MOQHAKA MUNICIPALITY

"People's power in action"

ANNEXURE

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DRAFT DEBT COLLECTION AND CREDIT CONTROL POLICY

MEETING TO BE HELD ON | **29 MAY 2026**

"People's power in action"

DEBT COLLECTION
&
CREDIT CONTROL POLICY

2026-2027 FINANCIAL YEAR

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1. **Definitions**

In this Policy, unless the context indicates otherwise –

"accounting officer" – in relation to a municipality, means the official referred to in section 60 of the Municipal Finance Management Act;

"approved budget" – means an annual budget approved by a municipal council, provincial or national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustment budget in terms of section 28 of Municipal Finance Management Act;

"allocation", in relation to a municipality, means –

a) A municipality's share of the local government's equitable share referred to in section 214 (1) (a) of the Constitution;
b) An allocation of money to a municipality in terms of section 214 (1) (c) of the Constitution;
c) An allocation of money to a municipality in terms of a provincial budget; or

d) Any other allocation of money to a municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"basic municipal services" – means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"budget related policy" – means a policy of a municipality affecting or affected by the annual budget of the municipality, including:

a) the tariffs policy which the municipality must adopt in terms of section 74 of the Municipal Systems Act;

b) the rates policy which the municipality must adopt in terms of legislation regulating municipal property rates, or

c) the revenue & debt management policy which the municipality must adopt in terms of section 96 (b) of the Municipal Systems Act;

"budget year" – means the financial year for which an annual budget is to be approved in terms of section 16 (1) of MFMA;

"chief financial officer" – means a person designated in terms of section 80 (2) (a);

"councillor" – means a member of a municipal council;

"current year" – means the financial year which has already commenced, but not yet ended;

"debt" – means:

a) a monetary liability or obligation created by a financing agreement, note, debenture, bond or overdraft, or by the issuance of municipal debt instruments, or

b) a contingent liability such as that created by guaranteeing a monetary liability or obligation of another;

"delegation" – means in relation to a duty, includes an instruction or request to

Perform or to assist in performing the duty;

"financial year" – means a year ending 30 June;

"executive committee" – means a committee established in terms of section 43 of MFMA;

"local community", in relation to a municipality, means that body of persons comprising:

a) the residents of the municipality;

b) the ratepayers of the municipality;

c) any civic organization and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality, and;

d) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality;

and includes, more specifically, the poor and other disadvantaged sections of such body of persons;

"local municipality" – means a category B municipality envisaged in section 155 (1) (b) of the Constitution (a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls);

"municipal council" or "council" – means the council of a municipality referred to in section 18 of the Municipal Structures Act;

"Municipal Finance Management Act" – means the Local Government: Municipal Finance Management Act No.56 of 2003, and any regulations made under that Act;

"municipality", when referred to as –

a) a corporate body, means a municipality as described in section 2 of the Municipal Systems Act; or

b) a geographic area, means a municipal area determined in terms of the Local Government: Municipal Demarcation Act No.27 of 1998;

"municipal manager" – means a person appointed in terms of section 54 (a) of the Municipal Systems Act (is the head of administration and also the accounting officer of the municipality);

"municipal service" – means a service that a municipality in terms of its powers and functions provides or may provide to or for the benefit of the local community irrespective of whether:

a) such a service is provided, or to be provided, by the municipality through an internal mechanism contemplated in section 76 or by engaging an external mechanism contemplated in section 76; and
b) fees, charges or tariffs are levied in respect of such a service or not;

"Municipal Systems Act" – means the Local Government: Municipal Systems Act No.32 of 2000;

"municipal tariff" – means a tariff for services which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"municipal tax" – means property rates or other taxes, levies or duties that a municipality may impose;

"property" – means

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

c) "ratepayer", in relation to a municipality, means a person who is liable to the municipality for the payment of –

d) rates on property in the municipality;
e) any other tax, duty or levy imposed by the municipality, or fees for services provided either by the municipality or in terms of a service delivery agreement;

"resident", in relation to a municipality, means a person who is ordinarily resident in the municipality;

"service delivery agreement" – means an agreement between a municipality and an institution or a person mentioned in section 76 (b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality;

"service delivery and budget implementation plan" – means a detailed plan approved by the mayor of a municipality in terms of section 53 (1) (c) (ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate:

a) projections for each month of revenue to be collected, by source, as well as operational and capital expenditure by vote;
b) service delivery targets and performance indicators for each quarter, and any other matters that may be prescribed; and includes any revisions of such plan by the mayor in terms of section 54)1) (c);

c) which specifies that the total amount that is appropriated for the purposes of the department or functional area concerned.

2. **Background**

2.1 **Provision of Services**

The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic services in terms of Section 152 (1) and (2), 153 (a) and (b) of The Constitution of the Republic of South Africa Act No.108 of 1996 and Section 73 of the Local Government Municipal Systems Act 32 of 2000.

In terms of Section 73 of the Local Government Municipal Systems Act 32 of 2000, municipal services must:

→ be equitable and accessible;
→ be provided in a manner that is conducive to economic, efficient and effective
use of available resources; → be financially sustainable;
→ be environmentally sustainable;
→ be regularly reviewed with view to upgrading, extension and improvement.

According to the Local Government Municipal Systems Act, the phrase 'financially sustainable' is in relation to the provision of a municipal service in a manner aimed at ensuring that the financing of that service from internal and external sources, including budgeted income, grants and subsidies for services:

(a) Is likely to ensure that revenue from services is sufficient to cover the cost of:

(i) Delivering services;

(ii) Maintaining, preparing and replacing the physical assets used in the performance of the service;

(b) Is likely to ensure:
(i) A reasonable surplus in the case of a service performed by the municipality itself;
(ii) A reasonable profit, in the case of a service performed by a service provider other than the municipality itself;

(c) Is likely to enable the municipality or other service provider to obtain sufficient capital requirements for the performance of the service;

(d) Takes account of the current and anticipated future:
(i) Level and quality of that service;
(ii) Demand of that service;
(iii) Ability and willingness of residents to pay for the service.

3. **Purpose of the policy**

To ensure that all money that is due and payable to the municipality is collected, in order to satisfy the constitutional obligation of the Council (effective service delivery). Section 96 of the Local Government Municipal Systems Act requires that the municipality must adopt, maintain and implement a revenue and debt management policy. It should be noted that account holders have a responsibility to timeously pay for services rendered and for amounts levied on ratable property.

The revenue and debt management policy must be consistent with the rates and tariff policies and comply with the provisions of the Municipal Systems Act.

The municipal council must adopt a by-law to give effect and enforcement to its revenue and debt management policy according to section 98 of Local Government Municipal Systems Act No. 32 of 2000. By-laws may differentiate between different categories of taxpayers, customers, debtor's taxes, services, service standards and other matters.

The other purpose is to ensure that revenue and debt management forms part of the financial system of the municipality and to ensure that the same procedure is followed for each individual user.

4. **Duties and Functions**

4.1 **Supervisor Authority**

The Municipality's Executive Mayor must according to Section 99 of Local Government Municipal Systems Act No. 32 of 2000;

(a) Oversee and Monitor:

(i) The implementation and enforcement of the municipality's revenue and debt management policy and any by-law enacted in terms of Section 98 of the Municipal Systems Act;
(ii) The performance of the municipal manager in implementing the policy and any by-law;

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

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

(d) Ward committees should be involved to address the community related issues, community meetings, public participation matters and more.

4.2 **Implementing Authority**

The Municipal Manager must according to Section 100 of the Municipal Systems Act:

(a) Implement and enforce the municipality's revenue and debt management policy and bylaws enacted in terms of section 98;
(b) Establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the municipality in accordance with the revenue and debt management policy and any by-laws;
(c) At such intervals as may be determined by the council report the prescribed particulars monthly to a meeting of the supervising authority referred to in section 99 of The Municipal Systems Act No.32 of 2000.

This policy will be implemented after approval by Municipal Council and will be reviewed annually.

4.3 **Contents of the Policy**

In terms of section 97 of the Municipal Systems Act

4.3.1 A revenue and debt management policy must provide for:

(a) Revenue and debt management procedures, processes and mechanisms;
(b) Provision for indigent debtors that is consistent with the rates and tariff policies and any national policy on indigents;
(c) Realistic targets consistent with;

(i) Generally recognized accounting practices and collection ratios;
(ii) The estimates of income set in the budget less an acceptable provision for bad debts or debt impairment;

(d) Interest on arrears, where appropriate;
(e) Extension of time for payment of accounts;
(f) Termination of services or restriction of the provision of services when payments are in arrears;
(g) Matters relating to unauthorized consumption of services, theft and damages;
(h) Any other matters that may be prescribed by regulation in terms of Section 104 of the Municipal Systems Act.

4.3.2 **By-Laws**

By-laws giving effect to the revenue and debt management policy may differentiate between different categories of users of service according to Section 98 of the Municipal Systems Act, as long as the differentiation does not amount to unfair discrimination.

PERFORMANCE EVALUATION AND REPORTING

5. **Objective**

The municipal Council in consultation with the municipal manager must establish a mechanism to set targets for debt collection, customer care and administrative performance, evaluate performance and take corrective actions on a regular basis to enhance revenue and debt management.

6. **Income Collection Targets**

Municipal Council to create targets that include:

Reduction in present monthly increase in consumer debt in line with performance agreements determined by Council from time to time.

7. Consumer Service Targets

The Consumer targets as identified are as follows:

(a) Response time to customer queries: Initial response within 5 working days.

(b) Resolution of Queries/Disputes:

- 30 working days to resolve queries/disputes and
- 60 days for including Appeals.

(c) Date of first account delivery for New Consumers:

- by second billing cycle after date of application, or
- Whichever is the latest.

(d) Reconnection time:

- within 24hrs after appropriate payment / arrangement has been made.

(e) Meter reading cycle:

(i) 100% of meters being read monthly on a similar date with a maximum of 12 consecutive months or estimated. Except for inaccessible properties.

(ii) where a meter has a technical problem, Council may utilize previous periods as determined in Council's Tariff Policy to determine the average usage to be charged or implement an approved flat tariff.

(f) Indigent application:

within 2nd billing cycle response for approval or disapproval, as well as provision of subsidy.

Administrative Performance

Council to create targets that will include:

(a) Cost efficiency of debt collection:

- Cost of collection does not exceed the capital debt amount.
- All reasonable steps to be taken to limit cost to Council or the Customer; Cost of collection is to be recovered from the defaulting customers.

(b) Query and appeal periods according to this policy.

Reporting

(a) The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100 (c). this report shall contain particulars on:

(i) Cash collection statistics, showing high-level debt recovery information (number of consumers; enquiries; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and Industry), domestic, state, institutional and other such divisions.

(ii) Performance of all areas against targets agreed to in item 7 of this policy document.

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

(c) The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99 (c) of the Systems Act.

8. **Financial matters**

9.1 Service Agreement

Before supplying a service and sending out of any accounts, an applicant must enter into a contract of agreement with the municipality and such contract should provide for a deposit for water and electricity (if not on prepaid meter) as security, except for Rental Debtors who only pay a monthly rental fee in advance. Tenants (e.g.) Government & Municipal Properties) should produce a written approval from the owner or a signed rental contract with a copy of the owner's identity document to apply for an account. Property rates will be levied on owner's accounts as soon as the property registration is confirmed with the Provincial Deeds Office or Local Municipal Human Settlement where necessary. The owners of the properties are responsible for payment of rates & taxes, and other municipal service charges in cases where their tenants default. The municipality does not open accounts for tenants, except for Government departments.

9.2 Deposits

There shall be a separate deposit paid for conventional water and electricity as per approved Municipal tariff schedule where these services are metered. Last three (3) consecutive months with actual consumption (interims may be considered as consumption) may be used to determine deposit amount or a tariff as approved in the tariff schedule will apply if consumption calculated is less. An approved tariff for deposits shall be levied as a deposit where there are no meters and flat rate is charged.

Flat rate/minimum tariff is levied as approved by the Municipal Council where stands have access to water, but no meters. If an applicant of services or spouse has been blacklisted as a defaulter, the deposit may be doubled to reduce the risk of outstanding or irrecoverable amounts when the account is closed. Where the account holder has not entered into a service agreement with the municipality, water/electricity may be disconnected until such time that a service agreement has been signed and the applicable deposit has been paid. This excludes non-defaulters and indigents.

A deposit for businesses will be calculated by taking three (3) previous month's actual consumption (if available). In a case of new account, previous consumer's consumption may be considered with escalation as per approved tariffs. If a new business differs from the previous one in nature and operation, similar business's consumption will be considered to determine the deposit for the new business. Account holder's deposits for business and industrial accounts may be re-assessed and reviewed upwards if necessary based on the consumption.

The deposit paid shall be regarded as sufficient if the account holder is not a payment defaulter. Deposits received may be reviewed and a monthly register will be maintained. No interest shall accrue in favor of the deposits thereof upon termination of the debtor's agreement with the municipality. The deposit will first be offset against any outstanding balances (if any) to be refunded to the account holder. If the deposit on the household account is less than the amount approved by Council, an additional amount towards the deposit may be debited against the account.

No new connection or new account will be opened on a stand, if there are any services account in arrears on the same stand where an application is made, whether being of the owner or of the tenant. If the applicant has arrears on stand(s) other than the one services are applied for, the applicant will first have to pay those arrears

before the account can be opened or make reasonable arrangements. Except where the balance is in dispute or was left outstanding by the previous owner, as that amount should have been collected through clearances. The Chief Financial Officer or the Revenue Manager can grant permission for opening of account even if there may be arrears on the stand or it is not possible to pay full deposit amounts to assist businesses from collapsing, depending on the prevailing circumstances. Deposits will also be determined with the nature of a business in mind for consideration.

Deposits are payable in cash and bank guarantees as and when necessary. Credit balances remaining on the accounts as a result of closed accounts may be written back after twelve months of not being claimed or earlier if necessary.

No credit refunds shall be made to account holders for amounts less or equal to R200 due to bank charges.

9.3 Customer Care and Management

A municipality must within its financial and administrative capacity according to Section 95 of the Municipal Systems Act No.32 of 2000:

(a) Establish a sound customer management system that aims to create a positive and reciprocal relationship (given in return or felt by each towards the other, mutual) between the community and the municipality or service provider (where applicable);
(b) Establish mechanisms for the community to give feedback to the municipality or other service provider regarding the quality of services and performance of the service provider;
(c) Take reasonable steps to ensure that the community is informed of the costs involved in service provision, the reason for payment of these service fees and the manner in which monies raised from services are utilized;
(d) Where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual account holder is measured through accurate and verifiable metering systems;
(e) Ensure that account holders receive regular and accurate accounts that indicate the basis for calculating the amounts due;
(f) Provide accessible mechanisms for account holders to query or verify accounts and metered consumption, and appeal procedures which allow such account holders to receive prompt redress for inaccurate accounts;
(g) Provide accessible mechanisms for dealing with complaints from account holders, together with prompt replies and corrective action by the municipality;
(h) Provide mechanisms to monitor the response time and efficiency in complying with paragraph (g);
(i) Provide accessible pay point and other mechanisms for settling accounts or for making pre-payments for services.

9.4 Rendering of Accounts

(a) Accounts shall be rendered monthly to account holders at the last address recorded or email;
(b) The account holder may receive more than one account for different municipal services if they are accounted for separately;
(c) Failure to receive an account by mail or e-mail does not relieve an account holder of the obligation to pay amount due and payable to the Council. It is a responsibility of an account holder to find out the amount to be paid for services rendered; (d) Accounts of consumers must as far as possible reflect at least:

- The name of the municipality;
- The name of the account holder;
- The latest address recorded of the account holder;
- The service levies or rates in question;
- The amount brought forward;
- The consumption of metered services, units and cost per service;
- The period allowed for the payment of services and rates;

- The date before which payment must be made;
- Interest on late payment;
- Consequences of non-payment;
- Any subsidies (indigent subsidies, discount, rebates and adjustments);
- Value added tax;
- Outstanding debt;
- Total amount payable;
- Methods and outlets where payments of accounts can be made;
- Valuation of the property;
- Account number;
- Deposit, if any;
- Vat number of the Municipality
- Address of the Municipality;
- Banking details of the Municipality

9.5 Consolidation of Accounts

10.5.1 A municipality may in terms of Section 102 of the Municipal Systems Act No.32 of 2000:

(a) Consolidate any separate accounts of a debtor liable for payment;
(b) Credit a payment by that account holder against any of his/her account;
(c) Implement any of the revenue and debt management measures provided for in this chapter in relation to any arrears on any of the accounts of such a debtor.

9.5.2 Subsection (1) does not apply where there is a dispute between the municipality, and a person referred to in that subsection concerning any specific amount claimed by the municipality from that person.

9.5.3 A municipality may provide an owner of a property in its jurisdiction with copies of accounts sent to his/her tenant for municipal services, if the owner requests such accounts in writing from the municipality,

In a case of consolidated accounts, an account holder may not elect how an account is to be settled if it is not paid in full.

9.6 Queries or complaints in Respect of Accounts

In terms of Section 102 (2) of The Local Government: Municipal Systems Act 3 of 2000, subsection 1 (a), (b) and (c) cannot be applied where there is a dispute between the municipality and the consumer.

Lodging queries with the municipality

(a) An account holder may lodge a query or complaint in respect of the accuracy of an amount due and payable for specific municipal services as reflected on the account rendered;
(b) A query must be lodged with the council in writing before the due date for payment of the account;
(c) A query must be accompanied by the payment of at least the total amount due for services that are not disputed and a payment on the service in dispute calculated on an average for a period before the dispute was lodged, as the service was rendered;
(d) The Council may register a query, but must provide an account holder with feedback.

9.7 Handling of queries or complaints

(a) The Council will investigate a query and do its best to resolve it;
(b) The Council will endeavor to resolve all queries amicably and as soon as possible;
(c) The Council will provide feedback to the complainant on the progress or resolution of the dispute.

10. Accounts in arrears

10.1 Unsatisfactory Levels of Indebtedness

If the level of indebtedness of the account holder of the municipality is unreasonably too high or exceed acceptable levels, Chief Financial Officer should without delay inform the Accounting Officer.

A staff member of a municipality may not be in arrears to the municipality for rates and service charges for a period longer than 3 months, and a municipality may deduct any outstanding amounts from a staff member's salary after this period, unless if the officials have entered into payment arrangement for outstanding arrears.

A Councilor may not be in arrears to the municipality for rates and service charges for a period longer than 3 months. Councilors with arrears should enter into payment arrangements for arrears.

10.2 Steps to be applied before action is taken

(a) The statement of account sent out monthly to the account holder serves as a reminder of arrears, if any.
(b) A final demand notice may be delivered or sent by registered mail or SMS or email to the most recent recorded address of an account holder for arrears accruing before the services are terminated/blocked/cut-off or restricted.
(c) Failure to deliver a final notice does not relieve an account holder from paying an account in arrears, as monthly statement serves as a reminder to make a payment.
(d) If no response is received after due date indicated on the statement or final notice, further steps may be taken (electricity provision will be blocked/terminated, sundry services may be terminated, account may be handed over to debt collection agency or collection attorneys).
(e) Where water/electricity amounts remain outstanding or unpaid for more than 3 (three) months without response, that account may be handed over to debt collectors for the collection and/or legal action to attorneys. These account holders will have to make further arrangements at the attorneys or debt collectors for payment of the arrear amounts. The current monthly accounts must still be paid directly to the municipality. Once an account has been handed over for collection, the case will not be withdrawn unless there was a mistake or oversight on the part of the municipality until all debt is paid or the municipality terminates its contract with the debt collector;

10.3 Interest on Arrears

10.3.1 The municipality may, in terms of Section 97 (e) of the Municipal Systems Act No.32 of 2000, charge interest of prime rate plus 1% on accounts in arrears excluding any Schools, Local, Provincial and National Government accounts. Water and Electricity accounts paid by schools will not levy interest.

10.3.2 Interest on arrears will only be stopped if the account holder who's account is in arrears signs an acknowledgement of debt and make satisfactory arrangements for payment of arrears and honors that arrangement or if the account holder/household becomes indigent.

10.3.3 As soon as an arrangement to pay arrears has been concluded, the amount in arrears will be suspended and no further interest will accrue. As long as the arrangement is honored no further interest will be added. In case of defaulting, the suspended amount will be reversed and interest will again be levied on the account.

10.3.4 There will be incentives attended to in line with write off policy. The incentive will be considered and a once-off discount will be given to the account holders settling

their accounts which are older than 90 days as follows (Provided that the total remaining balance is fully paid in cash before incentive is processed):

Incentives for Households, Churches, NPOs, Farmers, Government, Schools, Business and Industrial and any other type of account.

- Discount of 10% for settlement of debt between R 3 000 to R 15 000
- Discount of 20% for settlement of debt between R 15 001 and R 30 000
- Discount of 30% for settlement of debt between R 30 001 and R 50 000
- Discount of 40% for settlement of debt between R 50 001 and R 150 000
- Discount of 50% for settlement of debt between R 150 001 and more

Incentives for Businesses/Industrial

- Discount of 10% for settlement of debt between R 30 000 to R 60 000
- Discount of 20% for settlement of debt between R 60 001 and R 100 000
- Discount of 30% for settlement of debt between R 100 001 and R 150 000
- Discount of 40% for settlement of debt between R 150 001 and R 250 000
- Discount of 50% for settlement of debt between R 250 001 and more

These incentives do not apply to -

- Indigents
- Properties on sale with captured clearance figures without a prior request.
- Any clearances captured by mistake will have to expire first of the financial system before new clearances are captured or a new application is made.

Whenever practical, Chief Financial Officer or the Revenue Manager may use the interest as an incentive for a write-off or additional to the incentive amount. Incentives will be decided in view of the payment history and current financial standing of the account holder and knowledge of the arrears.

The Municipal Manager, Chief Financial Officer or the Revenue Manager may grant or deny permission for incentives on certain complicated cases.

10.3.5 Interest will be charged on overdue accounts at prime plus 1% from 01 July of each financial year, and will be applicable for the whole financial year. Interest rate hikes or reductions effected by the Reserve/Central Bank during the financial year will not affect this rate in the same financial year.

10.3.6 No interest will be levied on inactive accounts. If any interest had already accumulated, it will be considered for a write off by the Manager Revenue or the CFO or the Municipal Council where it is deemed necessary.

11. Actions to secure payment

The municipality and service providers may in addition to the normal civil legal procedures to secure payment of accounts that are in arrears, take the following action to secure payment for municipal rates and services;

11.1 Blocking/Termination/Disconnection or Restriction of Electricity Supply:

(a) The municipality or service provider may block/terminate/disconnect/restrict the provision of electricity services according to Section 104 (1) (f) (i) & Section 104 n (i) of the Municipal Systems Act No.32 0f 2000. Electricity will only be unblocked/reconnected after payment has been made or acceptable arrangements have been entered into, except for special merit cases as decided by the Accounting Officer, Chief Financial Officer or the Revenue Manager;

(b) Restriction of the supply of services means to allow an indigent account holder to use only the free kilo litters of water per month as outlined in the tariff schedule by putting in a tap washer, smart conventional water meters or restricts the purchase of pre-paid electricity and by cutting provision of conventional electricity; water is not free for affording households.

(c) An account holder will be allowed to change an electricity meter from conventional to pre-paid meter while municipal account is in arrears, as this will allow the account holder to be in control of metered services;

(d) An acknowledgement of debt must be completed with all arrangements for paying off arrear account(s). Copies may be handed to the account holder;

(e) Stop orders or Debit orders may be completed for the monthly payment of the agreed amount or at least current amount, as far as possible

(f) Only account holders with positive proof of identity and proof of income will be allowed to complete an acknowledgement of debt and arrange for payment of arrears. In a case where a tenant occupies the property and is fully responsible for payment of services, that tenant may sign an acknowledgement of debt for his/her account. The owner will still be liable to pay any amount in arrears that his/her tenant fails to pay.

(g) Where arrangement was not made and electricity was blocked/disconnected due to arrears, services may be restored if an acceptable payment as calculated by a relevant Finance official is made on the account and an acknowledgement of debt and arrangement for payment of arrears was signed (with a minimum payment made), except for indigent households or special merit cases as may be determined by the Revenue Manager, the CFO or the Municipal Manager;

(h) Where an acknowledgement of debt was signed and the business account holder did not honor the arrangement, the services of that business account holder may immediately be terminated until the full monthly agreement amount outstanding is paid with current account. Household consumers who dishonor their payment arrangements may also have their services terminated until full monthly agreement amount outstanding is paid with current account. A new agreement should be entered into or special arrangement should be made with the Revenue Manager or the Chief Financial Officer.

(i) The Chief Financial Officer or the Revenue Manager may assist households to be unblocked or reconnected based on the current prevailing circumstances despite payment not being made or an arrangement not been entered into. Circumstances must be that the household cannot be without basic service unreasonably.

(j) Account holders will be allowed to arrange for payment extension that will not be for a period exceeding 30 days from the date of arrangement. Account holders having arrangements to pay off the arrears and defaulters will not qualify for the extension (an example is a Household with a Family member on a life support/oxygen machine).

After the disconnection/blocking of electricity supply due to non-payment of services to the municipality, a reconnection/unblocking fee must be paid as determined by Council in its tariff schedule, except for special merit cases like indigents and others. Reconnection fee or unblocking fee may be debited against the debtors' accounts with the permission from the CFO or Manager Revenue.

If an account holder using conventional electricity meter keeps on defaulting on payment of account(s), the Municipality will replace that consumer's conventional electricity meter with a prepaid meter at that consumer's cost. If the approved amount cannot be immediately paid, the amount will be debited to the account of the consumer.

Special Merit cases where special circumstances prevail (with evidence/proof/supporting documentation) must be treated individually and could **amongst others** include the following categories of service users:

a) Deceased estates.
b) Liquidated companies.
c) Private persons under administration or debt management.
d) Outstanding enquiries/disputes on accounts.
e) Certain categories of pensioners.
f) Indigent households.
g) Child headed families.
h) Households having funerals.

All merit cases conditions apply to service accounts as well as sundry accounts belonging to indigent households. The municipality may block, restrict or disconnect the supply of electricity or discontinue any other service to any premises whenever an account holder of any service:

a) Fails to make full payment on the due date or fails to make acceptable arrangements for the payment of any amount for services, rates or taxes.
b) Fails to comply with the condition of supply imposed by the municipality;
c) Causes a situation which in the opinion of the municipality is dangerous or is contravening the relevant legislation.

In terms of Section 104 f (ii) the municipality may seize the property to secure payment for services that were delivered to an account holder. This will be done by the municipality's attorneys after following due process.

Only the Accounting Officer, Chief Financial Officer or Revenue Manager may unblock/reconnect services for free or grant permission for these categories of debtors.

A landlord is not entitled to disconnect tenant's electricity supply because of non-payment of rent payments or any other reason, as he/she would be committing a criminal offence if he/she does this without following the lawful process of obtaining a court order before he can disconnect the electricity. The municipality must be furnished with a court order to disconnect any tenant's electricity supply as per the request of the landlord. An applicable fee as approved by a municipal council shall be levied for voluntary disconnection or reconnection of electricity supply.

11.2 Reconnection of Supply of Services

Accounting Officer, Chief Financial Officer, Revenue Manager or his/her delegate shall authorize the reconnection of services or reinstatement of service delivery after satisfactory payment and/or arrangements for payment have been made according to this policy. Where electricity/water supply has been disconnected erroneously, an apology will be dispatched, and reconnection will be done without any payment been required.

Where services are illegally restored, criminal action will be taken if necessary. The municipality shall reconnect and restore full levels of supply of any of the blocked, restricted or disconnected services only after the fine/penalty as determined by Council has been paid, an acceptable payment as calculated by Finance

official for unblocking or reconnection has been paid, an agreement to pay arrears has been signed and all other condition(s) of this revenue and debt management policy have been complied with. All other calculated monies relating to Tampering may be debited to the debtors account as per the decision of the Chief Financial Officer or the Manager Revenue.

The right to restrict, disconnect or terminate services due to non-payment shall be in respect of any service rendered by the municipality and shall prevail notwithstanding the fact that payment has been made in respect of any specific service and shall prevail notwithstanding the fact that the person who entered into an arrangement for supply of services with the municipality and the owner are different entities or persons, as the case may be.

Where any services were disconnected as a result of non-compliance with these regulations by an account holder, the municipality shall be entitled to levy and recover the standard disconnection fee as determined in its tariff policy.

Disconnection fee shall be payable even when supply of electricity was voluntarily requested by the owner of the stand or account.

Households which are indigent and those which are very poor, but do not qualify as indigents may be treated as special merit cases. Reconnection of electricity may be done with permission from Revenue Manager or the Chief Financial Officer. Where houses are burnt down or blown away by storms and prepaid meter gets damaged, a new meter may be installed for free, or its cost debited to the debtor's account. Indigent households will have their conventional electricity meters replaced with prepaid electricity meters at Council's cost. The Municipality may assist indigent households with leakages within their properties at Council's cost. Households which regularly pay their accounts will not be forced to convert from conventional to prepaid, but defaulters will be left without an option to convert from conventional to prepaid electricity.

The Manager Revenue and the CFO will ensure that current account remains a prerogative when a payment arrangement is not possible.

The municipality will attempt to reconnect conventional electricity meters as soon as possible after all the conditions have been met by the consumer. This can take between one (1) day to two (2) days, except where there are bigger problems beyond the municipality's reach (Like cable theft, Eskom Power Outage, etc.).

11.3 Full and Final Settlement of an Account

Accounting Officer, Chief Financial Officer with the Revenue Manager shall be at liberty to appropriate/allocate monies received in respect of any of its municipal services as he/she deems fit.

Customers may not elect to pay for certain services and leave other(s) as they wish. This is solely at the discretion of council or its authorized agents.

Where the exact amount due and payable to the municipality has not been paid in full, any lesser amount tendered shall not be deemed to be in final settlement of such an account. Except where a write–off is being applied according to the write-off policy as approved by municipal council.

Recommendations will be sent to council for writing off Indigent, dormant/inactive and irrecoverable accounts, as well as accounts charging interest only. The Municipal Manager or Chief Financial Officer or the Revenue Manager will, after thorough Recommendations will be sent to council for writing off Indigent,

dormant/inactive and irrecoverable accounts, accounts with credit balances older than three years as well as accounts charging interest only. CFO will review any applications in terms of this policy and be delegated to write off any amount to the maximum of R10 000 000 per account and R5 000 000 for the Revenue Manager and R2 000 000 for the accountant at any time during a financial year. No Council resolution/approval will be necessary in this regard, but write-off reports by the Revenue Manager must be approved by the CFO.

12.4 Conditions - Arrangements for Arrears

A debtor may enter into a written arrangement with the municipality to pay any outstanding and due amount to the municipality under the following conditions:

a) The outstanding balance, costs and any interest thereon shall be paid for in regular and consecutive monthly instalments.
b) The current monthly amount must be paid in full;
c) The written arrangement must be signed on behalf of the municipality by a duly authorized official.

In order to determine monthly instalments, a comprehensive payment history and affordability levels of an account holder will be considered. To ensure the continuous payment of such arrangement, the amount determined must be affordable to an account holder, taking into account that payment of the monthly current account is a prerequisite for concluding an arrangement. The main aim of an arrangement will be to promote full payment of the current account and to address the arrears on a consistent basis.

All arrangement may not exceed 5-year period (60 months), except where a debt is too high compared to affordability of the consumer as the Revenue Manager or the Chief Financial Officer may deem fit. All arrangements with payment period exceeding 60 months or 5 years should be discussed with the Revenue Manager before being captured or finalized.

Businesses will be treated differently when entering arrangements for payments to differentiate between businesses and tuck shops. There will be no one blanket approach due to the nature of their operations and income. Arrangement period for businesses will be 18 months and 36 months for tuck shops, except where extended period is granted by the Revenue Manager or the Chief Financial Officer.

12. Dishonored Payments, Fraud, Tampering and other Criminal Activities

12.1 Dishonored Payments by the bank

Where payments are dishonored by the banks, the full dishonored amount will immediately become payable in cash. Unless otherwise decided by the Revenue Manager or the Chief Financial Officer. Electricity supply of such account holder may immediately be disconnected until the full amount is paid in cash. The municipality may recover the bank charges and administrative costs as determined by Council relating to dishonored payments or negotiable instruments against the account of a debtor. Such incident shall be regarded as a default on payment.

12.2 Fraud

The municipality may not supply/sell electricity or water to an account holder who is found guilty of/or admits that fraud/theft or any other criminal action involving the use of these services existed, until the total costs, penalties, other fees, tariffs and rates due to the municipality have been paid in full or a reasonable arrangement has been entered into. Penalties must be paid in full before any arrangement is entered.

12. 3 Water and Electricity Meters Tampering or Illegal Connection

A tampering fine/penalty must be paid in full before arrangements can be made on the arrears. Consumers who acknowledge tampering and are prepared to pay a fine may be allowed to enter into a payment arrangement for stolen units of electricity or water and arrears that existed before the tampering. Any amounts as calculated for stolen units may be debited to the consumer's account. The cost for a new electricity or water meter, a meter seal, damaged cables may be debited to the account with units lost. Tampering fine may not be negotiated or paid in instalments or waived off.

Any detected breaches of policies and by-laws should be reported to the Municipal Manager, Chief Financial Officer or Revenue Manager. Any information of interference with the implementation of the policy will be

submitted to the Accounting Officer as tampering should be treated as a criminal offence and reported to SAP, if there are perpetual incidents of tampering, despite warnings from the Municipality.

12.4 Section 118 of the Municipal Systems Act No.32 of 2000

Restraint on transfer of property:

1. A registrar of deeds may not register the transfer of property except on production to that registrar of deeds of a prescribed certificate -
   (a) Issued by the municipality or municipalities in which that property is situated;
   (b) Which certifies that all amounts that became 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 the certificate have been fully paid?

   (1A) A prescribed certificate issued by a municipality in terms of subsection (1) is valid for a period of 60 (sixty) days from the date it has been issued.

   (2) In the case of the transfer of property by a trustee of an insolvent estate, the provisions of this section are subject to section 89 of the Insolvency Act No.24 of 1936.

   (3) An amount due for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies, and duties is a charge upon the property connection with which the amount owes and enjoys preference over any mortgage bond registered against the property.

   Subsection (1) does not apply to:

   (a) A transfer from the national government, a provincial government or a municipality of a residential property which was financed with funds or loans made available by the national government, a provincial government or a municipality.
   (b) The vesting of ownership as a result of a conversion of a land tenure rights into ownership in terms of Chapter 1 of the Upgrading of Land Tenure Rights Act No.112 of 1991.

   Provided that nothing in this subsection precludes the subsequent collection by a municipality of any amounts owed to it in respect of such a property at the time of such transfer or conversion.

   (4) Subsection (3) does not apply to any amount referred to in that subsection that became due before a transfer of a residential property or a conversion of land tenure rights into ownership contemplated in subsection (4) took place.

   Section 118 (1) (b) of the Municipal Systems Act No.32 of 2000 may only be applied if there's a reasonable solution/arrangement for the remainder of the account after calculating the amount two years preceding the date of application. This solution/arrangement must be agreed to by Chief Financial Officer or Revenue Manager. Arrears of previous owners cannot be a reason why a clearance certificate cannot be issued, if the Municipality failed to collect from those owners. These arrears will be forwarded for write off or collected from officials if negligence can be proven.

   All properties on sale that are found to have tampered with electricity meters will not have their clearance figures issued until the required fine is paid or the undertaking from Conveyancers includes the amount.

13. Cost of Collection

All costs of legal processes, including interest, service discontinuation costs, debt collection and costs associated with customer care or credit control, wherever applicable, are for the account of the debtor or unless otherwise specified.

14. The Pre-Payment Meter System

The Council will use its pre-payment system to:

1) Link the provision of electricity and water (if any) by the Council to a "pre-payment" system comprising, first a pre-payment of electricity kWh and water units and;

2) Liaise and recover payments in respect of arrear municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewerage;

3) To enforce satisfactory recovery of arrears by implementing a percentage payment ratio: which will mean that a 40% of a payment will be allocated towards the amount that is 60 days or longer in arrears and a 60% will be allowed for electricity/water purchase (this ratio is subject to review on a yearly basis depending on the status of the Municipal Debtors Book);

4) The implementation of clause 6 of this paragraph does not exempt the consumer from normal credit control procedures if he/she falls behind with his/her current charges.

5) A consumer can convert from a conventional electricity meter and water meter to a prepaid meter installation at cost (which includes the pre-paid meter and installation costs) as determined by Council, as well as credit in respect of the used meter in cash. Alternatively, the consumer can repay the cost, interest free, in equal instalments over a period of three (3) months to the Council. In the event of the amount not being paid within the three (3) months, further electricity coupons will not be issued to the relevant consumer.

6) The installation of pre-paid meters, with the permission of the owner is encouraged, but those debtors whose electricity supply has been disconnected three times for non-payment, may be compelled to install a pre-paid meter before the supply is reconnected. All energy dispensers are installed at the owner or tenant's expense;

7) Despite the preceding paragraphs under this section, Council may implement a restriction/blocking system whereby consumers who are in excessive arrears will not be able to purchase pre-paid electricity until the arrears have been paid in full or arrangements made to pay off the arrears in terms of this policy.

15. Collection Agents and Attorneys

(a) If any, all external agents acting on behalf of the municipality are to be named, together with their details and contact information.
(b) All agents are to be supplied with a copy of revenue and debt management policy.
(c) The cost to the municipality and to the debtor must be detailed for each stage of the revenue and debt management measures and for all possible actions. The liability for the costs of legal action and other credit control actions must as far as is legally possible be for the account of the debtor;
(d) Where an account remains outstanding for more than 90 (ninety) days in respect of businesses and residential after all measures have been exhausted, the Council may:

i Institute legal action against an account holder for the recovery on the arrears;
ii Hand the account over to attorneys or debt collection agencies;

(e) The measures mentioned in sub-section above will apply even if the account holder claims to have not received a letter of demand sent via e registered mail, since the monthly statement of account is served;

(f) Once an account has been handed over for debt collection, the case will not be withdrawn from the attorneys or debt collection agencies, unless there was a mistake or oversight on the part of the municipality.
(g) No further arrangements regarding the amount due will be made with the municipality once an account has been handed over to the attorneys or debt collection agencies. The current account will still be paid directly to the municipality.
(h) Clear instructions to agents and other arrangements must be explained for the account holder's benefit. Under no circumstances may agents negotiate terms, extend payment period or accept cash on behalf of the municipality, unless specifically instructed in writing to do so.

16. Granting of garnishee orders

The municipality may in terms of Section 103 (a) of the Municipal Systems Act No.32 of 2000:

(a) With the consent of the person liable to the municipality for payment of rates, other taxes, fees, municipal services or levies enter into an agreement with that person's employer to deduct from that person's salary

i Any outstanding amounts due by that person to the municipality.
ii Such regular monthly amounts as may be agreed;

(b) If an account holder fails to pay an account according to the acknowledgement of debt and arrangement that was signed, the municipality through its attorneys/debt collection agency may ask the court for granting of a garnishing order of the amount agreed on against that specific debtor, if he/she is employed. This garnishing order means that the amount agreed on according to the acknowledgement of debt will be directly deducted from the person's salary.

In terms of Section 103 (b) of the Municipal Systems Act No.32 of 2000, the municipality may provide special incentives for employees to consent and enter into such agreement.

17. Implementation and review of this policy

This policy shall be implemented once approved by Council and may be reviewed annually for amendments if any.