in full of the outstanding balance reflected on the account shall be deemed acceptable payment before a customer's particulars are removed from any adverse credit listing. In the case of default judgments entered into against customers,

the customer shall at its own cost appoint an attorney to set aside the judgment, after payment of the full outstanding balance has been made to Council.

5.2 Theft, tampering & fraud

- 5.2.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, interfering or tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time.¹
- 5.2.2 Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- 5.2.3 The total bill owing, including penalties, assessment of unauthorised consumption, damages and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 5.2.4 Council will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.
- 5.2.5 Council may distinguish in its penalties between cases of vandalism and cases of tampering.
- 5.2.6 Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 5.2.7 Council reserves the right to lay criminal charges and to take any other legal action against both vandals and thieves and any person that contravenes any of Council's By-Laws or any other applicable legislation.
- 5.2.8 Any person failing to provide information or providing false information to the municipality may face immediate disconnection/restriction of services.

5.3 Cost of collection

- 5.3.1 All costs and charges pertaining to the credit control processes as set out herein, interest, administration costs, all penalties, surcharges, damages, service discontinuation and reconnection costs and all legal costs, fees and disbursements associated with credit control and debt collection are for the account of the customer and should reflect at least the actual cost of the particular action.

¹ Section 97 (h) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for matters relating to unauthorised consumption of services theft and damages.

5.4 *Irrecoverable debt*

- 5.4.1 The Municipal Manager must ensure that all avenues are utilized to collect the municipality's debt.
- 5.4.2 There are some circumstances that allow for the valid termination of debt collection procedures:
- i. The insolvency or demise of the debtor, whose estate has insufficient funds;
 - ii. A balance being too small to recover, for economic reasons considering the cost of recovery;
 - iii. Prescription;
 - iv. When the debtor relocates and three tracing agents are unable to trace the current whereabouts of the debtor;
 - v. All reasonable notifications and cost effective legal avenues to recover the outstanding amount have been exhausted;
 - vi. The amount outstanding is the residue after payment of a dividend in the Rand from an insolvent estate;
 - vii. It is impossible to prove the debt outstanding;
 - viii. The outstanding amount is due to an administrative error by Council or by Council Resolution, on good cause shown.
- 5.4.3 The municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the debt.
- 5.4.4 The schedules setting out particulars of the debt and the reasons for abandonment, together with a written request authorising the writing off of the indicated debt must be presented to:
- o The assistant financial officer in charge of credit control and debt collection for debt less than R10 000,00 per customer ;
 - o The deputy financial officer in charge of credit control and debt collection for debts less than R15 000,00 per customer ;
 - o The chief financial officer for debts less than R25 000,00 per customer ;
 - o The municipal manager for debts less than R50 000,00 per customer ;
 - o The executive mayor for debts less than R150 000,00 per customer ;
 - o The full council for debts more than and equal to R150 000,00 per customer and the officials and political office bearers as set out above shall have all of the necessary delegated powers to write off such amounts in accordance with this policy.

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

5.4.6 Except in the case of the executive mayor who will do independent reports to Council, all officials as set out in paragraph 5.4.4 above shall submit a quarterly report to the Finance Committee regarding the exercise of their delegated powers and the Finance Committee shall report any irregularities to Council.

5.5 Rates clearance

5.5.1 On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all amounts due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for a clearance certificate have been fully paid, by withholding a rates clearance certificate.

6. Performance Evaluation

6.1 Income Collection Targets

Council shall create targets that include:

- i. Reduction in present monthly increase in debtors in line with performance agreements determined by council.

6.2 Customer Service Targets

Council shall create targets that will include:

- i. Response time to customer queries.
- ii. Date of first account delivery to new customers.
- iii. Reconnection time lapses.
- iv. Meter reading cycles.

6.3 Administrative Performance

Council shall create targets that will include:

- i. Cost efficiency of debt collection.
- ii. Query rates.
- iii. Enforcement mechanism ratios.

- 6.4 Council will create a mechanism wherein these targets are assessed; Council's performance is evaluated and remedial steps taken.

7. Reporting to Council

- 7.1. The Chief Financial Officer shall report quarterly to the Municipal Manager in a suitable format to enable the municipal Manager to report to the Finance Committee, who will report to the Executive Mayor, who will report to Council. This report shall report on:

- i. Cash flow information for the capital and operating accounts, and combined situation, showing Council's actual performance against its cash flow budgets.
- ii. Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; default arrangements; growth or reduction of arrear debtors; ideally divided into areas, business (commerce and industry) domestic, state, institutional and other such divisions.
- iii. Performance of all areas against targets agreed to in item 6 of this policy document.
- iv. Council's ongoing income and expenditure statements, comparing both billed income and cash receipt income, against ongoing expenditure in both the capital and operating accounts.

- 7.2. If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels.

8. Structures of the Financial Directorate

- 8.1. Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements of the financial directorate which requirements take into account Council's agreed targets of customer care and management, and debt collection, and, after considering this report, Council will within reason vote such resources as are necessary to ensure that the financial directorate has the staffing and structures to meet Council's targets in this regard or to outsource the service.

9. **Indigent support policy**

9.1 Council shall,

9.1.1 In accordance with Section 74.2 (c) of the Local Government: Municipal Systems Act, 2000 which stipulates that poor households must have access to at least basic services through-

- tariffs that cover only operating and maintenance costs;
- special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; and
- Any other direct or indirect method of subsidisation of tariffs for poor households.

9.1.2 and in accordance with Section 97 (c) of the Local Government: Municipal Systems Act, 2000 which states that a municipality must make provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents, and

9.1.3 subject to the terms and conditions as set out herein below; assist households who cannot afford to pay in full for services in proportion to their use or consumption.

9.2 Indigents are defined as those households, who due to a number of socio-economic factors are unable to make a full monetary contribution towards services provided by Municipalities as determined by Council.

9.3 For a household to qualify to be indigent, a household must comply with the following requirements:

9.3.1 The applicant must be over eighteen (18) years of age;

9.3.2 The total household income of all occupants must be less than the equitable share which has been allocated to council (subject to annual adjustments by council or other spheres of government) per month;

9.3.4 The applicant must have an active account with the Municipality;

- 9.3.5 The applicant may not own more than one immovable property.
- 9.4 Council shall provide funds annually on the budget for the subsidisation of indigent households for rates, refuse removal and sewerage to sustain the free basic services (water and electricity services);
- 9.5 The indigent subsidies shall be financed from a portion of the equitable share contribution to the municipality obtained from the National Government's fiscals;
- 9.6 Existing indigent arrears on rates, tariffs and services charges will be written off against the provision for bad debts or in terms of the abeyance schemes.
- 9.7 Household must apply on a specific council application form at service centres designated to their respective areas and not at any other places; and the following documentary proof will be required to be submitted with the application forms:
- 9.7.1 Applicant's identity document;
- 9.7.2 Latest municipal account and proof of ownership;
- 9.7.3 Documentary proof of total monthly income of the household (e.g. UIF card, salary advice, letter from an employer etc)
- 9.7.4 A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared;
- 9.7.5 In addition, a recommendation by a Ward Councillor.
- 9.8 The application forms will be processed and information provided will be assessed or screened by a relevant Directorate/division within the council or its agencies;
- 9.9 Council may cause inspectors to visit the applicants to verify the correctness of the information provided in the application forms, and to record any changes in circumstances, and make recommendations for approval or decline of the applications to an Indigent Committee which will be a Sub-Committee of the Finance Committee;

9.10 An Indigent Committee on recommendations of the inspectors will approve or decline the applications and determine the subsidy amount to be granted;

9.11 Indigent households must re-apply for indigent support every twelve (12) months;

9.12 The re-application for indigent support will not be approved if the consumer's account for water and electricity consumption exceed the free basic services approved by the Council is not paid up to date;

9.13 An indigent must immediately request de-registration if his/her circumstances have changed to the extent that he/she no longer comply with the requirement set out in the definition and

9.14 All applicants will be informed in writing about the outcome of their applications, if the application is approved the applicant will be informed of the validity of the assistance (that is date of commencement and termination of the assistance) with no guarantee of renewal.

9.15 Approved indigent households will be entitled to:-

9.15.1 A maximum subsidy as approved by Council from time to time per indigent household to cover basic services (i.e. rates, refuse removal and sewerage);

9.15.2 water will not be subsidised due to the free basic services of 6 kilolitres per month.

9.15.3 Council intends to implement a free basic service policy in respect of electricity. Electricity will not be subsidised until the free basic service policy is implemented by council.

9.15.4 Indigent households may be required to convert to prepayment electricity meters on request of Council, the cost of which can be met either by:

(a) The equitable share fund;

(b) A surcharge on the electricity coupon cost; or

(c) Cash payment by the household.

9.16 Council will determine the amount of targeted subsidies on a yearly basis which may vary between categories of indigent consumers.

9.17 All outstanding arrears of the approved indigent will be written off against the provision for bad debts or in terms of abeyance schemes.

9.18 If an indigent consumer's consumption or use of a municipal service is less than the subsidised service or free basic service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.

9.19 If an indigent consumer's consumption or use of a municipal service is in excess of the subsidised service or free basic service (in excess of 6 kl of water), the customer will be obliged to pay for such excess consumption at the applicable/normal rate.

9.20 Indigent support shall automatically terminate –

9.20.1 On death of the indigent;

9.20.2 When the indigent disposes of his/her immovable property;

9.20.3 When the indigent's circumstances change or indigent criteria for approval changes to the extent that approval no longer applies;

9.20.4 If the indigent fails to pay for the account of his/her consumption or use of a municipal service in excess of the subsidised service or fails to honour any arrangements made by him/her for payment of outstanding account; and

9.20.5 If it is discovered after approval that the indigent has supplied false information, in which event all subsidies provided will be reversed.

9.21 An indigent policy is a revenue protection mechanism and for Mbombela Municipality to protect its revenue, it shall apply the indigent support policy consistently.

Annexure "A"

**MBOMBELA LOCAL MUNICIPALITY
APPLICATION FOR MUNICIPAL SERVICES**

**A. PLEASE RENDER/*DISCONTINUE THE FOLLOWING SERVICES ON(DATE)
(2 WORKING DAYS' NOTICE IS REQUIRED)**

WATER PROVISION			SEWERAGE (TOILET)		ELECTRICITY		REFUSE
Communal Standpipe	Yard Tap	House Connection	Pit Latrine (VIP)	Water Connection	Prepaid	Conventional meter	Removal

TYPE OF SUPPLY:

Domestic	Commercial	Industrial	Educational	State	Agricultural	Other	
State whether any type of business activities to be conducted from residential address						YES	NO

PHYSICAL ADDRESS: _____

TYPE OF BUILDING

House	Business	Flat	Complex	Sectional Title	Other
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B. PERSONAL INFORMATION OF APPLICANT/CUSTOMER

Trust/ Close Corporation/Company name	:
Trust/ Close Corporation/Company registration no ¹	:	.....
Surname ²	:	..... ID Number :
First names	:	..... Pension Number :
Physical Address	:	.....
Postal Address	:	.....
Employer	:	.....
Work Address	:	.....
Employee number	:	.....
Postal Code	:	..... Number of years at current address :
Tel. Work	:	..... Tel. Home:
Occupation	:	..... Cell No:
Marital Status	:	..... Bank Details:
Spouse Details:		Branch
ID number	:	..... Account No
Cell No.	:	..... Do you wish to make use of :
Name of Employer	:	..... Debit order: YES/NO
Work Address	:	..... Stop order: YES/NO
Work Tel. No.	:	..... Vehicle Registration No:
(In/out community of property/Marital Status Contract /Divorced)		
List of other accounts held	:	1..... Account No.
	:	2..... Account No.

¹ No application form will be considered unless copies of the relevant registration forms are attached.

3.....Account No.

Previous municipal accountAccount No.

Occupiers of stand other than family (rental, backyard lodgers, spaza shops, taxis, etc) :

Number of people residing on property Over 18: Under 18:

APPLYING FOR INDIGENT SUPPORT? YES NO

Total income of household if applying for indigent support: (Include all sources of revenue of all the persons residing on the s
R _____

Method of account delivery: Fax Post E-mail E-mail address

Name and address of a family member and/or friend not residing at the same address:
..... Tel. No.

If not the owner, to whom do you pay rent:
.....

C. TO BE COMPLETED BY OWNER/AGENT/CARETAKER FOR LEASED PROPERTIES

Surname	:	.....	First Name	:	.....
Street Address	:	.....	ID NUMBER	:	.....
Name of Employer	:	.....		
Date	:	.....	Signature	:	.....

I confirm that the applicant has concluded a lease agreement in respect of the property as set out above and I understand that should the applicant fail to make payment in respect of the services as agreed, I will be the debtor of last resort and liable for payment of any outstanding balance due and owing to the municipality.

D. DECLARATION BY APPLICANT

I/we hereby declare that I/we agree to the conditions of supply of the mentioned services as laid down in the by-laws of the Municipality and any other laws that are applicable. I specifically acknowledge that I/we with my/our signature hereto, I/we warrant that the information supplied herein is correct, the application was completed in full at the time of signature thereof, that I/we am/arc duly authorised to conclude this agreement, that I/we understand the full effect and meaning thereof and that, if this agreement is concluded on behalf of a business or a juristic person, I/we warrant that the business is trading in solvent circumstances.

I/we hereby indemnify and hold harmless the municipality, its principals, agents, contractors and successors in title against all claims, demands, damages, expenses and legal costs, however caused, arising from the supply, interruption or fluctuation of any services.

I/We hereby choose the street address/stand number specified above as domicilium citandi et executandi where I will accept any notices and legal processes to be served.

I/We received a duplicate of this application form and am/arc aware of the applicable further conditions of supply set out in the annexure at the back of this form.

.....
CUSTOMER/APPLICANT

.....
ON BEHALF OF MUNICIPALITY

Name in print:

Name in print:

FOR OFFICE USE:

DEPOSIT RATING

A	B	C
---	---	---

² In the case of a juristic person, the full particulars of the duly authorised partner/director/member/trustee must be supplied, together with a resolution authorising such a person to conclude the agreement on behalf of the juristic person. In the case of a natural person, proof of identity, ownership, lease or agreement of sale must be attached.

DEPOSIT PAYABLE R _____ RECEIPT NO. _____

EXISTING ACCOUNT NO. _____ NEW ACCOUNT NO. _____

ELECTRICITY READINGS

1.	_____
2.	_____
3.	_____

WATER READINGS

1.	_____
2.	_____
3.	_____

DATA CAPTURER
FULL NAMES:

DATE:

Annexure "B"

INDIGENT SUPPORT APPLICATION FORM

1. Applicant : Name _____ 2. ID NO.: _____
3. Residential Address / Stand No.: _____
4. Postal Address : _____
5. Account Number : _____ 5. Outstanding Amount _____
6. Ward Number : _____ 7. Ward Councillor : _____
8. Is the Applicant : The Tenant : _____
The Registered Owner : _____
9. Employment of Pensioner :
Employers Name: _____
Address: _____
Pension : _____
Pension Number: _____
Self-Employed: _____
Monthly Income : (Yourself) R _____

- 10.(A) Number of income earning people staying in household
(A household is all the people who eat and sleep with you on this stand at least once per week, excluding domestic workers).

Person	Initial Surname	and	Employed Yes/No	ID. No.	9. Name of Employer	Gross Monthly Income
1.						
2.						
3.						
4.						
5.						

11. Are there any tenants on the stand: YES: _____ or No: _____
IF YES, monthly rental received from the tenants R _____
Other income not stated: R _____
TOTAL INCOME OF HOUSEHOLD: R _____

12. The following copies must be attached to this application:
- Applicant's identity document
 - Latest municipal account
 - Documentary proof of total monthly income of the household
 - A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared.

10. CERTIFICATION: WARD COUNCILLOR

This application is approved / not approved as indigent debtor and pu* forward for processing:

YES APPROVED AS AN INDIGENT:

NOT APPROVED AS AN INDIGENT:

SIGNATURE

WARD

DATE

AFFIDAVIT:

I, the undersigned,

hereby declare under oath as follows:

I am an adult male/female residing at _____

My current postal address is _____

I am duly authorised to make this affidavit and the contents hereof fall within my personal knowledge and are true and correct.

DEPONENT

I certify that before administering the oath, I asked the deponent the following questions and wrote down his/her answers in his/her presence.

- (a) Do you know and understand the contents of this declaration? _____
- (b) Do you have any objection to taking the prescribed oath? _____
- (c) Do you consider the prescribed oath to be binding on your conscience? _____

I certify that the deponent has acknowledge that he/she knows and understands the contents of the declaration, which was sworn before me, and the deponent's signature was placed thereon in my presence.

SIGNED AT _____ on this _____ day of _____

COMMISSIONER OF OATHS

RECOMMENDATION BY INSPECTING OFFICER :

FULL NAMES OF INSPECTING OFFICER: _____

SIGNATURE : INSPECTING OFFICER: _____ DATE : _____

DECISION BY INDIGENT COMMITTEE:

This applicant is approved as an indigent debtor:	YES:	NO:
---	------	-----

SIGNATURE : CFO

DATE

SIGNATURE MUNICIPAL MANAGER

DATE

(VORMS/evaluation)