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CREDIT CONTROL AND DEBT COLLECTION POLICY

2025-2026

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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 Act) 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. PROBLEM STATEMENT

The act requires the Municipality to review the Credit Control and Debt Collection Policy annually.

The Municipality has taken cognizance of the high level of poverty which is prevalent in various areas of the Municipality and has developed various initiatives to assist those customers who are economically unable to meet normal rates and service charges. Assistance to the Poor is dealt with in terms of the indigent policy.

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

This review has been work-shopped in accordance with 4.3 of the Municipality's Tariff and Surcharge Policy.

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. In addition, the following words and phrases shall have the following meanings:

- "Account" any account rendered for municipal services provided.
- "The 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.

- "CFO" the Chief Financial Officer
- "Consolidated Account" a monthly account reflecting municipal service fees, charges, surcharges on fees, property rates and other municipal taxes, levies and duties and all consolidations in terms of Section 102 of the Act
- "Credit Authority" any arrangement made by agreement between the Municipality and a customer, for the payment of any arrears, in installments, whatever the form of such arrangement might be, whether in the form of an acknowledgement of debt, or in correspondence, provided that such arrangement is recorded in writing and signed on behalf of the Municipality by an authorized official.
- "customer" Any person liable to the Municipality for taxation or other charges
- "Defaulter" any customer in arrears.
- "Deemed owner" means a person, who is not the registered owner of the property, in occupation of such property by virtue of the Administration of Black Estates Act.
- "due date" the date on which all customer's accounts become payable which, in respect of monthly accounts shall be the 15th of the following month and in the case of annual accounts shall be 31 October each year.
- "flow restrictor" a washer which is installed in the water connection which allows a daily consumption of approximately 360 litres in a six hour period but at an extremely low flow rate
- "Flow limiter" an electronic device which allows for a normal flow rate but restricts the daily volume to a preset amount of 200 litres per day.
- "Illegal connection" Any connection to any system through which the municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.
- "Metering period" the time interval between two successive billed meter readings.
- "MPRA" the Local Government: Municipal Property Rates Act 6 of 2005
- "nett salary" means gross salary less pension and statutory deductions.
- "owner" the person defined as such in the Municipality's Rates Policy and, in respect of the land vested in the trust in Daggakraal

- “Prescribed form” refers to the form required by the Chief Financial Officer from time to time.
- "Rates" municipal tax levied on the valuation of property. The rate is expressed as cents in the rand.
- “Revenue clearance certificate” a certificate of the kind referred to in Section 118(1) of the Act.
- “Rental tenant” any person or entity renting any residential or business premises from council
- “Sundry charges” a charge to a customer, not directly linked to a property.
- “Water services” supply of potable water and, where a Municipal sewerage reticulation system exists, the disposal of sewage.

PROVISION OF MUNICIPAL SERVICES

4. REGISTRATION

- 4.1 Residential -The Municipality must register owners only for services on their properties. Tenant registrations currently in place will continue until the tenant vacates, the account is closed, or the Municipality cancels the contract of the tenant in default in terms of clause 7.1.2.
- 4.2 Business – The Municipality will not continue to register tenants for services, all customer accounts will be registered in the name of the owner of the property. Tenant registrations currently in place will continue until the tenant vacates, the account is closed, or the Municipality cancels the contract of the tenant in default in terms of clause 7.1.2.
- 4.3 Government – The Municipality will continue to register tenants for services. The respective Government Departments shall be held liable for the debts on their property.
- 4.4 Sundry Accounts -The customer must provide the Municipality with a Municipal account number or rate account number. If the customer does not have an existing Municipal account, then a new account must be created.

- 4.5 The Municipality shall whenever possible combine any separate accounts of persons who are liable for payment to the municipality into one consolidated account.
- 4.6 No registrations or additions to the customer database can be processed unless legal documentation acceptable to the Chief Financial Officer has been produced in each instance.
- 4.7 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 customer/owner is registered for services.
- 4.8 Customers who fail to register and who illegally consume services will be subjected to such administrative, civil or criminal action as the Municipality deems appropriate.
- 4.9 Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the customer/owner to advise the Municipality of such change.

5. DEPOSITS

- 5.1 At the time of registration as a customer, a deposit will be required based on the criteria set by the Chief Financial Officer from time to time.
- 5.2 The CFO may exclude a category of owners from payment of deposits from time to time.
- 5.3 Deposits will be due and payable on registration of new customers and upon the movement of existing customers to a new address.
- 5.4 The Municipality may appropriate a customers' deposit on any account related to that customer.
- 5.5 Notwithstanding receipts for different services, deposits payable to the Municipality shall be a consolidated deposit, paid in cash. **Sureties shall not be accepted in lieu of deposits.** If a customer is in arrears, the deposit may be increased.
- 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 No interest will be paid by council on the deposit paid by owner/ tenant.
- 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 Review of Deposits
- a) If the customer poses a credit risk, the value of the original deposit paid, or a guarantee (**on existing customers**) held may be reviewed from time to time by the Chief Financial Officer.
 - b) The deposit on an account shall be reviewed from time to time when:
 - i. The Account is paid after the due date.
 - ii. payment by negotiable instrument or direct debit, is dishonoured
 - iii. There is increased consumption of services.
 - c) The Municipality may increase the deposit up to 12 months average usage.
 - d) The deposits on all accounts may increase pro rata based on the Bulk consumption charge from Eskom and DWA.
- 5.10 Substitution of Accounts for rental Tenants

No substituting of tenants will be allowed by the municipality, and should such take place, the occupier will be removed from the premises and the cost associated with the removal will be recovered from both the outgoing tenant and the new occupier.

ACCOUNTS MANAGEMENT

6. ACCOUNTS

- 6.1 The Municipality will have accounts posted or sent electronically if so registered to all customers. In cases of multiple-ownership, the account will be posted to any one owner.

- 6.2 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 or establish the amount payable for payment.
- 6.3 The Municipality or its authorised 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 may post annual assessment rates for record purposes.
- 6.5 With the exception of Government Accounts, assessment rates shall be billed on a monthly basis, and may only be billed annually by prior written agreement, subject to the Rates Policy of the Municipality.
- 6.6 Customers are required to update their information details with the Municipality. Failure to respond to the Municipality's request for updated information may result in with-holding of services, disconnection of services or prosecution.
- 6.7 The payment of rates shall not be affected by reason of an objection, appeal or non-compliance with the rates policy.

7. RESPONSIBILITY FOR AMOUNTS DUE

- 7.1 In terms of Section 118 (3) of the Municipal System Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties are 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.
 - 7.1.4 All service accounts are payable on or before the 15th of every month.
 - 7.1.5 If the overdue portion of the account is still unpaid when the next account is rendered, the services shall be suspended without further notice.

- 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 Except for property rates, 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 Refuse removal shall form part of the property debt, billed and payable by the owner of the property each month.
- 7.5 Directors of Companies, members of Close Corporations and Trustees of Trusts shall sign personal suretyships with the Municipality when opening service accounts for recovery of debt in case of the business failing to pay municipal debt.
- 7.6 a) For so long as a tenant or an occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing, then the Municipality may recover from such tenant, occupier or agent such monies as are owing by the tenant, occupier or agent to the owner as payment of the arrears owing by such owner.
- b) The Municipality may recover the amount in whole or in part despite any contractual obligation to the contrary on the tenant/occupier/agent.
- c) The amount the municipality may recover from the tenant, occupier or agent is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent.
- d) Should the tenant, occupier and/or agent refuse to pay as above to the Municipality, the services of the tenant, occupier and /or agent will be disconnected.
- 7.7 Should any dispute arise as to the amount owing, the customer must pay the account and lodge a dispute which will be resolved within 3 months and a credit or debit will be passed on the consumer account reflecting the outcome of the dispute.
- 7.8 Pre-paid meters shall not be installed until all outstanding debt has been paid in full, subject to clause 20 hereto.
- 7.9 The owner of the property may be held liable for tampering with the electricity metering equipment or the water metering equipment on the property as well as charges that arise there from regardless of an existing tenant in place.

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 The Municipality shall accept payment by negotiable instrument only under the following circumstances:
 - Settlements or Final Accounts –

The customer has the option of payment via Electronic Funds Transfer or Cash.

- 8.3 Where the payment is made by debit/credit card, such payments are limited to R2 500 per account per month. Payments made in excess of this value will result in an administration charge equivalent to the full charges being debited to the account.
- 8.4 The methods of payment shall be determined by the Chief Financial Officer from time to time.
- 8.5 Where a customer signs a Credit Authority with the Municipality payment shall as far as possible only be accepted via a direct debit procedure.

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.
- 9.3 CFO or his delegate must be consulted on any settlement, out of court or otherwise, that have a financial implication.

10. CASH ALLOCATION

- 10.1 In accordance with section 102 of the Act, the Municipality may:
 - a) Consolidate any separate accounts of persons liable for payments to the municipality;

- b) Credit a payment by such a person against any account of that person; and
 - c) Implement any of the debt collection and credit control measures provided for in this Policy in relation to any arrears on any of the accounts of such a person.
- 10.2 Any amounts paid may be appropriated to the oldest debt first subject to clause.
- 10.3 Any amount paid by the customer in excess of an existing debt may be held in credit or the customer in anticipation of future rates and fees for municipal services, and no interest will be payable on that amount, subject to Section 55 of the Act.
- 10.4 The Municipality's allocation of payment is not negotiable, and the customer may not choose which account to pay.
- 10.5 The municipality will allocate payment as follows:
- a) First – Property Rates
 - b) Second – Electricity
 - c) Third – Water
 - d) Fourth – Sewerage
 - e) Fifth – Refuse removal
 - f) Sixth – VAT
 - g) Seventh - Interest

11. INTEREST AND ADMINISTRATIVE CHARGES

- 11.1 Interest charges are raised on arrears which appear on the accounts.
- 11.2 The interest rate as determined by the Chief Financial Officer shall be fixed as at 10% from 1 July of each year and shall be reviewed by council during budget approval.
- 11.3 Interest shall accrue 30 days from date of account on unpaid accounts. Interest shall accrue for each completed month in respect of any arrears remaining unpaid after 30 days of the account. A part of a month shall be deemed to be a completed month.
- 11.4 Payments on assessed/estimated charges, where the final amount has not been determined but which would have been due and payable had the amount been

determined, shall attract interest from the date when it would have been so due and payable, i.e. 30 days from date of account.

11.5 Interest may only be reversed under the following circumstances:

- Exemptions as determined by this Policy from time to time;
- If the Municipality has made an administrative error on the account; and
- Where the Municipality approves such reversal from time to time.

11.6 An administrative charge as determined by a Resolution of the Municipal Council shall be levied on arrear rates where the Municipality has instituted legal action by service of summons, to recover same.

12. PROCUREMENT OF GOODS AND SERVICES

12.1 When submitting a tender for the provision of services or the delivery of goods, each potential contractor, service provider and supplier (hereinafter referred to as “the tenderer”) must prove to the satisfaction of the Municipality that all accounts for which the tendered is liable, have been paid up to date, and that all accounts for which each and every director, owner, partner or trustee of the tenderer is liable, have also been paid up to date.

12.2 The Municipality will at its sole discretion check whether all the Municipal accounts are up to date. Copies of all accounts sent to the tenderer and to each director, owner, partner or trustee must be attached to the tender documents.

12.3 Before awarding a tender, the Municipal debts of the tenderer and of each director, owner, partner or trustee of the tenderer must be paid in full.

12.4 Where payments are due to a tenderer 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 This Policy applies to quotations, public tenders and tenders in terms of Section 36 of the Supply Chain policy.

13. AGREEMENT WITH EMPLOYERS

13.1 Section 103 of the municipal systems act reads as follows:

“A Municipality may:

- a. 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.*
- b. any outstanding amounts due by that person to the municipality; or*
- c. such regular monthly amounts as may be agreed.”*

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

13.3 A collection commission may be payable to the employer as determined from time to time.

14. STAFF AND COUNCILLORS IN ARREARS

14.1 Municipal Systems Act clauses

- a. 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 three (3) months and a municipality may deduct any outstanding amounts from a staff member salary after this period.”*
- b. The Municipality shall liaise with the relevant staff on repayment of their arrears.
- c. The staff member must sign a credit authority in accordance with this Policy.
- d. No special treatment shall be afforded to staff in arrears.

14.2

- a. Item 12A of Schedule 1 to the Act states that: - “A Councillor may not be in arrears to the municipality for rates and service charges for a period longer than three months.”*
- b. The Municipal Manager shall liaise with the Executive Mayor for the necessary salary deduction or instruction where appropriate.
- c. Where the staff or Councillors arrears have arisen due to any other reason, such arrear must be paid within 3 months with interest.

- 14.3 Bonus payments may be appropriated to the whole debt where suitable arrangements have not been made to pay off the debt.
- 14.4 On appointment to a higher post, employees who have signed a credit authority shall increase their installments on the credit authority in accordance with their new salary increase.
- 14.5 All new employees to the Municipality are required to sign a salary debit authority for the services registered in their names.
- 14.6 Staff and Councillors do not qualify for water Acknowledgment of Debts.

15. ARREAR ACCOUNTS

DISCONNECTION AND RECONNECTION OF SERVICES

- 15.1 Arrears on rates or services or any other consolidated debt may result in disconnection of ANY service, with-holding use of Municipal facilities and the option of blocking the customer from buying prepaid electricity.
- 15.2 A disconnection penalty fee will be raised on all accounts printed for disconnection. (Disconnection fee must be paid upfront before we restore services)
- 15.3 A reconnection fee will be raised on reconnection of services. Reconnection fee must be paid upfront before we restore services.
- 15.4 Any official or contractor appointed by the Municipality for the purposes set out herein, may, at all reasonable times enter any premises to which services are supplied by the Municipality, in order to inspect pipes, wires or any apparatus used for the supply of services and belonging to the Municipality, for the purpose of ascertaining the quantity of services supplied or consumed, or to disconnect or terminate such supply or remove any apparatus belonging to the Municipality.
- 15.6 On Disconnection, down payments will be as follows:

Business Properties

<i>Default</i>	<i>Business/government/schools and other</i>
<i>1st time</i>	<i>50% of outstanding amount plus current</i>
<i>2nd time</i>	<i>70% of outstanding amount plus current</i>
<i>3rd time</i>	<i>90% of outstanding amount plus current</i>

Residential properties

- **Debtors owing R 0.00 to R 50 000.00**

Down payment will be 5% of the outstanding balance which is R 2500.00 for a person owing R 50 000 and the customer must make a payment arrangement for the remaining outstanding balance over 36 months.

- **Debtors owing R 50 000.00 and above**

- R 2 500.00 down payment

- *Monthly payments*

- R 1 500.00 plus current billing

Should access be unreasonably denied or prevented, a disconnection penalty fee may be raised.

16. DOMESTIC WATER AND SEWAGE DISPOSAL CUSTOMERS

16.1 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 respect of water services charges in full (including all charges) plus the prevailing costs of a new water connection and penalty charges.

16.2 If a customer has received a new connection and then tampers with it again then the connection will be removed and will not be replaced until all outstanding water debts have been paid including a fee for a new connection.

16.3 All illegal connections that are found will be removed and owners and occupiers may be prosecuted by a court of law.

17. TERMINATION / TRANSFER OF SERVICES

17.1 At least three (3) 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.

- 17.2 Once the account is terminated, the account must thereafter be linked to the owner's rates account.
- 17.3 Landlords are not permitted to terminate water if there are occupants on the property and the account is not in arrears.
- 17.4 The Municipality may exercise its common-law right where a tenant on a property is in breach of his/her contract with the Municipality and transfer the debt to the owners' account. The tenant shall forfeit his/her deposit to the owner where the outstanding debt is paid by the owner.

18. UNALLOCATED CONSUMPTION

When electricity and 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 for electricity and water services shall be raised against the registered owner on his consolidated bill.

19. METER READINGS

The Municipality may estimate readings and read meters when it is convenient and cost effective.

20. ELECTRICITY DEBT RECOVERY USING THE PREPAYMENT METERING SYSTEM

- 20.1 In the event that a consumer's account is in arrears for more than 30 days, the amount tendered will be split according to the ratio of 60% towards coupon sales and 40% paid towards outstanding debt. The consumer will receive electricity tokens to the value of 60% of the payment received while the remainder will be allocated towards the arrear
- 20.2 The customer of a private residential property may apply for a pre-payment meter and qualify for the 60/40 pre-payment debt recovery facility, (at the discretion of the Municipality and within the municipality's budget and resource availability)

- 20.3 Child-Headed Households must meet the requirements as set out in the municipality's indigent and rates policy and application must be made with the consent of the social worker concerned.
- 20.4 The services of customers on pre-paid meters, who tamper with their services, will be disconnected and any outstanding debt will become due and payable immediately. The services will be reconnected on payment of full outstanding debt.
- 20.5 Customers cannot belong to more than one scheme simultaneously.
- 20.6 The Municipality may derogate from the above criteria in exceptional and motivated circumstances, where the property is valued under R400 000 and is occupied by a pensioner, disabled or is a Child Headed Household. The authorized delegate of the Municipality may hear representations in accordance with the principles of administrative justice and determine the matter in accordance with such principles.
- 20.7 On special projects identified by the Municipality, the pre-paid meters may be zero costed.
- 20.8 In former Council owned dwellings, where 80% of the electricity is serviced via pre-paid meters, then the balance of the meters is to be converted to the pre-payment system.

21. REVENUE CLEARANCE CERTIFICATES

Subject to Sections 118(1) and (1A) of the Municipal Systems 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.

21.1 Assessments

- a. Application shall be made by the conveyancer, in the prescribed format. Each application must be accompanied by the relevant application fee. The application will not be processed until the fee is paid.
- b. Copies of all the accounts must accompany any application. If the relevant information is not provided, the application will be returned to the conveyancer.

- c. The Municipality does not accept responsibility for errors on the applications. The Conveyancer must check that all details are on the Application, Assessment and the Certificate are correct.
- d. Assessed figures are calculated ninety **90** days in advance. Service charges are estimated for ninety **90** days based on previous consumption.
- e. An “Attorneys’ Report” in respect all amounts owing and the assessed figures, shall be issued within ten (10) days of the receipt of the request.
- f. The assessment shall remain valid for a period of thirty (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.
- g. Amounts raised on the Supplementary Valuation Roll prior to the effective date of that roll, will be billed for the purpose of the assessment. The seller shall waive his right to be billed on the effective date of such roll.
- h. Before any new sub-divisions on a property are approved, the debts on the parent property must be paid in full.
- i. 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.
- j. Any amounts paid shall be appropriated to the oldest debt first.
- k. A separate application is required for each transfer.
- l. Penalties, interest or other charges that accrue during the assessed period that are not included in the Clearance Certificate, shall be billed to the purchaser. The accounts will be adjusted once proper readings are taken on service /consumption charges and billed to the purchaser accordingly.
- m. An assessment in terms of S118 (1) of the municipal systems act will only be issued on request by the Conveyancer.
 - a. An assessment in terms of Section 118(1)(b) of the municipal systems act will only be issued on request by the Conveyancer. The conveyancer is requested to provide the municipality with the letter of undertaking stating that the attorneys will settle the total outstanding balance due upon registration of the property from the proceeds of the sale, prior to the municipality issuing the clearance certificate.

- n. The balance of the debt, prior to the two years preceding the date of application of a certificate, shall remain as a charge against the property and shall be the responsibility of the conveyancer to communicate the outstanding balance to the seller and to recover the debt outstanding from the sale money and pay it over to council.
- o. The new owner will not receive services on the property until the debt is paid in full. The onus is on the Conveyancer to advise the purchaser accordingly.
- p. A revenue clearance certificate shall be issued within ten (10) days of the date of payment of the amount requested in the "Attorneys' Report".

21.2 Revenue Clearance Certificates

- a. Payment on the assessment must be made in cash, EFT payments, direct debit, bank transfers or other instrument accepted by the CFO from time to time.
- b. There shall be no refunds on the cancellation of a sale or otherwise.
- c. The Certificate shall be valid for a period of ninety (90) days from date of issue.

21.3 Information and addresses of the purchaser provided on the revenue clearance certificate shall be used as details of the new owner/ purchaser for the purposes of billing for rates, services and consolidated accounts, until same is changed by the purchaser.

22. LEGAL ACTIONS

22.1 Legal steps may be taken to collect arrears where:

- a. Disconnection action yielded no satisfactory result.
- b. disconnection 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 ninety (90) days.

22.2 The Municipality may, in terms of Section 28 of the Municipal Property Rating 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.

- 22.3 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.
- 22.4 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.
- 22.5 All Legal costs shall be debited to the relevant debtor's account.
- 22.6 Proceeds of the Sale in Execution may be appropriated to any of the debtor's accounts in arrears.
- 22.7 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 may be prosecuted.

23. CREDIT AUTHORITIES AND OFFERS TO SETTLE IN TERMS OF SECTION 58 OF THE MAGISTRATES COURT ACT

- 23.1 The Municipality may, at its discretion, enter into a credit authority and an admission of liability, with customers and owners in arrears with municipal service fees, surcharges on fees, property rates and other municipal taxes, levies, duties and sundry charges.
- 23.2 Before any credit authority is concluded, all services must be consolidated onto one account (if not done previously) and a credit authority concluded for the full debt of all services where possible.
- 23.3 A down payment of 25% of total debt owed is required to be paid upfront by business customers before any credit authority is concluded.

- 23.4 The customers' current account must be paid in full, and maintained, for the duration of the agreement.
- 23.5 The owner of a property must consent in writing to a credit authority and admission of liability with the Municipality and his tenant.
- 23.6 Re-connection and disconnection fees, where applicable, must be paid in full before any credit authority can be entered into.
- 23.7 By entering into a credit authority, 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.
- 23.8 Credit authorities negotiated on business accounts shall require:
- i) The agreement to be signed by a duly authorised Director / Member of the business; Personal sureties, to the value of the debt plus current accounts, or increased deposits.
- 23.9 A credit authority may not be granted where:
- a. Arrears have arisen due to direct debit reversals etc.
 - b. Instances of repeated meter tampering have been identified.
 - c. The services have been removed; or
 - d. The customer's deposit has been increased due to a poor risk profile.
- 23.10 Where any debt has arisen as a result of the Municipality having applied an incorrect charge and/or tariff, or faulty meter, 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.
- 23.11 Should any dispute arise with respect to the amount owing, the debtor will continue to make regular payments based on the average charges for the preceding three (3) months prior to the dispute, plus interest where applicable.
- 23.12 The amount of the down payment of the credit authority shall be at the discretion of the Chief Financial Officer.
- 23.13 The period of the credit authority for the business customers shall be 12 months.

- 23.14 The period of the credit authority for indigent and other municipal customers not mentioned in 23.13 shall be at the discretion of the Chief Financial Officer, maximum 36 months.
- 23.15 The credit authority shall be terminated if a debtor relocates from the property. The balance owing shall become immediately due and payable.
- 23.16 The monthly installments on a credit authority 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.
- 23.17 A credit authority shall be cancelled upon application for a revenue clearance certificate on the property, and the whole debt shall become due, owing and payable, notwithstanding any agreement to the contrary.
- 23.18 Where the credit authority is based on interim readings, the amounts on the credit authority will accordingly be adjusted once the actual readings are taken.
- 23.19 A credit authority is automatically cancelled when an award is made in favour of a tenderer.
- 23.20 A credit authority for staff and councilors would be in accordance with clause 14 hereto.
- 23.21 The customer who signs a credit authority must, as far as possible, make payment to the Municipality via a Debit Order.

24. DISPUTES

- 24.1 A customer who disputes an account must submit each dispute in writing to the person appointed by the Municipality to deal with such disputes (hereinafter referred to as "the Authorised Delegate"), stating the reasons for such dispute and any relevant facts, information or representation which the Authorised Delegate should consider resolving the dispute.
- 24.2 The dispute must be submitted within thirty (30) days of the account. If a dispute is raised after this period, it will be treated as an enquiry, the account will not be suspended, and normal credit control procedures will apply.
- 24.3 The dispute must relate to a specific amount on the account. Amounts not in dispute must be paid in full. If the amounts not in dispute remains unpaid, services may be disconnected.

- 24.4 Queries are not regarded as a dispute.
- 24.5 Proven tampering charges are not regarded as a dispute.
- 24.6 The Authorised Delegate or his nominee may hear representations from customers who dispute an account and he/his nominee may take a decision, based on the spirit of the Policy.
- 24.7 A dispute submitted above shall not stop or defer the continuation of any legal procedure already instituted for the recovery of arrear payment relating to such dispute.
- 24.8 The customer has the right to appeal to the CFO or his assign against the decision of the Authorised Delegate. The CFO or his assign may hear representations and make a decision that is binding.
- 24.9 A person whose rights are affected by the decision of the CFO may appeal against that decision within 21 days of the date of notification of the decision, to the municipal manager.
- 24.10 Objections and appeals on property valuations do not stay or defer Credit Control and Debt Collection Procedures.
- 24.11 Disputes regarding the General Valuation Roll must be submitted to the Income section in the form of an objection or appeal as envisaged by Sections 50 and 54 of the MPRA. The account must be paid in full until an objection or appeal outcome is reached where after the account will be credited or debited accordingly.

25. REFUNDS

No refunds will be paid out on active municipal accounts.

Provided all the customers' accounts are paid, credits on accounts shall be refunded for inactive accounts due to transfer of property or termination of services, on application, as follows:

- 25.1 On a water services or electricity account: to the account holder.
- 25.2 Where the owner pays the tenants account in terms of Section 118(3) of the Act to the owner.

25.3 On transfer of a property: to the conveyancing attorney.

26. DECEASED ESTATES

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

26.2 Where the owner of a property is deceased and the estate has 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 the consolidated account, including rates.

26.3 “Deemed Ownership” does not confer any rights to the occupants other than the liability to pay the accounts.

27. HOUSING

27.1 This Credit Control Policy shall apply equally to Housing tenants.

27.2 Where the Municipality has sold a property in a suspense sale agreement to a Housing tenant and that owner/tenant is responsible for the rates and service charges on that property, the accounts will be consolidated with rates and services will be disconnected for non-payment.

28. IRRECOVERABLE DEBT

28.1 Debt will only be considered as irrecoverable if it complies with one or more of the following criteria:

- a. all reasonable notifications and cost-effective legal avenues have been exhausted to recover a specific outstanding amount; or
- b. any amount equal to or less than R500.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
- c. the cost to recover the debt does not warrant further action; or

- d. the debtor is untraceable or cannot be identified so as to proceed with further action; or the debtor has emigrated leaving no assets of value to cost-effectively recover Councils claim; or
- e. it is not possible to prove the debt outstanding; or a court has ruled that the claim is not recoverable.
- f. the claim is subject to any order of court, or the claim is subject to an out of court settlement agreement.
- g. the debt is subject to a settlement in terms of section 109 of the Systems Act.
- h. Council has resolved that the debt is irrecoverable; or
- i. If an offer of Full and Final Settlement is accepted and confirmed in writing by the Head: Legal and CFO if it has financial implications; or
- j. the outstanding amount is due to an irreconcilable administrative error by the Municipality or as a result of an administration error.
- k. expenditure incurred, in respect of internal accounts raised in the name of the Municipality, in any previous financial year; or
- l. Where Council expropriates any property or purchases any property in terms of its Sales in Execution.

28.2 Provided there is sufficient provision for bad debt, the CFO in consultation with council shall write off any revenue which is irrecoverable or the recovery of which is considered not to be reasonably practicable.

28.3 The CFO must report to Council all amounts that have been written off as irrecoverable with the Section 71 MFMA report.

29. LEASES

- 29.1 Persons who lease property from the Municipality for the purposes of any business or trade must sign a surety agreement covering all debt incurred on the said property during the duration of the lease or beyond the term of the lease where such debt is in relation to the lease whilst it was in operation.
- 29.2 Where the lessee is a company of close corporation, the directors or members are required to sign a personal surety covering all debt incurred on the said property during the duration of the lease or beyond the term of the lease where such debt is in relation to the lease whilst it was in operation.
- 29.3 Municipal service accounts must be opened in the name of the lessee only. The rates and services accounts will be consolidated.

30. FREE BASIC SERVICES

- a) The municipality will provide basic services according to its indigent policy and tariff approved each year. Where services more than the free basic provision have been consumed, the indigent customer will be liable for the additional amount and such amount shall be due with all other accounts.

31. BUILDING PLANS

Building plans should be approved only if the customer's account is owing less than 30 days, or the customer must have a reasonable payment arrangement to pay the long outstanding debt.

32. BUSINESS LICENSES

Business licenses should be approved only if the customer's account is owing less than 30 days, or the customer must have a reasonable payment arrangement to pay the long outstanding debt. Tenant may be permitted take responsibility of the municipal account for the duration of the lease period upon agreement with the landlord; the municipality reserves the right to cut services on the business property with outstanding debt accumulated by the landlord and or tenant.

33. VACANT SITES

- a) The municipality reserves the right to attach vacant stands as a mean to recover monies owed.
- b) Vacant stands may be attached if the deed of sale has indicated the prescribed period for buyer of the stand to have structure on the land.
- c) The Municipality will obtain Court Order to attach the vacant stand.

34. APPROVAL OF POLICY AND DATE OF EFFECT

The Credit Control and Debt Collection Policy of Dr Pixley Ka Isaka Seme Local Municipality shall come into effect on 1 July 2025.

M A NGCOBO
MUNICIPAL MANAGER

DATE