

# NEWCASTLE LOCAL MUNICIPALITY



## CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

(REVIEW FEBRUARY 2012)

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# SECTION A3 - CREDIT CONTROL, DEBT COLLECTION AND CUSTOMER CARE POLICY

## A DEFINITIONS

For the purpose of these by-laws any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in these by-laws and unless the context indicates otherwise.

<b>“account”</b>	means any account rendered for municipal services provided;
<b>“account holder”</b>	means any person who is due to receive a municipal account, which includes a user of pre-paid electricity or water;
<b>“Act”</b>	means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended from time to time;
<b>“applicable charges”</b>	means the rates, charges, tariffs, flat rates or subsidies determined by the Municipal Council during the budget process, including those costs or fees relating to or incurred during the Credit Control and Debt Collection processes;
<b>“average consumption”</b>	means the average consumption of a customer of a municipal service during a specific period, which consumption is calculated by dividing the total measured consumption of that municipal service by that customer over the preceding three months by three;
<b>“shared consumption”</b>	means the consumption of a customer of a municipal service during a specific period, which consumption is calculated by dividing the total metered consumption of that municipal service within the supply zone within which a customer’s premises is situated for the same period by the number of customers within that supply zone, during the same period;
<b>“actual consumption”</b>	means the measured consumption of any customer;
<b>“agreement”</b>	means the contractual relationship between the municipality or its authorised agent and a customer, whether written or deemed;
<b>“area of supply”</b>	means any area within or partly within the area of jurisdiction of the municipality to which a municipal service or municipal services are provided;
<b>“arrears”</b>	means any amount due, owing and payable by a customer in respect of municipal services not paid on the due date;
<b>“authorised agent”</b>	means –

- (a) any person authorised by the municipal council to perform any act, function or duty in terms of, or exercise any power under these by-laws; and / or
- (b) any person to whom the municipal council has delegated the performance of certain rights, duties and obligations in respect of providing revenue services; and / or
- (c) any person appointed by the municipal council in terms of a written contract as a service provider to provide revenue services to customers on its behalf, to the extent authorised in such contract;

**"billing"**

means invoicing on a municipal account to an account holder of an amount or amounts payable for assessment rates, metered services, other municipal charges, levies, fees, fines, taxes, or any other amount or amounts payable arising from any other liability or obligation;

**"commercial customer"**

means any customer other than household and indigent customers, including without limitation, business, government and institutional customers;

**"connection"**

means the point at which a customer gains access to municipal services;

**"customer"**

means a person with whom the municipality or its authorised agent has concluded an agreement for the provision of municipal services;

**"consumer"**

means the occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if there is no occupier, then any person who has entered into a service agreement with the municipality for the supply of municipal services to such premises, or, if there be no such person, then the owner of the premises

**"defaulter"**

means a customer who owes arrears;

**"due date"**

means the date specified as such on a municipal account dispatched by the municipality to an account holder for any charges payable and which is the last day allowed for the payment of such charges;

**"emergency situation"**

means any situation that if allowed to continue poses a risk or potential risk to the financial viability or sustainability of the municipality or a specific municipal service;

**"estimated consumption"**

means the deemed consumption by a customer whose consumption is not measured during a specific period, which estimated consumption is rationally determined taking into account at least the consumption of municipal services for a specific level of service during a specific period in the area of supply of the municipality or its authorised agent;

<b>“final demand”</b>	means any notification by the Municipality or its authorised agent demanding payment of arrears, including, but not limited to a hand delivered notice, e-mail, fax, telephone reminder or registered letter;
<b>“household customer”</b>	means a customer that occupies a dwelling, structure or property primarily for residential purposes;
<b>“household”</b>	means a traditional family unit consisting of a maximum of eight persons (being a combination of four persons over the age of eighteen and four persons eighteen years or younger);
<b>“illegal connection”</b>	means a connection to any system through which municipal services are provided that is not authorised or approved by the municipality or its authorised agent;
<b>“indigent customer”</b>	means a household customer qualifying and registered with the municipality as an indigent in accordance with the Indigent Policy;
<b>“interest”</b>	means the rate of interest determined by the Council payable on the amount due in terms of a municipal account which is in arrears;
<b>“municipality”</b>	means – <ul style="list-style-type: none"> <li>(a) the Newcastle municipality established in terms of section 12 of the Structures Act or its successors-in-title; or</li> <li>(b) the municipal manager of the Newcastle council in respect of the performance of any ion or exercise of any right, duty, obligation or function in terms of these by-laws;</li> </ul>
<b>“municipal council”</b>	means the municipal council as referred to in section 157(1) of the Constitution, 1996 (Act No. 108 of 1996);
<b>“municipal manager”</b>	means the person appointed by the municipal council as the municipal manager of the municipality in terms of section 82 of the Local Government municipal Structures Act, 1998 (Act No. 117 of 1998) and includes any person – <ul style="list-style-type: none"> <li>(a) acting in such position; and</li> <li>(b) to whom the municipal manager has delegated a power, function or duty in respect of such a delegated power, function or duty;</li> </ul>
<b>“municipal services”</b>	means for purposes of these by-laws, services provided by the municipality or its authorised agent, including refuse removal, water supply, sanitation, electricity services and rates or any one of the above;
<b>“occupier”</b>	includes any person in actual occupation of the land or premises without regard to the title under which he occupies, and, in the case of premises sub-divided and let to lodgers or various tenants, shall include the person receiving the rent payable by the lodgers or tenants whether for his own account or as an agent for any person entitled thereto or interested therein;

**“owner”**

means -

- (a) a person in whom the legal title to a premises is vested;
- (b) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- (c) in the event that the municipality is unable to determine the identity of the person in whom the legal title is vested, the person who is entitled to the benefit of such premises or a building thereon;
- (d) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;
- (e) in relation to -
  - (i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and without restricting the above, the developer or the body corporate in respect of the common property; or
  - (ii) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;
- (f) any legal person including, but not limited to -
  - (i) a company registered in terms of the Companies Act, 1973 (Act No. 61 of 1973), Trust inter vivos, Trust mortis causa, a Closed Corporation registered in terms of the Closed Corporation's Act, 1984 (Act No. 69 of 1984), a voluntary association;
  - (ii) any Department of State;
  - (iii) any Council or Board established in terms of any legislation applicable to the Republic of South Africa; and
  - (iv) any Embassy or other foreign entity; and
- (g) a lessee of municipal property who will be deemed to be the owner for the purposes of rendering a municipal account;

**“person”**

includes any legal person or entity;

**"premises"**

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

- (a) a general plan or diagram registered in terms of Land Survey, Act of 1927 (Act No. 9 of 1927), or in terms of the Deeds Registry, Act of 1937 (Act No. 47 of 1937); or
- (b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act No. 93 of 1986), which is situated within the area of jurisdiction of Council;
- (c) and includes any other land and any building or structure above or below the surface of any land;

<b>“public notice”</b>	<p>means publication in an appropriate medium that may include one or more of the following -</p> <ul style="list-style-type: none"> <li>(a) publication of a notice, in the official languages determined by the municipal council, – <ul style="list-style-type: none"> <li>(i) in the local newspaper or newspapers in the area of the municipality; or</li> <li>(ii) in the newspaper or newspapers circulating in the area of the municipality determined by the municipal council as a newspaper of record; or</li> <li>(iii) by means of radio broadcasts covering the area of the municipality; or</li> </ul> </li> <li>(b) displaying a notice at appropriate offices and pay-points of the municipality or its authorised agent; or</li> <li>(c) communication with customers through public meetings and ward committee meetings;</li> </ul>
<b>“subsidised service”</b>	<p>means a municipal service which is provided to a customer at an applicable rate which is less than the cost of actually providing the service including services provided to customers at no cost;</p>
<b>“supply zone”</b>	<p>means an area, determined by the municipality or its authorised agent, within which all customers are provided with services from the same bulk supply connection;</p>
<b>“tampering”</b>	<p>means any unauthorised interference with the municipality’s supply, seals and metering equipment and "tamper" has a corresponding meaning;</p>
<b>“unauthorised services”</b>	<p>means receipt, use or consumption of any municipal service which is not in terms of an agreement, or authorised or approved by the municipality or its authorised agent.</p>



## **B OBJECTIVES, SCOPE AND IMPLEMENTATION OF POLICY**

### **1. Objectives and scope**

The Council, in adopting this policy recognises its constitutional obligation to promote social and economic development in harmony with the environment and to ensure the provision to communities of services which are affordable and of an acceptable standard.

It further recognises that it cannot fulfil its constitutional duties unless it ensures compliance by members of the local community with the provisions of section 5(2)(b) of the Act, to pay promptly for service fees, surcharges on fees, rates on property and other taxes, levies and duties which have been legitimately imposed by it (subject to the relief afforded in its Indigent Policy).

The Council is further mindful of its obligations in terms of sections 95 and 97 of the Act and accordingly aims:

- (a) Through the implementation of this policy, to ensure that the municipality is financially and economically viable;
- (b) To establish and maintain a customer care and management system which aims -
  - (i) to create a positive and reciprocal relationship between the municipality and an account holder;
  - (ii) to establish mechanisms for an account holder to give feedback to the municipality regarding the quality of the services and the performance of the municipality;
  - (iii) to ensure that reasonable steps are taken to inform an account holder of the costs involved in service provision, the reasons for payment of service fees, and the manner in which monies raised from the services provided, are utilised;
  - (iv) to ensure, where the consumption of services has to be measured, that reasonable steps are taken to measure the consumption by individual account holders of services through accurate and verifiable metering systems;
  - (v) to ensure that an account holder receives regular and accurate accounts that indicate the basis for calculating the amounts due;
  - (vi) to provide accessible mechanisms for an account holder to query or verify a municipal account and metered consumption and appeal procedures which allow the account holder to receive prompt redress for inaccurate accounts;
  - (vii) to provide accessible mechanisms for dealing with complaints from an account holder, together with prompt replies and corrective action by the municipality, and to provide mechanisms to monitor the response time and efficiency of the municipal's actions;
  - (viii) to provide for accessible pay points and other mechanisms for settling an account or for making pre-payments for services;
- (c) To put in place credit control and debt collection mechanisms and procedures which aim to ensure that all money that is due and payable, from whatever cause, to the municipality, subject to the Act and other legislation, is collected;
- (d) To achieve and maintain consistently high levels of payment by its customers in accordance with the best practice achieved in municipalities in the Republic and in accordance with the standards set each year by the Council in conjunction with its approval of the Budget;
- (e) Provide a framework within which the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection;

- (f) 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<sup>1</sup>;
- (g) Set realistic targets for debt collection;
- (h) Outline credit control and debt collection policy procedures and mechanisms.

## **2. Implementation, Enforcement and Delegation**

### **2.1. Municipal Manager is the responsible and accountable officer**

The Municipal Manager -

- (a) is responsible to the Mayor / Council for the implementation and enforcement of the provisions of this policy;
- (b) must, for the purposes of (a) take the necessary steps to implement and enforce the provisions of this policy;
- (c) is accountable to the Mayor / Council for the agreed performance targets as approved by Council and the Mayor, and for these purposes must
  - (i) from time to time, report to the Mayor / Council on matters relating to this policy, including but not limited to -
    - the effectiveness of this policy and the administrative mechanisms, resources, processes and procedures used to collect money that is due and payable to the municipality;
    - billing information, including the number of account holders, accruals, cash flow, and customer management;
    - the satisfaction levels of account holders regarding services rendered;
    - the effectiveness of the provisions to assist the poor herein and in the Indigent Policy;
  - (ii) at regular intervals meet with and receive reports from the Chief Financial Officer and other staff members with the aim of submitting recommendations on this policy to the Mayor;
  - (iii) where necessary, propose steps to the Mayor with the aim of improving the efficiency of the credit control and debt collection mechanisms, processes and procedures;
  - (iv) where necessary, propose to the Mayor actions and adjustments to correct deviations;
  - (v) establish effective communication channels between the municipality and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect them;
  - (vi) establish customer service centres which are located in such communities as determined by Council;

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

- (vii) identify, appoint, and enter into agreements with suitable business concerns, institutions, organizations, establishments or parastatal institutions to serve as agencies of the municipality in terms of this policy;
- (viii) convey to account holders information relating to the costs involved in service provision, the reasons for payment of service fees, and the manner in which monies raised from the services are utilised, and may where necessary, employ the services of local media to convey such information;
- (ix) expedite the processing of complaints or inquiries received from an account holder and must ensure that an account holder receives a response within a time determined by this policy and must monitor the response time and efficiency in these instances;
- (x) in line with the latest technological and electronic advances, endeavour to make twenty-four hour electronic inquiry and payment facilities available to account holders;
- (xi) encourage account holders and take steps where needed, to ensure settlement of outstanding accounts within the ambit of this policy;
- (xii) with the consent of an account holder, enter into an agreement with the account holder's employer to deduct from the salary or wages of the account holder -
  - any outstanding amounts as may be agreed;
  - such regular monthly amounts as may be agreed, and may provide special incentives for employers to enter into such agreements, and employees to consent to such agreements.

## **2.2. Role and responsibility of Councillors**

- 2.2.1. Section 99 of the Act appoints the Mayor as the supervisory authority to oversee and monitor the implementation and enforcement of this policy, the performance of the Municipal Manager in implementing it and its associated bylaw and as required by the Council, to report to it.
- 2.2.2. In addition to the monitoring role provided in 2.2.1 above, all Councillors are responsible for promoting this policy and compliance with it. In order to maintain the credibility of this policy as adopted by the Council, all Councillors must lead by example and ensure that his/her account with the municipality is and remains paid in full. Full details of all accounts of Councillors and employees which are in arrears shall be tabled before the Finance Committee and disclosed in the municipality's financial statements.
- 2.2.3. Ward councillors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.

## **2.3. Reporting to Council**

- 2.3.1. The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council. This report is not limited to but shall at least provide information on the following:
  - i. Cash flow information for the capital and operating accounts, and combined situation, showing Council's actual performance against its cash flow budgets.
  - ii. Cash collection statistics, showing high-level debt recovery information (numbers of customers; enquires; default arrangements; growth or reduction of arrear debtors; ideally divided into wards, business (commerce and industry) domestic, state, institutional and other such divisions.

- iii. Performance of all areas against targets agreed to in term of paragraph 18 of this policy document.
  - iv. Council's on-going income and expenditure statements, comparing both billed income and cash receipt income, against on-going expenditure in both the capital and operating accounts.
- 2.3.2. If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.
- 2.3.3. Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements of treasury which requirements take into account Council's agreed targets of customer care and management, and debt collection, and after considering this report, Council will within reason vote such resources as are necessary to ensure that Treasury has the staffing and structures to meet Council's targets in this regard or to outsource the service.

#### **2.4. Delegation**

The necessary power and authority is hereby delegated to the Municipal Manager to enable him/her to fulfil his/her responsibilities and obligations in term hereof, with full authority to further delegate any specific responsibility.

### **C CUSTOMER CARE AND CREDIT CONTROL**

#### **3.1. Application for supply of municipal services and service agreements**

- 3.1.1. Any application for any supply of services to any premises must be made at least four working days prior to the service being required, in the prescribed format, and must comply with the conditions as determined by the Municipal Manager or his or her delegate from time to time.
- 3.1.2. Subject to the provisions of paragraph 17, only the owner of a property, his duly authorised agent on his or her behalf or a legal tenant may apply for municipal services to be supplied to a property. On default by a tenant, the owner is the debtor of last resort. The tenant will be required to provide proof of legal occupation prior to being allowed to sign the agreement, preferably an originally signed lease agreement or a certified copy thereof.
- 3.1.3. No services shall be supplied unless and until application has been made by the owner and a service agreement in the prescribed format has been entered into and the deposit as provided for in paragraph 3.3 has been paid.

#### **3.2. Credit screening**

- 3.2.1. The municipality may require of an applicant to submit information and documentary proof so as to enable it to bring its records up to date and to assess the creditworthiness of the applicant and may require such information to be provided on oath.
- 3.2.2. For the purposes of determining the creditworthiness of an account holder the municipality may make use of the service of a credit bureau, or such any other agency or means as the Municipal Manager or his delegate may determine from time to time.

### **3.3. Deposits**

- 3.3.1. On approval of the application and before the service is made available, the municipality may require the applicant -
- (a) to deposit a sum of money with the municipality, to serve as security for the due payment of services and working capital;
  - (b) to provide any other form of security;
  - (c) to agree to special conditions regarding payment of the municipal account.
- 3.3.2. The Municipal Manager may from time to time review the adequacy of the sum of money deposited and if necessary call for additional security.
- 3.3.3. The Municipal Manager may, in respect of preferred customers, but only in terms of this policy, consider relaxation of the conditions pertaining to deposits as set out in 3.3.1 and 3.3.2 above.
- 3.3.4. On termination of the supply of services, the amount of such deposit, less any payments due to the municipality, must be refunded to the depositor.
- 3.3.5. Deposits forms part of the Councils' operating capital and no interest will be payable on such deposits.
- 3.3.6. Registered Indigent households will not be liable for a deposit on condition that consumption will be limited / restricted to a level as determined by the Council in its policy for assistance to poor households.

### **3.4. Billing<sup>1</sup> and payment of Accounts**

- 3.4.1. The account holder must pay all amounts due to the municipality as reflected in the municipal account, and the onus is on the account holder to verify the accuracy of such account, provided however that:
- (a) the Council may from time to time offer a discount on amounts due to the municipality as an incentive for timely payment of current amounts due by the due date therefor;
  - (b) an account holder remains liable to make payment of the full amount due, on due date therefor and any discount becoming due to an account holder in terms of any such incentive in force from time to time will be reflected as a credit on the following month's account;
- 3.4.2. An account holder must pay for metered and other service charges, assessment rates, other municipal charges, levies, fees, fines, interest, taxes or any other liability or obligation from the date of origin of such municipal charges until the written termination of the services.
- 3.4.3. An account holder -
- (a) has one account number and will be rendered one consolidated account for each premises to which services are rendered or for which rates are due, on which the due date for settlement of the total amount owing is reflected;
  - (b) will be rendered an account monthly in cycles of approximately thirty days;
- 3.4.4. Payment must be received before close of business on the due date.

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

- 3.4.5. Payment made to any service providers appointed by the municipality to receive payments on its behalf, should be made at least four working days, or any other number of days as included in the respective service level agreement, before the due date to enable the payment to be processed, and interest will accrue should the municipality receive payment from any such service provider after the due date.
- 3.4.6. Should any such service provider fail to furnish the municipality with the relevant details of payments made to it 4 days prior to the due dates thereof, such service provider may be held liable for all charges subsequently incurred by the municipality in pursuing recovery of an amount as a result erroneously reflected on the account of the account holder as being in arrear, as well as for interest charges.
- 3.4.7. The municipality may estimate the quantity of metered services supplied in respect of a period or periods within the interval between actual successive readings of the meters, and may render an account to an account holder for the quantity of metered services so estimated.
- 3.4.8. If an account holder is dissatisfied with an account rendered for metered services supplied by the municipality, such account holder may, prior to the due date stipulated therein, lodge an objection in writing to the Chief Financial Officer, setting out reasons for such dissatisfaction. The Chief Financial Officer, duly delegated by the Municipal Manager, or his sub-delegate, shall adjudicate on the objection.
- 3.4.9. Should an account holder lodge an objection the account holder must notwithstanding such objection, continue to make regular payments by the due date, of an amount equivalent to the average of the account holder's municipal account for the three month period prior to the month in respect of which the dispute is raised, and taking into account interest as well as the annual amendments of tariffs of Council.
- 3.4.10. An error or omission in any account or failure to render an account shall not relieve the account holder of the obligation to pay by the due date.
- 3.4.11. If an account holder uses water or electricity for a category of use other than that for which it is supplied by the municipality and is as a consequence not charged for water or electricity so used, or is charged for the water or electricity at a rate lower than that at which the account holder should have been charged, the account holder shall be liable for the amount due to the municipality in accordance with the prescribed charges in respect of-
  - (a) the quantity of water or electricity which in the opinion of the Municipal Manager, or his delegate, the account holder has used and for which the account holder has not been charged;
  - (b) the difference between the cost of the water or electricity used by the account holder at the rate at which the account holder has been charged and the cost of the water or electricity at the rate at which the account holder should have been charged.
- 3.4.12. An account holder shall not be entitled to a reduction of the amount payable for metered services which are lost due to a default in the meter, save in terms of the provisions of paragraph 6.8.
- 3.4.13. The municipality may-
  - (a) consolidate any separate accounts of an account holder liable for payments to the municipality;
  - (b) credit any payment by an account holder against any debt or account of that account holder and in its sole discretion allocate the payment between service debts on said account;

- (c) implement any of the provisions of this policy and Chapter 9 of the Act against such account holder in relation to any arrears on any of the accounts of such a person.

### **3.5. Termination of service agreement**

- 3.5.1. Notice of termination of any service agreement must be in writing to the other party of the intention to do so.
- 3.5.2. An owner may terminate a service agreement relating to a property sold by him, by giving not less than four working days' notice in writing.
- 3.5.3. The Municipal Manager or his delegate may advise an account holder of the termination of the agreement for a supply of municipal services if-
  - (a) The account holder has not consumed any water or electricity during the preceding six months, or has vacated the property and has not made satisfactory arrangements for the continuation of the agreement;
  - (b) The account holder has committed a breach of this policy and has failed to rectify such breach;
  - (c) The municipality is unable to continue to supply the account holder with municipal services as a result of the assumption by another authority of responsibility for the supply of the municipal service in question.

### **3.6. Payment facilities and customer care information**

- 3.6.1. The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.6.2. The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 3.6.3. Council's Customer Care, Credit Control and Debt Collection Policy should be available in Zulu, English and Afrikaans and will be made available by general publication and will also be available at Council's cash collection points.
- 3.6.4. The municipality may, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- 3.6.5. The customer will acknowledge, in the customer agreement that the use of agents in the transmission of payments to the municipality is at the risk of the customer – also for the transfer time of the payment.
- 3.6.6. Council will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues.
- 3.6.7. The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.
- 3.6.8. Council aims to establish:
  - (a) A customer care unit;
  - (b) A centralised complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
  - (c) Appropriate training for officials dealing with the public to enhance communications and service delivery;

- (d) A communication mechanism to give Council feedback on service, debt and other issues of concern.

### **3.7. Business who tender to the Municipality**

3.7.1. In order to comply with Supply Chain regulations and the Policy of the Council, the following will be applicable:

- (a) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject thereto that consideration and evaluation thereof will necessitate that the tenderer obtain from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears;
- (b) A municipal account will include any municipal service charges, taxes or other fees, fines and penalties due to the Municipality and outstanding at the relevant payment date;
- (c) It will be a condition to allow the municipality to deduct moneys owing to the municipality from contract payments in terms of a reasonable arrangement with the debtor.

### **3.8. Incentives for prompt payment**

3.8.1. The municipality may from time to time consider incentives for the payment of accounts to encourage payment, and to reward regular payers. Such schemes will aim at incentivising regular payment and not poor payment and the content of it will be submitted for approval by the Council under separate cover when appropriate.

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

### **3.9. Customer assistance programmes**

#### **3.9.1. Water leakages**

- (a) Water leaks after the water meter supplying to a premises, is the responsibility of the relevant owner/consumer and s/he remains responsible for payment of such metered water.
- (b) The Municipality may introduce programmes to assist consumers in such cases where extensive losses are experienced because of under-ground leakages which went undetected for a period of time.
- (c) The municipality may support and or introduce a Water Insurance scheme(s) that will assist and or protect consumers against losses as a result of water leakages. Premiums of such insurance protection will be payable by the participating consumer.
- (d) Consumers remain responsible to control and monitor their consumption.

#### **3.9.2. Assistance to Indigent Households to repair leakages**

- (a) The Municipality may assist poor households to repair leaks in order to minimise water losses and limit consumption to the determined levels.



### 3.9.3. Assistance to the Poor and Child Headed Households

- (a) Indigent households will be identified and supported. Welfare is to be separated from tariff and credit control issues and will be supported by appropriate and affordable policies and practices. Indigent support will be introduced within Council's financial ability.
- (b) Subject always to the provisions of the municipality's Indigent Policy, which in the event of a contradiction shall apply, for a user to qualify as a poor household, the following requirements must be met:
  - i. The applicant must be an account holder;
  - ii. The applicant may not be the owner of more than one residential property and he or she must occupy the property;
  - iii. An applicant who is a tenant must apply in person and will only qualify for assistance for electricity, water and refuse charges, i.e. the charges for which he/she receives a municipal account. The landlord will be responsible for rates and refuse charges and will not qualify for assistance in respect of such charges;
  - iv. The existing and future accounts of poor households where the account holder is deceased, i.e. an "estate late" account, may be accepted under the assistance scheme, on condition that only the surviving spouse and/or dependent children or legal representative on their behalf, may apply;
  - v. Qualification criteria for assistance shall be as determined by Council from time to time in terms of its Indigent Policy, which must be read in conjunction with this policy.
- (b) An account holder who is in the seat of assistance must immediately notify the municipality in the event of any of the qualifying criteria applicable to the account holder changing, to enable the municipality to review and to reconsider the household's status as a poor household.
- (c) The applicant must, before a date determined by the municipality, re-apply annually, or at such other intervals as determined by the municipality from time to time, to be granted the status as a poor household and for these purposes must:
  - i. complete and sign the prescribed forms;
  - ii. provide any other documentation as may be required by the municipality from time to time.
- (d) Households which qualify as poor households may receive a credit for some or all of the following:
  - i. A quantity of electricity;
  - ii. a quantity of water;
  - iii. the refuse removal charges;
  - iv. the sewerage charges;
  - v. assessment rates;
  - vi. any other service fees, taxes or charges over and above the rendered services; as may be determined by the Council from time to time in terms of its Indigent Policy.

- (e) The municipality and its representatives have the right to visit the property referred to in paragraph 3.9.3(b) at any reasonable time for the purposes of auditing an application.
- (f) The normal rates, fees and charges and the requirement to pay an account will apply should a household account exceed the credit given.

## **D DEBT COLLECTION**

### **4. Enforcement Mechanisms**

#### **4.1. Municipality's powers to restrict or disconnect supply of services<sup>1</sup>**

- 4.1.1. Customers who are in arrears with their municipal account and who have not made arrangements with the council will have their supply of electricity and or water, and other municipal services, suspended, disconnected or restricted.
- 4.1.2. Council reserves the right to deny or restrict the provision of electricity and or water to customers who are in arrears with their rates or any other municipal charges.
- 4.1.3. The cost of the restriction or disconnection, as for the reconnection, will be determined by tariffs agreed by Council and will be payable by the customer.
- 4.1.4. The municipality may, in addition to any other provision in this policy, restrict or disconnect the supply of water and electricity, or discontinue any other service to any premises if-
  - (a) an administration order is granted in terms of section 74 of the Magistrates Court Act, 1944 (Act No. 37 of 1944), in respect of an account holder;
  - (b) an account holder of any service fails to comply with a condition of supply imposed by the municipality;
  - (c) an account holder obstructs the efficient supply of electricity, water or any other municipal services to another account holder;
  - (d) an account holder supplies such municipal services to any person who is not entitled thereto or permits such service to continue;
  - (e) an account holder causes a situation which in the opinion of the Municipal Manager or his delegate, is dangerous or constitutes a contravention of relevant legislation;
  - (f) is placed under provisional liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act, 1936 (Act No. 24 of 1936).

#### **4.2. Interest and penalties**

- 4.2.1. Interest will be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.<sup>2</sup>

#### **4.3. Notification**

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<sup>1</sup> Section 97 (g) of the Local Government: Municipality Systems Act, 2000 provides that a credit control and debt collection policy must provide for termination of services or the restriction of the provision of services when payments are in arrears.

<sup>2</sup> Section 97 (e) of the Local Government: Municipal Systems Act, 2000 provides that a credit control and debt collection policy must provide for interest on arrears, where appropriate.

- 4.3.1. Council will endeavour, within the constraints of affordability, to notify arrear debtors on the state of their arrears and to encourage them to pay. They will be informed on their rights (if any) to conclude arrangements or to apply for indigent subsidies should they comply with the conditions, and other related matters.
- 4.3.2. Such notification is not a right to debtors with arrears but a courtesy from the Council to improve payment levels and relations. Disconnection / restriction of services and other collection proceedings will continue in the absence of such notices and contact with debtors for whatever reason.

#### **4.4. Legal Process / Use of attorneys / Use of credit bureaus**

- 4.4.1. When steps to collect arrears have been taken and failed, Council will commence the legal process with that debtor, which process could involve the execution of judgements including sales of properties.
- 4.4.2. Council will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by council.
- 4.4.3. Council will establish procedures and codes of conduct with these outside parties.
- 4.4.4. Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.
- 4.4.5. All steps in the credit control procedure will be recorded for Council's records and for the information of the debtor.
- 4.4.6. All costs of this process are for the account of the debtor.
- 4.4.7. Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus. This release will be in writing and this situation will be included in Council's agreement with its customers.
- 4.4.8. Council may consider the cost effectiveness of this process, and will receive reports on relevant matters, including cost effectiveness.
- 4.4.9. Council may consider the use of agents, and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or product vendors; and will be closely monitored by Council.
- 4.4.10. Customers will be informed of the powers and duties of such agents and their responsibilities including their responsibility to observe agreed codes of conduct.
- 4.4.11. Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will see the contract terminated.

#### **4.5. Theft and fraud**

- 4.5.1. Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be prosecuted and/or liable for penalties as determined from time to time <sup>1</sup>.

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

- 4.5.2. Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- 4.5.3. The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 4.5.4. Council will maintain monitoring systems and teams to detect and survey customers who are undertaking such illegal actions.
- 4.5.5. Council may distinguish in its penalties between cases of vandalism and cases of theft.
- 4.5.6. Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- 4.5.7. Council reserves the right to lay charges and to take any other legal action against both vandals and thieves.
- 4.5.8. Any person failing to provide information or providing false information to the municipality may face immediate disconnection.

#### **4.6. Cost of collection**

- 4.6.1. All costs of legal processes, including interest, penalties, service discontinuation costs and legal costs associated with credit control and debt management are for the account of the debtor and should reflect at least the cost of the particular action.

#### **4.7. Abandonment**

- 4.7.1. The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.
- 4.7.2. There are some circumstances that allow for the valid termination of debt collection procedures:
  - (a) The insolvency of the debtor, whose estate has insufficient funds;
  - (b) A balance being too small to recover, for economic reasons considering the cost of recovery.
- 4.7.3. The municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the debt.

#### **4.8. Managing Assessment Rates**

- 4.8.1. The Council may from time to time determine exemptions, reductions and rebates on the levying of assessment rates in accordance to the Local Government: Municipal Property Rates Act, 2004 ( Act No 6 of 2004). The detail of this will be dealt with in the Councils' Property Rates Policy.
- 4.8.2. The Municipality may apply to court for the attachment of any rent due in respect of rateable property to cover in part or in full any amount due for assessment rates on said property which has remained unpaid for a period longer than three months after the payment date.
- 4.8.3. Where a company, close corporation, trust or a body corporate in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986) is responsible for the payment of any amounts for rates, liability therefor shall be extended to the directors, members or trustees thereof jointly as the case may be.

#### **4.9. Rates clearance certificates**

- 4.9.1. To affect the transfer of any immovable property from one registered owner to another, the Registrar of Deeds requires a clearance certificate, which certificate is obtainable from the Municipal Manager or his delegate, upon application therefore in the prescribed manner and payment of the prescribed fee and subject to the conditions of Section 118 of the Municipal Systems Act, 2000 (Act No 32 of 2000) being met.
- 4.9.2. Emanating from this legislation, clearance certificates will only be issued once arrears are paid in accordance to the requirements.

## **5. Arrangements for settlements**

- 5.1. If a customer cannot pay his/her account with the municipality then the municipality may, in accordance with Annexure B, enter into an extended term of payment with the customer. He/she must:
  - (a) Sign an acknowledgement of debt;
  - (b) Sign a consent to judgement;
  - (c) Provide a garnishee order/emolument order/stop order (if he or she is in employment);
  - (d) Acknowledge that interest will be charged at the prescribed rate;
  - (e) Pay the current portion of the account in cash;
  - (f) Sign an acknowledgement that, in the event of arrangements previously negotiated later being defaulted on, no further arrangements will be possible. Under such circumstances restriction / disconnection of water and electricity will immediately follow, as will legal proceeding.
- 5.2. Customers with electricity arrears must agree to the conversion to a pre-payment meter, if and when implemented the cost of which, and the arrears total, will be paid off either by:
  - (a) adding it to the arrears bill and repaying it over the agreed period;
  - (b) adding it as a surcharge to the prepaid electricity cost, and repaying it with each purchase of electricity until the debt is liquidated.
- 5.3. Council reserves the right to raise the deposit/security requirement in accordance with paragraph 3.3 of debtors who seek arrangements.

## **E METERING EQUIPMENT AND METERING OF SERVICES**

### **6. Metering equipment and measuring of consumption**

- 6.1. The municipality shall, at the account holder's cost, in the form of a direct charge or prescribed fee, provide, install and maintain appropriately rated metering equipment at the point of metering for measuring metered services.
- 6.2. The municipality reserves the right to meter the supply to a block of shops, flats, tenement-houses and similar buildings for the building as a whole, or for an individual unit, or for a group of units.
- 6.3. Where any building referred to in 6(2) is metered as a whole -
  - (a) the owner may, at own cost, provide and install appropriate sub-metering equipment for each shop, flat and tenement;

- (b) the relevant Executive Director, duly delegated by the Municipal Manager, may require the installation, at the account holder's expense, of a meter for each unit of any premises in separate occupation for the purpose of determining the quantity of metered services supplied to each such unit.
- 6.4. Where the electricity used by consumers is charged at different tariffs, the consumption shall be metered separately in such a way that will enable billing at the applicable tariffs.
- 6.5. Where sub-metering equipment is installed, accommodation separate from the Municipality's metering equipment must be provided by the account holder as required by the Municipality
- 6.6. Except in the case of pre-payment meters, the quantity of metered services used by an account holder during any metering period is ascertained by reading the appropriate meter or meters supplied and installed by the municipality at the beginning and end of such metering period, except where the metering equipment is found to be defective.
- 6.7. For the purpose of calculating the amount due and payable for the quantity of metered services consumed, the same amount of metered services shall be deemed to be consumed during every period of 24 hours between readings.
- 6.8. The following shall apply with regard to the accuracy of metering:
  - (a) A meter shall be conclusively presumed to be registering accurately if its error, when tested in the manner prescribed in 6(13), is found to be within the limits of error as provided for in the applicable standard specifications;
  - (b) the municipality has the right to test its metering equipment, and if it is established by test or otherwise that such metering equipment is defective, the municipality shall in accordance with the provisions of 6(6);
    - (i) in case of a credit meter, adjust the account rendered;
    - (ii) in the case of prepayment meters, render an account where the meter has been under-registering; or issue a free token where the meter has been over-registering;
  - (c) An account holder is entitled to have metering equipment tested by the municipality on payment of the prescribed fee, and if the metering equipment is found not to comply with the system accuracy requirements as provided for in the applicable standard specifications, an adjustment in accordance with the provisions of paragraphs 6(7) and 6(8)(b) shall be made and the aforesaid fee shall be refunded.
- 6.9. No alterations, repairs, additions or connections of any description may be made on the supply side of the point of metering unless specifically approved in writing by the Municipal Manager or his delegate.
- 6.10. Prior to the municipality making any upward adjustment to an account in terms of paragraph 6(8)(b), the municipality must -
  - (a) notify the consumer in writing of the amount of the adjustment to be made and the reasons therefor;
  - (b) in such notification provide sufficient particulars to enable the account holder to submit representations thereon;
  - (c) call upon the account holder in such notice to present it with reasons in writing, if any, within 21 days or such longer period as the municipality may in its discretion permit, why the account should not be adjusted as notified, and should the consumer fail to provide any representation during the period referred to in paragraph 6(10)(c) the municipality shall be entitled to adjust the account as notified in paragraph 6(10)(a).

- 6.11. The municipality must consider any representation provided by the consumer in terms of subsection 6(10) and must, if satisfied that a case has been made out therefore, adjust the account appropriately.
- 6.12. If the Municipal Manager or his delegate decides, after having considered a representation made by the account holder, that such representation does not establish a case warranting an amendment to the amount established in terms of subsection 6(15), the municipality shall adjust the account as notified in terms of paragraph 6(10)(a), and the account holder shall have the right of appeal provided for in this policy.
- 6.13. Meters are tested in the manner as provided for in the standard specifications applicable thereto.
- 6.14. When an adjustment is made to the consumption registered on a meter in terms of paragraphs 6(8)(b) or 6(8)(c), such adjustment is based either on the percentage error of the meter as determined by the test referred to in subsection 6(13), or upon a calculation by the municipality from consumption data in its possession and where applicable, due allowance shall be made, where possible, for seasonal or other variations which may affect consumption.
- 6.15. When an adjustment is made as contemplated in subsection 6(14), the adjustment may not be for a period exceeding six months preceding the date on which the metering equipment was found to be inaccurate, however, the provisions of shall not bar an account holder from claiming recovery of an overpayment for any longer period where the account holder is able to prove the claim in the normal legal process.
- 6.16. The relevant Executive Director, duty delegated by the Municipal Manager, may dispense with the use of a meter in case of:
  - (a) an automatic sprinkler fire installation;
  - (b) a fire installation or hydrant;
  - (c) special circumstances at the Municipal Manager's discretion.
- 6.17. The municipality may by notice -
  - (a) prohibit or restrict the consumption of metered services -
    - (i) for specified or non-specified purposes;
    - (ii) during specified hours of the day or on specified days or otherwise than during specified hours of the day or on specified days;
    - (iii) in a specified or non-specified manner;
  - (b) determine and impose -
    - (i) limits on the quantity of metered services which may be consumed over a specified period;
    - (ii) charges additional to those prescribed in respect of the supply of metered services in excess of a limit contemplated in subparagraph (i);
    - (iii) a general surcharge on the prescribed charges in respect of the supply of metered services;
  - (c) impose restrictions or prohibitions on the use or manner of use or disposition of an appliance by means of which metered services are used or consumed, or on the connection of such appliance.
- 6.18. The Council may limit the application of the provisions of a notice contemplated in 6(17) to specified areas and classes of account holders, premises and activities, and may provide for the Municipal Manager to permit deviations and exemptions from, and the relaxation of any of the provisions on such grounds as he or she may deem fit.

- 6.19. To ensure compliance with a notice published in terms of subsection 6(17), the Municipal Manager or his delegate may take, or by written notice require an account holder at the account holder's expense to take, such measures, including the installation of measuring devices and devices for restricting the flow of metered services as may be necessary.
- 6.20. In addition to the person by whose act or omission a contravention of or failure to comply with the terms of a notice published in terms of subsection 6(17) is actually committed, an account holder in respect of the premises to which metered services are supplied is presumed also to have committed the contravention or to have so failed to comply, unless it is proved that the account holder had taken all reasonable steps to prevent such a contravention or failure to comply by any other person, provided however, that the fact that the account holder issued instructions to the other person shall not of itself be accepted as sufficient proof that the account holder took all such reasonable steps.
- 6.21. The provisions of this paragraph also apply in respect of metered services supplied directly by the municipality to account holders outside its area of jurisdiction, notwithstanding anything to the contrary in the conditions governing such supply, unless otherwise specified in the notice published in terms of subsection 6(17).
- 6.22. If such action is necessary as a matter of urgency to prevent waste of metered services, refuse or sewerage, damage to property, danger to life, or pollution of water, the Municipal Manager, or his delegate, may -
- (a) without prior notice disconnect the supply of metered services to any premises;
  - (b) enter upon such premises and do such emergency work, at the account holder's expense, as he or she may deem necessary, and in addition by written notice require the account holder to do within a specified period such further work as the relevant Executive Director may deem necessary.
- 6.23. Before any metered or pre-paid metered supplies which have been disconnected or restricted for non-payment are restored, an account holder must pay all fees and charges as determined by the municipality, from time to time.
- 6.24. The Municipal Manager may, at the written request of an account holder and on the dates requested by the account holder -
- (a) disconnect the supply of metered services to the account holder's premises;
  - (b) restore the supply, and the account holder must before the metered services is restored pay the prescribed charge for the disconnection and restoration of his or her supply of metered services.
- 6.25. After disconnection for non-payment of an account or a contravention of any provision of these by-laws, the prescribed charge for such reconnection should be paid before reconnection is affected, or at any other agreed upon date.
- 6.26. The following shall apply to the reading of credit meters:
- (a) Unless otherwise prescribed, credit meters are normally read at intervals of approximately one month and the fixed or minimum charges due in terms of the tariff are assessed accordingly and the municipality is not obliged to effect any adjustments to such charges;
  - (b) if for any reason the credit meter cannot be read, the municipality may render an estimated account, and estimated consumption shall be adjusted in a subsequent account in accordance with the consumption actually consumed;



- (c) when an account holder vacates a property and a final reading of the meter is not possible, an estimation of the consumption may be made and the final account rendered accordingly;
- (d) if a special reading of the meter is desired by an account holder, this may be obtained upon payment of the prescribed fee;
- (e) if any calculation of, reading or metering error is discovered in respect of any account rendered to a consumer -
  - (i) the error shall be corrected in subsequent accounts;
  - (ii) any such correction shall only apply in respect of accounts for a period of six months preceding the date on which the error in the accounts was discovered,
  - (iii) the correction shall be based on the actual tariffs applicable during the period;
  - (iv) the application of this paragraph does not prevent a consumer from reclaiming an overpayment for any longer period where the consumer is able to prove the claim in the normal legal process.

6.27. The following shall apply to pre-payment metering:

- (a) No refund of the amount tendered for the purchase of electricity or water credit shall be given at the point of sale after initiation of the process by which the prepayment meter token is produced;
- (b) copies of previously issued tokens for the transfer of credit to the prepayment meter may be issued at the request of the consumer;
- (c) when an account holder vacates any premises where a prepayment meter is installed, no refund for the credit remaining in the meter shall be made to the owner by the municipality;
- (d) the municipality shall not be liable for the reinstatement of credit in a prepayment meter lost due to tampering with, or the incorrect use or the abuse of, prepayment meters or tokens;
- (e) where an account holder is indebted to the municipality for any assessment rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation, the municipality may allocate a percentage of the amount tendered for the purchase of pre-paid electricity in reduction of the amount owing to the municipality;
- (f) the municipality may appoint vendors for the sale of credit for prepayment meters and does not guarantee the continued operation of any vendor.

## **7. Power of entry and inspection**

- 7.1. A duly authorised representative of the municipality may for any reason related to the implementation or enforcement of this policy and/or the Council's Credit Control and Debt Collection By-law, at all reasonable times or in emergency at any time, enter premises, request information and carry out such inspection as he deems necessary, and may for purposes of installing or repairing any meter or service connection for reticulation, disconnect, stop or restrict the provision of any service.
- 7.2. The owner of a property will be responsible for the cost of relocating a meter if satisfactory access is not possible.

- 7.3. Building plans should only be approved if placement of the water and electricity meters is allocated on the sidewalk where it is accessible to the Municipality. In cases where building plans are submitted for improvements to dwellings where meter(s) are still inside the premises, it will be a requirement for approval that meters be relocated to the sidewalk on account of the owner/applicant.
- 7.4. If the municipality considers it necessary for any work to be carried out to enable an officer to perform a function referred to in 7(1) above properly and effectively, it may -
  - (a) by written notice require an account holder to do, at own expense, specified work within a specified period;
  - (b) if the situation is a matter of urgency, without prior notice do such work or cause it to be done at the expense of the account holder.

## **8. Resale of water or electricity**

- 8.1. No account holder who is supplied with metered services in terms of this policy may sell or supply water or electricity, supplied to the account holder's premises under an agreement with the municipality, to any other person or persons for such use upon any premises other than those in respect of which such agreement is made, or permit or suffer such resale or supply to be made, unless provision has been made therefore in a special agreement with the municipality or unless prior authority has otherwise been obtained from the municipality to do so.
- 8.2. If the municipality grants permission as referred to in 8(1), it may stipulate the maximum price at which the water or electricity may be sold and impose such other conditions as it may deem fit.
- 8.3. Permission referred to in subsection 8(1) may be withdrawn at any time.
- 8.4. Where water or electricity is resold for use on the same premises, such resale must be in accordance with the tariff and subject to such conditions as the municipality may decide.

## **F MISCELLANEOUS MATTERS**

### **9. Tampering, unauthorised connections and reconnections, and improper use**

- 9.1. The municipality shall be entitled to monitor its service network for signs of tampering or irregularities.
- 9.2. No person may in any manner or for any reason whatsoever tamper or interfere with any meter or metering equipment or service connection or service protective device or supply mains or any other equipment of the municipality.
- 9.3. Where prima facie evidence exists that a consumer or any person has contravened 9(2), the municipality shall be entitled to disconnect the supply immediately and without prior notice to the account holder, and the account holder is liable for all fees and charges levied by the municipality for such disconnection.
- 9.4. Where an account holder or any person has contravened 9(2) and such contravention has resulted in the meter recording less than the true consumption, the municipality shall be entitled to recover from the account holder the full cost of the estimated consumption.

## **10. Tenders and grants-in-aid**

- 10.1. No tender submitted to the municipality for the supply of goods and/or services to the municipality shall be considered, unless it is accompanied by a certificate from the municipality stating that the tenderer is not indebted to the municipality for any arrear amount reflected on the municipal account.
- 10.2. Notwithstanding the provisions of 10.1 above, if the tenderer has made satisfactory arrangements to pay the outstanding amount by means of instalments in terms of this policy, or has settled all arrear amounts in full, as reflected in a certificate as referred to in 10.1 above, the tenderer's tender may be considered.
- 10.3. The Municipal Manager or his delegate shall in the conditions of contract applicable to any tender awarded to the tenderer, provide that the amount owing to the municipality shall be deducted from any payment due to the tenderer.
- 10.4. Payment of any grant-in-aid approved by the Council may be withheld pending payment of any outstanding municipal account, or pending conclusion of an agreement between the municipality and the recipient of a grant-in-aid in which satisfactory arrangements have been made regarding the settlement of the outstanding municipal account.

## **11. Relaxation, waiver and differentiation of customers**

- 11.1. Pursuant to this policy, the municipality may differentiate between different categories of ratepayers, account holders, customers, debtors, taxes, services, service standards and other matters.
- 11.2. The municipality may, in writing exempt an account holder, category of account holders, or other persons from complying with a provision of this policy, subject to any conditions it may impose, if the application or operation of that provision would be unreasonable, however the municipality or its authorised agent may not grant exemption from any provision of this policy that may result in -
  - (a) the wastage or excessive consumption of water or electricity;
  - (b) the evasion or avoidance of water or electricity restrictions;
  - (c) significant negative effects on public health, safety or the environment;
  - (d) the non-payment for services;
  - (e) the installation of pipes and fittings which are not acceptable in terms of the municipality's prescribed standard;
  - (f) the contravention of any Act, or any regulation made in terms thereof;
- 11.3. The municipality may at any time upon at least 30 days written notice, withdraw any exemption given in terms of subsection 11(2).

## **12. Power of council to recover costs**

- 12.1. Where a bank dishonours any payment made to the municipality, the municipality may levy and recover all related costs and any administration fees against an account of the defaulting account holder and may disconnect or restrict the supplies to the premises of such account holder.
- 12.2. All legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears and payable shall be levied against the arrears account of the account holder.

- 12.3. For any action taken in demanding payment from an account holder or reminding an account holder by means of telephone, fax, electronic mail, letter or otherwise that payments are due, a fee will be levied against the municipal account of the account holder in terms of the municipality's tariff provisions.

### **13. Prima facie evidence**

A certificate reflecting that an amount is due and payable by any person to the municipality, under the hand of the Municipal Manager or a duly authorised officer of Council, is upon mere production thereof prima facie evidence of the indebtedness for any purpose and the signatory should not be obliged to prove his authority.

### **14. Authentication and service of orders, notices and other documents**

- 14.1. An order, notice or other document from the municipality must be signed by the Municipal Manager or his delegate such authority and any document purporting to be so signed shall constitute sufficient notice from the municipality.
- 14.2. Any notice or other document that is served on a person by a duly authorised officer of the municipality in terms of this policy, is regarded as having been served -
- (a) when it has been delivered to that person personally;
  - (b) when it has been left at that person's place of residence or business in the Republic or at the premises to which the notice relates, with a person apparently over the age of sixteen years;
  - (c) when it has been posted by registered or certified mail to that person's last known residential or business address in the Republic as reflected in the records of the municipality, or to the address of the premises to which the notice relates and an acknowledgement of the posting thereof from the postal service is obtained;
  - (d) if that person's address in the Republic is unknown, when it has been served on that person's agent or representative in the Republic in the manner provided by paragraphs 14(2)(a), 14(2)(b) or 14(2)(c);
  - (e) if that person's address and agent or representative in the Republic is unknown, when it has been placed in a conspicuous place on the property or premises, if any, to which it relates;
  - (f) in the event of a body corporate, when it has been delivered at the registered office of the business premises of such body corporate;
  - (g) when it has been delivered, at the request of a person, to that person's electronic mail address.
- 14.3. When any notice or other document has to be authorised or served on the owner, an account holder or holder of any property or right in any property, it is sufficient if that person is described in the notice or other document as the owner, account holder or holder of the property or right in question, and it is not necessary to name that person.
- 14.4. Service of a copy shall be deemed to be service of the original.
- 14.5. Any legal process is effectively and sufficiently served on the municipality when it is delivered to the Municipal Manager or a person in attendance at the Municipal Manager's office.

## **15. Abandonment of bad debts, and full and final settlement of an account**

- 15.1. Before terminating the debt collection procedure in any individual instance, and subject to the municipality's Debt Write-off Policy, the Municipal Manager must -
- (a) ensure that all debt collection mechanisms as provided for in this policy have been utilised where reasonable;
  - (b) maintain an audit trail;
  - (c) document the reasons for terminating the debt collection procedure, including the cost of enforcement and necessary financial adjustments.
- 15.2. The Municipal Manager or his delegate may consider an offer for full and final settlement of any amount owing, and must, if in his sole discretion, he considers it in the interests of the municipality to do so, in writing consent to the acceptance of a lesser amount as full and final settlement of the amount due and payable.
- 15.3. Where the exact amount due and payable to Council has not been paid in full, any lesser amount tendered in full settlement to and accepted by any employee, except the Municipal Manager or the Municipal Manager's delegate, shall not be deemed to be in full and final settlement of such an amount.

## **16. National Credit Act not applicable**

The municipality is not a credit provider in terms of the National Credit Act 34/2005, and nor is that Act applicable to the recovery by the municipality of amounts due to it for rates, in terms of tariffs relating to the supply of services including fixed tariffs, fines or any other amount.

## **17. Right of appeal**

- 17.1. A person whose rights are affected by a decision of a municipal officer may appeal against that decision by giving written notice of the appeal and reasons to the Municipal Manager within 21 days of the date of the notification of the decision.
- 17.2. The Municipal Manager must promptly submit the appeal to the appropriate appeal authority mentioned in 17.4.
- 17.3. The appeal authority must consider the appeal and confirm, vary or revoke the decision, but no such variation or revocation of a decision may detract from any rights that may have accrued as a result of the decision.
- 17.4. When the appeal is against a decision taken by -
- (a) a staff member other than the Municipal Manager, the Municipal Manager is the appeal authority, even if such staff member was acting in terms of a delegation from the Municipal Manager;
  - (b) the Municipal Manager, the Mayor is the appeal authority;
  - (c) a political structure or political officer bearer or a Councillor, a committee of councillors who were not involved in the decision and appointed by Council for this purpose; will be the appeal authority.
- 17.5. An appeal authority must commence with consideration of an appeal within six weeks and decide upon the appeal within a period of twelve weeks.

## **18. Performance evaluation**

### **18.1. Income Collection Targets**

Council to create targets that include:

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

### **18.2. Customer Service Targets**

Council to create targets that would include:

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

### **18.3. Administrative Performance**

Council to create targets that will include:

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

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

## **19. Schedule of variable information**

The Council and/or the Municipal Manager may as authorised in this policy, from time to time review and resolve on the matters in the attached annexures, which will be amended and publicised by posting it on the municipality's website and if necessary, by publication in the Gazette. Such information is a part of this policy.

**G ANNEXURES**

ANNEXURE "A"

**NEWCASTLE MUNICIPALITY  
APPLICATION FOR MUNICIPAL SERVICES**

Section ACDE - Domestic	Section BCDE - Business	Section BCDE – Closed Corporation
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Section A: Domestic
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Consumer Surname

Full Christian Names

ID Number

Occupation

Employer/Business

Marital Status

Single	Married	In Community of Property	Out Community of Property

Full Names Spouse

Occupation Spouse

Employer Spouse

Name and Address of Member of Family or Friend

Home Telephone Number

Work Telephone Number

Cell Number





Section D: Service Particulars
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Address where service is required

Erf/Stand Number

Date when service is required

Services:

<b>Water</b>		
<i>Communal Standpipe</i>	<i>Yard Tap</i>	<i>House Connection</i>

<b>Sewerage</b>	
<i>Bucket</i>	<i>Water Borne</i>

<b>Electricity</b>	
<i>Prepaid</i>	<i>Credit meter</i>

<b>Refuse Removal</b>

Type of supply:

Domestic	Commercial	Industrial	Educational	State	Agricultural

State whether any type of business activities to be conducted from residential address:

Yes	No

Section E: Declaration
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I hereby declare that I/we agree to the conditions of supply of the mentioned services as laid down in the by-laws of the Municipality and any other laws that are applicable.

I/we hereby accept the street address/stand number specified above as my own Domicilium citandi at executandi address where I will accept any notice to be served.

I/we hereby tender a deposit/bank guarantee of R\_\_\_\_\_ and agree that this amount or any part thereof may be used to redeem unpaid accounts or any parts thereof and that the surplus if any be paid back to me/us.

I/we indemnify the Municipality against any losses which may occur due to claims instituted against the Municipality due to power failure, or justifiable discontinuation of services.

I/we accept the responsibility for the payment of attorney and client costs should it be necessary for Council to hand over outstanding amounts on the accounts as well as giving permission to be listed with the Credit Bureau.

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

I/we hereby certify the information furnished to be correct.

**NEWCASTLE MUNICIPALITY**

**RULES FOR NEGOTIATING INSTALLMENTS FOR REPAYMENT OF ARREARS**

Any arrangement for payment of arrears in terms of Section 5 of the Credit Control, Debt Collection and Customer Care Policy will be negotiated within the following framework:

1. Private Households:

The consumer should declare the monthly household income.

An amount equal to 15% of the nett monthly income should be paid as instalments on arrears, provided that:

- No debtor should be allowed to redeem arrears over a period in excess of 30 months.
- In cases where the debtor indicates that the calculated payment is not affordable, but is calculated to be paid in less than 20 (Twenty) months, instalments may upon further arrangement be adjusted to 10% (ten percent) of the debtor's monthly income.

Should a debtor who has made an arrangement for payment of arrears fall into default of such arrangement, it will result in immediate legal action.

Persons earning between R 1 900 and R 5 000 to negotiate with the personnel enabling them to pay off their arrears up to / within a maximum of sixty months (Proof of household earnings to be produced);

2. Business and Other Accounts:

The rules as applicable to Private Households shall apply, except that the arrears should be paid within a maximum period of twelve months.

**RULES OF EXTENSION FOR PAYMENT OF CURRENT CONSUMER ACCOUNTS**

Due to the current financial situation Council finds itself in, extension on accounts in order to prevent termination of services will be limited to the following circumstances:

- Excessive water leaks (in excess of R500)
- Excessive additional deposits levied (in excess of R500)
- Social pensioners, when pension pay date is after Council's final payment date.
- Account holders who can prove that they are employed, where the pay date is set as the 15<sup>th</sup> day of the month. Council may require the signing of a debit order to qualify for this extension.