



eThekweni Municipality

CREDIT CONTROL AND DEBT COLLECTION POLICY

2014/2015

ADOPTED ON 19 MARCH 2014

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1. PURPOSE

This policy, read together with the eThekweni Municipality Credit Control and Debt Collection By-law, provides procedures and mechanisms for credit control and debt collection. The policy has been compiled in compliance with the Local Government: Municipal Systems Act 32 of 2000, which requires the adoption of a credit control and debt collection policy, which is consistent with the Municipality's rates and tariffs policies and which complies with the Act. The policy 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. DEFINITIONS

Words contained in this policy have the same meaning as in the eThekweni Municipality: Credit Control and Debt Collection By-law, except where the context indicates otherwise. In addition, the following words and phrases have the following meanings:

"account" means written notification in the form of a statement of account in respect of municipal services, rates, sundry charges and other charges, addressed to a person liable for payment thereof;

"arrears" means any amount which is due, owing and payable and which remains unpaid by due date;

"bulk customer" means a customer who consumes large amounts of electricity for commercial or industrial purposes;

"CFO" means a person employed by the Municipality in terms of section 57 of the Act as the Chief Financial Officer of the Municipality;

“consolidated account” means a monthly account reflecting municipal service fees, charges, surcharges on fees, property rates, sundry charges and other municipal taxes, levies and duties and all consolidations in terms of section 102 of the Act;

“Credit Authority” means any arrangement made by agreement between the Municipality and a customer for the payment of any arrears in instalments. Such arrangement may take the form of an agreement, an acknowledgment of debt, or correspondence provided that it is recorded in writing and signed by an authorised official;

“deemed owner” means the occupant of a property previously governed by the repealed Administration of Black Estates Act, where the estate has not been finalised. Such occupant will be regarded as the deemed owner for the purposes of payment of a consolidated municipal account for that property. ‘Deemed ownership’ does not confer any rights on the occupant other than the liability to pay the account and the possibility of a benefit from the Municipality’s programmes to assist the poor;

“defaulter” means any customer whose account is in arrears;

“due date” means the date on which a customer’s account becomes payable, which in the case of monthly accounts is twenty-one days from the date of the account, and in the case of annual accounts is the 31 October each year;

“effective date” means the date on which the policy comes into effect which shall be 1 July 2014;

“flow limiter” means an electronic device installed in the water connection which allows for a normal flow rate but restricts the daily volume of water to a preset amount of 300 litres per day;

“flow restrictor” means a washer which is installed in the water connection which allows a daily consumption of approximately 360 litres of water in a six hour period but at an extremely low flow rate;

“Housing Substitution Policy” means a policy where the children of a social housing tenant who is deceased are substituted as tenants;

“illegal connection” means any connection to a system through which municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent;

“leak period” means the metering period immediately prior to the date of repair of the leak and the metering period during which the leak is repaired. Each of these two periods will not exceed 65 days;

“metering period” means the time interval between two successive billed meter readings but shall exclude previous leak periods;

“MPRA” means the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004);

“multi-property owner” means an owner of 50 or more properties in the Municipality’s area of jurisdiction;

“nett salary” means the gross salary minus pension and statutory deductions;

“owner” means the person defined as such in the Municipality’s Rates Policy and, in respect of the land vested in the Ingonyama Trust by virtue of the Ingonyama Trust Act of 1994, means the said Ingonyama Trust;

“prescribed form” refers to the form required by the CFO from time to time;

“rates” means a municipal rate on property envisaged in terms of section 229(1) (a) of the Constitution and levied by the Municipality in terms of the MPRA, expressed as cents in the rand;

“Revenue Clearance Certificate” means a certificate of the kind referred to in Section 118(1) of the Act;

“social housing tenant” means any person renting any residential premises from any public legal body for less than a full rack rental or renting residential premises from a private person and receiving from the National or Provincial Government a subsidy or other amount to empower the tenant to pay the full rack rental;

“sundry charge” means an amount charged to a customer which is not directly linked to a property and includes but is not limited to–

- a. charges arising from damage to municipal property and equipment;
- b. monies owed for municipal services other than rates, water, electricity and sanitation;
- c. monies awarded to the Municipality through court orders and judgments; and
- d. fines,

“tenderer” means a contractor, service provider or supplier who have submitted a tender for the provision of services or the delivery of goods to the Municipality;

“the Act” means the Local Government: Municipal Systems Act (Act 32 of 2000);

“water services” means the supply of potable water and, where a municipal sewerage reticulation system exists, the disposal of sewage;

“50/50 pre-payment debt recovery” means a pre-payment system whereby 50% of payment is allocated to arrears and 50% is allocated to the purchase of electricity. This provision excludes municipal employees and councillors whose accounts are in arrears;

“80/20 pre-payment debt recovery” means a pre-payment system whereby 20% of payment is allocated to arrears and 80% is allocated to the purchase of electricity. This provision excludes municipal employees and councillors in arrears.

PROVISION OF MUNICIPAL SERVICES

3. REGISTRATION FOR MUNICIPAL SERVICES

- 3.1 **Residential property** - The Municipality will endeavour to 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 subsection 6.1 (c).
- 3.2 **Business property** - The Municipality will only enter into new contracts for municipal services with tenants if the owner of the property is a multi-property owner as defined, and the municipal accounts on all of his or her properties are paid. Where the landlord is not a multi-property owner, the owner of the property must register for services.
- 3.3 When the owner of the property is a bulk customer, the CFO, at his or her discretion, may allow tenants of the bulk customer to be registered for municipal services on the property concerned, upon submission of any documents or information that may be requested by the CFO.
- 3.4 **Government property** - The Municipality will continue to register tenants for services. The respective Government Departments shall be held liable for the debts on their own property.

- 3.5 **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.
- 3.6 The Municipality shall whenever possible, combine any separate accounts of a person who is liable for payment to the Municipality, into one consolidated account.
- 3.7 No registrations or additions to the customer database can be processed unless legal documentation acceptable to the CFO has been produced in each instance.
- 3.8 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 or owner is registered for services.
- 3.9 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.
- 3.10 Where the purpose for or extent to which any municipal service used is changed, the onus and obligation is on the customer or owner to advise the Municipality of such change.

4. DEPOSITS

- 4.1 At the time of registration as a customer, a deposit will be required based on the criteria set by the CFO, from time to time.
- 4.2 The CFO may exclude a category of owners from payment of deposits.
- 4.3 Deposits will be due and payable on registration of new customers and upon the movement of existing customers to a new address.
- 4.4 The Municipality may appropriate a customer's deposit on any account related to that customer.

- 4.5 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.
- 4.6 Where a business customer does not present a valid South African ID Document, a deposit equivalent to twice the usual deposit shall apply in addition to the personal suretyships.
- 4.7 If a customer is in arrears, the deposit may be increased.
- 4.8 The Municipality may utilise the consolidated deposit as security for any or all of the charges or amounts included in the statement of account.
- 4.9 Social Housing tenants qualify for the same deposit as an owner.
- 4.10 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 any other account held by the tenant with the Municipality.
- 4.11 **Guarantees**
- a. Guarantees shall not be accepted as a form of deposit except for land sales deposits or as the CFO may direct from time to time
 - b. Existing Guarantees shall be honoured for the duration of the contract with the Municipality.
 - c. Addendums to existing Guarantees shall not be accepted. The additional deposit must be paid in cash.
 - d. Where guarantees are held in lieu of deposits, such guarantee shall be presented for payment and a new deposit shall be raised to any arrear account.

4.11 **Review of Deposits**

- a. If the customer poses a credit risk, the value of the original deposit paid or a guarantee held may be reviewed from time to time by the CFO.
- b. The deposit on an account shall be reviewed when–
 - i. the Account is paid after the due date;
 - ii. payment by negotiable instrument or direct debit is dishonored; or
 - iii. there is increased consumption of services.
- c. The Municipality may increase the deposit payable by a customer by up to 12 months average usage.
- d. The deposits on all accounts may increase pro rata based on the Bulk consumption charge to Eskom and Umgeni Water.

4.12 **Interest Payable on Cash Deposits**

Interest on cash deposits held, shall accrue 6 months from date of deposit at a rate determined by Council. The deposit, plus interest accrued, shall be taken into account upon closure or termination of an account. The accrued interest may be paid annually against the customer's account, if requested.

4.13 **Substitution of Accounts for Social Housing Tenants**

Should a customer wish to substitute another person as a customer on their existing account, the person so substituted shall inherit the deposit on the account. Such deposit shall be subject to review in terms of **4.12** above.

ACCOUNTS MANAGEMENT

5. ACCOUNTS

- 5.1 The Municipality will have accounts posted, or sent electronically if so registered, to all customers. In the case of multiple-ownership, the account will be posted to any one of the owners.
- 5.2 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 of the account, or establish the amount payable for payment.
- 5.3 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 in writing.
- 5.4 The Municipality may post annual rates assessment for record purposes.
- 5.5 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.
- 5.6 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. Such update of information includes, but is not limited to–
 - a. Details of executors or administrators of deceased estates;
 - b. Deregistration of a company if the company is the account holder; and
 - c. Details of deceased company directors, members of Close Corporations and trustees of Trusts.

- 5.7 The Municipality may recover a rate annually, on application, from multi-property owners. Such application must reach the Municipality on or before 30 April of each year and the annual rates account is to be paid by 31 October of each year.
- 5.8 The payment of rates shall not be affected by reason of an objection, appeal or non-compliance with the rates policy.

6. RESPONSIBILITY FOR AMOUNTS DUE

- 6.1 In terms of Section 118 (3) of the Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property. Accordingly —
- a. all municipal debts must be paid by the owner of such property without prejudice to any claim which the Municipality may have against another person;
 - b. the owner of such property shall be liable for charges incurred in connection with such property during his or her ownership and shall remain liable irrespective of the change of ownership;
 - c. the Municipality reserves the right to cancel a contract with the customer in default and register the owner of such property for services on the property; and
 - d. the Municipality will not provide any services on the property until all municipal debts on the property have been paid in full or suitable arrangements have been made to pay such debts.
- 6.2 Where the property is owned by more than one person, each owner shall be jointly and severally liable, the one paying the other to be absolved, for all municipal debts charged on the property.

- 6.3 Owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property, except for property rates.
- 6.4 Refuse removal shall form part of the property debt payable by the owner of the property.
- 6.5 Directors of Companies, members of Close Corporations and Trustees of Trusts shall sign personal suretyships with the Municipality when opening service accounts. If they are unable to sign the personal surety, they must pay a deposit equivalent to twice the usual deposit paid for opening service accounts.
- 6.6 The Municipality may —
- a. recover from a 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 for so long as a tenant or 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;
 - b. recover the amount in whole or in part despite any contractual obligation to the contrary on the part of the tenant, occupier or agent;
 - c. recover from the tenant, occupier or agent an amount which is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent; and
 - d. apply to the Companies and Intellectual Property Commission to re-register a deregistered company or close corporation for the purposes of recovering the amounts owed by that company or close corporation for all municipal debts which have accrued and shall recover the costs of re-registration from the directors or members accordingly.

- 6.7 Should the tenant, occupier or agent refuse to pay as contemplated in subsection 6.6 to the Municipality, the services of the tenant, occupier or agent may be disconnected.
- 6.8 Should any dispute arise as to the amount owing, the customer shall pay all amounts which are not subject to the dispute that are due and payable, pending the finalisation of the dispute lodged in respect of the specific amount owed by the customer.
- 6.9 Pre-payment meters shall not be installed until all outstanding debt has been paid in full, subject to section **20** hereto.
- 6.10 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 therefrom.

7. PAYMENT OPTIONS

- 7.1 The Municipality will endeavour 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.
- 7.2 The Municipality shall accept payment by negotiable instrument only under the following circumstances–
- a. Payment by cheques must be issued by the Bank, in ALL instances; and
 - b. Settlements of Final Accounts – The customer has the option of payment via a Bank cheque, Electronic Funds Transfer or Cash.
- 7.3 Cheques will not be accepted in any other circumstances except those listed in subsection 2.

- 7.4 Where any direct debit or payment made to the Municipality or its authorised agent is later dishonoured by the bank, the Municipality or its authorised agent–
- a. will recover the bank charges incurred relating to that dishonoured payment against the account of the customer;
 - b. may regard such an event as default on payment and the account shall be dealt with as an arrear account; and
 - c. reserves the right to take legal action for recovery of arrears.
- 7.5 Where the payment is made by debit or credit card, such payments are limited to R2 500 **per account per month**. Payments made in excess of this value, including multiple payments which value exceeds R2 500, will result in an administration charge.
- 7.6 The methods of payment shall be determined by the CFO from time to time.
- 7.7 Where a customer signs a Credit Authority with the Municipality, payment shall, as far as possible, only be accepted via a direct debit procedure.

8. FULL AND FINAL SETTLEMENT

- 8.1 Where the exact amount due and payable has not been paid in full, any lesser amount tendered and receipted, shall not be in full and final settlement of such an account, except when duly accepted in terms of a delegated authority.
- 8.2 Subsection 8.1 shall prevail notwithstanding the fact that such lesser payment was tendered or receipted in full settlement.
- 8.3 The CFO or his delegate must be consulted on any settlement, out of court or otherwise, that has a financial implication on the Municipality.

9. CASH ALLOCATION

- 9.1 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.
- 9.2 Any amounts paid may be appropriated to the oldest debt first, subject to subsection **22.1**.
- 9.3 Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future rates and fees for municipal services, and no interest will be payable on that amount.
- 9.4 The Municipality's allocation of payment is not negotiable and the customer may not choose which account to pay.

10. INTEREST AND ADMINISTRATIVE CHARGES

- 10.1 Interest charges are raised on arrears which appear on the accounts.
- 10.2 The legal rate of interest raised on arrears is equivalent to the rate of interest as determined in terms of the Municipal Property Rates Regulations or any other legislation or as determined by Council.
- 10.3 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 on the basis that interest is charged as from the first day of the account being in arrears.

- 10.4 Payments on assessed or 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. For example, 30 days from date of account.
- 10.5 Where a debtor qualifies for a full reduction in the value of his property, and where such debtor enters into an Acknowledgement of Debt with the Municipality to pay off arrears for service charges, no further interest will be added to the arrears outstanding if during the period, the debtor adheres to the agreement.
- 10.6 Interest may only be reversed under the following circumstances—
- a. exemptions as determined by this Policy from time to time;
 - b. if the Municipality has made an administrative error on the account;
 - c. where an owner takes over the debts of the tenant; and
 - d. where the Municipality approves such reversal from time to time.
- 10.7 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 against the owner by service of summons to recover same.

11. PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS

- 11.1 When submitting a tender for the provision of services or the delivery of goods, each potential tenderer must prove to the satisfaction of the Municipality that all accounts for which the tenderer is liable, have been paid up to date, and that all accounts for

which each and every director, member, owner, partner or trustee of the tenderer is liable, have also been paid up to date.

- 11.2 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, member, owner, partner or trustee must be attached to the tender documents.
- 11.3 Where a tenderer's place of business or business interests are outside the jurisdiction of the Municipality, a Revenue Clearance Certificate from the relevant Municipality must be produced.
- 11.4 Before awarding a tender, the Municipal debts of the tenderer and of each director, member, owner, partner or trustee of the tenderer must be paid in full.
- 11.5 Where payments are due to a creditor in respect of goods or services provided to the Municipality, or in terms of any contractual arrangement with the Municipality, any arrear amount owing to the Municipality may be set off against such payments.
- 11.6 This Policy applies to quotations, public tenders and tenders in terms of section 36 of the Supply Chain policy.

12. AGREEMENT WITH EMPLOYERS

- 12.1 Section 103 of the 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 that person-
 - (i) any outstanding amounts due by that person to the Municipality; or

(ii) regular monthly amounts as may be agreed;

...”

12.2 In the event that the employee voluntarily chooses to use the method of payment as contemplated in subsection 12.1 for the payment of his or her municipal accounts, the employee may approach the Municipality for the agreement to be set up.

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

13. STAFF AND COUNCILLORS IN ARREARS

13.1 a. Item 10 of Schedule 2 to the Act (Code of Conduct for Municipal Staff Members) states that–

a. 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

b. a Municipality may deduct any outstanding amounts from a staff member’s salary after this period; and

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 members whose accounts are arrears.

e. Any staff member who has breached the code will be dealt with in accordance with the disciplinary procedures adopted by the Municipality in terms of the Act.

- 13.2 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 Mayor and issue the necessary salary deduction instruction where appropriate.
- 13.3 Where the Municipality is satisfied with the reasons supplied by the staff member or Councillor stating why the account is in arrears, the staff member or Councillor must pay such arrears within a period of 3 months with interest.
- 13.4 On appointment to a higher post, employees who have signed a credit authority shall increase their instalments on the credit authority in accordance with their new salary increase.
- 13.5 Staff and Councillors do not qualify for water Acknowledgment of Debts under section 16.

14. ARREAR ACCOUNTS

Disconnection and Reconnection of Services

- 14.1 Arrears on rates, services or any other consolidated debt may result in disconnection of ANY service or withholding use of municipal facilities.
- 14.2 A disconnection penalty fee will be raised on all accounts printed for disconnection.
- 14.3 A reconnection fee will be raised on reconnection of services.
- 14.4 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.

14.5 Services will be disconnected where the–

- a. owner or tenant is deceased; or
- b. company, close corporation or trust has been deregistered,

and such has not been reported to the Municipality.

14.6 Reconnection of services where services have been disconnected in terms of subsection 14.5 will be authorised when–

- a. an executor has been appointed; or
- b. the Company has been re-registered.

15. DOMESTIC WATER AND SEWAGE DISPOSAL CUSTOMERS

15.1 Flow restrictors or flow limiters will be installed in water connections of customers who have not paid the total charges for water services (i.e. supply of potable water, and, where applicable, the disposal of sewerage) for sixty (60) days or more, and who owe the Municipality more than an amount determined by the CFO from time to time, for water used and sewage discharged and who have not responded to written notification from the Municipality to–

- a. pay the outstanding amount;
- b. meet with officials of the Municipality; or
- c. make arrangements to settle the debt.

- 15.2 Flow limiters are installed on application and in compliance with the conditions as set out below.
- 15.3 On restriction of the water supply via a flow restrictor washer, customers have the following payment options–
- a. pay the outstanding arrear amount in respect of water service charges plus all relevant charges in full;
 - b. apply for a flow limiter and sign a credit authority, subject to subsection **15.7** below; or
 - c. sign a credit authority for the arrears.
- 15.4 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–
- d. 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; or
 - e. apply for a flow limiter and sign a credit authority. The connection costs and penalty charges must be paid immediately.
- 15.5 If a customer has received a new connection and then tampers with it again, the connection will be removed and will not be replaced until all outstanding water debts have been paid.
- 15.6 All illegal connections that are found will be removed and owners and occupiers may be prosecuted by a court of law.
- 15.7 The following applies to customers whose water supply has been limited using a flow limiter device–

- a. They are obliged to attend a 15 minute training session. The training programme is vital as it makes customers aware of how to manage with the free basic water per day. The customer is also made aware that if the flow limiting device is tampered with in any way and the supply of water to the property increases above the free basic water per day and the tampering is detected by the Municipality before it has been reported to eThekweni Water and Sanitation Unit by the customer, then the supply of water to the property will be permanently disconnected until the amounts owing have been paid in full (including the cost of a new water connection). In this regard, interest will again be due from the date that the tampering is detected by the Municipality.
- b. They must sign a credit authority and consent to judgment. The debt may not attract further interest for the duration of the credit authority;
- c. They must pay a minimum amount, as determined from time to time by the CFO, towards the credit authority;
- d. The flow limiting device will be removed once the outstanding amount is paid in full and the charge to remove the device is paid.
- e. The credit authority shall be cancelled on application for a revenue clearance certificate and all debts on the property shall become due, owing and payable.

15.8 In the event of a funeral or other function associated with the death of a family member, or a family wedding, an application may be made for temporary relief whereby the flow limiter may be removed for a specific period of up to seven days only. The application must be supported by a letter from the ward or PR councillor and the payment of a prescribed fee as per the approved schedule of tariffs, to be reviewed annually. The flow limiter will be reinstated after seven days.

16. DEBT RELIEF PROGRAMME

- 16.1 The debt relief programme is aimed at assisting customers who are in arrears for water services charges, for ninety (90) days or more. Customers eligible for the debt relief programme are those families–
- a. who reside on property with a rateable value as determined by Council at its annual budget; or
 - b. who, irrespective of the property value, are confirmed as being too poor to be able to afford their current water services debt.
- 16.2 The following criteria must be met before a customer is regarded as eligible for debt relief:
- a. a comprehensive report by the ward or PR councillor on the customer must be submitted to the Municipality;
 - b. an assessment and report by the municipal social worker who would present his or her opinion, based on a site visit, on whether the family qualifies for debt relief.
 - c. a verification report by a water and sanitation official;
 - d. approval by the Deputy Head: Customer Services for municipal property values allowed for rates relief; and
 - e. approval by the Head: Water and Sanitation, for Municipal property values exceeding the values allowed for rates relief.
- 16.3 The customer is obliged to sign a contract and have the conditions of the contract explained thereafter the debt is written-off over a period of twenty (20) months.

- 16.4 The outstanding arrears are “parked” in a suspended account and will not attract any interest or other penalties if the customer pays the current water services account in full by the due date for payment.
- 16.5 If the customer fails to pay the current monthly water account in full and by the due date, the customer is subject to having time added to his or her write-off period on a month for month basis. For example, twenty months could reach twenty four months, if the account is not paid for a period of four months. If the period over which the current account is not paid by the due date exceeds four consecutive months, then the contract will terminate on the first day of the fifth month.
- 16.6 The customer has a choice when he or she signs the debt relief contract to either–
- a. stay on a full or semi pressure water supply; or
 - b. choose to have a flow limiter installed thus limiting his or her consumption to an amount per day equal to the free basic water allowance as determined in the schedule of tariffs.
- 16.7 The effect of a flow limiter is that a customer will receive a nil account at the end of the month for water services i.e. for both water usage and sewage disposal, and still benefit from the monthly write-off of one twentieth of the outstanding water services debt, versus the customer who chooses to remain on full supply who will receive a bill for water services consumed which will have to be paid for as stated in subsection 16.3 above.
- 16.8 If the customer chooses to remain on a full or semi pressure normal supply and defaults on the current payments in respect of water services charges, then a flow limiter will be installed immediately. The customer may then pay the current arrears or make arrangements to pay same over a maximum period of three months, via a Credit Authority. Once the current debt is paid, the customer may return to normal supply.

- 16.9 Should a customer be caught tampering with or be found to have tampered with the water connection to a property, while a debt relief contract is active and in effect, the contract will terminate immediately and the debt outstanding at the time the contract terminates will become payable in full, with the interest charges accruing as well as the cost of a new connection. If the customer reports any tampering before the Council detects it, the contract will remain in effect.
- 16.10 On application for the issue of a revenue clearance certificate, while the debt relief contract is active, the full debt due to the Municipality shall become due, owing and payable. However, in exceptional circumstances, the Municipality may, in its sole discretion, permit the proposed new owner to take over the debt by signing a new credit authority with the Municipality in respect of whatever amount of such arrears which cannot be settled by the existing owner in full, and all rights and obligations in regard to the arrears will pass to the new owner on transfer of the property.
- 16.11 Municipal debts, which have been “parked off” on former municipal owned property, will be reinstated on application for the issue of a revenue clearance certificate.
- 16.12 Where residential properties are situated in non-cadastral areas and do not appear in the Valuation Roll, such properties will be valued above R 250 000 if the dwellings on each property have a total floor area of more than 50 square metres.

17. DOMESTIC WATER INSURANCE

- 17.1 Domestic customers may insure themselves against undetected underground leaks by payment of a monthly premium, which is raised on the consolidated bill, and forwarded to a private insurance company. If the insurance company is satisfied that the leak was underground and was repaired correctly it will process the customer’s claim and pay directly to the Municipality. Customers are given sixty (60) days after the leak has been repaired to submit a claim. Customers are referred to the actual

Insurance Policy Document for a detailed explanation on the conditions of Indemnity or Basis for Cover.

- 17.2 The customer's account may be suspended for disconnections to water for a period of sixty (60) days to facilitate the insurance process.
- 17.3 Accounts shall not be suspended where there are disputes with respect to the amount paid or rejected by the insurance company.
- 17.4 Disputes must be lodged, in writing, within thirty (30) days of the claim being paid.
- 17.5 An adjustment, determined in accordance with the terms and conditions of the water loss insurance policy for individually metered dwelling units, will be made in respect of sewage disposal charges raised against any domestic or non-domestic customer where the sewage disposal charges arise from any underground water leaks which were repaired correctly and timeously.

18. TERMINATION / TRANSFER OF SERVICES

- 18.1. At least fourteen (14) days notice is required from the customer upon termination or transfer of an account, to enable the Municipality to take final meter readings and process account adjustments.
- 18.2. Once the account is terminated, the account must thereafter be linked to the owner's rates account.
- 18.3. Landlords are not permitted to terminate water services if there are occupants on the property and the account is not in arrears.
- 18.4. The Municipality may exercise its common-law right where a tenant on a property is in breach of his or her contract with the Municipality, and transfer the debt to the owners' account. The tenant shall forfeit his or her deposit to the owner where the outstanding debt is paid by the owner.

19. 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 or her consolidated bill.

20. METER READINGS

The Municipality may estimate readings and read meters in accordance with the period prescribed in the respective water and electricity Policies and By-laws.

21. ELECTRICITY DEBT RECOVERY USING THE PRE-PAYMENT METERING SYSTEM

- 21.1 A rental stock or municipal flat residential property will qualify for the pre-payment meter retrofit and 80/20 prepayment debt recovery facility if the arrears on such property remain unpaid for more than ninety (90) days.
- 21.2 The customer of a private residential property may apply for a pre-payment meter and qualify for the 80/20 pre-payment debt recovery facility, (at the discretion of the Municipality and within the Municipality's budget and resource availability) provided the following conditions are met:
- c. the value of the property must not exceed a value as determined by Council at its annual budget;
 - d. the account must be in arrears in an amount exceeding R500.00;
 - e. the applicant or owner must not own any other immovable property;

- f. if electricity services have been removed, the owner must apply and pay for the re-instatement of services, and where necessary, obtain the service of a private registered contractor to inspect, rewire and test the pre-payment meter and thereafter issue a Certificate of Compliance (COC);
- g. the customer, with the consent of the owner, must sign an Acknowledgement of Debt with the Municipality for any outstanding debt. Subsection **16.1** and subsection **24.12** are applicable *mutatis mutandis*;
- h. the owner must complete a “change – over” form at the Municipality changing from a credit meter to a pre-payment meter; and
- i. certified copies of the Identity Documents of the owner(s) must be produced.

21.3 Each time a customer purchases a token and 20% of the purchase is paid towards the debt, the Municipality will match an equal payment towards the debt.

21.4 Child - Headed Households must meet the requirements as set out in the Municipality's rates policy and an application must be made with the consent of the social worker concerned.

21.5 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 may be reconnected on a 50/50 pre-payment debt recovery plan.

21.6 Customers cannot belong to more than one scheme simultaneously.

21.7 Customers who supply false information will be disqualified. If the false information is discovered after the pre-payment system is installed, the benefits of the 80/20 principle will be cancelled and all arrears will become immediately due and payable.

21.8 The Municipality may deviate from the above criteria in exceptional and motivated circumstances, supported by evidence, where the property is–

- a. valued under R400 000;
- b. occupied by a pensioner or a disabled person; or
- c. a Child- Headed Household,

and any other exceptional circumstances.

21.9 The authorised delegate of the Municipality may hear representations in accordance with the principles of administrative justice and determine the matter in accordance with such principles.

21.10 On special projects identified by the Municipality, the pre-payment meters may be zero costed.

21.11 In former cluster dwellings that are owned by the Municipality, where 80% of the electricity is serviced via pre-payment meters, the balance of the meters are to be converted to the pre-payment system.

21.12 Tokens for pre-paid electricity may only be refunded within 48 hours of purchase thereof.

21.13 On low cost housing schemes, the Municipality may charge a fixed rate for property rates, which charge may be deducted via the pre-payment system.

22. REVENUE CLEARANCE CERTIFICATES

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

22.1 Assessments–

- a. an application shall be made by a 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 made manually. If the relevant information is not provided, the application will be returned to the conveyancer.
- c. the new owner may be held liable post transfer should the application not record the correct meter numbers on the property.
- d. the Municipality does not accept responsibility for errors on the manual applications. The Conveyancer must check that all details on the application, assessment and the revenue clearance certificate are correct.
- e. assessed figures are calculated ninety (90) days in advance. Service charges are estimated for ninety (90) days based on previous consumption.
- f. an "Attorneys' Report" in respect of all amounts owing and the assessed figures, shall be issued within ten (10) days of the receipt of the request for the report.
- g. 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 application fee will apply.
- h. 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.

- i. the onus rests with the seller to ensure that on new sub-divisions, the debts on the parent property are fully paid.
- j. 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, penalties or service charges.
- k. any amounts paid shall be appropriated to the oldest debt first.
- l. a separate application is required for each transfer.
- m. penalties, interest or other charges that accrue during the assessed period, and which are not included in the revenue clearance certificate, shall be billed to the purchaser. The accounts will be adjusted once proper readings are taken on service or consumption charges and billed to the purchaser accordingly.
- n. an assessment in terms of S118 (1) of the Act will only be issued on request by a Conveyancer.
- o. 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;
- p. the Municipality reserves the right not to provide services on the property until the debt is paid or suitable arrangements are made to pay the debt;
- q. the onus is on the Conveyancer to advise the purchaser accordingly.
- r. where the municipal account is in respect of a debt consolidated under Section 102 of the Act, the said consolidated account will be

deconsolidated on application for a revenue clearance certificate. An account for the property subject to the Revenue Clearance application will be rendered together with the full interest that accrued on the consolidated account.

- s. a revenue clearance certificate shall be issued within ten (10) days of the date of payment of the amount requested in the “Attorneys’ Report”.

22.2 Revenue Clearance Certificates –

- a. Payment of the assessment must be made in cash, EFT payments, direct debit, bank transfers, bank cheques or other instruments 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 sixty (60) days from date of issue.
- d. If a clearance is requested in terms of S118(1) of the Act, and payment is only made for two years preceding the date of application for the certificate, the balance of the debt, shall remain as a charge against the property.
- e. The certificate shall be endorsed with the balance owing as a charge against the property in order to bring the same to the attention of the seller, buyer and conveyancer. The onus is on the conveyancer to advise his or her clients accordingly.
- f. The Municipality may institute legal proceedings against the seller or purchaser of the property to recover the balance owed.
- g. The Municipality reserves the right to follow any of the legal mechanisms available to it in order to recover the balance of the debt,

including, lodging an urgent application to interdict the sale of the property until the debt is paid in full or an irrevocable bank guarantee for the full outstanding debt, on date of registration of transfer has been furnished by the conveyancer.

- 22.3 Information and contact details 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 the same has been changed by the purchaser.

23. LEGAL ACTION

- 23.1 Legal proceedings may be instituted by the Municipality to recover arrear amounts on service accounts, 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.
- 23.2 The Municipality may, in terms of Section 28 of the Municipal Property Rates Act, recover arrear rates from tenants or 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.
- 23.3 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.

- 23.4 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.
- 23.5 All Legal costs shall be debited to the relevant debtors account.
- 23.6 Proceeds of the Sale in Execution may be appropriated to any of the debtor's accounts in arrears.
- 23.7 Metering and connection equipment remain in the ownership of the Municipality at all times and the owner of the property, on which such meters and connection equipment is installed, shall be held responsible for all instances of tampering, damage or theft. Accordingly, the owner of the property concerned is liable for any breach of this duty and may be prosecuted.
- 23.8 Where a Body Corporate is in arrears, the CFO may apply to court for the appointment of an administrator in terms of Section 46 of the Sectional Titles Act 95 of 1986, as amended.

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

- 24.1 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.
- 24.2 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.

- 24.3 The customers' current account must be paid in full, and maintained, for the duration of the agreement.
- 24.4 The owner of a property must consent in writing to a credit authority and admission of liability being entered into between the Municipality and his or her tenant. The owner consents to judgment should he breach the credit Authority and admission of liability.
- 24.5 Re-connection and disconnection fees, where applicable, must be paid in full before any credit authority can be entered into.
- 24.6 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.
- 24.7 Credit authorities negotiated on business accounts shall require—
- a. the agreement to be signed by a duly authorised Director or Member of the business;
 - b. review of the financial situation of the business; and
 - c. personal sureties, to the value of the debt plus current accounts, or increased deposits.
- 24.8 A credit authority may **not** be granted where—
- a. arrears have arisen due to dishonoured cheques or direct debit reversals;
 - b. instances of repeated meter tampering have been identified; or
 - c. the services have been removed.

- 24.9 Where any debt has arisen as a result of a faulty meter or the Municipality having applied an incorrect charge or tariff, the customer may arrange to pay the debt over a maximum period at the discretion of the CFO and any interest or penalties may be waived.
- 24.10 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.
- 24.11 The amount of the down payment and the period of the credit authority shall be at the discretion of the CFO.
- 24.12 The credit authority shall be terminated if a debtor relocates from the property. The balance owing shall become immediately due and payable.
- 24.13 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.
- 24.14 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.
- 24.15 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.
- 24.16 A credit authority is automatically cancelled when an award is made in favour of a tenderer.
- 24.17 A credit authority for staff and councillors would be in accordance with section 13.

24.18 The customer who signs a credit authority must, as far as possible, make payment to the Municipality via a Debit Order.

25. DISPUTES

25.1 A customer who wishes to lodge a dispute in respect of an account must submit the 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 to resolve the dispute.

25.2 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.

25.3 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.

25.4 A query is not regarded as a dispute. A query is a verbal inquiry whereas a dispute must be in writing and lodged with the relevant municipal department or section.

25.5 Proven tampering charges are not regarded as a dispute.

25.6 The Authorised Delegate or his nominee may hear representations from customers who dispute an account and his or her nominee may take a decision, based on the spirit of the Policy.

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

- 25.8 The customer has the right to appeal to the CFO against the decision of the Authorised Delegate. The CFO may hear representations and make a decision that is binding.
- 25.9 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 in terms of section 62 of the Act.
- 25.10 Objections and Appeals on property valuations do not stay Credit Control and Debt Collection Procedures.
- 25.11 Disputes regarding the General Valuation Roll must be submitted to the Real Estate 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 thereafter the account will be credited or debited accordingly.
- 25.12 Investigation of dispute—
- a. the customer must provide the Municipality with the account alleged to be in dispute, which includes incorrect readings, misallocation of payments, incorrect tariffs charged and incorrect property values used and any other relevant information that may be required;
 - b. the Municipality will then conduct an investigation to verify the extent of the account alleged to be in dispute and revert back to the customer within ten (10) working days;
 - c. a request for a reconciliation of any account shall be processed after payment of a prescribed fee; and
 - d. there is no obligation on the Municipality to provide records older than 5 years from the date such records are requested.

26. REFUNDS

26.1 Provided all the customers accounts are paid, credits on accounts shall be refunded, on application, as follows–

- a. to the account holder, on a water services or electricity 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 or Appeal process.

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

27. DECEASED ESTATES

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

27.2. Where the property was previously governed by the Black Administrations Act, and the estate has not yet been finalised, 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.

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

27.4. In accordance with subsection 14.5, 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.

28. HOUSING

- 28.1 This Credit Control Policy shall apply equally to Social Housing tenants.
- 28.2 Where the Municipality has sold a property in a suspensive sale agreement to a Social Housing tenant and that owner or 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.
- 28.3 Where tenants are substituted in terms of the Housing Substitution Policy, the substituted tenant shall assume the rights and obligations of the one so substituted, including all debts, credit authorities and deposits.

29. IRRECOVERABLE DEBT

- 29.1 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;
 - 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;
 - c. the cost to recover the debt does not warrant further action;
 - d. it has been proven that the debt has prescribed;
 - e. the debtor is untraceable or cannot be identified so as to proceed with further action;

- f. the debtor has emigrated leaving no assets of value to cost-effectively recover the Municipality's claim;
- g. it is not possible to prove the debt outstanding;
- h. a court has ruled that the claim is not recoverable;
- i. the claim is subject to any order of court;
- j. the claim is subject to an out of court settlement agreement;
- k. the debt is subject to a settlement in terms of section 109 of the Systems Act;
- l. the Municipality has resolved that the debt is irrecoverable;
- m. 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;
- n. the outstanding amount is—
 - i. due to an irreconcilable administrative error by the Municipality;
 - ii. as a result of an administration error;
 - iii. a property debt that arose prior to the current owner taking transfer and successive transfers before his; or
 - iv. not In Use Charges raised after transfer;

- o. expenditure incurred in respect of internal accounts raised in the name of the Municipality, in any previous financial year;
- p. conversion of old dormant account balances of debtors, inherited from the previous municipalities which now form part of the Municipality, and where reasonable steps have been taken to recover these debts; or
- q. where the Municipality-
 - i. expropriates any property; or
 - ii. purchases any property in terms of its Sales in Execution.

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

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

30. LEASES

30.1 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.

30.2 Where the lessee is a company or 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.

30.3 Municipal service accounts must be opened in the name of the lessee only. The rates and services accounts will be consolidated.

30.4 Sub-lessees' may open service accounts in their names with the consent of the Head: Real Estate and provided that the account is consolidated with the rates account.

31. POLICY EVALUATION AND REVIEW

To be in a position to measure the outcome of the Policy, the Municipality believes that the output of this Policy should be measured in terms of general recognised accounting practices and the following benchmarks will be applicable:

		<u>Total amount outstanding</u>		<u>365</u>
DEBT COLLECTION PERIOD	=	revenue	X	1
ANNUAL DEBTORS		<u>last 12 months receipts from debtors</u>		<u>100</u>
COLLECTION RATE	=	last 12 months billing	X	1

The norm on the debt collection period is set at ----- days and the collection rate is set at ----- %

ANNEXURE A

ASSISTANCE TO THE POOR

Electricity:

eThekwini Electricity implemented a Free Basic electricity (FBE) tariff in 2003. This tariff applies to indigent customers who consume less than 150kWh per month, and are registered as FBE customers.

Qualifying Criteria

1. The customer's consumption must be equal to or less than an average of 150 kWhs per month, calculated over a period of the preceding 11 months (the vending system determines the period of usage, with respect to a meter, and if this period is less than 11 months, the average is calculated over this reduced period).
2. The average consumption is calculated at each purchase or enquiry at the vendor.
3. A person who has zero consumption does not qualify for a FBE token.
4. The FBE tokens must be collected in the current month only, and cannot be carried-forward to the next month.

The above automated-functioning of the system is supported by a manual enabling/disabling of customers that consume below 150 kWhrs, when required.

Exclusions

The free basic electricity is meant for the law-abiding indigent customers. The following are excluded from the FBE tariff:

1. Holiday flats and homes;
2. General lighting supplies in residential complexes;
3. Security huts and automated-gate supplies;
4. All business connections; and
5. Indigent citizens who have tampered with their supplies

Credit Customers

All credit customers that fit the above criteria are required to fill a change-over form to convert to pre-payment metering, at no cost to the customer. Each of these customers will be audited for compliance using the above criteria.

Prepaid Customers

All customers will be audited for compliance and the system of those not fitting the above criteria will be disabled on the vending system. It will be during this auditing process that a formal address will be assigned to each customer and uploaded onto the prepaid data-base.

Free Basic Water:

- a. No charge for the supply of water is raised for domestic residential customers for the first 9 kl of water per month for those customers:
 - i) With a full pressure connection where the property value is less than or equal to R250 000; or
 - ii) With a water supply via a low pressure roof tank.

All other domestic residential customers will be charged for the volume of water supplied at the standard tariff

- b. All water supplied via a standpipe is free of charge (standpipes are installed subject to the conditions as stipulated in the Water Policy).

Service Subsidy - Water

Domestic residential customers supplied via a low pressure roof tank are subject to a reduction on the standard tariff for consumption up to 30 kls per month.

Sewage Disposal

There are three levels of service available to Domestic Residential Customers based on certain conditions–

- a. Where the water supply to a customer is limited to 300 litres per day via a ground tank or yard tap, the only acceptable sewage disposal option is a Urine Diversion toilet,(or some approved alternative thereof) which is provided at no cost to the householder but then remains the responsibility of the householder for all maintenance items including periodic emptying;

- b. A connection to the Municipal waterborne sewerage system which offers a nil sewage disposal charge for water usage below 300litres per day, a stepped tariff (which provides reduced tariffs for lower sewage disposal volumes) and a reduced tariff where the water is by means of a semi- pressure service and the water is between 300 litres and 833 litres per day consumption; and
- c. Where a Municipal waterborne sewerage reticulation system is not available an on – site privately owned sewage disposal system (a conservancy tank, a septic tank or a privately owned low volume treatment plant) is permitted where the full costs are met by the householder who will not be subject to any Municipal charges for sewage disposal.

These tariffs may be amended by Council at its annual budget.

Informal communities are served by communal toilet blocks which are both provided and serviced at no cost to the community.

Where an informal community is located on privately owned land, the consent of the private land owner may be sought before such a service can be provided. Such consent may not be unduly with-held.

Refuse Removal

Property less than R190 000 – no charge.

Property above R190 000 is based on a sliding scale.

Rates

In addition to the R15 000 reduction in value of residential property imposed by the Local Government: Municipal Property Rates Act 6 of 2004, the Municipality may grant an additional reduction by resolution of Council at its annual budget. This further reduction is aimed primarily at persons owning low-cost properties and is an integral part of the

Municipality's indigent relief measures. The Municipality may raise a fixed charge on these properties. The charge may be recovered via the electricity pre-payment system.

Acknowledgement Of Debt

Where a debtor occupies property of the kind referred to above, and qualifies for a full reduction in the value of his/her property, and where such debtor enters into an Acknowledgement of Debt with the Municipality to pay off arrears for service charges, no further interest will be added to the arrears outstanding if during the period, the debtor adheres to the Agreement.

