

MANDENI MUNICIPALITY



CREDIT CONTROL AND DEBT MANAGEMENT POLICY 2026/2027

TABLE OF CONTENT

ITEM NUMBER	DESCRIPTION	PAGE NUMBER
	PREAMBLE	4
	PART A – CREDIT CONTROL PROCEDURES	
1.	DEFINITIONS	4 - 8
2.	OBJECTIVES	9
3.	APPLICATION FOR MUNICIPAL SERVICES	9 - 11
4.	CHANGE IN PURPOSE FOR WHICH MUNICIPAL SERVICES ARE USED	11
5.	APPLICABLE CHARGES FOR MUNICIPAL SERVICES	11
6.	AVAILABILITY CHARGES FOR MUNICIPAL SERVICES	11
7.	SUBSIDISED SERVICES	11-12
8.	DEPOSITS FOR MUNICIPAL SERVICES	13
9.	ACCOUNTS	14
10.	PAYMENT OPTIONS	15
11.	DISHONoured PAYMENTS	15
12.	CASH ALLOCATION PRIORITIES	16
13.	RESPONSIBILITY FOR AMOUNTS DUE AND PAYABLE	17
14.	TERMINATION / TRANSFER OF ELECTRICITY ACCOUNTS	17
15.	INTEREST / ADMINISTRATION CHARGES ON OUTSTANDING ACCOUNTS	17
16.	DEBT COLLECTION	18
17.	ARRANGEMENT	18
18.	ARRANGEMENT FOR PAYMENT OF ACCOUNTS	19
19.	BUSINESSES WHO TENDER TO THE MUNICIPALITY	20
20.	MUNICIPAL CLEARANCE CERTIFICATES	20 - 22
21	PROPERTY RATES	22
22	PAYMENT OF CURRENT RATES	22
23	UNALLOCATED CONSUMPTION	22
24	ILLEGAL ELECTRICITY CONNECTION	23

25	ASSISTANCE TO THE POOR	23
26	DEBT RELIEF PROGRAMME	24
27	AGREEMENT WITH EMPLOYERS	24
28	STAFF IN ARREARS	24
29	COUNCILLORS IN ARREARS	25
	PART B – DEBT COLLECTION PROCEDURES	25
30	ARREAR MESSAGE ON ACCOUNTS	25
31	CONVERSIONAL ELECTRICITY METERS	25
32	PREPAID ELECTRICITY METERS	26
33	TAMPERING AND/OR THEFT OF SERVICES ON PREPAID ELECTRICITY METER	26-27
34	PROPERTY RATES AND CONSOLIDATED BILLING	27
35	LEGAL ACTION	27-29
36	BAD AND DOUBTFUL DEBT PROVISION	29
37	INTERFERENCE WITH INFRASTRUCTURE FOR THE PROVISION OF MUNICIPAL SERVICES	29
38	OBSTRUCTION OF ACCESS TO INFRASTRUCTURE FOR THE PROVISION OF MUNICIPAL SERVICES	29
39	ILLEGAL RE-CONNECTION	29
40	DECEASED ESTATE	30
41	REFUNDS	30
42	SUBMISSION OF BUILDING PLANS	30
43	COMPLIANCE AND ENFORCEMENT	31
44	EFFECTIVE DATE	31
45	POLICY ADOPTION	31

PREAMBLE

WHEREAS Section 95 of the Local Government: Municipal Systems Act 32 of 2000 obliges the Municipality to establish a sound customer management system that aims to create a positive and reciprocal relationship between persons liable for these payments and the Municipality;

AND WHEREAS Section 96 of the Local Government: Municipal Systems Act 32 of 2000 provides that a Municipality must collect all money that is due and payable to it for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies;

AND WHEREAS Section 97 of the Local Government: Municipal Systems Act 32 of 2000 provides that the credit control and debt collection policy must provide for credit control and debt collection procedures and mechanisms as well as provision for indigent debtors that is consistent with its rates and tariff policies and any national policies on indigents.

IT IS HEREBY ADOPTED: A Credit Control and Debt Collection Policy of the Mandeni Local Municipality

CREDIT CONTROL AND DEBT COLLECTION POLICY

PART 1 – CREDIT CONTROL PROCEDURES

1. 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; sundry charges, housing services and rates.
“Act”	The Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time.
“Actual consumption”	Means the measured consumption of any customer.
“Administration charge”	A fee charged on the capital rates then in arrears as determined by council from time to time;
“Agreement”	Means the contractual relationship between the Municipality and its Customer, whether written or deemed.
“Applicable charges”	Means the rate, charge, tariff, flat rate, or subsidy determined by the Municipality.
“Area of supply”	Means any area within or partly within the area of jurisdiction of the municipality or such other areas where the service is requested.

“Arrears”	Any amount due, owing and payable by a customer to the Municipality in respect of municipal services, sundry charges, housing services and rates not paid by due date.
“Arrangement”	Means written agreement entered into between the Council and the debtor where specific repayment parameters are agreed
“Average consumption”	Means the average consumption of a customer of a municipal service during a specific period.
“Chief Financial Officer”	Means a Person employed by the Municipality as its Chief Financial Officer.
“Commercial customer”	Means any customer other than household and indigent customers
“Connection”	Means the point from which a customer gains access to municipal services.
“Consolidated Bill”	A monthly bill reflecting all monies due to the Municipality in terms of Section 102 of the Act for electricity, refuse rates, vat and sundry charges.
“Credit Control”	All functions and processes relating to the collection of monies owed to the Municipality.
“Customer”	A person <i>or owner</i> with whom the Municipality has concluded an agreement or has an account with the Municipality
“Debtor”	Means any person indebted to the Municipality;
“Defaulter”	Means any customer or ratepayer in arrears.
“Deposit”	An amount required as security to be determined by the Municipality.
“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.
“Household customer”	Means a customer that occupies <i>or owns</i> a dwelling, structure or property primarily for residential purposes.
“Household”	Means a traditional family unit consisting of a combination of persons.
“Housing services”	Means any rental (rates if applicable) installment, administration charges, insurance premiums and housing interest.
“Interest”	A charge with the same legal authority as service fees and calculated at a rate determined by Council from time to time on all arrear accounts.

“Illegal connection”	A connection to any system through which the municipal services are provided, which is not authorized or approved by the Municipality.
“Indigent Customer”	Means a household customer qualifying and registered with the municipality as an indigent.
“MFMA”	Means the Municipal Finance Management Act No 56 of 2003
“Municipal Clearance Certificate”	Means a certificate issued by the Municipality in terms of Section 118 of the Municipal Systems Act, which certifies that all amounts that became due in connection with the property for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid. The certificate issued will be valid for a period of 60 days from date of issue.
“Municipality or Council”	Means the Mandeni Municipal Council and includes the Mayor, Political Office Bearers, Political Structures, Municipal Manager and any Official who has delegated powers in terms of Section 59 of the Local Government Municipal Systems Act (Act No. 32 of 2000).
“Municipal area”	Means the geographical area of the Mandeni Municipality as determined by the demarcation board in terms of the Demarcation Act No. 27 of 1998.
“Municipal manager”	Means the person appointed by the municipality as the manager of the municipality in terms of section 55 and 57 of the Municipal Systems Act read with Section 82 of the Local Government Municipal Structures Act 1998 (Act No. 117 of 1998)
“Municipal service”	Means services provided by the municipality, including refuse removal and electricity services.
“Occupier”	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 lodgers or tenants whether for his own account or as an agent for any person entitled thereto or interested therein.
“Owner”	a. the person in whom from time to time is vested the legal title to immovable property; b. in case where a person in whom the legal title to immovable property is vested is insolvent or deceased, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator,

judicial manager, liquidator or other legal representative;

c. in any case where the Municipality is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such immovable property 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:

- 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
- 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
- a 'Home Owners Association', which includes all members of the Association of the Ingonyama Trust, where the land is vested in the Trust by virtue of the provisions of the Ingonyama Trust Act No. 3 of 1994
- any legal person including but not limited to:
- a company registered in terms of the Companies Act, (Act 61 of 1973), a trust, a close corporation registered in terms of the Close Corporation Act, (Act 69 of 1984) a voluntary association and any department of State;
- any Council or Board established in terms of any legislation applicable to the Republic of South Africa;
- any Embassy or other foreign entity.

“Person”

Means any natural person, local government body or like authority, a company or close corporation incorporated under any law, body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust;

“Public notice”

Means publication in an appropriate medium that may include one or more of the following: -

- a. publication of a notice, in an official language determined by the Municipality in the local newspaper or newspapers in the area of the municipality; or in the newspaper or newspapers circulating in the area of the municipality determined by the Municipality as a newspaper on record; or by means of

radio broadcast covering the area of the municipality; or displaying a notice at appropriate offices and pay-points of the municipality, or

- b. communication with customers through public meetings, on the municipality's website, electronic communication, and ward committee meetings.

“Rates”

Municipal tax levied on the valuation of property. The rate is expressed as cents in the rand.

“Rates Act”

Municipal Property Rates Act 6 of 2004.

“Ratepayer”

Means a person who is liable to the Municipality for the payment of:

- a) Rates on the property within in the Municipal area.
- b) Any other tax, duty or levy imposed by the Municipality, and/or
- c) Fees for the services provided either by the municipality or in terms of a service delivery agreement

“Resident”

Means a person who ordinarily resides in the Municipal area;

“Service Authority”

Means the power of a Municipality to regulate the provision of a municipal service by a service provider;

“Service provider”

Means a person or institution or any combination of persons and institutions which provide a municipal service;

“Service Utility”

Means a municipal entity established in terms of Section 82 B of the Act;

“Staff”

Means the employees of the municipality, including the municipal manager;

“Supply zone”

Means an area, determined by the municipality, within which all customers are provided with service from the same bulk supply connection;

“Tamper with supply of power”

Means the unauthorized or illegal consumption of electricity by unauthorized or illegal reconnection of electricity without authority.

“Vat”
1991

A charge legislated in terms of the Vat Act, No 89 of

“Sundry charges”

Any charge

2. OBJECTIVE

- 2.1 The objective of a credit control and debt collection policy is to define a framework within which effective procedures could be developed to identify defaulters, and ensure that their failure to meet their financial obligations towards the Council would be treated in a consistent, fair and effective manner.
- 2.2 In terms of **Section 97 of the Local Government Municipal Systems Act 2000**, a credit control and debt collection policy must provide for :
 - Credit control procedures and mechanisms;
 - Debt collection procedures and mechanisms;
 - Provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents;
 - Realistic targets consistent with:
 - Generally recognized accounting practices and collection ratios, and
 - The estimates of income set in the budget less an acceptable provision for bad debts.
 - Interest on arrears, where appropriate;
 - Extensions of time for payment of accounts;
 - Termination of services or the restriction of the provision services when payments are in arrears;
 - Matters relating to unauthorized consumption of services, theft and damages; and
 - Any other matters that may be prescribed by regulation in terms of Section 104 of the Local Government Municipal Systems Act, 2000.
- 2.3 A credit control and debt collection policy may differentiate between different categories of ratepayers, users of services, debtors, tax services, service standards and other matters as long as the differentiation does not amount to unfair discrimination.
- 2.4 The result of an effective policy would improve the recovery rate of the Council's debtors and would contribute to the realization of the Constitutional objective of providing basic services for human dignity.

3 APPLICATION FOR MUNICIPAL SERVICES

3.1 APPLICATION FOR ELECTRICITY SERVICES (CONVENTIONAL METERS)

- 3.1.1 The Municipality shall whenever possible, combine any separate accounts of persons who are owners and consumers that are liable for payment to the municipality, into one consolidated account.
- 3.1.2 All new applications for services shall only be accepted from the owner and shall be linked to the rates account or name of the owner and not deemed a separate account, except where separate individual units account shall be opened under the name of the owner.
- 3.1.3 No application or amendment to the customer database can be processed unless legal documentation acceptable to the Chief Financial Officer or in her absence the Manager Treasury has been produced in each instance;
- 3.1.4 With respect to a residential application, the owner of the property shall submit the following documents:

- 3.1.4.1 Certified copy of identity document or passport;
- 3.1.4.2 A letter from the transferring attorney confirming ownership or a copy of the Title Deed; and
- 3.1.4.3 Ratable details or rate number of the property, if available.

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

- 3.1.4.4 The Certificate of Registration or incorporation of the Company, CC, Trust, or Partnership.
- 3.1.4.5 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.
- 3.1.4.6 The names, identity number, cell phone number, physical and postal addresses, email addresses and any other particulars of all the directors or members or trustees or proprietors or partners, as maybe prescribed.
- 3.1.4.7 Letters of authority in the case of a partnership or sole proprietor.
- 3.1.4.8 Personal sureties from one or more of the Directors / Members of a Company / CC / Trust or Partnership
- 3.1.4.9 VAT registration numbers if applicable
- 3.1.4.10 Landlords consent / lease agreement / agents mandate between landlord / agent
- 3.1.4.11 In the event of the company leasing the property a letter from the owner giving consent to the tenant to apply for Municipal services.
- 3.1.4.12 All information furnished shall be verified by the Municipality with any or all data information institutions, credit information bureau's and any financial institutions as may be deemed necessary by the Municipality in determining a person's credit worthiness or for any other reason as determined by the CFO/
- 3.1.4.13 The Municipality has a right to conduct a full credit check of any person who is or will become subject to this policy or any other policy of the Municipality.
- 3.1.4.14 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 in terms of M a n d e n i Municipality Bylaws relating to Credit Control and Debt Collection.
- 3.1.4.15 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 the new customer is registered
- 3.1.4.16 New applications for services from customers who are in arrears with any other municipal accounts shall not be approved unless the arrears have been settled in full or suitable payment arrangements have been made by the applicant.
- 3.1.4.17 Any application for any existing 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.
- 3.1.4.18 No services shall be supplied unless and until application has been made by the Owner, a service agreement in the prescribed format has been entered into ,

- 3.1.4.19 the deposit has been paid and if applicable the relevant service demand base component and electricity connection fees has been paid.

The municipality shall 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

4. CHANGE IN PURPOSE FOR WHICH MUNICIPAL SERVICES ARE USED

Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the customer to advise the municipality of such change and to enter into a new agreement with the municipality.

PART 2 APPLICABLE CHARGES

5. APPLICABLE CHARGES FOR MUNICIPAL SERVICES

- 5.1 All applicable charges in respect of municipal services, including but not limited to the payment of connection charges, fixed charges or any additional charges or interest will be set by the Municipality in accordance with: -

- 5.1.1.1 Its tariff of charges;
- 5.1.1.2 Its credit control and debt collection policy and any other applicable policy;
- 5.1.1.3 Any bylaws in respect thereof; and
- 5.1.1.4 Any regulations in terms of national or provincial legislation.

- 5.2 Applicable charges may differ between different categories of customers, users of services, types and levels of service, quantities of service, infrastructure requirements and geographical areas.

6. AVAILABILITY CHARGES FOR MUNICIPAL SERVICES

The Municipality shall, as prescribed in the tariff of charges for municipal services, levy a monthly fixed charge, annual fixed charge or once-off fixed charge where such services are not consumed.

7. SUBSIDISED SERVICES

- 7.1 The Municipality may, from time to time, and in accordance with National Policy, but subject to principles of sustainability and affordability, by public notice, implement subsidies for a basic level of municipal service.
- 7.2 The Municipality may, in implementing subsidies, differentiate between types of household customers, types and levels of services, quantities of services, geographical areas and socio-economic areas.
- 7.3 Public notice in terms of subsection (1) must contain at least the following details applicable to a specific subsidy.
 - 7.3.1 Household customers who will benefit from the subsidy.
 - 7.3.2 The type, level and quantity of municipal service that will be subsidized.
 - 7.3.3 The area within which the subsidy will apply.
 - 7.3.4 The rate (indicating the level of subsidy).
 - 7.3.5 The method of implementing the subsidy.
 - 7.3.6 Any special terms and conditions which will apply to the subsidy.

7.4 If a household customer's consumption or use of a municipal service is: -

- 7.4.1 Less than the subsidized service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion; and
- 7.4.2 In excess of the subsidized service, the customer will be obliged to pay for such excess consumption at the applicable rate.

7.5 A subsidy implemented in terms of subsection (1) may at any time, be withdrawn or altered in the sole discretion of the Municipality, after: -

- 7.5.1 Service of notice as contemplated in Section 115 of the Act on the person affected by the Municipality's intention to consider such withdrawal or alteration; and
- 7.5.2 Consideration by the Municipality of any comments or request received from the person affected.

7.6 Commercial customers shall not qualify for subsidized services.

7.7 Subsidized services shall be funded from the portion of revenue raised nationally which is allocated to the municipality and if such funding is insufficient the services may be funded from revenue raised through rates, fees, and charges in respect of municipal services.

8. DEPOSITS FOR MUNICIPAL SERVICES

- 8.1 Deposits, *as prescribed in the tariff of charges*, will be due and payable on application by new customers and subject to review upon the movement of existing customers to a new address.
- 8.2 At the time of registration for a municipal service, a cash deposit and electronic fund transfer shall be required based on the following criteria:
- 8.2.1 **Property Owners** are requested to pay a consumption deposit as per the tariff of charges as approved by Council. **Three months** projected consumption value; which can be reduced to **one month** consumption value should the owner commit to direct debit payments at the time of application; or Property owners may provide a guarantee from a Bank in lieu of a cash deposit but no application will be processed until either cash, or a guarantee is provided.

8.2.2 **Tenants**

Commercial tenants who wish to register for electricity consumption will be required to pay a deposit based on minimum **three months** consumption value at the time of application or as per the tariff of charges as approved by Council and will **not** be able to reduce this amount by committing to direct debit payments. They may provide a guarantee from a Bank in lieu of a cash deposit but no application will be processed until either the required payment or a guarantee is provided.

This provision does not apply to social housing tenants.

8.2.3. **Increase in Deposits**

The value of the original deposit paid or a guarantee held will be reviewed, on a regular basis, the customer shall be notified in writing of the revised deposit.

The deposit held shall be utilized to settle the arrear account after final account has been rendered.

When the account is in arrears the deposit shall be utilized to cover the cost of converting to prepaid electricity meter.

Where the account is in arrears for more than 60 days, the deposit shall be increased by three months average consumption.

- Where the customer poses a credit risk
- Where payment by negotiable instrument or direct debit is dishonored for more than two times.
- Where there is an increased in consumption of electricity.

9. ACCOUNTS

- 9.1 Accounts shall be rendered monthly to customers at the address last recorded with the municipality. The customer may receive more than one account for different municipal services if they are accounted for separately.
- 9.2 An error or omission in any account or failure to receive or accept an account does not relieve a customer of the obligation to pay an amount due and payable.
- 9.3 Accounts must be paid by no later than the last date of payment specified in such account.
- 9.4 Assessment rates shall be billed monthly in terms of Section 64 (2) (b) of MFMA.
- 9.5 Annually, as may be agreed to with the owner of the property on or before a date as determined by the Municipality.
- 9.6 *The Municipality shall recover a rate annually for National and Provincial Government owned properties.*
- 9.7 Monthly rates shall be levied in eleven {10 for Mandeni} equal installments, and subject to change as determined by *Council* from time to time.
- 9.8 The Municipality will undertake to have the accounts mailed to all customers. However, failure to receive or accept accounts does not relieve a customer 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, and to keep the municipality apprised at all times of any changes to his/her/it's personal details.
- 9.9 The Municipality must, if administratively possible, issue a duplicate account to a customer on request.
- 9.10 Landlords may request copies of their tenants' accounts.
- 9.11 The Accounts shall reflect at least:
 - 9.11.1 The services rendered.
 - 9.11.2 The consumption of metered services or average, or estimated consumption
 - 9.11.3 The applicable charges
 - 9.11.4 The amount due
 - 9.11.5 property rates payable:
 - Surcharges
 - Value Added Tax
 - Any rebates
 - The adjustments, if any, to metered consumption that has been previously estimated.
 - The arrears
 - The interest on arrears
 - The final date of payment
 - The methods, places and approved agents where payment may be made.
 - Administration charges
 - Payments received.
 - Period stipulated in the account.
 - Any subsidies.
 - Any other adjustments
- 9.11.6 The Municipality shall post the rates assessment.

10 PAYMENT OPTIONS

- 10.1 The Municipality must endeavor to establish a payment network to ensure that, wherever practically possible, customers in receipt of accounts have access to a payment site.
- 10.2 Customers must ensure that payments made through third party agents (post-office: easy pay; bank deposit etc) are made at least 3 working days prior to the due date. The Municipality will not accept responsibility for delays in receipt of payments.

The methods of payment shall be pronounced by the Council from time to time

11. DISHONoured PAYMENTS

- 11.1 Where any payment made to the Municipality by negotiable instrument, is later dishonoured by the bank, the municipality:
 - 11.1.1 Shall recover all applicable charges.
 - 11.1.2 Shall regard such an event as a default on payment and shall disconnect services without notice and or reserves the right to take legal action.
 - 11.1.3 Shall require all future payments to be made by cash or electronic fund transfer in an event where more than two cheque payments from the debtor have been dishonored by the bank

12. CASH ALLOCATION PRIORITIES

When part payments are received against a Consolidated Account, the Municipality shall allocate such payments first to the oldest debt and then to the current debt in terms of the following table of priorities as determined from time to time

PRIORITY NO.	STATUS	SERVICE
1	Arrears	All other Municipal charges including interest, administration charges and penalties.
2	Arrears	Additional Deposits
3	Arrears	Sundry Charges
4	Arrears	Housing Charges
5	Arrears	Refuse Charges
6	Arrears	Rates
7	Arrears	Electricity Charges
8	Current	All other Municipal charges including interest, administration charges and penalties.
9-	Current	Additional Deposits
10	Current	Sundry Charges
11	Current	Housing Charges
12	Current	Refuse Charges
13	Current	Rates
14	Current	Electricity Charges
15	Vat	Will be allocated in terms of the Vat Act of 1991

13. RESPONSIBILITY FOR AMOUNTS DUE AND PAYABLE

- 13.1 Any amount due to the municipality for municipal service fee, surcharge on fees and any other municipal taxes 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.
- 13.2 Accordingly, all such municipal debts shall be a charge upon the property and shall be payable by the owner of the property, notwithstanding the provisions of any other sections of the bylaws.
- 13.3 Any person who purchases or otherwise acquires or leases immovable property from the Municipality shall be deemed to be the owner thereof from the date of such purchase or other acquisition by him or from the commencement of such lease, as the case may be.
- 13.4 Where the property is owned by more than one person, each such person shall be liable jointly and severally for all Municipal debts charged on the property.
- 13.5 Owners shall be held jointly and severally liable, with their tenants who are registered as customers for municipal services.
- 13.6 Tenants and/or agents shall be held liable for arrear rates restricted to the rental, in terms of the Section 28 of the Municipal Property Rates Act No.6 of 2004.
- 13.7 When electricity 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.
- 13.8 When a customer terminates a consumption account and no new customer registers, a property is deemed to be unoccupied. The owner shall be responsible for the account.
- 13.9 When the property is owned by company or close cooperation, each member or director shall be liable jointly and severally for all Municipal debts charged on the property

14. TERMINATION / TRANSFER OF ELECTRICITY ACCOUNTS

- 14.1 A customer who intends to terminate or transfer a municipal service shall notify the Municipality in writing within 14 days prior to the date of termination or transfer and shall also furnish the Municipality with the forwarding address.
- 14.2 A final reading shall be recorded on the termination date and the customer will be billed for the consumption.
- 14.3 If a current tenant terminates his/her account, the meter and the outstanding debt on that property automatically reverts back to the owner account and no further applications for tenants will be accepted
- 14.4 The deposit shall be appropriated against the account. Should a credit balance remain on the account, after appropriation of the deposit, such credit balance may be refunded to the customer or transferred to the new municipal service.
- 14.5 A final account that remains unpaid for a period of 30 days shall be: -
 - 14.5.1 Transferred to the owner's current account.
 - 14.5.2 Recovered through our debt collection procedure

15. INTEREST / ADMINISTRATION CHARGES ON OUTSTANDING ACCOUNTS

The Municipality shall in terms of Section 97(1) (e) read with Section 75A (as amended by G.G. No. 24149 dated 05/12/2002) of the Act:

- 15.1 Charge interest and or penalty as specified in the tariff of charges from time to time.
- 15.2 2% interest charges raised on the outstanding rates for the current year.
- 15.3 Charge all costs incurred in the debt collection including any collection commission (if applicable) once the debt has been handed over for collection.
- 15.4 The general power to levy and recover administration charges and interest on any outstanding amount shall be determined by the municipality by resolution passed by the Municipal Council from time to time.

16. DEBT COLLECTION

- 16.1 The debt collection policy determines that municipal accounts shall 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 60 (sixty) days the municipality may: -
 - 16.1.1 Institute legal proceedings against a customer for the arrears; or
 - 16.1.2 Hand the customer's account over to a debt collector or an attorney for collection.
- 16.2 A customer will be liable for any legal fees, cheque costs, postal charges, administration fees, short messages services, costs incurred in taking action for the recovery of arrears and any penalties, including the payment of a higher deposit, as may be determined by the Municipality from time to time.
- 16.3 In the event of an occupier account being in arrears for more than 30 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. ARRANGEMENT

A customer may enter an arrangement with the Municipality for the repayment of an arrear account by concluding:

- 17.1 An acknowledgement of debt shall be duly signed by both parties.
 - 17.2 A Consent to judgment.
 - 17.3 An emolument attachment order.
 - 17.4 Acknowledge that interest will be charged at the prescribed rate.
 - 17.5 Acknowledge that if the arrangements being negotiated later are defaulted on, disconnection of electricity or blocked from buying electricity on the Prepayment System will follow immediately, as will legal proceedings. Acknowledge liability of all legal costs incurred.
 - 17.6 Only account holders with positive proof of identity or an authorized agent with a power of attorney will be allowed to enter into an arrangement for the payment of arrear accounts in installments.
 - 17.7 Failure to honor the agreement will lead to immediate blocking or restriction from purchasing prepaid electricity, disconnection of electricity, as well as legal action, it must be noted that the prepaid a customer who is blocked from purchasing electricity shall be liable for a prescribed re-connection fee, immediately before being unblocked.
 - 17.8 Prior concluding the agreement the owner shall be compelled to produce the prepaid electricity card and or conventional meter number.
 - 17.9 A customer shall be charged interest on an arrear account at the prescribed rate of interest.
 - 17.10 Customers with electricity service accounts in arrears shall consent to the conversion of the electrical meter to a prepaid meter should the deposit held be less than the cost of conversion. The cost of such prepaid meter shall be paid in full before reconnection.
 - 17.11 The Municipality shall require a customer to first pay its current account before entering into an agreement to pay the arrears as set out in clause 17.1 above.
- The municipality reserves the right to:
- 17.12 Raise the security deposit requirement of such customer who enters into an agreement in terms of clause 8.2.3. above, and
 - 17.13 Demand that a Deed of Suretyship be completed.
 - 17.14 **Electricity/Consolidated Bill/ Sundry Debtors:** each defaulting account holder will be allowed to make a first Payment of R5000 or 30% (Whichever is lower) of the arrears, together with current account, irrespective of the final payment date of the current account, plus the disconnection and re-connection fees. Thereafter, payment of the balance plus current installments shall be paid over a maximum period of 6 months.
 - 17.15 The Chief Financial Officer or in his absence the Manager Treasury shall be authorized to vary the arrangement as stipulated in clause 17.6 above, at his discretion.

18 ARRANGEMENTS FOR PAYMENT OF ARREAR ACCOUNTS

- 18.1 The Municipality may, at its discretion, enter into a Credit Agreement with customers in arrears for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies, duties and community charges. Such agreement must include maintenance of the current monthly charges.
- 18.2 All services must be consolidated into one account before an acknowledgement of debt is entered.
- 18.3 The owner of a property must consent in writing to a Credit Agreement with the Municipality and his tenant, whereby he acknowledges that he is jointly and severally liable for all arrears should his tenant default.
- 18.4 Re connection and disconnection fees, where applicable, must be paid in full before any Credit agreement can be entered into.
- 18.5 A customer shall be charged interest on an arrear account at the prescribed rate of interest.
- 18.6 Customers with electricity
 - 18.7 service accounts in arrears shall consent to the conversion of the electrical meter to a prepaid meter should the deposit held be less than the cost of conversion. The cost of such prepaid meter shall be paid in full before reconnection.
- 18.8 The Municipality, shall require a customer to first pay its current account before entering into an agreement to pay the arrears and is bound to pay every current municipal account in full and on time during the period over which such arrangement extends
- 18.9 The Municipality reserves the right to:
 - 18.9.1 Raise the security deposit requirement of such customer who enters into an agreement in terms of clause 17 above, and
 - 18.9.2 Demand that a Deed of Suretyship be completed.
- 18.10 Reconnection of the electricity services is not guaranteed to be effected on the same day of payment
- 18.11 By entering an Arrangement to Pay the customer acknowledges that failure to meet any installment will result in prompt disconnection action being taken or will be blocked from buying electricity on the Prepayment System and the balance of the arrear account together with current account, interest raised on such account will immediately become due and payable to the Municipality. This does not preclude any legal action that the Municipality may take.
- 18.12 Credit Agreements negotiated on business accounts shall require the agreement to be signed by a duly authorized Director / Member of the company and or close corporation. Such director and member shall be obliged to sign a personal surety to secure the payment of the company and or close corporation's liability to the Municipality. Under no circumstances are agreements to be completed without such sureties.
- 18.13 Credit agreements negotiated with Trusts shall require such agreement to be signed by a duly authorized trustee of the trust. However, all trustees are obliged to secure the indebtedness of the trust by signing a personal surety jointly and severally to secure the payment of the trusts liability to the Municipality. Under no circumstances are agreements to be completed without such sureties.
- 18.14 Details of the original amount of the Credit Agreement, the monthly instalments, and the current balance outstanding thereon, are included on each subsequent account until such time as the Credit Agreement is liquidated by full payment of the debt.

- 18.15 Credit Agreements may not be granted where:
- 18.15.1 Arrears have arisen due to dishonoured cheques, direct debit reversals etc;
 - 18.15.2 Instances of repeat meter tampering have been identified, or
 - 18.15.3 The services have been removed.

19 BUSINESSES WHO TENDER TO THE MUNICIPALITY

When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Municipality a certificate stating that all relevant municipality 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 noncompliance) have been made for the payments of arrears. To this end, copies of all municipal accounts and the identity documents of all directors, members or partners must be submitted together with the bid document.

- 19.1 No tender shall be allocated to a person / contractor until suitable arrangement for the repayment of arrears, has been made. The tenderer must maintain arrangements and pay current installments as provided for in any contract with the Municipality.
- 19.2 Where payments are due to a contractor in respect of goods or services provided to the Council, any arrear amount owing to the Council shall be offset as a first charge against such payments as provided for in the contract with the Municipality.
- 19.3 A condition allowing the Municipality to deduct any moneys owing to the Municipality from Contract payments must be written into the agreement.

20. MUNICIPAL CLEARANCE CERTIFICATES

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

20.1 Assessments

- 20.1.1 Application shall be made by the Conveyancing Attorney, in the prescribed format by providing the following information in respect of the property in question:
 - Present owner of the property;
 - Property description;
 - Physical address;
 - Rates Account No's;
 - Electricity Account No's. (Or electricity meter no's.);
 - Purchasers details; identity numbers and postal address and Purchasers domicilium citandi et executandi;
 - With respect to Vacant Land, an Affidavit from the seller that the property does not have an electricity supply connection and an undertaking from the purchaser that should an electricity supply connection be discovered on the property and such account is in arrears, then the purchaser accepts liability for such arrears.

Copies of all the accounts must accompany the application. If the relevant information is not provided, the application will be returned to the conveyancer.

- 20.1.2 Every effort will be made to issue an assessment within five working days of receipt of application. Certain delays may be experienced in respect of:
 - New sub-divisions;
 - Pending building plans;
 - Special investigations.

20.1.3 With respect to the aforesaid, the following is required to be submitted to the consultant valuers:

- a copy of the survey diagrams/general plans;
- a copy of the sale agreements;
- a copy of the relevant proclamation notices;
- seller contact details; and
- Building plans on request. Conveyancers will be notified of possible delays.

20.1.4 The assessment shall include the following:

- Rates 3 months advance payment
- Refuse removal charges 3 months advance payment.
- Electricity - Actual balance outstanding at date of assessment being approved less any deposit on hand.
- Other - Actual balance outstanding at date of application.
- Municipal Certificate Fee- As per the prescribed tariff

20.1.5 Period of validity

The assessment shall remain valid for a period of 90 days. If payment has not been received within this period, a re-assessment may be required and payment of a further municipal clearance fee will apply.

20.1.5 The onus rests with the seller to ensure:

- that all buildings on the property are in accordance with the building plans approved by the Municipality;
- the premises in question are being utilized in accordance with its zoning;
- That all outstanding accounts accruing to the Municipality in respect of the property is fully paid.

20.1.6 Any 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 backdated rates and / or penalties and / or service charges.

20.1.7 Any amounts paid shall be appropriated to the oldest debt first.

20.1.8 Municipal Clearance Certificates

- Every effort will be made to issue a Municipal Clearance Certificate within five days of receiving payment;
- Payment on the assessment must be made in cash or electronic fund transfer
- An unconditional letter of undertaking maybe accepted in lieu of a cash payment in fully motivated exceptional circumstances, and subject to the written approval of the Chief Financial Officer or in his/ her absence, the Manager Treasury of the Municipality.

The letter of undertaking must be:

- Issued by the Conveyancing Attorney, in the prescribed format; Unconditional;
- For the full amount outstanding; and
- For a specified period of time acceptable to the Municipality.

Application for rate clearance certificate in terms of Section 118(1)(b) of the Municipal Systems Act, shall be observed and abide with by the Municipality. i.e.

The rates clearance certificate must certify that all amount due to the Municipality in connection with that property for Municipal services fees, surcharges on fees, property rates and other Municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

The remaining balance is to be written off by the Municipality except, on voluntary sale by the seller or auctioneer.

No certificate, in terms of Section 118 of the Systems Act shall be issued where the property owner has not complied with any relevant legislation, policy or agreement relating to the property in question. And there shall be no refunds on the cancellation of a sale.

21 PROPERTY RATES

- 21.1 All properties within the boundary of the Mandeni Municipality are to be valued in terms of the legislation applicable to the valuation of properties for the purposes of levying property rates.
- 21.2 Rebates on rates may be granted by Municipality in terms of the Municipality's rating policy.
- 21.3 Owners must pay the property rates in eleven equal monthly installments or over a period as determined by Council or by agreement pay rates on an annual basis. Regular monthly installments payments must be maintained.

22 PAYMENT OF CURRENT RATES

22.1 In terms of Section 26 of the Municipal Property Rates Act:

- i) A municipality may recover a rate –
 - (a) on a monthly basis or less often as may be prescribed in terms of the Municipal Finance Management Act; or
 - (b) annually, as may be agreed to with the owner of the property.
- ii)
 - (a) If a rate is payable in a single amount annually it must be paid on or before a date determined by the municipality.
 - (b) If a rate is payable in installments it must be paid on or before a date in each period determined by the municipality.

22.2 In the event of the ratepayer failing to pay any three-monthly installments during the financial year in which the rates are raised then the ratepayer shall be liable to pay the full outstanding rates. To take out

23 UNALLOCATED CONSUMPTION

- 23.1 When electricity 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.
- 23.2 When a customer terminates a consumption account and no new customer registers, a property is deemed to be vacant. The account shall be forwarded to the owner until he advises the Municipality to the contrary:--

23.2.1 for business premises - instructions to disconnect the electricity supplies to the property must be issued immediately and actioned;

23.2.2 for residential premises - a courtesy letter is forwarded to the new occupier or owner advising of the need to register as a customer and indicating the application procedures that need to be followed. Failure to respond to that letter within a 7 day period will result in the issue of supply disconnection instructions.

24 ILLEGAL ELECTRICITY CONNECTION

In the event of it being found that any electricity connection had been made illegally by any person then the following shall take place:

- 24.1 Electricity supply shall be disconnected with immediate effect and all costs associated with such removal shall be levied to the consumer.
- 24.2 The occupier/owner/developer jointly and severally shall pay a penalty as per the tariff of charges.
- 24.3 The occupier/owner/developer shall be jointly and severally liable for consumption charges.
- 24.4 The occupier/owner/developer shall be jointly and severally pay interest on the consumption Charges at the rate as determined by Council in the tariff of charges from time to time, from the date of disconnection to date of payment.
- 24.5 The applicant shall pay the outstanding municipal account in full, including current installment, interest and penalty fees, payment of unauthorized consumption, disconnection and reconnection fees, and increased in a deposits as determined by Council in the tariff of charges, shall become due and payable before any reconnection can be sanctioned.
- 24.6 Where a consumer and/ or any person has contravened sub-section (1) and such contravention has resulted in the meter recording less than the true consumption, the Municipality shall have the right to recover the full cost of his estimated consumption, retrospective to the determined date of tempering /interruption to the electricity.
- 24.7 Application for new services shall only be accepted from the owner of the property.
- 24.8 Reconnection of electricity services shall be undertaken by Electrical Department upon receipt of the clearance certificate from Finance Department.
- 24.9 No acknowledgement of debt shall be entertained.
- 24.10 Council reserves the right to lay criminal charges and/or to take any other legal action against the customer or the consumer.

25 ASSISTANCE TO THE POOR

- 25.1 The Municipality may extend indigent support to any customer on application to the Municipality in the prescribed manner as set out in the Municipality's Indigent Policy
- 25.2 Indigent support shall be withdrawn by the Municipality in the event of the recipient misusing the system or providing incorrect information. In this regard the Municipality shall:
 - i. Recover from the recipient the amount of relief furnished by debiting his account.
 - ii. Apply the normal credit control in accordance with the Credit Control and Debt control policy.
 - iii. Institute a criminal charge of fraud against the recipient.

26 DEBT RELIEF PROGRAMME

Council shall promote assistance to the poorer by embarking on a debt relief programme, the indigent customer who cannot conclude the Acknowledgement of debt as per Council Credit Control and debt collection policy, shall adhere and undergone to the following procedures:

- a) The indigent Customer shall be required to complete the income and expenditure form, in order to determine the minimum amount payable upfront when concluding the Acknowledgement of debt. All supporting documents shall be produced by an applicant, in order for Finance to conduct thorough system verification.
- b) The acknowledgement of debt shall be approved only on condition that the system verification shall prove to be correct.
- c) Upon approval of Acknowledgement of debt, the outstanding debt owed by indigent customer, shall not attract any interest and penalties, only on condition that the customer pays or maintains the current account.

27 AGREEMENT WITH EMPLOYERS

27.1 Section 103 of the Act reads as follows:--

“A Municipality may:

with the consent of a person liable to the municipality for the payment of rates or other taxes or fees for municipal services, enter into an agreement with that person’s employer to deduct from the salary or wages of the person-

- I. any outstanding amounts due by that person to the Municipality; or
- II. Such regular monthly amounts as may be agreed.”

The onus to introduce such arrangements remains with each employer / employee.

28 STAFF IN ARREARS

28.1 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 rates and service charges for a period longer than 3 months and a municipality may deduct any outstanding amounts from a staff member’s salary after this period.”

28.2 The Municipality shall liaise with the relevant staff and their departmental representatives and issue the necessary salary deduction instruction where appropriate, In terms of the Provisions of the Basic Conditions of Employment Act and other relevant legislation.

28.3 No special treatment shall be afforded to staff member whose accounts are arrears.

28.4 Once the arrears or debt is settled in full, the account will automatically revert to staff group account.

29 COUNCILORS IN ARREARS

A councilor may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months in terms of Section 12A of the Act.

29.1 The Municipality, upon consultation with the Councilor, shall make appropriate arrangements to have the arrears paid.

29.2 The Municipality shall liaise with the relevant Councilor and the Speaker, in order to issue the necessary salary deduction instruction where appropriate

29.3 No special treatment shall be afforded to the Councilor whose accounts are arrears.

29.4 Once the arrears or debt is settled in full, the account will automatically revert to the group account.

PART 3 – DEBT COLLECTION PROCEDURES

30. ARREAR MESSAGE ON ACCOUNTS

When a monthly account is in arrears, the next account will clearly highlight an appropriate reminder message.

31. CONVERSIONAL ELECTRICITY METERS

31.1 Disconnection orders are issued after final payment date. Where arrears are brought forward, the above may not apply.

31.2 Re-connection instructions are issued as soon as:

- a) payment is received at an on-line facility:
- b) proof of payment at an off-line facility is received; or
- c) Satisfactory credit arrangements have been entered into and we are accordingly advised of such payment (refer to 17.6.)

Re-connection action will be effected within 48 hours of payment.

31.3 Follow-up meter readings within one month are taken for all customers who fail to respond to the physical disconnection to ensure that the supply has, in fact, been disconnected and no payment received.

31.4 Where instances of illegal reconnection of supplies are detected by Mandeni Municipality, the supply is again disconnected by a more stringent method. Reconnection thereafter will only be effected if the relevant penalty tariff charges / disconnection fees together with any arrears are paid in full.

31.5 Further instances of tampering will result in the disconnection of the electricity supply and the removal of the relevant metering and connection equipment. Customers in such instances will then need to pay for the full costs of the new connection of a prepaid meter and all outstanding arrear charges before installation of the prepaid meter.

- 31.6 Electricity metering and connection equipment remain the property of the Municipality at all times and anyone involved in instances of tampering, damaging or theft thereof is committing a criminal offence and will be liable for prosecution and or civil claims/penalties by the Municipality.

32 PREPAID ELECTRICITY METER

Applications for prepaid electricity meter shall only be accepted from the Owner of the property. The owner shall ensure:

- 32.1 All applications are made and processed at the electrical department of Mandeni Municipality.
- 32.2 The applicant is to obtain from the officer at the finance department the full balance of any amount due, owing and payable in respect of any municipal account
- 32.3 The applicant shall pay the outstanding municipal account in full
- 32.4 Once payment has been made, the officer at finance department shall issue a certificate to the customer reflecting that the outstanding municipal electricity accounts have been paid.
- 32.5 The consumer shall only be able to purchase the prepaid electricity meter from the municipality after the certificate has been handed to the electrical department.
- 32.6 Councils preferred metering system for domestic and certain business consumers is the prepayment metering system.
- 32.7 Arrear debt of consumers with prepayment electricity meters shall be dealt with in terms of debt collection facilities available on the prepayment electricity system. TO PUT IN A TABLE OF PERCENTAGE BLOCKING
- Due to the significant debt book, the Municipality is encouraging its consumers to convert from conversional to pre-paid electricity meters, therefore consumers who are still on conversional meters shall be subject to the payment of Basic Electricity Charge every month, while pre-paid electricity consumers are exempt from paying the Basic Electricity Charge.**

33 TAMPERING AND/OR THEFT OF SERVICES ON PREPAID ELECTRICITY METER

- 33.1 Any person found to be illegally connected to municipal services, tampering with prepaid electricity meters, will be prosecuted and shall be liable for:
- A. The total outstanding debt, including the current installment, interest and penalty fees (tamper fee), assessment of unauthorized consumption, will become due and payable before any reconnection can be sanctioned
- 33.2 The Customer or Consumer shall be obliged to make application for new electricity services.
- 33.3 Application for new services shall only be accepted from the owner of the property.
- 33.4 All applications are made and processed at the electrical department of Mandeni Municipality.
- 33.5 The applicant shall obtain from the officer at the finance department, the full balance of any amount due, owing and payable in respect of any municipal account

- 33.6 The applicant shall pay the outstanding municipal account in full including the current installment, interest and penalty fees (tamper fee), payment of unauthorized consumption, will become due and payable before any reconnection can be sanctioned

- 33.7 Where a consumer and/ or any person has contravened sub-section (1) and such contravention has resulted in the meter recording less than the true consumption, the Municipality shall have the right to recover the full cost of his estimated consumption, retrospective to the determined date of tempering/interruption to the electricity.
- 33.8 Once payment has been made, the officer at finance department shall issue a certificate to the consumer. On instances where the prepaid electricity meter has been found to be tampered with; Councils may prefer conversion of prepaid electricity metering system to conversional electricity metering system, conversion shall be implemented at the customers cost.
- 33.9 Reconnection of electricity services shall be undertaken by Electrical Department upon receipt of the clearance certificate from Finance Department.
- 33.10 No acknowledgement of debt shall be entertained.
- 33.11 Council reserves the right to lay criminal charges and/or to take any other legal action against the customer or the consumer

34 PROPERTY RATES AND CONSOLIDATED BILLING

- 34.1 Property rates shall form part of the Consolidated Bill
- 34.2 Arrear rates or any other consolidated debt may result in disconnection of services.
- 34.3 The Municipality may, in terms of Section 28 of the Municipal Property Rates Act, recover arrear rates from tenants / managing agents in occupation of the relevant property but only to the extent of the rent payable or amount due by the tenant but not yet paid to the owner of the property. This does not preclude further legal action against the owner.
- 34.4 The Municipality may make application to court for judgment, costs and the summary sale of the property in appropriate circumstances. Legal costs and collection commission shall be debited to the relevant debtors accounts. In the event of the Municipality through its internal collection procedure recovering the debt from the customer, the customer shall be liable for any disbursements and collection commission.
- 34.5 Once judgment is obtained the properties will be advertised and sold through public auction.

35 LEGAL ACTION

- 35.1 Where an account rendered to a customer remains outstanding for more than Sixty (60) days the Chief Financial Officer or in his absence the Manager Treasury shall
 - a) Hand the customer's account over to a debt collector or an attorney for collection.
 - b) Institute legal proceedings through its authorized agents or attorney against a customer for the arrears; or

35.2 Legal steps shall be taken to collect arrears such as in the following cases;

- a) Where cut-off action yielded no satisfactory result;
- b) Where no cut off action is possible due to the nature of the services for which the account has been rendered
- c) Where the arrears are older than 60 days

35.3 A pre investigation into the account and debtor details is carried out before the preparation of a summons. The data of an appointed Credit Bureau is utilized. Telephonic or other forms of contact may be made with the debtor, at the municipality's discretion, prior to the issue of summons and / or other legal proceedings;

35.4 A customer will be liable for any legal fees, cheque costs, postal charges, administration fees, costs incurred in taking action for the recovery of arrears and any penalties, including the payment of a higher deposit, as may be determined by the Municipality from time to time.

35.5 The following table shall be utilized to show the thresholds in respect of the debt value and the recovery action therein:

DEBT VALUE RAND	RECOVERY ACTION
Up to R500	Letter of Demand and/or Summons at the discretion of the C.F.O.
from R501 to R1000	Letter of Demand - Proceed to the issue of summons should the debtor appear to be of sufficient financial stature. Any further legal action is at the discretion of the Chief Financial Officer or the Manager Treasury in his absence.
From R1000 onwards	Letter of Demand – Proceed to the issue of summons. Assess the likely financial stature of the debtor, incur tracing costs where appropriate and proceed along the legal route reviewing at each stage whether it is viable to continue incurring costs.

35.6 All Offers of Compromise, out of court settlement offers, and/or settlement offers for full and final payment received, are to be approved by the Council

35.7 The Municipality may enforce any other rights or exercise any power conferred on it by any other legislation.

35.8 The Municipality may through its own internal policy proceed to recover all outstanding debt and charge disbursements and collection charges.

35.9 If the Chief Financial Officer or in his absence the, Manager Treasury 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.

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

35.11 The Chief Financial Officer shall be authorized to approve the writes off, of all irrecoverable debts up to the value of R500.00, only on condition that satisfactory reason has been provided.

36 BAD AND DOUBTFUL DEBT PROVISION

Bad and doubtful provisions should be calculated and provided in the accounting records as follows:

- a) The provision for bad and doubtful debt will be calculated in terms of the relevant generally recognized accounting practices.

37 INTERFERENCE WITH INFRASTRUCTURE FOR THE PROVISION OF MUNICIPAL SERVICES

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

37.2 No person other than the municipality shall effect a connection to infrastructure through which municipal services provided.

38 OBSTRUCTION OF ACCESS TO INFRASTRUCTURE FOR THE PROVISION OF MUNICIPAL SERVICES

38.1 No person shall prevent or restrict physical access to an infrastructure through which municipal services are provided.

38.2 If a person contravenes subsection (1), the municipality may: -

38.2.1 By written notice require such person to restore access at his/her own expense within a specified period, or

38.2.2 If it is of the opinion that the situation is a matter of urgency, without prior notice restore access and recover the cost from such person.

39 ILLEGAL RE-CONNECTION

39.1 A person who illegally reconnects to a service, interferes with the infrastructure through which municipal services are provided, after such customers access to municipal services have been disconnected, such customers supply of electricity shall be immediately removed.

39.2 A person who re-connects to municipal services in the circumstances referred to in the above subsection

- I. Shall be liable for the cost associated with any consumption, notwithstanding any other actions which may be taken against such a person.
- II. In the event that the demand based component was not paid, the tampering fee shall be applicable

40 DECEASED ESTATES

- 40.1 The Executor of a deceased estate, in his capacity as such, shall be liable for payments of all debts on the property.
- 40.2 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 rates).
- 40.3 Deemed ownership does not confer any rights to the occupants other than the liability to pay the accounts.
- 40.4 Failure to inform the Municipality that the property forms part of a deceased estate may result in the disconnection of services, until an executor has been appointed.

41 REFUNDS

Refunds, for both Consumer Deposits and Facilities and Equipment hire Deposits, shall only be issued, provided that all the customers’ accounts are paid in full, credits on accounts shall be refunded, on application, as follows:

- a) To the account holder, for rates and services account;
- b) To the owner, where the owner pays the tenants account;
- c) To the conveyancer to pay the buyer or seller, on transfer of a property, this includes any credits that may arise from an objection appeal outcome or an over payment of the account

42 SUBMISSION OF BUILDING PLANS

Submission of building plans shall only be accepted if the following conditions are adhered to and the owner shall ensure:

- a) All applications for submission of building plans are made and processed at the Town Planning department of Mandeni Municipality.
- b) The applicant shall obtain from the Officer at the Finance department the full balance of any amount due, owing and payable in respect of any municipal account
- c) The applicant shall pay the outstanding municipal account in full.
- d) Once payment have been made in full, the Officer at Finance Department shall issue a certificate to the customer reflecting that the outstanding municipal accounts have been paid in full.
- e) The certificate issued by the Finance department, must be accompanied with the building plan, when submitting to Town Planning department
- f) Failure to produce the certificate will result in the submission of building plans being rejected

43 COMPLIANCE AND ENFORCEMENT

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to being taken.
- b) It will be the responsibility of Accounting Officer to enforce compliance with this policy.

44 EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

45 POLICY ADOPTION

This policy has been considered and approved by the **COUNCIL OF MANDENI LOCAL MUNICIPALITY** as follows:

Resolution No: _____ Approval Date

SG Khuzwayo

Municipal Manager

19.4

