



DRAFT CREDIT CONTROL AND DEBT COLLECTION BY-LAWS

To allow Council to exercise its power to value and impose rates on municipal services located within its area of jurisdiction in such a manner that it will contribute to effective and economic service delivery to the entire community.

These bylaws are made in terms of section 98 of the Municipal Systems Act, 2000(Act 32 of 2000) and the following is hereby enacted:

1. DEFINITIONS

For the purpose of these by-laws, unless the context indicates otherwise –

“**Arrears**” means amounts due for levies on the municipal account for which no payments are reflected after the due date on the municipal account.

“**Chief Financial Officer**” means a person appointed by the Municipality to manage, *inter alia*, the financial administration and collection of the debt of the Municipality’s debtors.

“**Client Management**” means the focusing on the client's needs in a responsive and proactive way to encourage payment, thereby limiting the need for enforcement.

“**Credit Control**” means the limiting of further service delivery (and thus lowering current accounts and arrears growth) to defaulters and the negotiation for payment before normalizing service delivery again.

“**Debt Collection**” means the administrative and legal processes, which are necessary to collect unpaid income of the Municipality from its debtors.

“**Debtor**” means a person or entity to whom or to which a municipal account has been submitted. The Municipality is at liberty to submit one municipal account for

all levies/charges in respect of a property, to the owner of that property and to distinguish between types of properties in this regard.

“Defaulter” means a debtor whose municipal account is in arrears for a period of more than 30 (thirty) days from date of account.

“Indigent” means debtors who are poor private households as defined by the Municipality’s policy regarding such people, who receive benefits in terms of the Social Package of tariffs and arrears included in the policy.

“Interest” constitutes a levy equal to service levies and is calculated at a rate determined by the Municipality on amounts in arrears.

“Municipal Services” are those services, rates and taxes reflected on the municipal account for which payments is required by the Municipality.

“Municipal Account” shall include levies or charges in respect of the following services and/or taxes:

- (a) Electricity consumption
- (c) Refuse removal
- (d) Sewerage services
- (e) Property taxes charged in relation to the value of the premises in terms of the relevant legislation, including but not limited to the Property Rates Act
- (f) Interest on amounts in arrears
- (g) Value added tax on ratable municipal services
- (h) Rent levies for housing and municipal properties
- (i) Any other taxes levies or charges appropriate to local Government or any delictual, contractual or other claims against debtors.

“Municipality” means the Molemole Local Municipality and the area under its jurisdiction.

“Occupier” means any person who occupies any premises or part thereof, without regard to the title under which he or she so occupies.

“Owner” means-

(a) The registered owner of premises in terms of the Deeds Registries Act, 1937(Act 47 of 1937) or the person in whom from time to time is vested the legal title to premises or where the Municipality is unable to determine the identity of such person, then that person who is benefiting or who is likely to benefit from such premises or a building thereon;

(b) In the case of any right in land, the lessee or the holder of the right in land concerned;

(c) Where the person in whom the legal title is vested is insolvent or deceased, or is under any form of legal disability whatsoever, then that person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

(e) In relation to –

(i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986) and without restricting the above, the developer or the body corporate in respect of the common property, or

(ii) A section as determined by such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;

“Person” means-

(a) Any legal person including but not limited to:

(i) A company registered in terms of the Companies Act, 1973 (Act 61 of 1973),

Trust *inter vivos*, Trust *mortis causa*, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), a Voluntary Association.

(ii) Any Department of State.

(iii) Any Council or Board established in terms of any legislation applicable to the Republic of South Africa.

(iv) Any Embassy or other foreign entity.

“Premises” includes any piece of land, the external surface boundaries of which are delineated on-

(a) A general plan or diagram registered in terms of the Land Survey Act, 9 of 1927) or in terms of the Deeds Registry Act, 47 of 1937;or

(b) A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, which is situated within the area of jurisdiction of the Council.

“Property” means:

(a) Immoveable property and any building, whether moveable or immoveable and any other immoveable structure in or on the property or under the surface of the property, which are registered in the name of a person or entity;

(b) A right registered against immoveable property in the name of a person or entity;

(c) A land tenure right registered in the name of a person or entity, or granted to a person in terms of legislation.

2. GENERAL PROVISIONS

2.1 Notices and Documents

- (a) A notice or document issued by the Municipality in terms of these by-laws shall be deemed to be duly issued if it is signed by an authorized official or representative of the Municipality.
- (b) If a notice is to be served on a person in terms of these by-laws, such service shall be effected by:
- (i) Delivering the notice to him or her personally or to his or her duly authorized agent;
 - (ii) Delivering the notice at his or her residence or place of employment to a person apparently not less than sixteen years of age and apparently residing or employed there;
 - (iii) If he or she has nominated an address for legal purposes, by delivering the notice to such an address;
 - (iv) Registered or certified post addressed to his or her last known address;
 - (v) In the event of a body corporate, by delivering it at the registered office or the business premises of such body corporate;
 - (vi) if service cannot be effected in terms of paragraphs (b)(i) to (b)(v) then by affixing it to the principal door of entry to the premises, or placing it on a conspicuous place on the land to which it relates.

2.2 Authentication of documents

- (a) Every order, notice or other document requiring authentication by the Municipality shall be sufficiently authenticated, if signed by the Municipal Manager or by an authorized official or representative of the Municipality.
- (b) Delivery of a copy shall be deemed to be delivery of the original.

2.3 Full and final settlement of an amount

- (a) Notwithstanding the nomination upon payment by a debtor of any specified amounts towards selected services on a consolidated account, the Chief Financial Officer shall be at liberty to, either specifically or on a pro rata basis, appropriate monies received from a debtor of the Municipality to any of the amounts owed by that debtor in respect of any of the municipal services for which a municipal account has been submitted to that debtor.

(b) Where the exact amount due and payable to the Municipality is not paid in full and a lesser amount is tendered to and accepted by any Municipal employee, excepting the Chief Financial Officer or his/her authorized delegate, such acceptance shall not be deemed to be in final settlement of the amount due.

(c) The provisions in 2.3(a) above shall prevail notwithstanding the fact that such lesser payment was tendered and/or accepted in full settlement.

(d) The Chief Financial Officer's or his/her delegate's consent to the acceptance of such a lesser amount in full settlement, shall be in writing.

2.4 Interest charges

Subject to the provisions of the Municipal Systems Act 2000 (Act 32 of 2000) or any other law relating to interest, the Municipality shall recover interest in respect of any arrears amount due and payable to it at a rate determined in its Credit Control and Debt Collection Policy.

2.5 Security Deposit

The Municipality has the right to require from its debtors a form of surety consisting of either a cash deposit or a bank guarantee to cover the total value of the levies of at least one month on the services account and to increase this surety in case of payment default by a debtor.

2.6 Prima Facie Evidence

A certificate reflecting the amount in arrears and payable to the Municipality, under the hand of the Municipal Manager or suitably qualified person authorized by the Municipal Manager, shall upon mere production thereof be accepted by any court of law as prima facie evidence of the indebtedness.

3. POWER OF THE MUNICIPALITY TO RECOVER COSTS

3.1 Dishonored payments

Where any payment made to the Municipality is later dishonored by the bank, the Municipality shall levy a cost and administration fee against the municipal account of the defaulting debtor in terms of the Municipality's tariff.

3.2 Legal Fees

All legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears shall be levied against the arrear municipal account of the debtor.

3.3 Cost to remind debtors of arrears

For any action taken in demanding payment from the debtor or reminding the debtor, by means of telephone, fax, email, letter or otherwise, that his/her payments are due, a penalty fee may be levied against the municipal account of the debtor in terms of the Municipality's tariff.

3.4 Disconnection fees

Where any service is disconnected or restricted for credit control purposes, the Municipality shall be entitled to levy and recover a disconnection fee from that debtor in terms of the Municipality's tariff.

3.5 Accounts

The Municipality may –

- (a) Consolidate any separate arrear municipal accounts of a debtor of the municipality;
- (b) Credit any unspecified payment by a debtor against any municipal account of that person;
- (c) Implement its debt collection and credit control measures in relation to the arrears on any of the municipal accounts of such a person at any address occupied by that person.
- (d) Establish a category or categories of properties for which only one consolidated municipal account will be submitted to the owners of those properties.

4. SERVICE AGREEMENT AND CLIENT MANAGEMENT

4.1 No supply of services shall be given unless and until application has been made and a service agreement, in the Municipality's prescribed format for either Residential Consumers or Business Consumers, has been entered into and a deposit as security equal to an amount and in the form of either cash or a bank guarantee as determined by the Municipality from time to time, has been paid. Such a service agreement will not be entered into without the consent of the owner of the relevant property. Such a deposit will not attract interest and must not be regarded as payment for arrears whilst the municipal account is still active, as it is intended as security after the eventual closure of the municipal account.

4.2 Termination of the services agreement must be in writing.

4.3 The Chief Financial Officer shall provide the infrastructure and expertise for client management to address the following aspects :

- Opening of new accounts
- Closure of accounts
- Account enquiries call centers and counters
- Debt collection counters and telephones
- Credit control call centre, counters, consultation facilities and correspondence
- pay points and cashier services
- account correspondence and corrections
- Communication to clients via the municipal account statement and specialized notices

5. ARREARS COLLECTION

5.1 Collection Policy

The Municipality shall have a written policy on credit control and debt collection which provides for:

- (a) Credit control procedures and mechanisms
- (b) Debt collection procedures and mechanisms
- (c) Provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents
- (d) Interest on arrears
- (e) Extensions of time for payment of accounts
- (f) Termination of services or the restriction of the provision of services when payments are in arrears
- (g) In determining its policy the Municipality may differentiate between categories of debtors, owners and properties as it may deem appropriate.

5.2 Enforcement mechanisms

- (a) Interest may be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.
- (b) The Municipality shall have the right to restrict or discontinue the supply of services or to implement any other debt collection actions necessary due to late or non-payment of accounts, relating to any consumer, owner or property.
- (c) Council reserves the right to deny or restrict the sale of electricity or water to consumers who are in arrears with their rates or other municipal charges. 60/40% prepayment debt recovery, the municipality may allocate 40% of payment to the arrears and 60% to the purchase of electricity to customer who purchases prepaid electricity with other

services in arrears.

- i. Upon the the conclusion of acceptable arrangements for term payments, the service will be reconnected as soon as conveniently possible.
- ii. The cost of the restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council, and will be payable by the consumer.
- iii. If a person is indigent a pre-paid electricity meter and a flow limiter water meter may be installed free of charge.

The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council and this deposit may be charged into the account.

5.3 Theft and fraud

- (a) Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorized act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted and/or liable for costs at the prescribed tariffs as determined from time to time
- (b) The Municipality has the right to obtain authorization from the Magistrate for the imposition of fines for the offences.
- (c) The Municipality may terminate and/or remove the supply of services to a customer should such conduct as outlined above, be detected and certified.
- (d) The total bill owing, including penalties, assessment of unauthorized consumption and discontinuation and reconnection fees, and increased deposits as determined by Council if applicable, will be due and payable before any reconnection can be sanctioned.
- (e) Council will maintain monitoring systems and teams in order to identify and monitor customers who are undertaking such illegal actions.
- (f) Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.

Any person failing to provide information or providing false information on his application for or other document pertaining to the supply of services to the Municipality may face immediate disconnection of services

5.2 Power to restrict or disconnect supply of services

- (a) The Municipality may restrict or disconnect the supply of electricity, or disconnect any other service to any premises whenever a debtor:
 - (i) Fails to make full payment on the due date or fails to make acceptable arrangements for the repayment of any arrears;
 - (ii) fails to comply with a condition of supply imposed by the Municipality;

- (iii) Obstructs the efficient supply of electricity, water, gas or any other municipal services to another customer;
- (iv) Supplies such municipal service to a customer who is not entitled thereto or permits such service to continue;
- (v) Causes a situation which in the opinion of the Municipality is dangerous or a contravention of relevant legislation;
- (vi) is placed under provisional sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act no 24 of 1936;
- (vii) Is granted an administration order in terms of section 74 of the Magistrates Court Act, 1944 (Act 32 of 1944)

(b) The Municipality shall reconnect supply of any of the restricted or discontinued services after the amount outstanding and due, including the costs of such disconnection and reconnection, if any, have been paid or after any other condition or conditions of the Municipality's Collection Policy have been complied with.

(c) The right of the Municipality to restrict water to any premises or customer shall be subject to the provisions of the Water Services Act, 1997(Act 108 of 1997) and related guidelines from National Government.

(d) The right to restrict disconnects or terminates a service to a property due to non-payment of any municipal account or due to unauthorized usage of municipal services shall be in respect of any municipal service to that property, and shall prevail notwithstanding the fact that payment was intended to have been made in respect of any specific municipal service and shall also prevail notwithstanding the fact that the person who entered into agreement for supply of municipal services with the Municipality and the owner are different entities or persons, as the case may be.

5.3 Pre-payment metering system

5.3.1 The Municipality will use its pre-payment metering system to:-

- a) link the provision of electricity by the Municipality to a "pre-payment" system comprising, pre-payment of electricity units; and
- b) A payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs and charges in respect of services such as water, refuse removal, sanitation and sewage.
- c) To load an auxiliary on the "pre-payment" system in order to allocate a portion of the rendered amount to the customers arrear account for other services.
- d) To enforce satisfactory arrangements with consumers in arrears by blocking access to pre-payment meters.
- e) 60/40% prepayment debt recovery, the municipality may allocate 40% of payment to the arrears and 60% to the purchase of electricity to customer

who purchases prepaid electricity with other services in arrears.

5.4 DEBT COLLECTION OBJECTIVES

5.4.1 To provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, in order to ensure financial sustainability and delivery of municipal services in the interest of the community.

- (a) Telephonic contact, agents calling on consumers
 - Council will endeavor, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of their arrears state, their rights (if any) to conclude arrangements or to indigence subsidies, other related matters and will provide information on how and where to access such arrangements or subsidies.
 - Such contact is not a right for debtors to enjoy and disconnection of services and other collection proceedings may continue in the absence of such contact for whatever reason.

5.5 Interruption of service

- (a) Customers who are in arrears with their municipal accounts and who have not made arrangements with the Municipality will have their supply of electricity, water and other municipal services, suspended, restricted or disconnected.
- (b) The disconnection or restriction of services may be invoked should the account remain in arrears after the expiration of the 14 (fourteen) days' notice of restriction of services as mentioned in section.
- (c) Council reserves the right to deny or restrict the sale of electricity or water to customers who are in arrears with their rates or other municipal charges, or who do not honour their arrangements.
- (d) Upon the conclusion of acceptable arrangements for term payments, the services will be reconnected as soon as conveniently possible.
- (e) The cost of notice of restriction or disconnection and the reconnection, will be determined by tariffs approved by Council, and will be payable by the customer.
- (f) The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council (refer to Annexure "B").

5.6 Legal process (Annexure “A”) - (Use of attorneys/Use of credit bureaus)

- (a) The Municipality may, when a debtor is in arrears, commence legal process against that debtor, which process could involve final demands, summonses, court trials, judgments, garnishee orders and, as last resort, sales in execution of property.
- (b) The Municipality will exercise strict control over this process to ensure accuracy and legality within it and will require regular reports on progress from staff responsible for the process or outside parties, be they attorneys or any other collection agents appointed by Council.
- (c) The Municipality will establish procedures and codes of conduct with such outside parties.
- (d) In the case of employed debtors, garnishee orders, are preferred to sales in execution, but both are part of the Municipality’s system of debt collection procedures.
- (e) All steps in the credit control procedure will be recorded for the Municipality’s records and for the information of the debtor.
- (f) All costs of this process will be for the account of the debtor.
- (g) Individual debtor accounts are protected and are not the subject of public information. However, the Municipality may release debtor information to credit bureaus and the property owner in respect of his/her lessee(s). This release will be in writing or by electronic means and will be covered in the agreement with customers.
- (h) The Municipality may consider the cost effectiveness of the legal process, and will receive reports on relevant matters and report to the Executive Mayor.
- (i) Upon recommendation from the Municipal Manager, Council may consider the use of agents and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers.
- (j) Customers will be informed of the powers and duties of such agents and their responsibilities, including their responsibility to observe agreed codes of conduct.
- (k) Any agreement concluded with an agent or product vendor shall include a clause whereby breaches of the code of conduct by the agent or vendor will constitute termination of the contract.
- (l) If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the tenant or occupier of the property, after it has served written notice on the tenant or occupier. The Municipality may recover the outstanding amount despite any

- contractual obligation to the contrary on the tenant or occupier.
- (m) If, after the due date an amount due for rates is unpaid by the owner of the property, the Municipality may recover the amount, in whole or in part, from the agent of the owner, if this is more convenient for the Municipality, after it has served written notice on the agent. The agent must on request from the Municipality, provide a statement reflecting all payments made to the agent for the owner during a period determined by the Municipality.

5.7 Cost of collection

- (a) All costs of legal processes including interest, penalties, service discontinuation costs and legal costs associated with customer care or credit control, where ever applicable, are for the account of the debtor and should reflect at least the cost of the particular action.

5.8 Clearance Certificate

- (a) On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates, service and sundry charges are estimated amounts for the duration of a certificate in connection with the property are paid, by withholding a clearance certificate. The municipality will issue such clearance certificate on receipt of an application on the prescribed form from the conveyor.
- (b) All payments will be allocated to the registered seller's municipal accounts and all refunds will be made to such seller.
- (c) No interest shall be paid in respect of these payments.
- (d) The Municipality will only issue a clearance certificate once a completed prescribed application form from the conveyor has been received.
- (e) Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118 of the Systems Act, will not be issued until such time as the full outstanding amount have been paid.
- (f) In terms of section 118(3) of the Act an amount due for municipal service fees, surcharges 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,
- (g) 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,
- (h) On application for clearance any arrangements, acknowledgement of debt shall be cancelled, and all debts on the property shall become due, owing and payable.
- (i) The payments of clearance certificate must be made in cash or by

irrevocable bank guaranteed cheque, or attorney`s trust cheque, there shall be no refunds on cancellation of sale, and the certificate shall be valid for a period of 60 days from date of issue.

5.9 Irrecoverable debt

5.10.1 Debt will only be considered as irrecoverable if it complies with 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 R1 000.00, 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 the further action; or
- d) the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
 - (i) there is a danger of a contribution; or
 - (ii) no dividend will accrue to creditors; or

(e) a deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or

- (i) where the estate has not been reported to the Master and there are no assets of value to attach; or
- (ii) it has been proven that the debt has prescribed; or
- (iii) the debtor is untraceable or cannot be identified so as to proceed with further action; or
- (iv) the debtor has emigrated leaving no assets of value to cost effectively recover Councils' claim; or
- (v) it is not possible to prove the debt outstanding; or
- (vi) a court has ruled that the claim is not recoverable; or
- (vii) The outstanding amount is due to an irreconcilable administrative error by the Municipality.

5.10 Abandonment of claims

- (a) The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.
- (b) There are some circumstances, as contemplated in section 109(2) of the Act, that allow for the valid termination of debt collection procedures, such as:-
 - i) The insolvency of the debtor, whose estate has insufficient funds.
 - ii) A balance being too small to recover, for economic reasons considering the cost of recovery.
 - iii) Where Council deems that a debtor or group of debtors are unable to pay

for services rendered.

- (c) The Municipality will maintain audit trails in such an instance, and document the reasons for the abandonment of the action or claim in respect of the debt.

5.12 Power of Entry and Inspection

(a) An authorized representative of the Municipality may for any purpose related to the implementation or enforcement of these by-laws, at all reasonable times or in an emergency at any time, enter premises, request information, carry out such inspection and examination as he or she may deem necessary, install or repair any meter or service connection for reticulation and disconnect, stop or restrict the provision of any municipal service.

(b) If the Municipality considers it necessary that work be performed to enable a representative of the Municipality to perform a function referred to in (a) above properly and effectively, it may-

- (i) By written notice require the owner or occupier of the premises at his or her own expense to do specified work within a specified period; or
- (ii) If in its opinion the situation is a matter of urgency, without prior notice do such work or cause it to be done at the expense of the owner.
- (c) If the work referred to in (b) above is carried out for the sole purpose of establishing whether a contravention of these by-laws has been committed and no such contravention has taken place, the Municipality shall bear the expense connected therewith together with that of restoring the premises to their former condition.

5.13 Arrangements to pay outstanding and due amount in consecutive installments

(a) A debtor may enter into a written agreement with the Municipality to repay any outstanding arrears to the Municipality under the following conditions:

- (i) The outstanding balance, costs and any interest thereon shall be paid in regular and consecutive monthly installments for a reasonable period of time;
- (ii) Monthly installments will be debited on the monthly current account, which has to be paid every month to ensure that the agreement is not cancelled;
- (iii) The written agreement has to be signed on behalf of the Municipality by an authorized official.

(b) Should any dispute arise as to the amount owed by a debtor in respect of a specific municipal service, that debtor shall notwithstanding such dispute proceed to make regular minimum payments for that service, based on the calculation of the average amounts levied for that municipal service for the preceding three months prior to the arising of the dispute and taking into account interest, the

annual amendments of tariffs of the Municipality and full payment for those municipal services levies on the consolidated account which are not in dispute.

5.14 Reconnection of services

The Chief Financial Officer shall authorize the reconnection of services or reinstatement of service delivery after satisfactory payment and/or arrangement for payment has been made according to the Municipality's Credit Control and Debt Collection Policy.

5. 15 CREDIT CONTROL PROCEDURES

The attached Credit Control chart on Annexure A will be utilized.

6. PROPERTY TAX

6.1 Amount due for property tax

(a) Property tax is payable by property owners by a fixed date as determined by the Municipality.

(b) Joint owners of property shall be jointly and severally liable for payment of property tax.

(c) Property tax may be levied as an annual single amount, or in equal monthly installments.

(d) Payment of property tax may not be deferred beyond the fixed date by reason of an objection to the valuation of the property.

6.2 Claim on rent income for property tax in arrears

The Municipality may apply to Court for the attachment of any rent income, in respect of a ratable property, to cover in part or in full any amount outstanding in respect of arrears on the municipal accounts of such a property for a period longer than three months after the fixed date.

6.3 Liability of Company Directors for property tax

Where a company, closed corporation or a body corporate in terms of the Sectional Titles Act, 1986 is responsible for the payment of any arrears amount to the Municipality, the liability of such entity shall be extended to the directors or members thereof jointly and severally, as the case may be.

6.4 Municipal property sold/donated and payment of property tax

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(a) A new owner of property obtained from the Municipality, is liable for the payment of property tax for the property in respect of the financial year in which he/she becomes the new owner.

(b) In the event that the Municipality has to repossess the property, any outstanding and due amount in respect of property tax shall be recovered from the intended new owner.

6.5 Restraint on Transfer of property

(a) A registrar of deeds or other registration officer of immovable property may not register the transfer of property except on production to that registration officer of a prescribed certificate –

- (I) Issued by the municipality in which that property is situated; and
- (ii) Which certifies that all amounts due in connection with that property for municipal services and other municipal taxes, levies and duties have been fully paid?

(b) In the case of the transfer of immovable property by a trustee of an insolvent estate, the provisions of this section are subject to section 89 of the Insolvency Act, 1936 (Act No.24 of 1936).

(c) An amount due for municipal services and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount owes and enjoys preference over any mortgage bond registered against the property.

6.5 ARRANGEMENTS THAT CAN BE ENTERED INTO:

6.5.1. Domestic Customers:

- a) 1st default in a financial year:
 - (i) 50% or minimum of 10% on exceptional circumstances of the outstanding amount plus cost of the credit control actions together with the current account is payable immediately.
 - (ii) The balance is payable over a maximum period of twelve months.
 - (iii) First offence in 5 years – no deposit increase will be applicable.
 - (iv) Consumer deposits will be adjusted to sum of two time's average consumption during the preceding 12 months or at least be adjusted to the minimum deposit required in terms of the approved Tariff Schedule whichever the highest.
- (a) 2nd default in one financial year:
 - I. Full arrears amount plus the cost of credit control actions, together with the current account.
 - II. No arrangements will be allowed.

- III. Consumer deposits will be adjusted to sum of three time's average consumption during the preceding 12 months or at least be adjusted to the minimum deposit required in terms of the approved Tariff Schedule whichever the highest.
- (b) 3rd default in one financial year:
 - (i) Services will be discontinued or restricted and the account will be handed over for legal proceedings.

6.5.2. Business:

- (a) 1st default in financial year:-
 - (i) 60% of the outstanding amount plus cost of the credit control actions.
 - (ii) The balance is payable over a maximum period of three months.
 - (iii) First offence in 5 years – no deposit increase will be applicable.
 - (iv) Consumer deposits will be adjusted to the sum of three times average consumption during the preceding 12 months or at least be adjusted to the minimum deposit required in terms of the approved Tariff Schedule whichever the highest.
- (b) 2nd default in financial year:-
 - (i) Full outstanding amount plus cost of credit control actions.
 - (ii) No arrangements will be allowed.
 - (iii) Consumer deposits will be adjusted to the sum of four times average consumption during the preceding 12 months or at least be adjusted to the minimum deposit required in terms of the approved Tariff Schedule whichever the highest.
- (c) 3rd default in financial year:-
 - (i) Services will be discontinued or restricted and the account will be handed over for legal proceedings.

6.5.3. Government Departments – Consumer Accounts:

- (a) 1st default in financial year:-
 - (i) 21 days' notice – no arrangements
 - (ii) First offence in 5 years – no deposit increase will be applicable.
 - (iii) Consumer deposits will be adjusted to the sum of three times average consumption during the preceding 12 months.
- (b) 2nd default in financial year:-
 - (i) 14 days' notice – no arrangements.
 - (ii) Consumer deposits will be adjusted to the sum of four times average consumption during the preceding 12 months.
- (c) 3rd default in financial year:-
 - (i) Services will be discontinued or restricted and as a last resort legal proceedings will be instituted;
 - (ii) Report same to National Treasury where applicable (Sect 64(3) MFMA).

6.5.4. Administration:

Where a person has been placed under administration the following procedures will be followed:-

- (a) The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
- (a) The administrator is to open a new account on behalf of the debtor, with a new deposit. No account is to be opened or operated in the debtor's name as the debtor is not entitled to accumulate debt.
- (b) Until such time as this new account is opened, the debtor is to be placed on restricted services levels. The consumer will be compelled to install a pre-paid electricity meter and flow limiter water meter, should one not already be in place. The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the pre-paid meter.
- (c) Should there be any default on the current account, the supply of services is to be limited or terminated, and the administrator handed over for the collection of this debt.
- (d) Monthly will be sent to the consumers on the fifth of every month.
- (e) The estimates on accounts will be limited to five months.

6.5.5. Indigent:

All consumers (including occupiers) qualifying as indigent and who accumulated any arrear debt after any relief has been granted will repay that debt as follows:-
By installments over 24 months, in addition to monthly service charges, with immediate payment of the cost of the credit control action taken.

There are no limitations on debtors at any time to pay bigger amounts towards outstanding debt, than prescribed above.

7. RELAXATION, WAIVER AND DIFFERENTIATION

(a) The Municipality may differentiate between different categories of ratepayers, users of services, customers, debtors, taxes, services, service standards, properties and other matters.

(b) The Municipality may, in a specific instance and for a particular owner or client, relax or waive in writing the requirements of a provision of these by-laws.

(a) Any such differentiation or relaxation shall be upon such conditions as it may deem fit to impose, if it is of the opinion that the application or operation of that provision in that instance would be reasonable.

8. REPORTING OF DEFAULTERS

The Municipality may in its discretion through a delegated official or representative report defaulters to bodies that collate and retain such information. The information included in such a report shall be the available personal information of the defaulter, or in the event of a legal person, the available statutory details, including information pertaining to the responsible officials of such legal person.

9. REPEAL OF MUNICIPAL CREDIT CONTROL BY-LAWS

The provisions of any by-law relating to debt collection and credit control by the Municipality are hereby repealed insofar as they relate to matters provided for in these by-laws; provided that such provisions shall be deemed not to have been repealed in respect of any such by-law which has not been repealed and which is not repugnant to these by-laws on the basis as determined by the relevant by-laws.

10. OFFENCES

10.1 A person who –

(a) Fails to give the access required by an official or representative of the Municipality in terms of these by-laws;

(b) Obstructs or hinders an official or representative of the Municipality in the exercise of his or her powers or performance of functions or duties under these by-laws;

(b) Illegally uses or interferes with municipal services equipment or illegally consumes municipal services;

(d) Tampers or breaks any seal on a meter or on any equipment belonging to the Municipality, or for any reason causes a meter not to properly register the service consumption, shall be charged for usage, estimated by the Chief Financial Officer based on average usage;

(e) fails or refuses to give an official or representative of the Municipality such information as he or she may reasonably require for the purpose of exercising his or her powers or functions under these by-laws or gives such an official or representative false or misleading information knowing it to be false or misleading;

(f) Contravenes or fails to comply with a provision of these by-laws;

(g) fails to comply with the terms of a notice served upon him or her in terms of



these bylaws; shall be guilty of an offence and liable upon conviction to a period not exceeding six months of community service or a fine not exceeding R20,000, or a combination of the aforementioned.

11. CONFLICTION BY-LAWS

If there is any conflict between these by-laws and any other by-laws of the Municipality, these by-laws will prevail.

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