
MALUTI-A-PHOFUNG LOCAL MUNICIPALITY



CREDIT CONTROL POLICY – FINAL 2016/17



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1. PREAMBLE

Whereas section 152(1) (b) of the Constitution of the Republic of South Africa Act 1080 of 1996 (the Constitution) provide that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner:

And whereas section 4 (1) of the local Government: Municipal Systems Act 32 of 2000, as amended (the Systems Act) provides that the Council of a Municipality has the right to finance the affairs of the Municipality by charging fees for the services for services imposing surcharges on fees rates on property and to the extent authorised by national legislation other taxes, levies and duties:

And whereas section 5 (1) (g) read with subsection (2) (b) of the System Act provides that members of the local community have the right to have access to municipality services which the Municipality provided that, where applicable and subject to the policy for indigent Customers, pay promptly for service fees, surcharges on fees other taxes levies and duties imposed by the Municipality:

And whereas Chapter 9, section 95,96,97,98,99 and 100 of the System Act provides for Customer Care Management, Debt Collection responsibility of the policy, by laws that give effect to the policy, Supervisory authority and implementing authority, respectively.

2. DEFINITIONS

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

"Account" means an account rendered specifying charges for municipal services provided by the municipality or any authorised or any authorised and contracted services provider or a Municipality Entity, and which account may include assessment rates levies.

"Accounting officer" means the Municipality manager appointed in terms of Section 60 of the Municipal Finance Management Act.

"Annual Budget" shall mean the budget approved by the Municipal Council for any particular financial year and shall include any adjustments to such budget.

"Annually" means once every financial year,

"Arrangement" means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility



envisaged in terms of section 8(3) of the National Credit Act but is deemed to be incidental Credit in terms of section 4(6)(b) read with section 5(2) and (3) of the National Act.

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

“Authorised Representative” means a person or instance legally appointed by the Municipality to act or fulfil a duty on its behalf.

“Basic municipal services” shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which services if not provided, would endanger public health or safety or the environment.

“Billing Date” means the date upon which date which the monthly statement is generated and debited to the customer’s account.

“Business and Commercial Property” means Property used for the activity of buying, selling or trading in commodities or services and includes any or other accommodation on the same property, the use of which is incidental to such activity or property on which the administration of the business of private or public entities take place

“By law” shall mean legislation passed by the council of the municipality, and shall be binding on the Municipality and on the persons and institutions to which it applies.

“Calendar year” shall mean 12 consecutive months of a financial year(s)

“Category” In relation to a property ,means a category of properties determined in terms of section 8(2)of the Municipality Property Rates Act: In relation to the owner of property, means a category of owners determined in terms of section 15(2) of the Municipality Property Rates Act.

“Chief Financial officer” means the person appointed as the chief financial officer of the Municipality, or his or her nominee.

“Consumer Price index” shall mean the CPIX as determined and gazetted from time to time by the South African Bureau of Statistics.0

“Consolidated Account” means an account which is a consolidation of any separate accounts of a person who is liable for payment to the Municipality or Municipal entity.

“Council” means the Council of the Maluti a Phofung Municipality.

“Credit control” means all the functions relating to the collecting of monies owed by ratepayers and the user of Municipal services.



“Customer” means the occupier of any to which the Municipality has agreed to supply or is actually supplying municipal services or if no occupier can be identified or located, then the owner of the premises and includes any customer of the Municipality.

“Day/Days” means calendar day, inclusive of Saturday, Sunday and public holidays.

“Debt collectors” means an external person or entity appointed by the Municipality to collect monies due and payable to the Municipality, subject to the condition contained herein. Such external person or entity includes, but is not limited to, the appointment of registered debt collectors and attorneys.

“Defaulter” means any person who owes arrears to the Municipality.

“Delivery Date” shall mean the date on which periodic account is account is delivered to the customer or 3 days after the date account was posted, which is the first.

“Domestic customer or User “ of municipal services shall mean the person or house hold which municipality services are rendered in respect of resident property as define below.

“Due Date” in relation to rates due in respect of any immovable property, means the twentieth(20th) day of September of the financial year for which such rate is made , in the case where rates where rates are levied on an annual basis, the date for payment indicated on the account , in the case where rates are levied on a monthly basis of any other determined by Council in terms of public in terms of a public notice in the provincial gazette and service charges due in respect of any immovable property, means the date for payment indicated on the account , provided that the due date for any service charges means the twenties (20th) day of September in the case where service charges are levied annually, and should such day fall on Saturday , Sunday or public holiday the due date shall be the next working day.

“Dwelling” means a building, structure or place of shelter to live in.

“Electricity Charges” means service charges in respect of the provision of electricity.

“Farm Property or Small Holding used for agricultural purpose” means property that is used for the cultivation of soils for purposes of planting and gathering in of crops; forestry in the context of the planting or growing of trees in a managed and structured fashion; the rearing of livestock and game or



the propagation and harvesting of fish, but excludes the use of a property for the purpose of eco-tourism; and in the respect of property on which game is reared, trade or hunted, it excludes any portion that is used for commercial or business purposes.

“Farm Property or Small Holding not used for any purpose” means agricultural property or an agricultural zoned land unit situated outside an urban region which is not used for farming purposes, regardless of whether such portion of such property has a dwelling on it which is used as a dwelling and must be regarded as residential property.

“Financial Year” shall mean the period starting from 1 July in any year and ending on 30 June of the following year.

“Immovable Property” also includes:

- (a) An undivided share in immovable property, and
- (b) Any right in immovable property.

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

“Indigent Customer” means the head of an indigent household:

- (a) Who applied for and has been declared indigent in terms of Council's Indigent Policy for the provision of services from the Municipality; and
- (b) Who makes application for indigent support in terms of Council's Indigent Policy on behalf of all members of his or her household?

“Indigent Policy” means the Indigent Policy adopted by the Council of the Municipality.

“Indigent Support Programme” means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Policy.

“Integrated Development Plan” shall mean a plan formulated and approved as envisaged in Section 25 of the Municipal Systems Act 2000, as amended.

“Industrial Property” – means property used for construction, repair, trade or manufacturing, production, assembly or processing of finished or partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, and includes any office or other accommodation on the same property, the use of which is incidental to such activity.

“Interest” means the charge levied on arrears, calculated as the prime rate, charged the bank which holds the Municipality's primary bank



account, plus one per cent or such other percentage as may be determined by Council from time to time. (See clause 18).

“Local Community” in relation to the Municipality

(a) Means that body of persons comprising

(i) the residents of the Municipality;

(ii) The rate payers of the Municipality;

(iii) Any civic organizations and non-governmental, private sector or labor organizations or bodies which are involved in local affairs within the Municipality; and

(iv) 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

(B) Includes, more specifically, the poor and other deprived sections of such body of persons:

“Manager Income” Means the Senior Official in a division of the Municipality’s Finance

Department, overall responsible for the collection of monies owed to the Municipality and/or any other official to whom he/she has delegated duties and responsibilities in terms of this policy.

“Market Value” in relation to a property, means the value of the property determined in accordance with section 46 of the Municipal Property Rates Act;

"Month" means one of twelve months of a calendar year.

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

“Multiple purposes” in relation to a property, means the use of a property for more than one purpose as intended in section 9 of the Municipal Property Rates Act.

“Municipality” or “Municipal Area” shall, where appropriate, mean the geographic area, determined in terms of the Local Government: Municipal Demarcation Act No. 27 of 1998 as the municipal area pertaining to the Municipality.

“The Municipality” means Maloti a Phofung Municipality.

“Municipal Council” or “Council” shall mean the municipal council of Maluti-a-Phofung Municipality as referred to in Section 157(1) of the Constitution.



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

"Municipal Manager" means the Municipal Manager of the Maluti a Phofung Municipality or his or her nominee acting in terms of power delegated to him or her by the said Municipal Manager with the concurrence of the Council.

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

"Municipal Tariff" shall mean a tariff for services which the Municipality may set for the provision of a service to the local community, and may include a surcharge on such service. Tariffs for major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals or fines levied or imposed by the Municipality in respect of other services supplied including services incidental to the provision of the major services.

"Occupier" means any person who occupies controls or resides on any premises, or any part of any premises without regard to the title under which he or she so occupies it.

"Open Space" means land that is used as a park, garden, for passive leisure or maintained in its natural state.

"Owner" in relation to immovable property means

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- (a) The person in whom is vested the legal title thereto provided that:-
- (i) The lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;
 - (ii) The occupier of immovable property occupied under service servitude or right analogous thereto, shall be deemed to be the owner thereof:
- (b) if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof:
- (c) if the owner is absent from the Republic or if his address is unknown to the Municipality, any person who as agent or otherwise receives or is



entitled to receive the rent in respect of such property, or if the Municipality is unable to determine who such person is, the person who is entitled to the beneficial use of such property.

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

"Premises" includes any piece of land, the external surface boundaries of which are delineated on:

- (a) A general plan or diagram registered in terms of the Land Survey Act, (9 of 1927) or in terms of the Deed Registry Act, 47 of 1937; or
- (b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, and which is situated within the area of jurisdiction of the Municipality.

"Prescribed" means prescribed by this policy and where applicable by Council or the Municipal Manager.

"Prescribed debt" means debt that becomes extinguished by prescription in terms of the Prescription Act 68 of 1969.

"Private Open Space" means land that is privately owned and used for practising of sport, play- or leisure facilities or used as a botanical garden, cemetery or nature area.

"Privately Owned Townships Serviced by the Owner" means single properties, situated in an area not ordinarily being serviced by the Municipality, divided through subdivision or township establishment in (ten or more) full-title stands and/or sectional units and where all rates-related services inclusive of installation and maintenance of streets, roads, sidewalks, lighting, storm water drainage facilities, parks and recreation facilities, are installed at the full cost of the developer and are rendered and maintained by the residents, Home owners association or management companies/ bodies of such estate.

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

"Rateable Property" shall mean property on which the Municipality may in terms of Section 2 of the Municipal Property Rates Act 2004 levy a rate, but excluding property fully excluded from the levying of rates in terms of Section 17 of that Act.

"Ratepayer" shall mean a person who is liable to the Municipality for the payment of (a) rates on property in the Municipality; (b) any other tax, duty or levy imposed by the Municipality; and/or (c) fees for services



provided either by the Municipality or in terms of a service delivery agreement.

"Rates" means a municipal rate on property envisaged in section 229 (1) of the Constitution read with the Local Government: Municipal Property Rates Act 6 of 2004 and the Local Government: Municipal Finance Act 56 of 2003.

"Rebate" in relation to a rate payable on a property, shall mean a discount granted in terms of Section 15 of the Municipal Property Rates Act, 2004 on the amount of the rate payable on the property.

"Reduction" - in respect of a rate payable on a property, means the lowering of the amount for which the property was valued and the rating of that property at that lower amount.

"Refuse Charges" means service charges in respect of the collection and disposal of refuse.

"Registered Owner" means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, no. 47 of 1937.

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

"Residential Property" shall mean a property included in the valuation roll in terms of Section 48(2) (b) of the Municipal Property Rates Act, 2004 as residential.

"Residential Property" furthermore means improved property that:

(a) is used predominantly (60% or more) for residential purposes, including any adjoining property registered in the name of the same owner and used together with such residential property as if it were one property. Any such grouping shall be regarded as one residential property for rate rebate or valuation reduction purposes, if still used dominantly for residential purposes.

(b) Is a unit registered in terms of the Sectional Title Act and is used predominantly for residential purposes.

(c) Is owned by a share-block company and is used predominantly for residential purposes;

(d) Is a residence used for residential purposes situated on a property used for educational purposes?

(e) Is property which is included as residential in a valuation list in terms of section 48(2) (b) of the Act.

(f) Are retirement schemes and life right schemes used predominantly (60% or more) for residential purposes; vacant properties (empty stands),



hotels, hostels, old-age homes and accommodation establishments, irrespective of their zoning or intended use, have been specifically excluded from this property category.

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

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

"Sewerage Charges" means service charges in respect of the provision of sewerage collection and treatment of infrastructure.

"Small Holding" means:

- (a) All agricultural zoned land units situated within an urban region with an area of one to three hectares, or
- (b) Any agricultural zoned land unit situated outside an urban region with an area of three hectares or less.

"State Owned Property" excludes any property included in the valuation roll under the category 'residential property' or 'vacant land'.

"Sundry Customer Accounts" means accounts raised for miscellaneous charges for services provided by the Municipality or charges that were raised against a person as a result of an action by a person, and were raised in terms of Council's policies, bylaws and decisions.

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

"Tariff" means the scale of rates, taxes, duties, levies or other fees which may be imposed by the Municipality or Municipal Entity in respect of immovable property and/ or for municipal services provided.

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

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

"Water Charges" means service charges in respect of the provision of water.



3 Principles

- The principles of credit control management in the Municipality are
 - 3.1. The administrative integrity of the Municipality must be maintained all the times.
 - 3.2. This policy must have the full support of Council.
 - 3.3. Councillors must have full knowledge of the implemented and enforcement of the policy
 - 3.4. Customer must be informed of the contents of the policy.
 - 3.5. Customer must apply for the services from the Municipality by the completion of the prescribe application form.
 - 3.6. Customer must receive regular and accurate accounts that indicate the basic for calculating the amounts due, the customer is entitled to have the details of the account explained upon request.
 - 3.7. Customer must pay their accounts regularly by or before 7th of every month (due date).
 - 3.8. Customer is entitled to reasonable access to pay and to a variety of reliable payment methods.
 - 3.9. Customer are entitled to an efficient and reasonable response to appeal and should not suffer any disadvantage during the processing of a reasonable appeal
 - 3.10. Debt collection will be instated promptly, consistently, and effectively without and with the intention of proceeding until the debt, including the cost of collection is recovered.
 - 3.11. It shall be the duty of all customer to ensure that the correct information regarding all due amount.
 - 3.12. Customers who will be found to have connected services without following proper or prescribed process (illegal connections) will be disconnected immediately and a criminal case will be opened against them at the court of Law

4 SUPERVISORY AUTHORITY

- 4.1. The Executive Mayor oversees and monitors
 - a) The implementation and enforcement of the Municipality's credit control collection policy
 - b) The performance of the Municipality Manager in the implementing the credit control and debt collection policy.
- 4.2. The Executive Mayor shall at least once a year cause an evaluation or review of the credit control and debt



collection to be performed, in order to improve the efficiency of the Municipality's credit control and debt collection mechanisms, processes and procedure, as well as the implementation of the policy.

- 4.3. The Executive Mayor may submit a report to council regarding the implementation of the credit control and debt collection at such interval as council may determine.

5. IMPLEMENTING AUTHORITY

- 5.1. The Municipal Manager:
- a) Implements and enforces the credit control and debt collection policy.
 - b) Is accountable to the Executive Mayor for the enforcement of the policy and shall submit a report to the Executive Mayor regarding the implementation and enforcement of the credit control and debt collection policy at such intervals as may be determined by Council.
 - c) Must establish effective administration mechanisms, processes and procedures to collect money that is due and payable to the Municipality.
 - d) Where necessary make recommendations to the Executive Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures.
 - e) Establish effective communication between the Municipality and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.
 - f) Establish customer service centers, located in such communities as determined by the Municipal Manager.
 - g) Convey to account holders information relating to the costs involved in service provision, and how funds received for the payment of services are utilised, and may where necessary employ the services of local media to convey such information.
- 5.2. The Municipal Manager may, in writing, delegate any of the powers entrusted or delegated to him or her in terms of Council's credit control and debt collection policy to the Chief Financial Officer.
- 5.3. Delegation in terms of subsection (2):-
- a) Is subject to any limitations or conditions that the Municipal Manager may impose;
 - b) May authorize the Chief Financial Officer in writing, to sub-delegate duties and responsibilities to the Manager Income.
 - c) The delegation does not divest the Municipal Manager of the responsibility concerning the exercise of the delegated power.
- 5.4. The Chief Financial Officer is accountable to the Municipal Manager for the implementation, enforcement and administration of



this policy, and the general exercise of his powers in terms of this policy.

- 5.5. The Manager Income shall be accountable to the Chief Financial Officer for the sections of this policy delegated to the Manager Income in terms of the MFMA section 82.

6. APPLICATION FOR THE PROVISION OF MUNICIPAL SERVICES

6.1. A customer who requires the provision of municipal services must apply for the services from the Municipality. The application must be made on the prescribed form.

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

6.3. The Municipality will not consider an application for the provision of municipal services by a tenant of a property, or any other person who is not the owner of the property. The only exception will be:

- Individuals and Businesses with lease agreements to lease properties from the owner.

6.4. Sectional title.

- The Body Corporate who takes the responsibility for the payment of basic water, basic sewer and refuse removal services on behalf of the individual sectional title owners. And

6.5. Approved Indigent Customers for the purposes of registering and allocating the applicable subsidy to qualified indigent customers whom will be allowed to open an account in the name of the lessee of the property.

6.6. In case of existing arrangements where tenants have existing accounts, written permission of the owner may be requested from the owner by the Municipality. If the tenant is guilty of non-payment the owner, where permission has been granted, as a last resort is liable for the outstanding debt, except where the property concerned is owned by the Municipality' in which case the tenant remains liable. In terms of section 102(3) of the Municipal Systems Act, the Municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to such a property if the owner requests such accounts in writing from the Municipality.

6.7. An agent may with a proxy open an account in the name of the owner.



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

6.8. By completing the prescribed application form for the provision of municipal services the consumer of services enters into an agreement with the Municipality. Such agreement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act (NCA) but shall be incidental credit as envisaged in terms of section 4(6)(b) of the NCA, to which the NCA will only apply to the extent as stipulated in section 5 of the NCA.

6.9. The agreement with the Municipality makes provision for the following:

- a. An undertaking by the occupier that he or she will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date on an attorney/ client basis.
- b. An acknowledgement by the occupier that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account.
- c. That the onus will be on the occupier to ensure that he or she is in possession of an account before the due date and
- d. An undertaking by the Municipality that it shall do everything in its power to deliver accounts timeously.

6.10. The application for the provision of municipal services shall be made at least fourteen days prior to the date on which the services are required to be connected.

6.11. On receipt of the application for provision of municipal services, the Municipality will cause the reading of metered services linked to the property to be taken on the working day preceding the date of occupation.

6.12. The first account for services will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.

6.13. In case of new buildings being erected and a connection is made for the first time to the main service lines the metering and levying of services actually consumed or received will take place as follow:-

- (a) Basic electricity (in the case of builders' connections) and sewer charges are levied with effect from the date when the connection is made to the main service line.
- (b) Basic electricity (if no builders' connection) and refuse removal charges are levied with effect from the date of the



Occupancy Certificate issued by the Building Control Section. Any connection date between the 1st and 15th of the month will be levied for a full month whilst any connection date after the 15th of the month will only be levied from the 1st of the following month.

6.14. No new account will be opened where there are arrears of the owner or previous tenant.

7. DEPOSITS AND GUARANTEES.

7.1. On application for the provision of municipal services the customer deposit prescribed by Council shall be paid.

7.2. No interest will be paid on any deposit held by Council.

7.3 For the purposes of registering and allocating the applicable subsidy to qualified indigent customers, accounts will be opened for these customers without requiring any deposit. This is made possible through the fact that the value of services levied against these accounts is fully offset on a monthly basis against the applicable indigent subsidy. This arrangement will immediately terminate if the status of the indigent customer changes.

7.4 The Chief Financial Officer may, in respect of business premises, accept an irrecoverable bank guarantee in lieu of a deposit on application for the provision of municipal services by a business.

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

7.6. The following customers will be exempted from paying any deposit:

7.6.1. Customers staying in informal settlements.

7.6.2. Customers who did not pay deposit previously in terms of disestablished municipality policies.

7.6.3 Approved indigent customers.

7.6.4. Government Departments.

7.6.5. Council's Departments.

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

7.8. The customer deposit paid on application for the provision of municipal services must be reviewed annually and may be increased or decreased upon written notice to customers. The calculations of the deposit amount are contained in the tariff list which is reviewed by Finance Directorate annually.



7.9 The developers will be compelled to pay the business deposit until the development is completed and occupational certificates issued. The residential deposit will then be payable by the registered owner of the property. The developer will then be refunded if no outstanding amounts are owed to council. Where the property has already been registered under the owner and no structure, the developer will be compelled to open a tenant account with the business deposit charge on it until the construction is completed.

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

7.11 The refund of the said deposit shall be processed once the water meter(s) has been transferred to the new owner.

7.12 If the Chief Financial Officer intends increasing the minimum deposit payable by the owner, then he or she shall, in the aforesaid notice, state full reasons for the increase, and allow the owner an opportunity to make written representations in this regard.

7.13. An aggrieved owner may, within a period of twenty one (21) days of having been notified of an increase in the minimum deposit payable, lodge an appeal against the decision of the Chief Financial Officer with the Municipal Manager.

7.14. The Municipal Manager shall, in his or her capacity as the appeal authority, consider the appeal, and confirm, vary or revoke the decision of the Chief Financial Officer, within a reasonable period.

8. ACCOUNTS AND BILLING.

8.1. The Municipality shall provide all customers with a monthly consolidated account for municipal service rendered, which account shall be generated on a monthly basis in cycles of approximately thirty (30) days.

8.2. The monthly consolidated account can include property rates charges, in which case they shall comply with section 27 of the Municipal Property Rates Act No. 6 of 2004.

8.3. All accounts rendered by the Municipality shall be payable on the due date.

8.4. Account balances which remain unpaid after 30 days from the delivery date of the account shall attract interest on arrears, but interest on arrear account will not be charged on unpaid balance should the



municipality financial system fail to bill the accounts in time, which will result in debtors receiving their accounts late.

8.5. All accounts are payable as above regardless of the fact that the customer has not received the account, the onus being on the customer to obtain a copy of the account before the due date.

8.6. Accounts will be rendered using conventional postal services, hand delivery at the premises by means of an email if so requested by the customer.

8.7. The municipality may:

- (a) Consolidate any separate accounts of an account holder liable for payment to the Municipality; and
- (b) Credit any payment by an account holder against any debt of that account holder.

8.8 For the purpose of calculating the amount due and payable for the quantity of services consumed, the municipality shall take meter readings on regular intervals, at least once a month.

8.9 The consumer account served by the municipality to the accountholder / consumer, shall automatically serve as a notice for demand of payment of the stipulated amount and on or before the date of such account, failure which the municipality shall be entitled to take further action for defaulting on payment without prior notice

9. RATES.

9.1. Rates shall be billed annually and maybe recovered annually or monthly, as determined by the Municipality.

9.2. Property rates which are billed and recovered annually shall be billed in terms of the July account of each year.

9.3. Property rates may also be billed annually for a specific financial year but recovered in monthly instalments to assist its customers. In the case of the consolidated account of a customer being in arrear during a specific financial year the full amount becomes due and payable with immediate effect.

9.4. The tariffs to calculate property rates are determined annually, approved by Council and contained in the tariff list produced by the Municipality.

10. SUNDRY CUSTOMER ACCOUNTS.

Sundry customer accounts may be rendered by the Municipality from time to time.

Any sundry customer account shall be included in the monthly consolidated account produced by the Municipality.



11. FINAL ACCOUNTS.

Upon receipt of a customer's application for the termination of municipal services, the municipal and his delegate shall:

- -take final readings in respect of metered municipal services;
- -prepare and render a final account;
- -appropriate the customer deposit for the reduction or settlement of any outstanding amount owed by the customer;
- -Return the customer deposit to the customer in the event that no amount is owed to the municipality;
- -all unfavorable balances must be paid before the account can be closed;
- -the customer must apply for a refund where there is a favourable balance on the final account
- Deposits/ credits that are not claimed for a period exceeding three years will be written off and may not be claimed after the write-off.

12. PAYMENT OF ACCOUNTS

- All accounts rendered by the Municipality are due and payable on the due date.
- All payments , whether made by cash, stop order, electronic payments or payments made through duly authorized agents must be receipted by the Municipality by the close of the business on due date.
- Cheques and Cash are accepted as payment for all municipal services Accounts rendered by the Municipality can be paid at any municipal cashier office and any other pay point as determined by the Municipal Manager from time to time.
- The payment methods and facilities supported by the Municipality can be used to make payments on accounts.
- Payments received in respect of rates and services charges will be allocated by the Municipality entirely within its discretion, on the account of the customer.
- Part payment received on an account shall be allocated as per allocation priority list on municipality financial system

13. ENQUIRIES AND APPEALS.

Any aggrieved person may address a grievance or query regarding charges for municipal services to the Chief Financial Officer in writing or may visit any customer care office provided by the Municipality. Every customer has the right to ask and to be provided with a clear explanation as to the services being charged and a breakdown of all amounts shown on their account.



The aggrieved person shall clearly state the basis of his or her dissatisfaction and the desired resolution. The lodging of an inquiry shall not relieve the aggrieved person of the responsibility to settle his or her account. And interim payment similar to an average account must be paid by the due date pending finalization of the enquiries. The Municipal will respond to all inquiries from customers within 30 days from the lodging of the enquiry.

14. DEBT OF ABSCONDED OWNERS.

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

15. ADMINISTRATION ORDERS- PAYMENT OF ARREARS.

On notification that an order for administration in terms of section 74 of the Magistrates Court Act, 1994 order has been granted. Council will manage the debt that is part of the administration order separately to the current account. Interest on arrears will not be charged from the date of notification order for admiration. However, interest will be charged immediately thereafter rehabilitation process has been concluded.

The customer will be responsible for the payment of the payment of the current monthly account and if the customer defaults on the account, debt collection action will be implemented, however the administration order will be taken into account.

16. CERTIFICATES REQUIRED FOR TENDERS.

1. A person or an institution reacting to a tender published by Municipality or wishing to enter into a contract to either provide services or goods to the Municipality must produce a certificate, on the prescribed form, which state that regular payment of rates and services accounts are maintained and that the account is currently up to date.
2. A person who fails to provide such a certificate shall be disqualified from the tendering process. A person who has an existing arrangement with the Municipality for the payment of arrears shall be exempted from (1) and (2) to the extent of the arrears. The Municipality reserves the right to extend clause (3) above to the registered directors of the prospective bidders. The Municipality may withhold payments to its creditors if the creditors including its directors owe municipality for rates and services.



17. REPORTING ON PERFORMANCE MANAGEMENT

The Chief Financial Officer shall report monthly to the Municipal Manager in 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.

The Executive Mayor as Supervisory Authority shall, at intervals of three months, report to council as contemplated in section 99 of the System Act. This report shall contain particulars cash collection statistics, showing high-level debt recovery information including amongst others numbers of customers, 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 division. If in the opinion of the Chief Financial Officer, the Municipality will not achieve cash receipt income equivalent of the revenue 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 in agreement with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels.

18. PROPERTY MANAGEMENT LEASES.

The procedure for the recovery of arrears on leases will be accordance with the conditions contained in the relevant lease contract and this policy will be applied if deemed appropriate by the Chief Financial Officer.

19. POWER OF ENTRY AND INSPECTION.

1. For any purpose related to the implementation or enforcement of this policy, and at all reasonable times, or in an emergency, a duty authorized representative of the Municipality may enter premises, request information and carry out such inspection or examination, as he or she may deem necessary. With regard to the installation or repair of any meter or service connection or reticulation so as limit, discontinue, disconnect or reconnect the provision of any service. To take readings for consumption of water and electricity.

2. If the Municipality considers it necessary that work be performed to enable the afore stated authorized representative to perform a function referred to in subsection (1) property and effectively, then it may, by written notice require the owner or occupier of the premises, at his or her own expense, to do specific work within a specified period, or. If in its reasonable opinion, the situation is a matter of urgency, then the



Municipality may do such work, or cause it to be done, at the expense of the owner or occupier, and without written notice.

3. if the work referred to in subsection (2) above is carried out for the sole purpose of establishing whether a contravention of this policy has been committed, and no such contravention has taken place, then the Municipality shall bear the expense connected therewith, together with the expense of restoring the premises to its former condition.

20. NOTICES

A notice or document issued by the Municipality in terms of this policy shall be deemed to be duly issued if signed by a duly authorized representative of the Municipality.

If a notice is to be served on a person in terms of this policy then such services shall be effected by:

- Delivery the notice to him or her personally, or to his or her duly authorized agent;
- Delivering the notice at his or her residence or place of employment, to a person apparently not less than 16 years of age, and apparently residing or employed there;

If he or she has nominated an address for legal purposes, delivering the notice to such an address. Registered or certified post, addressed to his or her last known address,

In the case of a body corporate, delivering it to the registered office or the business premises of such a body corporate; or If the service cannot be effected in terms of the afore going subsections, by affixing it to the principal door of entry to the premises or displaying it in a conspicuous place on the property to which it relates.

21. OBJECTIVES.

- To provide for credit control procedures, mechanisms
- To ensure that all money due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, are collected efficiently and promptly.

22. EXPECTED FUTURE PAYMENTS LEVELS.

In terms of the annual budgets approved by the council, and in accordance with commonly accepted best practice, this municipality will strive for payment levels, in respect of all monies legitimately owed for services rendered- that is, inclusive of the balance of the monthly accounts payable by registered indigents - are maintained at an annually.



23. RECONNECTION / REINSTATEMENT OF TERMINATED OR RESTRICTED SERVICES.

- Services to defaulting accountholders terminated or restricted in terms of 3 above shall be reconnected or reinstated by the municipal manager only when all the following conditions have been met :
- the arrear account has been paid in full, including the interest raised on such account, or an acceptable arrangement has been made with the municipal manager for the payment of the arrear account, including the interest raised on such account;
- the charge(s) for the notice sent in terms of 3 and for the reconnection or reinstatement of the terminated or restricted service(s), as determined by the council from time to time, have been paid in full;
- a service contract has been entered into with the municipality, as contemplated in 10 below, and
- a cash deposit has been lodged with the municipal manager in compliance with 11, such deposit to be newly determined on the basis of currently prevailing consumption and usage of services in respect of the property concerned or, if insufficient data is available in regard to such consumption, of the currently prevailing consumption and usage of services in respect of a comparable property.

24. PERIOD FOR RECONNECTIONS OR REINSTATEMENT.

The municipal manager shall reconnect or reinstate terminated or restricted services within 3 (three) working days after the date on which the conditions set out in 4 have been met, unless the municipal manager is unable to do so because of circumstances beyond the control of the municipality. In the latter event the municipal manager shall promptly inform the mayor of such circumstances and of any actions required to overcome the circumstances concerned.

25. RESTRICTION OF SERVICES.

If the municipal manager is of the opinion that the termination of services, in the case of a particular property in respect of which the account is in arrear, is not in the best interests of the community – specifically because of the potential engagement of the life of any person,



whether resident in or outside the property concerned – the municipal manager may appropriately restrict rather than terminate the services in question. In an instant where the lives of the Municipality's official is threatened when performing his/her duty, SAPS should be involved for escort.

26. SERVICES NOT RECONNECTED OR REINSTATED AFTER FOUR WEEKS.

If services have been terminated or restricted in the case of a property in respect of which the account is in arrear, and the account holder has not paid such arrears, including the interest raised on such account, or made an acceptable arrangement with the municipal manager for the payment of the arrear account, including the interest raised on such account, within a period of 28 (twenty eight) calendar days after the date of termination or restriction of the service(s) concerned, the municipal manager shall forthwith hand such account over for collection and such further action as is deemed necessary to the municipality's attorneys or any debt collection appointed by the council.

27. ARRANGEMENTS FOR PAYMENT OF ARREAR ACCOUNTS.

Allowing **accountholders who defaulted on their normal accounts** to make arrangements for the payment of **arrears** shall be at the discretion of the municipal manager or his/her delegate. Maximum period within which to pay an arrear account shall be determined by the municipal manager or his/her delegates, together with the interest raised on such account, and it shall be a condition for the conclusion of any arrangement that the accountholder is bound to pay every current municipal account in full and on time during the period over which such arrangement extends. An exception to this shall only be in circumstances where the council takes a different or exceptional decision at any particular time.

If an accountholder breaches any material term of an arrangement, such eventuality will constitute default on arrangement and will then be dealt with in terms of the provisions dealing with default on arrangements as stipulated in this policy.

An accountholder who has breached an arrangement once, shall not be allowed to make any further arrangements for the payment of arrear accounts, but shall henceforth be handed over to the municipality's debt collectors for further action. If the user is a tenant the owner will be held responsible for payment of any outstanding amounts



28. ALLOCATION OF PAYMENTS AND APPROPRIATION OF DEPOSITS.

If an account holder pays only of any municipal account due, the municipal manager shall allocate such payment as follows

- Firstly, to any unpaid charges levied by the municipality in respect of unacceptable cheques, notices, legal expenses, reconnections or reinstatements of services in respect of the account or property concerned, and deposit water and electricity.
- Secondly, to any unpaid interest raised on the account.
- Thirdly, to any unpaid Electricity charges.
- Fourthly, to any unpaid Water charges.
- Fifthly, to any unpaid Refuse charges.
- Sixthly, to any unpaid sewerage charges, and
- Lastly, to any unpaid Assessment Rates charge.

This sequence of allocation shall be followed notwithstanding any instructions to the contrary given by the account holder.

In the event of an account holder's defaulting on the payment of an arrear account, as contemplated in s 6, 8 and 9, the municipal manager shall forthwith appropriate as much of such deposit as is necessary to defray any costs incurred by the municipality and the arrear amount owing to the municipality in the same sequence that is applicable to the allocation of payments, as contemplated above.

29. APPLICATION FOR SERVICES.

In order for an account to be opened a service agreement shall be completed in full by the applicant giving particulars as determined by the Municipal Manager or his delegate.

An application for supply of service to any premises within the municipality's area of jurisdiction shall be made at least one working day prior to the services being required in order to allow for sufficient time for service activation.

The municipality shall verify through its billing system that the prospective account holder/owner/spouse does not have an outstanding account in respect of another property. Should there already be an arrear account, this account will have to be settled in full before a new account can be opened.

Where indications relating to indigent status are evident during the application process, the necessary documentation (proof of income, etc.) should be attached to the application for services. The Municipal Manager or his/her delegate may override the deposits requirements



where an applicant is proved to be indigent based on the criteria as stipulated in the Indigent Policy.

A basic and availability charge per month shall be charged for undeveloped even/property, irrespective of their permitted or intended use. The services are sewerage, water and electricity.

29.1. Service Agreement

The service agreement shall set out the conditions on which services are provided and shall require the applicant to note the contents of the municipality's credit control and debt collection policy; conditions will be stated on application form.

Where the applicant is not the owner of the property to which the services are to be provided, a valid lease agreement or duly signed letter from such owner indicating that the applicant is the lawful occupant of the property shall be attached to the service contract.

Current consumers and users of the municipality's services who have not entered in a service contract as envisaged above, must do so within 12 months from the date on which the by-laws to implement the present policy are published, and failure to do so shall be considered as a default equivalent to non-payment in terms of this policy.

29.2. Payment of Deposits.

Whenever a service agreement is entered into, the applicant shall lodge a deposit with the municipality. Such deposit to be determined as follows:

29.2.1 Normal Households.

For application for connection for to a normal household for household consumption, an amount equal to an average of three months consumption, or – where no such information is available – one quarter of the aggregate monetary value of the relevant service(s) provided to a comparable property over the immediately preceding 12 (twelve) month period or fixed amount predetermined as per tariff list

In instances where the calculated deposit in terms of the procedure as stipulated above, is less than the minimum deposit, then the prevailing minimum deposit as determined in terms of the tariffs policy shall apply. No guarantees shall be accepted as a deposit.



30. ACTIONS TO SECURE PAYMENTS OF ACCOUNTS.

30.1 Normal Actions-Ordinary Accounts.

In order to secure payments of accounts, the Municipal Manager or his/her delegate shall ensure that billing and accounts are rendered timeous, monthly in a cycle of approximately thirty (30) days.

The Municipal Manager or his/her delegate shall ensure that the account holder pays all the amounts due as reflected in the municipal account, i.e. metered services, assessment rates, levies, fines, interest, etc. on or before due date.

In a case where certain or some accounts were not paid by due date, the Municipal Manager or his/her delegate shall order for a provisional cut-off list and age analysis reports to be generated, and ensure that there's follow up with those account holders who are in arrears telephonically or in writing demanding payments.

Where the accounts remain unpaid after the final stipulated date as per follow-up arrangements, the Municipal Manager or his/her delegate shall order that a disconnection of services be initiated accordingly.

After disconnection, regular and random checks shall be performed by the meter reading officials on the premises where supply of services has been disconnected to identify if there were illegal re-connections or not.

With regard to registered indigents whose billed consumptions exceeds the amount of subsidy provided per service category, credit control and debt collection actions may be contemplated in terms of this policy, read in conjunction with the municipality's approved Indigent Policy.

30.2 Punitive Actions – Normal Accounts.

Where there are reported signs of illegal re-connection, the Municipal Manager or his/her delegate shall order for permanent disconnection / suspension of services to such premises and immediately hand over the account to the municipality's debt collectors for further action.

After a month of disconnection, and where the account remains unpaid, and irrespective of whether there are signs of illegal connection or not, the Municipal Manager or his/her delegate shall order for handing over of the account to the municipality's debt collectors for further action.

Where payments are made via the debt collectors, the Municipal Manager or his/her delegate shall ensure that such payments are received by the municipality at least two working days before the due date to enable the



payment to be processed and reflect on the subsequent consumer account. However, the onus is on the debtor to ensure that such payment is reflected on the account.

On a monthly basis, the Municipal Manager or his/her delegate shall run reports of accounts where consumption exceeds deposit and run subsequent reports showing history of accounts for three consecutive months where consumption exceeded the amount of deposit and for all accounts which, the calculated three consecutive months' consumption exceed deposit, the Municipal Manager or his/her delegate shall order that an increase in deposit be considered and notify the consumer with regard to the additional deposit required accordingly.

31. DEFAULT ON ARRANGEMENTS.

Should the debtor default on arrangements made, services shall be disconnected or restricted and the account will immediately be handed over to the municipality's debt collectors for further action.

In the case of consumers using prepaid meters, but who have fallen into arrears with the remainder of their obligations to the municipality, no prepaid purchases shall be accepted until the outstanding arrears have been settled or an acceptable arrangement made for the payment of the arrear account, as contemplated above: such arrangement may entail the limitation of the amount of prepaid services which may be purchased until the arrears or a sated percentage of the arrear has been settled.

32. CLOSED ACCOUNTS.

In cases where sufficient evidence exist as a result of credit checks processes that there are a number of previous consumer accounts associated or connected to the same consumer, the municipality may:

Consolidate any separate accounts of debtors liable for payments to the municipality;

Credit any payment by such a debtor against any account of that debtor, and

Where consumers fail to pay their accounts by the due date of every month as indicated on the statement, the municipality may, without prior notice, take further action including handing over of the account to the municipality's debt collectors and the account may be listed at a credit bureaus.



33. QUERIES BY ACCOUNTHOLDER.

In the event of an accountholder reasonably querying any items on the monthly municipal account, no action shall be taken against the accountholder as contemplated in **19 (RECONNECTION / REINSTATEMENT OF TERMINATED OR RESTRICTED SERVICES)** provided the accountholder has paid by due date an amount equal to the monthly average monetary value of the three most recent unqueried accounts in respect of the service under query, as well as all unqueried balances on such account, and provided further such query is made in writing by the accountholder or is recorded in writing by the municipal manager on behalf of the accountholder on or before the due date for the payment of the relevant account. Any query raised by an accountholder in the circumstances contemplated in 14 below shall not constitute a reasonable query for the purposes of the present paragraph.

34. UNRESOLVED ACCOUNTS QUERIES.

Should an accountholder's query relating to an account remain unresolved or satisfactory progress being reported within a period of two (2) working days since the query was lodged, the accountholder will be entitled to approach the manager / senior officer responsible for accounts section to follow up on the matter.

Should the manager / senior officer responsible for accounts section be unable to resolve the query, then the accountholder will be entitled to escalate the query to the Chief Financial Officer for resolution.

In any event, the accountholder must be notified of the progress of the query and be furnished with reasons as to any delay and be advised of any alternatives available which may assist to resolving the query.

35. INABILITY TO READ METERS

If the municipality is unable to read any meters on any property because the meter has been rendered inaccessible through any act or omission of the accountholder or owner of the property concerned, the municipal manager shall estimate the consumption of the service concerned by determining the monthly average of the metered consumption recorded on the three most recent accounts in respect of which meter readings were obtained, and thereafter bill the accountholder for the monetary value of such estimated consumption, but the estimated consumption will not be used for more than three (03) months consecutively

The accountholder shall be liable for the initial payment of such surcharge(s) as though the surcharge were of the service charge concerned, but the municipal manager shall reverse such surcharge(s) against the first account for which a meter reading is again obtained.



36. DISHONoured AND OTHER UNACCEPTABLE CHEQUES

If an accountholder tenders a cheque which is subsequently dishonored by or is found to be unacceptable to the accountholder's bankers, the municipal manager shall – in addition to taking the steps contemplated in this policy against defaulting accountholders – charge such accountholder the penalty charge for unacceptable cheques, as determined by the council from time to time, and such charge shall rank equally with the costs and expenses incurred by the municipality for purposes of determining the sequence of allocations and appropriations contemplated in 12.

- a. Notwithstanding the provisions of any other sections of these bylaws,
- b. the owner of premises shall be liable for the payment of any amounts due and payable to the municipality and its authorized representative, after taking reasonable measures to recover any amounts due and payable by the customer from the latter, could not recover failed to do so.

37 DELEGATION OF RESPONSIBILITIES BY MUNICIPAL MANAGER.

The municipal manager, including any person acting in such capacity, shall be responsible to the council for the implementation of this policy and its attendant by-laws but – without in so doing being divested of such responsibility – may delegate in writing all or any of the duties and responsibilities referred to in these by-laws to any other official or officials of the municipality, and may from time to time in writing amend or withdraw such delegation(s)

38 ROLE OF MUNICIPAL MANAGER.

Section 100 of the Municipal Systems Act 2000 clearly assigns the legal responsibility for implementing the credit control and debt collection policies and by-laws to the municipal manager.

In practice, however, the municipal manager will inevitably delegate some or many of the responsibilities specifically assigned to this office in the by-laws, as it will be administratively impossible for the municipal manager to perform the numerous other functions of this office as well as attend to frequently recurring administrative responsibilities.



However, such delegation does not absolve the municipal manager from final accountability in this regard, and the municipal manager will therefore have to ensure that a proper internal reporting structure is established and consistently implemented so that the day to day actions of and results from the credit control and debt collection programmer are properly monitored and supervised.

It is also integral feature of the present policy that the municipal manager shall report monthly to the executive mayor and quarterly to the council on the actions taken in terms of the by-laws and on the payment levels for the periods concerned. Such reports shall, as soon as practicably possible, provide the required information both in aggregate and by respective committees to council.

In addition, such monthly report shall indicate any administrative shortcomings, the measures taken or recommended to address such shortcomings, and any action by councilors which could reasonably be interpreted as constituting interference in the application of the by-laws.

Notwithstanding all the foregoing references to the accountability of the municipal manager in regard to these by-laws, it is incumbent on all the officials of the municipality, certainly all those who are at management level, as well as more junior officials who are directly or indirectly involved with the community and the municipality's general customer relations, to promote and support both this credit control and debt collection policy and the application of the attendant by-laws.

The responsibilities of all officials include reporting to the municipal manager any evident breaches of these by-laws, whether by members of the community, other officials or councilors of the municipality.

39. ROLE OF COUNCILLORS.

Section 99 of the Systems Act 2000 places the important legal responsibility on the executive mayor or executive committee, as the case may be, of monitoring and supervising the application of the present policy and the attendant by-laws, and of reporting to the council on the extent and success of credit control actions.

The present policy further recommends that the municipality's ward committees be actively involved in implementing the credit control and debt collection programmer, and should therefore receive monthly reports on the status of the municipal manager's credit control actions. The ward committees must also actively promote the present policy, and ensure at the same time that the municipality's customer relations are of a standard acceptable to the community.



In order to maintain the credibility of the municipality in the implementation of the present policy and the attendant by-laws, it is essential that councilors should lead by example. Councilors, by adopting this policy, therefore pledge, not only their unqualified support for the policy, but their commitment to ensuring that their own accounts will at no stage fall into arrears.

40. INTEREST ON ARREARS AND OTHER PENALTY CHARGES.

Interest shall be charged on all arrear accounts at the prevailing overdraft rate offered by the municipality's bankers (at prime rate)

If the municipality uses more than one banking institution it shall for purposes of determining the interest on arrear accounts apply the overdraft rate offered by the institution with which its primary bank account is placed.

Interest shall be calculated on a daily basis. For purposes of determining arrear amounts, all amounts unpaid including interest previously raised and penalty charges, but excluding value added tax, shall be taken into account.

In considering each annual budget the council shall review the adequacy of its interest charges, and shall determine the following for the financial year concerned:

- charges for disconnection or restriction of services
- charges for reconnection or reinstatement of services
- charges for notices of default
- penalty charges for illegal reconnection
- penalty charges for dishonored cheques

Interest on arrear account will not be charged on unpaid balance should the municipality financial system fail to bill the accounts in time, which will result in debtors receiving their accounts late.

41. INDIGENCY MANAGEMENT.

In regard to the payments expected from registered indigents, and the credit control and debt collection actions contemplated in respect of such residents, this policy must be read in conjunction with the municipality's approved policy on indigence management.



42. UNCOLLECTABLE ARREARS.

The effective implementation of the present policy also implies a realistic review of the municipality's debtor's book at the conclusion of each financial year. The municipal manager shall as soon as possible within the 1st quarter after 30th each year present to the council a report indicating the amount of the arrears which it is believed is uncollectible, together with the reasons for this conclusion.

The council shall then approve the write off of such arrears, if it is satisfied with the reasons provided.

43. ARREARS WHICH HAVE ARISEN PRIOR TO THE ADOPTION OF THE PRESENT POLICY.

The council shall separately consider arrears which arose prior to the adoption of the present policy, and shall advise accountholders of their respective obligations in regard to such arrears. In determining such obligations, the council shall have regard to the quantum of such arrears, to the period over which the default occurred, and to whether the accountholder concerned has registered as an indigent in terms of the municipality's policy on indigence management. The council shall further consider an incentive scheme which will appropriately encourage accountholders to settle all or a stated percentage of these arrears.

44. BY-LAWS TO BE ADOPTED.

By-laws shall be adopted to give effect to the council's credit control and debt collection policy. These by-laws deal severely with defaulters, and their application requires a considerable degree of commitment from the municipal manager and his or her administration, as well as from the municipality's political structures. For these by-laws to ensure the avoidance of financial misfortunes for the municipality, and to lead to sustained financial stability, their application will have to receive the constant attention of all the municipality's key role players and decision makers. If these by-laws are not constantly and consistently applied, from month to month and from year to year, the municipality's political and administrative credibility will be severely impaired, and it may not be able to avert financial collapse in the long run.

Although these by-laws envisage even the termination of basic services for defaulting accountholders this will not in itself –no matter how harsh it may seem to those councilors and officials who are disposed to greater leniency – prevent the accumulation of arrears. The monthly billing for property rates, sewerage charges and refuse removal fees will continue in respect of defaulting accountholders, even though their consumption of electricity and water may have been terminated or restricted. The



termination or restriction of services must therefore be seen merely as a vital step in the credit control programme, and the commitment by the municipality to follow up such actions with the full force of the law at the municipality's disposal is an essential further step if the accumulation of debts is to be meaningfully curtailed.

The by-laws comply with the requirements of the Municipal Systems Act 2000, the Water Services Act 1997 and the Municipal Finance Management Act 2003.

The by-laws also deal with the determination and payment of consumer deposits, and in accordance with 11 of the present policy effectively differentiate in this respect between accountholders who are both the owners and occupiers of the fixed property concerned, on the one hand, and accountholders who are tenants of such properties, on the other. This differentiation is essential if the municipality wishes to protect its interests in so far as tenants are concerned, but in any event it is not believed that a degree of differentiation imposes an unreasonable financial burden on such tenants (effectively the deposit required from owners/occupiers represents three months average consumption whereas the deposit in the case of tenants represents four months consumption)

It is not proposed that accountholders who have currently not lodged deposits should be required to do so forthwith, but only within a two year period, but that accountholders who default at any future date should be immediately obliged both to sign proper service contracts and to lodge the deposits required in terms of both such contract and the by-laws.

45. BY LAWS.

Any matter required, or permitted, to be prescribed in terms of this policy; and generally all matters which, in the reasonable opinion of the Municipality, are necessary, or expedient, to be prescribed, in order to achieve the objects of this policy.

46. REPEAL OF POLICY.

Any policy relating to credit control and debt collection adopted by the Municipal or any erstwhile municipal council now comprising an administrative unit of the Municipality shall be repealed from the date of promulgation of this policy.



47. PUBLICATION OF POLICY.

The Municipal Manager shall, within 14 days from the date of adoption of this Policy by the Council, by public note draw the attention of the public to its broad contents and method of application.

48. APPLICATION OF THE POLICY.

The Council reserves the right to differentiate between different categories of customers, debtors, services or service of standards when applying this policy. The Council will on application of the credit control policy avoid discrimination is fair as allowed by the Constitution.

If any provision of this policy is unenforceable at law, such provision shall not be affected and shall remain of full force and effect.

49. IMPLIMENTATION AND REVIEW OF THIS POLICY.

This policy shall be implemented once approved by Council. All future credit control actions must be made in accordance with this policy. In terms of section 17(1) of the MFMA this policy must be annual basis and the reviewed policy tabled to Council for approval as part of the budget process.



DOCUMENT AND VERSION CONTROL

Version:

Date:

Summary: This document describes the principles and policy on credit control and debt collection that will be applicable to the Maluti-A-Phofung Municipality.

Municipal Manager

Date _____

Signature _____

Executive Mayor

Date _____

Signature _____