



ILEMBE DISTRICT MUNICIPALITY

2020-2021

CREDIT CONTROL AND DEBT COLLECTION POLICY

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1. PURPOSE

This policy has been compiled as required in terms of Section 97 of the Local Government: Municipal Systems Act 32 of 2000 (hereinafter referred to as the MSA) and is designed to provide for credit control and debt collection procedures and mechanisms. It also aims to ensure that the Municipality's approach to debt recovery is sensitive, transparent and is equitably applied throughout the Municipality's geographic area.

2. STATEMENT

The MSA requires the Municipality to review the Credit Control Policy annually together with its budget.

The Municipality has taken cognizance of the high level of poverty and unemployment, which is prevalent in various areas of the District and has developed an Indigent Support Programme and other initiatives to assist those customers who are economically unable to meet normal service charges.

Assistance to the Indigent is dealt with in terms of the Indigent Support Policy. Any debt owing by an indigent debtor, after deduction of the indigent support rebate, shall be recovered from him or her, in accordance with this policy.

Due consideration has been given to the budgetary implications of this policy and necessary amounts allocated in terms of the annual Budget

3. DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time, except where clearly indicated otherwise and means the following:

"account"	any account rendered for municipal services provided.
"Act"	the Local Government: Municipal Systems Act, 2000(Act No. 32 of 2000) as amended from time to time.
"arrears"	any amount due, owing and payable in respect of municipal services not paid by due date.
"Sewer & Water"	a monthly account reflecting municipal service fees, charges, surcharges on fees and other municipal taxes, levies and duties.

"Acknowledgement of Debt"	arrangements made with customers with regards to arrears.
"Consumer"	Any person liable to the Municipality for taxation or any services
"defaulter"	any customer in arrears.
"due date"	(i) <u>Monthly</u> The monthly date on which all customers' accounts become payable, which date shall be 15 days from date of the Account.
"illegal connection"	Any connection to any system through which the municipal services are provided, which is not authorized or approved by the Municipality or its authorized agent.
"owner"	<ul style="list-style-type: none"> a. the person in whom from time to time is vested the legal title to premises; b. in case where a person in whom the legal title to premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, executor, administrator, judicial manager, liquidator or other legal representative; c. in any case where the Municipality or its authorized agent is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such premises or a building thereon; d. in the case of premises for which a lease agreement of 30 years or longer has been entered into, the lessee thereof; e. in relation to: <ul style="list-style-type: none"> i A piece of land delineated on a sectional plan registered in terms of Sectional Title Act, 1986 (Act No. 95 of 1986), the developer or the body corporate in respect of common property; or ii a section as defined in the Sectional Title Act, 1986 (Act No. 95 of 1986), the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such person; or iii a 'Home Owners Association', all members of the Association.

- f. the Ingonyama Trust, where the land is vested in the Trust by virtue of the provisions of the Ingonyama Trust Act.
- g. any legal person including but not limited to:
 - i a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a close corporation registered in terms of Close Corporation Act, 1984 (Act 69 of 1984) and a voluntary as amended from time to time
 - ii any department of State;
 - iii any Council or Board established in terms of any legislation applicable to the Republic of South Africa;
 - iv any Embassy or other foreign entity.

“Prescribed form” refers to the form required by the Chief Financial Officer from time to time.

“Revenue Clearance Certificate” the certificate referred to in Section 118(1) of the Municipal Systems Act 32 of 2000.

“sundry charges” a charge to a customer, not directly linked to a property, and includes charges arising from damage to Municipal property and equipment.

PROVISION OF MUNICIPAL SERVICES

4. REGISTRATION

- 4.1 All new applications for services where there were no services will be in the form of conventional meters unless otherwise stated.
- 4.2 The Municipality shall whenever possible, combine any separate accounts of persons who are liable for payment to the municipality, into one consolidated account.
- 4.3 The Municipality may consolidate water and sanitation accounts to the occupier or tenant account for each property where these services have separate accounts for owner and/or occupier, irrespective of the lease agreement conditions regarding payment for such services.

Commented [NM1]: Databse to do it

4.4 No registrations or additions to the customer database can be processed unless legal documentation or written consent by the account holder acceptable to the Chief Financial Officer has been produced in each instance.

Commented [NM2]: Database under Billing

4.5 If there is an outstanding debt on the property, this debt must be settled in full or suitable payment arrangements must be made by the owner of the property, before any consumer/owner is registered for services and also the transfer to the new owner is registered.

4.6 All accounts opened shall be accompanied with a form/letter of consent from the owner of the property. This form will be obtainable at the municipal office where the account is to be opened. If this form is not fully completed, the account will be deemed unopened until such time that this requirement has been duly met.

Commented [NM3]: Customer Care Procedure

4.7 With respect to a commercial application the following documents must be produced:

The Certificate of Registration or incorporation of the Company, CC, Trust, or Partnership.

- Certified copy of the identity document or passport of one of the directors, members, trustees or owner in the case of a sole proprietor, who would open an account.
- Letters of authority in the case of a partnership or sole proprietor.
- Personal sureties from one or more of the Directors / Members of a Company / CC Trust or Partnership
- VAT registration numbers if applicable
- Landlords consent / lease agreement / agents mandate between landlord / agent

Commented [NM4]: Procedures

4.8 Customers/consumers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action, as the Municipality deems appropriate, the meter being removed and the property owner shall be billed for the consumption of those services

4.9 Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the customer/consumer/ owner to advise the Municipality of such change.

4.10 The owner must advise the Municipality of any change of tenants within 30 days of the new tenant moving in.

4.11 Directors of companies, members of Close Corporations and Trustees of a Trust or any authorised representatives shall sign personal surety ships with the Municipality when opening services accounts.

Commented [NM5]: Customer Care & procedure

- 4.12 In the event of deceased estates, the person nominated as executor or estate representative shall transfer the account into the name of the estate and the normal debt collection procedures shall apply in such instances”
- 4.13 All Re-connections are to take place after all payments have been paid up. If reconnection is done before payments are made, then that connection will be deemed illegal.
- 4.14 Customers who fail to apply for services and who illegally consume services will be subjected to punitive measures or such civil or criminal action as the Municipality deems appropriate. The Accounting officer will open criminal charges at the local police station.
- 4.15 The Executor of a deceased estate, in his capacity as such, shall be liable for payments of all debts on the property.
- 4.16 Where the property was previously governed by Black Administrations Act, and the estate not yet been finalized, the occupants of the property shall be regarded as “Deemed Owners for the purposes of the account only, and shall be responsible for payment of consolidated accounts (including sewer accounts if applicable).
- 4.17 Deemed ownership does not confer any rights to the occupants other than the liability to pay the accounts.
- 4.18 All borehole applications for approval shall be done through the municipality and in accordance to the Tariff policy and also the tariff of charges

5. DEPOSITS

- 5.1 At the time of registration as a consumer, a deposit will be required based on the criteria set by the Chief Financial Officer from time to time.
- 5.2 Deposits will be due and payable on registration of new consumers and upon the movement of existing customers to a new address.
- 5.3 The Municipality may appropriate a consumers’ deposit on any account related to that customer.
- 5.4 Notwithstanding receipts for different services, deposits payable to the Municipality shall be a consolidated deposit, paid in cash or irrevocable bank guarantees. Sureties shall not be accepted in lieu of deposits.
- 5.5 If a consumers in arrears, the Bank Guarantee may be increased or converted to cash.

5.6 The Municipality may utilize the consolidated deposit as security for any or all of the charges or amounts included in the statement of account.

5.7 Where a business customer does not present a valid South African ID Document, a deposit equivalent to twice the usual deposit shall apply in addition to the personal suretyship.

5.8 Where a tenant has absconded leaving a debt on a property, an additional deposit, equal to the debt on the property, will be raised on the tenants other account, should one exist.

5.9 In the event that a prepaid meter is installed and there is no sanitation services in the area, there will be no need for a deposit amount to be paid to the municipality as there will be no debt that will be raised after connection charges have been paid up before installation.

5.10 Review of Deposits

a. If the consumer poses a credit risk, the value of the original deposit paid, maybe reviewed by the Chief Financial Officer from time to time.

b. The municipality has the right to raise a deposit if there is no deposit recorded/raised for services.

c. The deposit on an account may be reviewed when:

i. The Account is paid after the due date

ii. Dishonored payment

iii. There is increased consumption of services

iv. An account or property where water connection has been restricted/disconnected at least twice during the preceding financial period of 12 (twelve) months. The reviewed deposit will not be less than three times the average monthly account calculated over the three immediately preceding months.

d. The Municipality may increase the deposit up to 12 month's consumption.

5.11 Interest Payable on Cash Deposits

No interest will be paid on deposits held by the municipality.

a. **Substitution of Accounts**

If a consumer /owner wish to substitute another person, a new account must be opened and all the requirements pertaining to opening account shall apply including the deposit in terms of 5.10 above.

ACCOUNTS MANAGEMENT

6. ACCOUNTS

- 6.1 The Municipality will have accounts posted to all consumers at the address chosen by the consumer at the time of application of service in the case of multiple ownership; the account will be posted to any one owner. Change of address must be done in writing.
- 6.2 Failure to receive or accept accounts does not relieve a consumer of the obligation to pay any amount due and payable. The onus is on the customer to make every effort to obtain a copy account for payment.
- 6.3 The Municipality or its authorized agent must, if administratively possible, issue a duplicate account to a customer on request. The Municipality will provide owners with copies of their tenant's accounts if requested.
- 6.4 The Municipality reserves the right to communicate accounts by any other means except post e.g., sms, mms, email or any other form of communication.
- 6.5 Accounts must be paid in full on the due 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 capital arrears will accrue after final date if the account remains unpaid.

Commented [NM6]: Revenue/Billing & Database

Commented [NM7]: Revenue & Database/Customer care

7. RESPONSIBILITY FOR AMOUNTS DUE

- 7.1 In terms of Section MSA118 (3) of the Act an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.
- 7.1.1 Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.
- 7.1.2 The Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.
- 7.1.3 No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.

- 7.2 Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to be absolved, for all Municipal debts charged on the property.
- 7.3 Owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.
- 7.4 Should any dispute arise as to the amount owing, the consumer shall pay all amounts that are not subject to the dispute and an average account for the amount that is in dispute.
- 7.5 Upon the installation of an additional meter, a consumer will be required to pay all outstanding debt and or make suitable arrangements in regards to having the debt settled. Upon the above not being met, the Municipality reserve the right to collect such outstanding amounts by way of enforcing Credit Control and Debt collection Policies adopted by Council which entail a percentage collection via pre-payment system.

Commented [NM8]: For further discussion

8. PAYMENT OPTIONS

- 8.1 The Municipality will endeavor to establish a payment network to ensure that, wherever practically possible, customers in receipt of accounts have access to a payment site within a reasonable distance of their home.
- 8.2 Where any payment made to the Municipality, or its authorized agent, by negotiable instrument or direct debit, is later dishonored by the bank, the municipality or its authorized agent:
- i. Will recover the average bank charges incurred relating to a dishonored negotiable instrument against the account of the customer;
 - ii. may regard such an event as default on payment and the account shall be dealt with as an arrear account;
 - iii. Reserves the right to take legal action on the negotiable instrument or for recovery of arrears.
- 8.3 The methods of payment shall be determined by the Chief Financial Officer from time to time excluding Cheque payment and review Debit card payments.
- 8.4 A payment shall be deemed to be late, unless received on or before the due date at a municipal pay point by 15H00.
- 8.5 Electronic payments or payments made via duly authorized agents must:
- i. Be received in the municipal bank account by 15H00 on the **due date**;
 - ii. Clearly indicate the details of the customer on behalf of whom the payment is made; and

- iii. Must be accompanied by the relevant account numbers by way of an allocation

9. FULL AND FINAL SETTLEMENT

- 9.1 Where the exact amount due and payable has not been paid in full, any lesser amount tendered and receipted, except when duly accepted in terms of delegation of power, shall not be in full and final settlement of such an account.
- 9.2 The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or receipted in full settlement.

10. CASH ALLOCATION

- 10.1 For consolidated accounts, the Municipality may in accordance with section 102 of the Act credit any payment by a customer/ consumer against any account of that customer.
- 10.2 Any amounts paid may be appropriated to the oldest debt first where there are separate accounts.
- 10.3 Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future charges and fees for municipal services, and no interest will be payable on that amount.
- 10.4 The Municipality's allocation of payment is not negotiable and the customer may not choose which services to pay.
- 10.5 The municipality has a right to allocate payments to any account or accounts where there are arrears and there is more than 1 account for the same debtor.

11. INTEREST AND ADMINISTRATIVE CHARGES

Interest charges are raised on amounts that are in arrears for more than 30 days from the date of invoice

11.1 .

The interest rate is determined each year as part of tariff of charges..

11.2

11.3 Interest will not be charged on inactive accounts where there is no monthly consumption.

- 11.4 Any request for Write-off of interest on merit subject to recommendation by Chief Financial Officer and ratification by and approval Council.

12. BUSINESSES WHO TENDER TO THE MUNICIPALITY

- 12.1 When inviting tenders for the provision of services or delivery of goods, potential contractors must declare 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 the payments of arrears.
- 12.2 The Municipality will at its sole discretion check whether all the Municipal accounts are up to date.
- 12.3 No tender will be allocated to a person / contractor until suitable arrangement for the repayment of arrears debt, has been made. The tenderer must maintain arrangements and pay current installments as provided for in any contract with the Municipality.
- 12.4 Where payments are due to a contractor in respect of goods or services provided to the Municipality, any arrear amount owing to the Municipality may be set off against such payments.
- 12.5 In the application of this section, the municipality shall interpret the provisions hereof so as to be consistent with the principles and contents of the supply chain management policy.

13. STAFF AND COUNCILLORS IN ARREARS

- 13.1 Item 10 of Schedule 2 to the Act states that: - "A staff member of the Municipality may not be in arrears to the municipality for a period longer than 3 months and a municipality may deduct any outstanding amounts from a staff member's salary after this period."
- 13.2 Item 12A of Schedule 1 to the Act states that: - "A Councilor may not be in arrears to the municipality for water and sewer charges for a period longer than three months."
- 13.3 The Municipal Manager shall issue the necessary salary deduction instruction where appropriate.
- 13.4 In the event that the municipal account is opened in the spouse of a councilor and or employee, then the municipality reserves the right to collect arrears due from the spouse and proceed thereof via salary deductions.

14. TERMINATION OF MUNICIPAL SERVICES

14.1 ARREAR ACCOUNTS

14.1.1 DISCONNECTION AND RECONNECTION OF SERVICES

14.1.1.1 Arrears on services or any other consolidated debt may result in restriction/disconnection of services / percentage blocking and or discontinuation of purchasing water through the pre-paid system or with- holding use of Municipal facilities.

14.1.1.2 Monthly accounts sent to consumers will carry a warning of imminent restriction/disconnection of water if account is in arrears.

14.1.1.3 The Municipality may also use SMS's and emails by way of warning Consumers to carry out payments failing to which 14.1.1.1 shall apply.

14.1.1.4 Where it is intended to disconnect a group of consumers in a complex, due notice shall be given in terms of the Constitutional Court judgment. 14 days' notice must be given, if it is intended to disconnect the primary consumer

14.1.1.5 Reconnections or reinstatement of services shall be done within 24 working hours, after satisfactory payment, or arrangements for payment, has been made by debtor. Reinstatement of water services shall be in the form of a conventional meter.

14.1.2 DOMESTIC CUSTOMERS

14.1.2.1 On restriction of water supply, the Municipality has the following payment options:

- a Pay the outstanding arrear amount plus all relevant charges in full;
- b Pay all relevant charges plus an initial payment determined by Council and then sign an Acknowledgement of Debt.
- c In the event of not being able to pay the initial amount, the debtor may apply for a debt review where the established committee (Expenditure and Revenue Management Committee) may approve an arrangement without paying the initial amount but have it incorporated to the monthly arranged amount.

14.1.2.2 Confirmation of tampering of a restricted supply on two occasions may result in the entire water connection being removed. Customers have two options to facilitate the re-instatement of the water supply:

- a Pay the outstanding debt in full (including all charges) plus the prevailing costs of a new connection, meter will then be installed;
- b Pay all relevant charges plus an initial payment of 30% or a debt review arrangement as determined by the Chief Financial Officer and then Sign an Acknowledgement of Debt, which would include the connection costs and a meter will be installed.

14.1.2.3 In the event of a restriction/tampering, when applying 14.1.2.1 and 14.1.2.2 the reconnection fee needs to be paid in full. No arrangements will be made on such occasion for such fees/charges.

14.1.2.4 In the event of a funeral, an application may be made for temporary relief whereby the flow limiter may be removed for a specific period of up to seven days only. This may be done upon payment of a prescribed fee to be reviewed annually. The flow limiter will be reinstated after seven (7) days.

14.1.3 UNAUTHORISED SERVICES

14.1.3.1 No person may gain access to municipal services unless it is in terms of an agreement entered into with the municipality or its authorized agent for the rendering of those services.

14.1.3.2 The municipality or its authorized agent may, irrespective of any other action it may take against such person in terms of these bylaws, by written notice, order a person who is using unauthorized services to: -

- (a) Apply for such services in terms of chapter 4 of this policy
- (b) Pay the connection charges and tampering fees as prescribed in the tariff of charges.
- (c) Undertake such work, as may be necessary to ensure that the unauthorized customer is legalised

14.1.3.8 Installation complies with provisions of these or any other relevant bylaws.

14.1.3.9 No person other than the municipality or its authorized agent shall manage, operate or maintain infrastructure through which municipal services are provided.

14.1.3.10 No person other than the municipality or its authorized agent shall effect a connection to infrastructure through which municipal services provided.

14.1.3.11 Consumer found to have unauthorized services can at the municipal discretion be applicable to criminal and or civil charges laid against the owner/tenant.

14.1.3.12 No persons shall erect a borehole without an application of approval through the municipality, if so is found it will be deemed as illegal and applicable penalty fees shall apply/raised.

14.1.4 DEBT RELIEF FOR CONSUMERS - COVID-19

14.1.4.1 In the event that consumers cannot make payment and or cannot afford payment for services due to the various reasons then consumers can apply for debt relief to the municipality for consideration.

14.1.4.2 The consumer must make an application from the forms attached to this policy (annexure 1 and annexure 2)

14.1.4.3 Once application has been made then the forms are to be deliberated and taken into consideration in full by the established committee (Expenditure and Revenue Management Committee)

- 14.1.4.4 The above relief shall be not be applicable to government entities and institutions.
- 14.1.4.5 Consumers will be updated on the outcome of the application.
- 14.1.4.6 Debt review can also be applied for and consumers need to adhere to the outcome stipulated.
- 14.1.4.7 Not all cases will be the same and therefore the committee will not be applying a blanket approach. Each case will be considered differently.
- 14.1.4.8 An initial amount of 20% of the outstanding debt will be requested in order to fully apply for the above relief.
- 14.1.4.9 In the event that the initial amount cannot be paid, it must be stipulated on the application and the committee will also deliberate on that
- 14.1.4.10 Payment terms may be extended when considering an application for the above relief.s

15. TERMINATION / TRANSFER OF SERVICES

- 15.1 At least 14 days' notice is required from the customer upon termination / transfer of an account, to enable the Municipality to take final meter readings and process account adjustments.
- 15.2 Landlords are not permitted to terminate water if there are occupants on the property and the account is not in arrears.
- 15.3 Consumers are required to update their information details with the Municipality. Failure to respond to the Municipalities request for updated information may result in with-holding of services or prosecution.
- 15.4 The Municipality may exercise its common right in accordance with 7.1 above where a tenant on a property is in breach of his/her contract with the Municipality. The tenant shall forfeit his/her deposit to the owner where the outstanding debt is paid by the owner.

16. POWER TO RESTRICT OR DISCONTINUE SUPPLY OF SERVICES

- 16.1 The municipality may restrict, discontinue or disconnect the supply of water or any other service to any premises, whenever a customer, in respect of a particular service:

- 16.1.1 Is placed under provisional sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act, 1936 [Act No. 24 of 1963] or any other applicable law; or
- 16.1.2 An administration order is granted in terms of Section 74 of the Magistrate Court Act, 1944 [Act No. 32 of 1944] in respect of such a customer.
- 16.1.3 Causes a situation which, in the reasonable opinion of the municipality, is dangerous, wasteful, or in contravention of relevant legislation;
- 16.1.4 Tamper with any municipal supply meter, or bypasses any metering equipment, in order to obtain an un-metered service;
- 16.1.5 Obstructs the efficient supply of water or any other municipal service to another consumer;
- 16.1.6 Supplies such municipal service to any person who is not entitled thereto, or permits such a service to continue;
- 16.1.7 Fails to comply with a condition of supply imposed by the municipality
- 16.1.8 Removal of meter for consumers not responding to being restricted.
- 16.1.9 . The debt collection policy determines that municipal accounts be paid on the due date as indicated on the account and that non-payment of accounts will result in debt collection action. Where an account rendered to a customer remains outstanding for more than 30 (thirty) days the municipality or its authorized agent may: -
- 16.1.10(a) Institute legal proceedings against a customer for the arrears; or
- 16.1.11(b) Hand the customer's account over to a debt collector or an attorney for collection.
- 16.1.12. A customer will be liable for all legal fees. All pre-legal costs associated with debt collection are not recoverable from the debtor, except those costs which are prescribed by the courts. including the payment of a higher deposit, as may be determined by the Municipality from time to time.
- 16.1.13 In the event of an occupier account being in arrears for more than 90 days, the registered owner will be informed of the arrears on the account and Council's intention of terminating the account and services and linking the meter to the owner's account. The debt will revert to the owner's account.

17. WATER & SANITATION DEBT RECOVERY USING THE PRE-PAYMENT METERING SYSTEM

- 17.1 In terms of the MFMA: the municipality shall take all necessary measures to recover all rates due and payable to the municipality. Therefore Council has the right to recover debt using the prepayment system. This can be as follows:
- i. A message will appear on the token purchased stating that you need to contact the Finance department to make payment and or arrangements.
 - ii. Consumers can be blocked from purchasing water if sec 17.1 (i) is not adhered to via
 - Percentage blocking and full blocking
 - iii. Each time a customer make a purchase of water, a Minimum of 30% of the purchase price would be paid towards the old debt and may be increased at the discretion of the Municipality. This is applicable to consumers who have not made arrangements
 - iv. If all of the above are not adhered to then the municipality reserves the right to completely block any consumer from purchasing until payment or arrangements are made.

18. UNALLOCATED CONSUMPTION

18.1 When water consumption is recorded on a property during a period for which there is no registered customer against whom a bill can be raised, the relevant charges shall be raised against the registered owner on his consolidated bill.

18.2 In the event that there has been no legal authorization of services but there is consumption of services, an account is to be opened, charge tampering fees and determine and average to raise on the consumers account limited to 36 months.

18.3 allow the consumer arrangements to pay such as stipulated in the customer care policy and also in the debt collection policy.

19. INTERNAL LEAKS

- 19.1 Internal leaks may be charged at the lowest tariff, up to a maximum of *3 months*, upon approval and submission of the following documents:
- 19.2 Letter from registered consumer requesting reduction of account
 - 19.3 Letter from a plumber who fixed the leak and copy of the invoice
 - 19.4 A sworn affidavit by the accountholder where leak was self-repaired
 - 19.5 Three subsequent water statements after the leak was fixed indicating reduction in Consumption.

- 19.6 An account can be adjusted more than once in a financial year in a case where leaks have taken place.
- 19.7 First adjustment will be 3 months
- 19.8 Second adjustment will be 2 months
- 19.9 and more than that mentioned in 19.6-8 will be an average of 1,5 months
- 19.10 Registered consumer shall pay for consumption at the lowest tariff for the 3 months accounts affected by internal leak whilst awaiting approval and at normal tariffs for any other accounts

20. REVENUE CLEARANCE CERTIFICATES

Subject to Sections 118(1) and (1A) of the Act, the following shall apply to the issue of a Revenue Clearance Certificate for the purpose of effecting transfer of a property to a new owner.

20.1 Assessments

Application shall be made by the conveyancer, in the prescribed format.

- a Copies of all the accounts must accompany the application. If the relevant information is not provided, the application will be returned to the conveyancer.
- b The assessment shall remain valid for a period of 30 days. If payment has not been received within this period, a re-assessment may be required and payment of a further assessment fee will apply.
- c The onus rests with the seller and buyer jointly and severally to ensure that the debts on the property are fully paid before finalizing transfer of a property.
- d Discrepancies in respect of the above may result in delays in issuing of a clearance certificate, and in addition may result in levying of additional service charges, fees and / or interest.
- e Any amounts paid shall be appropriated to the oldest debt first.
- f In the event that there has been no legal authorization of services but there is consumption of services, an account is to be opened and determine an average to raise on the consumers account limited to 36 months
- g In the event where an Indigent write-off was granted within a year of the sale of property would be written back before a clearance certificate can be issued. (GRAP104)

20.2 Clearance Certificates

- a Payment on the assessment must be made in cash or by irrevocable bank guaranteed cheque, or an Attorney's Trust cheque, eft
- b There shall be no refunds on the cancellation of a sale.
- c The Certificate shall be valid for a period of 60 days from date of issue.

21. LEGAL ACTION

- 21.1 Legal steps may be taken to collect arrears as set out in the debt collection strategy after consumers have been screened according to their risk:
 - A disconnection/restriction action yielded no satisfactory result;
 - B disconnection/restriction action is not possible due to the nature of the services for which the account has been rendered; or
 - C the arrears are older than 90 days
- 21.2 The Municipality will enforce any other rights or exercise any power conferred on it by any other legislation.
- 21.3 For residential properties occupied by owners, all reasonable steps shall be taken to ensure that the ultimate sanction of judgment and sale-in-execution is avoided or taken as the last resort. The Municipality, however, has total commitment to follow the legal process through to judgment and sale-in-execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time.
- 21.4 Once judgment is obtained the properties will be advertised and sold through public auction, unless appropriate settlement has been made to the satisfaction of the Municipality. The Municipality shall assess annually, the appropriate minimum amount below which it will not attach homes.
- 21.5 Legal and all applicable costs shall be debited to the relevant debtors account.
- 21.6 Metering and connection equipment remain in the ownership of the Municipality at all times and the owner of the property, on which such Municipal Meters and connection equipment is installed, shall be held responsible for all instances of tampering, damage or theft. Accordingly, the owner of the property concerned is liable for any breach of this duty and may be prosecuted.
- 21.7 The Chief Financial Officer shall determine the nature and extent of proceedings to be instituted in any particular case.

21.8 If the Chief Financial Officer is of the opinion that the institution or continuation of proceedings for the recovery of any amount shall be fruitless or not cost-effective, the Chief Financial Officer may recommend to the Council that such action be not commenced, or be discontinued or terminated.

21.9 The effective implementation of the present policy also implies a realistic review of the municipality's debt book at the conclusion of each year. The Chief Financial Officer shall present to the council a report indicating the amount of the arrears which it is believed is uncollectable, together with the reasons for this conclusion.

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

22. ACKNOWLEDGEMENTS OF DEBT

22.1 The Municipality may, at its discretion, enter into an Acknowledgement of Debt and an admission of liability, with customers and owners in arrears with municipal service fees, surcharges on fees and other municipal taxes, levies, duties and sundry charges.

22.2 Before any Acknowledgement Of Debt is concluded,

- a. A check is needed to be done if there were any previous Agreements, also to check if they have been fully met or dishonored.
- b. At least 30% of debt for domestic users and 40% of debt for business and other categories shall be paid before signing of Acknowledgement of Debt or entering into any payment arrangement;
- c. The Chief Financial Officer to approve all initial payments less than 30% for residential consumers
- d. All services must be consolidated onto one account (if not done previously) and an Acknowledgement of Debt (as per above) concluded for the debt of all services where possible.
- e. CFO to approve all initial amounts less than 40 % for all commercial consumers
- f. Written submission must be made to the CFO for consideration
- g. Services to commence once approval has been granted.

22.3 Customer entering into an Acknowledgement of Debt may be required to pay installments by scheduled payments or bank guaranteed cheques or any other means acceptable to the municipality.

22.4 The customers' current account must be paid in full, and maintained, for the duration of the agreement.

22.5 The owner of a property may be required to give consent in writing to an Acknowledgement of Debt and admission of liability with the Municipality and his tenant.

- 22.6 Re-connection, disconnection and tampering fees where applicable, must be paid in FULL before any Acknowledgement Of Debt can be entered into.
- 22.7 By entering into an Acknowledgement Of Debt the debtor(s), and where applicable, the owner, acknowledge that failure to meet any installment will result in prompt disconnection action being taken, without prejudice to any legal action that the Municipality may take to recover the arrears.
- 22.8 Acknowledgements of Debt negotiated on business accounts shall require the agreement to be signed by a duly authorized Director / Member of the business. Personal sureties to the value of the debt plus current accounts are also required. **Under no circumstances are agreements to be completed without such sureties.**
- 22.9 An Acknowledgement Of Debt may **not** be granted where:
- 22.9.1 Arrears have arisen due to dishonored cheques, direct debit reversals etc;
- 22.9.2 Instances of repeated meter tampering have been identified
- 22.9.3 The services have been removed;
- 22.9.4 AOD was previously entered into; or
- 22.9.5 The customer's deposit has been increased due to a poor risk profile.
- 22.10 Where any debt has arisen as a result of the Municipality having applied an incorrect charge and/or tariff, the customer may arrange to pay the debt over a maximum period at the discretion of the Chief Financial Officer and any interest or penalties may be waived.
- 22.11 Should any dispute arise with respect to the amount owing, the debtor shall continue to make regular payments based on the average charges for the preceding three (3) months prior to the dispute, plus interest where applicable.
- 22.12 The amount of the down payment and the period of the Acknowledgment of Debt shall be at the discretion of the Chief Financial Officer if different from 22.2(e) above.
- 22.13 The Acknowledgement of Debt shall be terminated if a debtor relocates from the property. The balance owing shall become immediately due and payable.
- 22.14 The monthly installments on an Acknowledgement of Debt are payable within twenty one (21) days from the date of the account notwithstanding any further extension of time printed on the face of the account.
- 22.15 Where a debtor enters into an Acknowledgement Of Debt with the Municipality to pay off arrears for service charges, no further interest will be added to the debt acknowledged if during the period, the debtor adheres to the Agreement.

22.16 The duration of the agreement shall not exceed 24 installments for residential customers and 12 installments for businesses and other categories unless authorized by the Chief Financial Officer.

22.17 Any debtor who enters into a bona fide arrangement with the municipality for the settlement of arrears and who fails to honour the terms of such arrangement shall not be allowed to enter into any further arrangements with the municipality unless any amount (including all interest and other charges) owing under the first-mentioned arrangement has been fully paid, or if, in the opinion of the Chief Financial Officer, special circumstances exist which justify the entering into of such further arrangements.

23. SUNDRY CHARGES ON CONTRACTORS

23.1 In the event that a contractor breaks and or interferes with the infrastructure of the municipality, then that contractor will be liable for damages of which a sundry account will then be opened for that contractor and payment is requested.

23.2 The above in sec 23.1 is to recover any losses that are to take place while repairing such damages to the network.

23.3 Such information must be brought to the attention of the finance department who will carry out the applicable procedures in order to execute same.

23.4 Failure to pay and or make arrangement will mean that full credit control and debt collection procedures are to be enforced.

24. DISPUTES

24.1. A consumer who disputes a Municipal Account must submit each dispute within 60 days of rendering the account in writing to the Chief Financial Officer stating the reasons for such dispute and any relevant facts, information or representation, which the Chief Financial Officer should consider to resolve the dispute.

.2 The CFO or his nominee may hear representations from consumer who dispute within 30 days an account and he/his nominee may take a decision, based on the spirit of the Policy that is binding.

.3 A dispute submitted above shall not absolve the consumer from paying his account.

.4 A dispute submitted above shall not stop, absolve or defer the continuation of any legal procedure already instituted for the recovery of arrear payment relating to such dispute.

25. REFUNDS

Credits on accounts shall be refunded, upon application and submission of proof of payment, as follows:

- 24.1 on a water or sanitation account: to the account holder;
- 24.2 where the owner pays the tenants account in terms of Section 118(3) of the Act: to the owner;
- 24.3 on transfer of a property: to the conveyancing attorney or their nominee.

26. POLICY ADOPTION

This policy has been considered and approved by the Council of ILembe District Municipality inMAY 2020.

This policy shall be effective from 01 July 2020