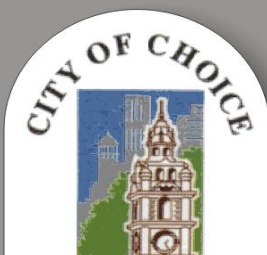


MSUNDUZI MUNICIPALITY



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The Msunduzi Municipality

CREDIT CONTROL AND DEBT COLLECTION POLICY

2018/2019

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1 DEFINITIONS

In this policy, unless the context indicates otherwise, the word or expression has the following meaning:

- 1.1 **“Account”** Any invoice rendered by the Municipality;
- 1.2 **“Accounting Fee”** means a fee for the setting up of new account as determined by Council from time to time;
- 1.3 **“Accounting Officer”** The Municipal Manager appointed in terms of Section 82(1)(a) or (b) of the Municipal Structures Act, 1998 (Act No. 117 of 1998);
- 1.4 **“Account Holder”** includes a customer/consumer and refers to any occupier of any premises to which Council has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality;
- 1.5 **“Acknowledgement of Debt”** commonly referred to as an “AOD”, is a document which contains an unequivocal admission of liability by the debtor.
- 1.6 **“Actual consumption”** means the measured consumption of a consumer of a municipal service during a specified period;
- 1.7 **“Administration Fee”** means a fee for any additional administration on Municipal billing accounts as determined by Council from time to time;
- 1.8 **“Arrangements for payments”** means a formal agreement entered into between the Council and a debtor where specific repayment parameters are agreed to.

- 1.9 “Arrears”** means any amount due, owing and payable by a customer in respect of a municipal account not paid on the due date;
- 1.10 “Average consumption”** means the deemed consumption of a customer of a municipal service during a specific period.
- 1.11 “Bank guarantee”** refers to an undertaking by a registered financial institution whereby it guarantees a specified maximum amount to be paid if the principal debtor (“the consumer”) fails to pay;
- 1.12 “Billing cycle”** means the start of the cycle in which the account is billed to the date on which it becomes due and payable.
- 1.13 “Calculated amounts”** refers to the amounts calculated by the Chief Financial Officer, in consultation with the relevant technical departments, to be due to the Council by a consumer in respect of the supply of the applicable municipal services for any period during which the exact quantity of the supply cannot be determined accurately for reasons beyond the control of the Chief Financial Officer. This shall normally be based on the average consumption figures, if available, for the service rendered to the customer **or**, failing the availability of such data, on the average consumption figures applicable to one or more properties of similar size and nature in the area in which the customer resides or carries on business;
- 1.14 “Chief Financial Officer”** refers to the person so designated in terms of Section 80 (2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) or any person duly authorized to act on behalf of such person;
- 1.15 “Consolidated account”** refers to one combined account for all municipal services, housing rents and instalments, rates, basic charges, sundry charges and miscellaneous charges , and “consolidated bill” has a corresponding meaning;
- 1.16 “Collection Charges”** means a penalty raised as provided for in Section 75 A 1(b) of the Local Government; Municipal Systems Act 2000 (Act No 6 of 2000)
- 1.17 “C D U”** shall mean the Central Distribution Unit that distributes electricity from a central point to households;

- 1.18 “Consumption”** means the ordinary use of municipal services, including water, sanitation, refuse removal, and electricity services for all categories of consumers;
- 1.19 “Councillor”** refers to a member of a Municipal Council
- 1.20 “Deposit”** refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipality prior to occupation of the property or prior to the date on which services to the property are required and also refers to a minimum sum of money specified by the relevant business unit and payable by the customer to the municipality prior to concluding a housing rental and/or a business rental/lease agreement.
- 1.21 “Electricity and Water meters”** means electricity and/or water meters,(including prepaid meters), which are used to determine the supply of electricity and water and which are normally read on a monthly or other fixed interval basis;
- 1.22 “Estimated consumption”** arises when no actual reading can be taken and is equivalent to the existing average consumption providing that this is done in accordance with the relevant provisions of the water and electricity bylaws.
- 1.23 “Final payment date”** in the absence of any express agreement in relation thereto between the Council and the customer, refers to the date stipulated on the account and determined from time to time as the last date on which the account must be paid;
- 1.24 “Final Demand”** means a notice sent to an account holder calling for settlement of any municipal debt that has not been paid by due date and where legal action may be taken after giving due consideration to the notice period specified in the notice.
- 1.25 “Financial year”** refers to the period starting from 1 July in a year to 30 June the next year;
- 1.26 “Interest”** is a charge levied on overdue accounts.
- 1.27 “Miniature Circuit Breaker”** (MCB) refers to the size of the amperage demand per supply

1.28 “Meter audits” refers to a verification by the municipality of the correctness of the consumption and supply of electricity and water;

1.29 “Municipality” means, an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act, 1998.

1.30 “Municipal Manager” is the accounting officer of the Municipality appointed in terms of Section 82 of the Municipal Structures Act , 1998 (Act No 117 of 1998)

1.31 “Municipal services” 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 of the **Municipal Systems Act, 2000 (Act No 32 of 2000)** or by engaging an external mechanism contemplated in section 76 of the Municipal Systems Act.

1.32 “Official” in relation to a municipality or municipal entity, means,

- a. An employee of a municipality or municipal entity
- b. A person seconded to a municipality
- c. A person contracted by a municipality or municipal entity

1.33 “Occupier” in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property.

1.34 “Owner” means

- a. In relation to property referred to in (a) of the definition of property, means a person in whose name ownership of the property is registered;
- b. In relation to a right referred to in (b) of the definition of “property”, means a person in whose name the right is registered;
- c. In relation to a land tenure right referred to in (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or

- d. In relation to public service infrastructure referred to in (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “**publicly controlled**”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
- i. A trustee in the case of a property in a trust excluding state trust land;
 - ii. An executor or administrator, in the case of a property in a deceased estate;
 - iii. A trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
 - iv. A judicial manager, in the case of a property in the estate of a person under judicial management;
 - v. A curator, in the case of a property in the estate of a person under curatorship;
 - vi. A person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
 - vii. A lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
 - viii. A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
 - ix. Member in the case of a property registered as a close corporation

1.35 “Property” means-

- a. Immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- b. A right registered against immovable property in the name of a person, excluding a mortgage bond registered against a property;
- c. A land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- d. Public service infrastructure;

1.36 “Rate” means a municipal rate on property envisaged in section 229 (1)(a) of the Constitution;

1.37 “Service agreement” refers to a written agreement for the consumption of electricity and/or water and other services.

- 1.38 “The Municipality”** refers to The Msunduzi Municipality and its successors in law and includes the Council of that municipality or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee who has delegated any powers and duties with regard to this policy;
- 1.39 “Sundry charge”** means any charge other than rates, housing rental, housing loans, business rental, encroachments, informal traders, metered services, sewerage and regular refuse removal.
- 1.40 “Variable flow-restricting device”** refers to a device that is coupled to the water connection that allows the water supply to be restricted or closed;
- 1.41 “Visitation fee”** refers to the fee charged for attendance and/or disconnection/reconnection of an electricity/water supply when the supply is been disconnected/reconnected due to non-payment and/or tampering, or where access to disconnect/restrict has not been gained, which fee shall be determined from time to time by the Municipal Council;
- 1.42 “Garnishee order/Emoluments order”** refers to a court order for the deduction of an amount of money from the salary or other income of a customer.
- 1.43 “Municipal Pay-Point”** shall mean all Municipal Cash Offices and third party vendors who are authorized to collect monies on behalf of Municipality”.
- 1.44 “Notice”** means any notice or other document that is served.

2. INTRODUCTION

- 2.1 The Municipality must develop, maintain and implement a credit control and debt collection policy that is consistent and complies with the relevant legislation.
- 2.2 This policy is to be read in conjunction with other relevant legislation, policies and bylaws, (including the Register of Tariffs and Charges).

3. OBJECTIVES

The objectives of the Credit Control and Debt Collection Policy are:

- 3.1 To define a framework which enables the municipality to bill for and collect its revenues;
- 3.2 To ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner as prescribed by the Municipal Systems Act, 2000 (Act No. 32 of 2000), and other applicable legislation;
- 3.3 To maintain and implement a credit control and debt collection policy, which complies with Section 97 of the Municipal Systems Act, 2000 (Act No. 32 of 2000).

4. APPLICATION FOR SERVICES AND SERVICE AGREEMENTS

- 4.1 Only the owner or pending rate payer shall enter into a service agreement for the provision of municipal services. However, in the event that the owner is not resident within the municipal area, an agent may with a proxy enter into a service agreement in the name of the owner or the tenant may sign surety for the debt pending the finalisation of the winding up of the Estate.
- 4.2 The only exceptions to (4.1) above are individuals and businesses with lease agreements, who lease properties from the Municipality, will be allowed to open an account in the name of the lessee of the property.
- 4.3 Directors of companies, members of Close Corporation and Trustees of Trust shall sign personal surety ships with the Municipality when opening services accounts.

- 4.4 A new Service Agreement will only be entered into in respect of a property, once all amounts due, which include the current account due in respect of that property and all other properties owned by the respective owner, are settled in full or a suitable payment arrangement has been made by the owner of the property.
- 4.5 Where the owner has failed to enter into an agreement for the provision of services; the owner responsible for the payment of rates on the property will be billed for the consumption of all municipal service charges applicable to the property.
- 4.6 An occupier who illegally consumes services without a valid service agreement will be subject to disconnection and/or removal of the service and may be prosecuted.
- 4.7 Application forms are available at the municipal offices and the application process should occur at least ten (10) working days prior to taking occupation of the premises. This will ensure that services are available when occupation is taken. Failure to adhere to the timeframe may result in customers not having the services available when occupation is taken. Once the application has been approved, a service agreement will be entered into and services will commence.
- 4.8 The service agreement shall set out the conditions under which the services are provided and shall require the signatories thereto to agree to abide by the provisions of the Municipalities Credit Control and Debt Collection Policy and Bylaws.
- 4.9 The Municipality will render the first account after the first billing cycle following the date of signing the service agreement or as soon as is administratively possible.
- 4.10 The owner of the property shall be jointly and severally liable with the consumer in respect of all amounts due for the municipal services provided to the property.
- 4.11 Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the owner to advise the Municipality of such a change.
- 4.12 Council may consolidate any separate accounts of persons liable for payments to the Municipality in terms of Chapter 9 of the Municipal Systems Act.

5. DEPOSITS AND GUARANTEES

- 5.1 Deposits are payable on application for the provision of municipal services, before the municipality renders any services to the property.
- 5.2 Deposits are payable on all housing rental and business rental/lease accounts on conclusion of the agreement.
- 5.3 The minimum deposit payable is determined by the Municipality.
- 5.4 No interest will accrue on any deposit payable to any debtor.
- 5.5 Council reserves the right to review deposits as and when required.
- 5.6 Council reserves the right to raise deposits on Sundry debtor accounts.
- 5.7 Council reserves the right to review all deposits where a change in use of the property is affected.
- 5.8 On termination of the supply of services and after the finalization of the account, the amount of the deposit less any payment due to the Municipality will be refunded to an account holder. The account holder will apply for the refund and submit all required documents.

6. METERING OF MUNICIPAL SERVICES

- 6.1 The Meters [water and electricity] together with their associated accessories such as Miniature Circuit Breakers [MCB], cable jumpers, seals and incoming mains cables are the property of the Municipality however; the property owner/occupier is responsible for their safekeeping and security whilst used for metering consumer supplies.

- 6.2 The Municipality reserves the right to remove the whole electricity service or only the metering installation where the supply has been disconnected/not used for more than twelve [12] months. This includes properties with more than one meter whilst other meters are sitting idle in the meter box, such meter(s) shall be removed from the consumer's property and the installation downgraded accordingly. Should the customer require the services in the future, such service request shall be treated as a new or additional installation.
- 6.3 Credit electricity and waters meters are read in cycles of approximately 30 days.
- 6.4 If for any reason the municipality is unable to read any credit electricity or water meters on any property, the Municipality shall estimate the consumption of the service concerned and thereafter bill the consumer for the monetary value of such estimated consumption.
- 6.5 In the event that the Municipality continues to be unsuccessful in obtaining access to the property or meter for a period of 3 (three) months and, therefore, is unable to obtain an accurate meter reading, the Chief Financial Officer or their authorised representative may disconnect the relevant metered supply.
- 6.5.1 The metered supply shall remain disconnected until such time that the consumer provides access to the meter(s) to read and or where necessary conduct a complete installation audit.
- 6.5.2 The Municipality may after conducting the installation audit demand within reasonable time [21 days] that the consumer move the meter box to the boundary of their property at their own cost. Should the consumer fail to adhere to this, the Municipality may disconnect supply until the customer complies with this requirement.
- 6.5.3 In the event that Council is unable to apply disconnection of supply due to supply configurations, Council reserves the right to replace the conventional meter with a prepaid meter.

6.6 Readings provided by consumers are subject to the following:

6.6.1 Readings will be permitted provided the Municipality obtains any final reading should the consumer terminate the supply of service.

6.6.2 Consumers may be liable for a fee to cover the costs of obtaining a reading if no advance warning is given and special arrangements are required to obtain a reading.

6.6.3 An audit reading during the normal reading cycles may be obtained at least once every 6 (six) months. If a special audit reading becomes necessary this will be done at the cost of the consumer.

6.6.4 The consumer may because of reasons of non-accessibility to their properties by meter readers, voluntarily provide monthly meter readings for billing purposes, subject to compliance with this policy and By-laws. The Chief Financial Officer may, however, cancel this option if the consumer fails to render readings on two or more consecutive occasions.

6.7 If any calculation, reading or metering error is discovered in respect of any account rendered to a Customer:

6.7.1 The error shall be corrected in the subsequent account.

6.7.2 Any such correction shall only apply in respect of account for a period of (3) three years preceding the date on which the error in the account was discovered.

6.7.3 The correction shall be based on the tariffs applicable during the period.

6.7.4 The Customer may settle the back charge in equal instalments over the same period in relation to the period of the back charge.

6.7.5 If it is deemed that the meter reading error/calculation lies as the fault of the Municipality, this payment period in (6.7.4) may be interest free.

6.8 The owner or occupier of premises in this municipality must give an official of this municipality, **[who must clearly identify him/herself by either a letter of appointment signed by authorised person of the Municipality or a Municipal Identification card or a clearly marked vehicle confirming the relationship with the Municipality]** or any representative of a service provider authorised by the Municipality, access to the premises at all times in order to:

- a) Change the metering installation,
- b) Conduct repairs to metering installation/customer service cable to the meter,
- c) Conduct installation audit, Meter reading, installation inspections
- d) Disconnection of supply for fault finding purposes and for operational reasons
- e) Upgrade the metering technology together with associated accessories,
- f) Reconfigure the metering system and or connection setup as and when necessary or where Municipality deems fit.
- g) Inspect the premises
- h) Disconnect supply (ices),
- l) Stop or restrict the provision of any service.

7. ACCOUNTS, BILLING AND PAYMENT

7.1 The Council shall provide the account holder with a monthly consolidated bill for rates, services and/or any other municipal charges.

7.2 The Municipality shall furnish the account to the account holder's address, in South Africa, as supplied by each account holder. However, non-receipt of an account does not negate the responsibility of the account holder to pay the amount owing by final date nor prevent interest charges and debt collection procedures. In the event of non-receipt of an account, the onus rests on the account holder to obtain a free copy of the statements (not exceeding 3 months), before the final payment date.

7.3 Any request for statements in excess of 3 months will be subject to the relevant rates in the Tariff of Charges.

7.4 The account holder shall notify the Municipality in writing of any change of address, including an e-mail address, and contact details.

- 7.5 Accounts must be paid in full on or before the final payment date as indicated on the account. Failure to comply with this section shall result in credit control measures being instituted against the consumer. Interest on the capital arrears will accrue after the final payment date if the account remains unpaid.
- 7.6 Only Bank guaranteed and attorney trust cheques will be accepted at the Municipal Offices and no 3rd party agencies can accept cheques.
- 7.7 The Municipality will only accept payment by Credit card and Debit card if it is presented by the card holder together with proof of Identity Document/Card.
- 7.8 An official receipt issued by Council or its authorized agents will be the only proof of payments made.
- 7.9 No interest will accrue on amounts paid in excess of the existing debt on an account. Such credit balance/s may be held in anticipation of future rates and fees for municipal services.

8. INTEREST ON ARREARS AND OTHER PENALTY CHARGES

- 8.1 Amounts on accounts, which remain unpaid after the due date shall attract interest irrespective of the reasons for non-payment.
- 8.2 Interest shall be charged on all arrear capital amounts for a full month, irrespective of when payment is made.
- 8.3 Applied Indigent debtors shall not be billed interest on arrear rates, provided they have entered into a payment arrangement and the arrangement is being maintained.
- 8.4 No interest may be billed if any billing error is deemed to be the fault of the Municipality. Such may only be permitted after obtaining approval by the Senior Manager: Revenue and the debtor is maintaining their payment arrangement.
- 8.5 The Municipality will be entitled to raise the following charges in addition to the interest charge contemplated in clause 8.1

- 8.5.1 In the case of arrear rates, a collection charge equal to 10% will be raised sixty (60) days after the date of final instalment on the capital amount in arrears.
- 8.5.2. Charges for disconnection or reconnection of electrical services
- 8.5.3. Charges for restriction or removal of water services
- 8.5.4. Charges for reconnection or reinstatement of water services
- 8.5.5. Charges for notices of default and other correspondence
- 8.5.6. Surcharge penalty charges for illegal reconnections and/or tampering of any nature
- 8.5.7. Penalty charges for dishonoured cheques or dishonoured direct debits and electronic funds transfers (EFT) payments
- 8.5.8 Legal and administration costs, including attorney, client, disbursements, tracing fees and collection costs incurred in the recovery of debts.
- 8.5.9 Any such charges as prescribed in the Tariff of Charges

9. PAYMENT ARRANGEMENTS FOR ARREAR DEBTS

- 9.1 The Municipality is authorised to enter into payment arrangements with account holders in arrears with their accounts and to grant account holders extensions of time for settlement of the amounts due to the Municipality.

9.2. BUSINESS/COMMERCIAL CATEGORY

Where an account holder in arrears, is a business or commercial concern, a minimum of 50% of the total overdue amount and the current amount due, as an initial payment, shall be paid, and the balance of the account shall be paid in equal instalments over a maximum period of six months.

Upon written application by an account holder the maximum repayment period may be extended and the minimum amount due reviewed

- 9.2.1 In the event that the customer cannot pay the 50% upfront payment and provided that they still honour the six (6) month maximum period, the Manager: Debtors Management is authorised to approve the payment arrangement.
- 9.2.2 A customer may request to exclude the current account from the initial payment and undertake to pay the current account at the end of the same month that the payment arrangement is being concluded, this must be authorised by the Debtors Management: Supervisor.

9.2.3 In the event that the customer cannot pay the 50% upfront payment and requires a payment arrangement up to twelve (12) months, the Senior Manager: Revenue is authorised to approve the payment arrangement.

9.2.4 In the event that the customer cannot pay the 50% upfront payment and requires a payment arrangement up to thirty six (36) months, the Chief Financial Officer is authorised to approve the payment arrangement.

Any application with a repayment period greater than thirty six (36) months will be referred to the Municipal Council.

9.2.5 The payment arrangement may be subject to the supply of the previous years audited financial statements, six months bank statements, valid tax clearance certificate and any other documentation deemed relevant. Any future monthly current accounts shall be paid on or before the final dates for the month in question.

9.2.6 The deposit on business debtors may be reviewed in instances where the consumers is disconnected in two consecutive months.

9.3. DOMESTIC/OTHER CATEGORY

Where a customer in arrears is a domestic consumer, a minimum of 10% of the total overdue balance and the current amount due, as an initial payment, and the balance of the account shall be paid in equal instalments over a maximum period of twelve months.

Upon written application by an account holder the maximum repayment period may be extended and the minimum amount due reviewed

9.3.1 A customer may request to exclude the current account from the initial payment and undertake to pay the current account at the end of the same month that the payment arrangement is being concluded, this must be authorised by the Debtors Management: Supervisor.

9.3.2 In the event that the customer cannot pay the 10% upfront payment and provided that they still honour the twelve (12) month maximum period the Manager: Debtors Management is authorised to approve the payment arrangement.

9.3.3 In the event that the customer cannot pay the 10% upfront payment and requires a payment arrangement up to thirty six (36) months, the Senior Manager: Revenue is authorised to approve the payment arrangement.

9.3.4 In the event that the customer cannot pay the 10% upfront payment and requires a payment arrangement up to sixty (60) months, the Chief Financial Officer is authorised to approve the payment arrangement.

Any application with a repayment period greater than sixty (60) months will be referred to the Municipal Council.

9.3.5 The payment arrangement may be subject to the supply of three months bank statements and any other documentation deemed relevant.

9.4 Should an account holder breach the payment arrangement in any way, the balance of the arrear account, together with the balance of interest outstanding on the account, may immediately become due and payable to the municipality.

9.5 A customer who fails to comply with any payment arrangement **may not be permitted to enter into any further arrangement or extension of time** for payment and may have their services terminated. However a customer who brings their payment arrangement up to date by an immediate payment shall have their services reconnected as soon as is practically possible.

9.6 An account holder who fails to comply with any payment arrangement of debt may have the electricity credit meter removed and/or prepaid meter purchases blocked, and/or the water service restricted.

9.7 Only debtors with positive proof of identity or an authorized agent with a proxy shall be permitted to enter into an Acknowledgment of Debt agreement with the Municipality.

9.8 Where a debtor is a close corporation, trust, or a company, the person who signs an acknowledgment of debt on behalf of such close corporation, trust or company, shall produce written proof that they are authorized to sign such acknowledgment on behalf of all members and/or directors of the close corporation, trust, or the company.

- 9.9 Any account holder who makes a payment arrangement in terms of 9.2 or 9.3 shall ensure that the owner completes a waiver in terms of section 118 (i) of the Local Government Municipal Systems Act (Act 32 of 2000).
- 9.10 Where consumers using prepaid meters have arrear amounts in respect of any Municipal Debt rendered by the Municipality, the Municipality shall allocate a proportionate amount as determined by the Municipal Council, of any future prepaid purchases to arrear amounts until such time as the arrears have been brought up to date or a payment arrangement is entered into and being maintained.
- 9.11 All payment arrangements may be subject to review.

10. SPECIAL CONDITIONS REGARDING PAYMENT ARRANGEMENTS

- 10.1 An existing payment arrangement may be reviewed where circumstances exist that are beyond the control of the debtor and they cannot meet their current arrangement. The review must be authorised by the Senior Manager: Revenue.
- 10.2 Should the current account be higher than normal, due to, but not limited to, under-estimations and faulty meters, metering calculations or metering errors, unbilled rates or Municipal services, previous accounts rendered may be taken into consideration, when determining an amount to pay in order to enter into a payment arrangement or an existing arrangement is reviewed.
- 10.3 The Municipality would normally only enter into payment arrangements with property owners. On receipt of an affidavit by the occupier or tenant of a residential property, which certifies that the owner of the property is untraceable, the Municipality reserves the right to enter into a payment arrangement with the occupant provided that the rental is also paid to the Municipality in terms of Section 28 of the Property Rates Act and Section 104 of the Municipal Systems Act.
- 10.4 The Municipality may disconnect or restrict any service to a property, if the owner of the property or account holder withdraws, in writing, any permission granted to an agent or tenant where the tenant has defaulted on the payment arrangement made
- 10.5 The Municipality may enforce a defaulting consumer to convert their conventional metered supply to a prepaid metered supply.

11. ALLOCATION OF PAYMENTS

11.1 Any payment made shall be allocated in the following order:

- 11.1.1 to any unpaid property rates;
- 11.1.2 to any unpaid interest raised on the account;
- 11.1.3 to any other sundry debtors (miscellaneous);
- 11.1.4 to housing rents and instalments;
- 11.1.5 to any unpaid refuse collection charges;
- 11.1.6 to any unpaid sewerage charges;
- 11.1.7 to any unpaid water charges;
- 11.1.8 To any other unpaid charges and
- 11.1.9 to any other unpaid electricity charges

12. QUERIES IN RESPECT OF ACCOUNTS

- 12.1 A customer who has lodged an enquiry in terms of 102 (2) of the Municipal Systems Act No 32 of 2000 is not relieved of the responsibility to maintain regular payment on his account.
- 12.2 In the event of an account holder providing reasonable grounds as a basis (in writing) for a query on any item or items on the municipal account, no action shall be taken against the account holder provided the accountholder has paid, by due date, an amount equal to the monthly average of the three most recent undisputed accounts in respect of the service in dispute, as well as all undisputed balances on such account.
- 12.2 When an enquiry has been investigated and responded to, the entire amount becomes payable.
- 12.3 Internal or Suspected internal water leak queries are not regarded as a dispute.

13. DISCONNECTIONS/RESTRICTIONS OF SERVICES

- 13.1 The Municipality is obliged to issue any final request notices or other reminders to customers whose accounts are in arrears, prior to disconnection in terms of the Promotion of Administrative Justice Act, 2000 (Act No.3 of 2000) in so far as possible.

- 13.2 The account, if in arrears for 30 days or more, shall reflect a message warning of disconnection.
- 13.3 In the event that full payment of the account, including any accumulated arrears, is not received on or before the due date, the electricity supply and thereafter the water supply may be disconnected /restricted, unless a formal acknowledgement of debt has been signed by the customer and the necessary payment arrangement for an extension of time has been approved.
- 13.4 Even though a customer may have concluded a satisfactory payment arrangement, the Municipality is not obliged to effect a reconnection of services on the day that payment is received or the agreement has been signed but shall do so as soon as possible after such payment arrangement have been approved.
- 13.5. Where a customer's services are disconnected/ restricted, the customer shall be charged a visitation fee, as determined by the council from time to time. In the event that the premises were visited but no access was gained to effect the disconnection / restriction, the visitation fee shall still apply.
- 13.6. Where a customer or owner's account is in arrears and no payment arrangement for the settlement of any outstanding debt has been entered into, and whether the services to the property have been disconnected/restricted or not, the Municipality may, regardless of whether the service agreement is terminated or not, implement the procedures for debt collection as set out in Section 16 of this policy, if such action is deemed to be in the best interests of the Municipality..
- 13.7. Should the termination of services, in respect of an arrear account result in the endangerment of the life of any person, the Municipality may appropriately restrict the supply rather than terminate the services in question.

14. RECONNECTION/REINSTATEMENT OF TERMINATED/RESTRICTED SERVICES

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

- (a) The arrear account has been paid in full, including the interest raised on such account;
Or an acceptable payment arrangement has been entered into with the Municipality for the payment of the arrear account, including the interest raised on such account;
Or a query, as contemplated in Section 12, has been resolved and arrangements for payment as approved by the Municipality have been concluded;
- (b) A revised service agreement has been entered into or an existing one reinstated with the Municipality, as contemplated in Section 4 of this policy; and
- (c) A deposit, as determined by the Municipality in terms of Section 5, has been paid to the Municipality.

15. PERIOD FOR RECONNECTION OR REINSTATEMENT

The Municipality shall endeavour to reconnect or reinstate terminated or restricted services within 3 (three) working days after the date on which the conditions set out in Section 14 of this policy have been met, unless unable to do so because of circumstances beyond the control of the Municipality.

16. DEBT COLLECTION

Where debtor accounts are in arrears, the Municipality is authorised to institute any action available in law for the purposes of recovering such debt, including making application to a competent court of law for the issuing of garnishee/ emoluments orders.

- 16.1 The Municipality may issue a final demand for all amounts in arrears.
- 16.2 The Municipality may withhold payment to suppliers whose accounts are in arrears in terms of the Supply Chain Management policy.
- 16.3 The approval of building plans may be withheld/ rejected if there are arrears on the property.
- 16.4 Arrear rates, service charges and other charges may be recovered from tenants/occupiers and/or agents by attaching the rentals as set out in Sections 28 and 29 of the Municipal Property Rates Act no 6 of 2004 and in terms of Section 104 (f)(iii) of the Local Government Municipal Systems Act, 2000 (Act 32 Of 2000).

- 16.5 Where consumers using prepaid meters have arrear amounts in respect of rates and/or services rendered by the Municipality, the Municipality may remove the prepaid metered supply and a new application for a prepaid supply will be required. The Municipality reserves the right to refuse a prepaid supply in instances of arrears.
- 16.6 The Municipality may publish the names of account holders, persons or entities with outstanding debt.
- 16.7 The Municipality may institute eviction processes in respect of arrear housing rental, business rental, housing loans and informal trader accounts.
- 16.8 The Municipality may hand the collection of arrear debt to an authorised collecting agent of the Municipality.
- 16.9 The Municipality may enforce a defaulting consumer to convert their conventional metered supply to a prepaid metered supply.

17. RECOVERY OF OVERDUE RATES

- 17.1 The Municipality may publish a list of all rates defaulters who have failed to pay within 60 days after the final instalment of the rates assessment calling on the ratepayer to settle the arrears within a specified time frame, failing which an application will be made to a court of competent jurisdiction for an order for the sale by public auction
- 17.2 If the rates remain unpaid in terms of 17.1 above, the municipality shall make application to a court of competent jurisdiction showing the amount of rates, penalties and surcharges then in arrear, and that all notices have been given and requesting the court to order any such rateable property be sold by public auction and the proceeds thereof to be paid in to court, and to direct payment to the Municipality of all rates, penalties and surcharges accrued as at the date of such sale together with the costs of obtaining the said order and all expenses of such sale.

- 17.3 If before the sale of any rateable property in terms of an order made under subsection (17.2) there is produced to the Deputy Sheriff or other person charged with the sale thereof, a certificate by the Municipality that all amounts owing in terms of outstanding and arrear rates, penalty charges, and surcharges have been paid, together with the costs of obtaining the said order and all expenses of such sale, the said property shall be withdrawn from the sale.
- 17.4 Notwithstanding that all outstanding and arrear rates, penalty charges and surcharges may have been paid before the said sale, the Municipality shall not be liable to any person for any loss or damage suffered by such person by reason of the sale of any such property in respect of which no such certificate has been produced to the said Deputy Sheriff or other person charged with the sale thereof.

18. COUNCILLOR AND MUNICIPAL STAFF ARREARS

- (a) Staff arrears will be dealt with in accordance with schedule 2 (10) of the **Municipal Systems Act, 2000 (Act 32 of 2000)** and in terms of any procedures, method or actions referred to in this policy. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the Municipality shall deduct any outstanding amount from such staff members' salary.
- (b) In accordance with schedule 1, item 12 A of the **Municipal Systems Act, 2000 (Act 32 of 2000)**, a councillor of the Municipality may not be more than 90 days in arrears for municipal service fees, surcharges on fees, Rates or any other municipal taxes, levies and duties levied by the Municipality.

19. SUNDRY CHARGES

Interest will be charged on all overdue accounts. In the recovery of sundry charges, the Municipality reserves the right to institute any legal action at its disposal as well as making use of any third party debt collectors. Restrictions, disconnections and the termination of services may be instituted to recover overdue Sundry Charges.

20. TAMPERING WITH AND/OR THEFT OF SERVICES

- 20.1 With regard to electricity and water services, if tampering of any nature or theft of such services is identified, the electricity supply to the property may be discontinued by applying the one of the methods identified in item 13.2 to 13.4 for electricity and the water supply may be restricted and/or discontinued. The discretion on which method to apply is that of the authorised official.
- 20.2 Water and electricity metering and connection equipment remain the property of the Municipality and anyone involved in instances of tampering, damaging or theft thereof May be liable for criminal prosecution. The landlord, property owner or the occupier has a responsibility to ensure that the equipment mentioned above is kept safe at all times. Should they be lost or stolen, the cost of replacement shall be borne by the landlord, property owner or the occupier and the Municipality shall only replace them after the relevant payments have been made and the case number is presented to the municipality as well as the affidavit stating that the meter indeed was stolen.

The matter may be investigated and if the Municipality is of the opinion that the meter was removed to eliminate evidence, the Municipality may make such claim and substantiate it and claim the relevant losses from such customer. Until the relevant fees/costs are paid, the Municipality shall not restore the service.

- 20.3 If the restricted water supply is tampered with the water supply may be discontinued and the service connection removed
- 20.4 All required outstanding amounts shall be paid in full, or a payment arrangement is entered into; before any reconnection, however the tampering fee is payable up front and in full. Any deviation from this shall be authorised by the Chief Financial Officer or his/her delegated authority.
- 20.5 Where a tampered supply is unmetered/meter bridged etc, the Municipality reserves the right to calculate the lost revenue and back charge the customer from the date that such tampering happened, where the date could not be ascertained, the Municipality will calculate the back charge for 36 months. The onus is on the customer to provide material evidence sufficient to convince the Municipal Official that the ikelihood of the tampering is less than 36 months. In the absence of such evidence, 36 months shall be used.

20.6 Back charges will be raised in respect of meters that have been tampered with for the following reasons:

20.6.1 Broken seals in order to tamper with the bridge screw

20.6.2 Bridge wire illegally connected

20.6.3 Illegal bypassing of meter and or of MCB, (this includes the wire installed at the back of the meter bypassing the meter and the wires installed between Circuit Breaker poles at the back of the Circuit Breaker)

20.6.4 Direct connection to main supply including CDU

20.6.5 Direct connection to another consumer

20.6.6 Meter tampered with or MCB rating has been scratched off

20.6.7 Any other illegal activity not covered above, a calculated amount will be levied against the account for the period under review. The calculated amount is payable before services are reinstated.

21. AUDIT OF SERVICES ON PROPERTIES

21.1 The Municipality reserves the right to audit any installation to any property at any time.

22. CHANGES TO AND OR TERMINATION TO THE SERVICE AGREEMENT

22.1 A property owner or account holder who intends varying the service agreement must do so by submitting the application to the finance unit of Msunduzi Municipality. The Municipality will allow only one change per any 12 months period. During the scale change, the active peak demand shall be used for billing until it lapses after its 12 months anniversary.

22.2 The Municipality will notify the customer in writing of the decision in terms of downgrade of supply. The Municipality reserves the right to approve or decline the application.

22.3 The property owner or account holder should take it into account the fact that when they apply for the upgrade after 12 months of the approved downgrade, their application shall be treated as a new application for capacity increase, this application will therefore undergo the normal upgrade process.

- 22.4 The application will incur cost to property owner or account holder and it may depend on the availability of capacity at that stage.
- 22.5 Any new installation together with its installation will be regarded as first application in this regard and no change will be allowed until the first 12 months
- 22.6 A property owner or account holder must terminate an agreement with the Municipality for the provision of any municipal services by notice in writing (completing the relevant termination and account closure forms of the Municipality) not less than seven (7) working days before the required termination date.
- 22.7 Where the owner has requested the termination of supply and the supply remains terminated for 12 months, the Municipality reserves the right to remove the whole electricity service or only the metering installation. This includes properties with more than one meter whilst other meters are sitting idle in the meter box, such meters shall be removed from the consumer's property and the installation downgraded accordingly.
- Should the customer require the services in the future, such service request shall be treated as a new or additional installation.
- 22.8 Should the service account(s) or the meter sit idle for longer than 12 months, the Municipality shall by virtue of time lapsed, terminate the services to that property, remove the whole electricity service or only the metering installation. This includes properties with more than one meter, such meters shall be removed from the consumer's property and the installation downgraded accordingly. Should the customer require the services in the future, such service request shall be treated as a new or additional installation. It should be noted that the balance owing shall still be recoverable from the customer.

23. SET-OFF

The Municipality may set off any credit balance due on an account against any due and payable as determined in Section 102 of the Municipal Systems Act

24. REFUNDS

Credits on accounts shall only be refunded

24.1 On application and subject to all the customer's accounts being fully paid,

- a. to the account holder, on a rates or services account;
- b. to the owner;
- c. to the conveyancer to pay the buyer or seller, on transfer of a property, unless otherwise directed by an order of Court.

24.2 The provisions of subsection 24 above shall apply to any credits that may arise from an objection or Appeal process.

24.3 A refund shall be forfeited after 3 years if it remains unclaimed.

25. DECEASED ESTATES

25.1 The Executor of a Deceased Estate shall be liable for payment of all debts on the property.

25.2 For the purposes of liability for an account, including a consolidated account, the occupier or occupiers of a property which vests in a deceased estate where neither an executor nor administrator has been appointed, will be regarded as the Deemed Owner. The CFO may request a deemed owner to sign a services agreement. Where there is more than one occupier on the property, every occupier will be jointly and severally liable for an account or consolidated account.

25.3 Deemed Ownership" does not confer any rights on an occupier other than the liability to pay the accounts.

25.4 Failure to inform the Municipality that the property forms part of a deceased estate may result in the disconnection of services, until an executor has been appointed.