UGU DISTRICT MUNICIPALITY	
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CONTENTS

PREAMBLE

Whereas Section 96(a) of the Local Government: Municipal Systems Act, No. 32 of 2000 (hereinafter referred to as the "Systems Act"), obliges Ugu District Municipality (hereinafter referred to as "the municipality") to collect all money that is due and payable to it, subject to the provisions of that Act and any other applicable legislation;

And whereas Section 96(b) of the Systems Act requires the municipality to adopt, maintain and implement a credit control and debt collection policy, which is consistent with its rates and tariff policies and complies with the provisions of the Act;

And whereas Section 97(1) of the Systems Act stipulates what a credit control and debt collection policy must provide for;

And whereas Municipalities are required in certain circumstances to comply with the National Credit Act No. 34 of 2005;

Now therefore the following is adopted as the Credit Control and Debt Collection Policy of the municipality (hereinafter referred to as "this Policy") as set out hereunder.

1. INTRODUCTION

This Policy, read together with the Ugu District 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 (the Systems Act), Chapter 9 S(95) – (97), which requires the adoption of a credit control and debt collection policy, which is consistent with the Municipality's Tariff Policy,and which complies with the Systems 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 Ugu District 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:

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

2.2 **Agent** means a person authorised by the customer to act on his or her behalf;

2.3 **Arrears** means any amount which is due, owing and payable and which remains unpaid by due date;

2.4 **Authorised Official** means any official or agent of the Municipality who has been authorised by the Municipality to administer, implement and enforce the provisions of these Bylaws,

2.5 **Bulk customer** means a customer who consumes large amounts of water for commercial or industrial purposes;

2.6 **By-law** means Ugu District Municipality: Credit Control and Debt Collection By-Law, as amended;

2.7 **CFO** means a person employed by the Municipality in terms of section 57 of the Systems Act as the Chief Financial Officer of the Municipality, and includes any person to whom the Chief Financial Officer has delegated or sub-delegated a power, function or duty in accordance with the system of delegation developed by the Accounting Officer in terms of section 79 of the Municipal Finance Management Act and section 59 of the Systems Act;

2.8 **Collection charges** means the charges which the Municipality is entitled to recover in terms of section 75A(1) of the Systems Act, and includes the administrative cost–

(a) of reminding any customer of arrears;

(b) for the disconnection, restriction or reinstatement of any municipal service to a defaulting customer;

(c) of any notice rendered, sent, delivered or published to a customer in terms of the By-law or any other law;

(d) in respect of any other charge which the Municipality is by law entitled to recover;

2.9 **Company** shall bear the same meaning as “Company” in the Company’s Act, 2008 (Act 71 of 2008);

2.10 **Consolidated account** means a monthly account reflecting municipal service fees, charges, surcharges on fees, sundry charges, levies and all s in terms of section 102 of the Systems Act;

2.11 **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 or an acknowledgment of debt;

2.12 **Customer** means any person or their agent with whom the Municipality or an authorised official has entered into an agreement for the provision of any municipal service to the premises;

2.13 **Deemed Owner** means the occupiers contemplated in **section 27.2** of this Policy;

2.14 **Defaulter** means a Customer whose account is in arrears;

2.15 **Deposit** means a monetary amount raised by the Municipality in relation to the consumption of a Municipal Service and mitigation of credit risk to the Municipality, irrespective of the existence of an agreement;

2.16 **Due date** means the date on which a customer’s account becomes payable, which in the case of monthly accounts is thirty (30) days from the date of the account

2.17 **Effective Date** means the date on which this Policy comes into effect which shall be **1 July 2026**;

2.18 **Unauthorised reconnections** means any reconnection after restriction of disconnection, to a system through which municipal services are provided, which is not authorised or approved by the Municipality or an authorised official;

2.19 **Juristic person** includes a partnership, a proprietor, association or other body of persons, corporate or unincorporated and includes a trust and organ of state;

2.20 **Municipal charges** mean municipal service fees, surcharge on fees, penalties and interest, as well as any other charges in terms of Legislation, Policy or an agreement including Sundry Charges and Collection charges;

2.21 **Municipal service** means a service provided by the Municipality in terms of its powers and functions to or for the benefit of the local community, irrespective of whether or not –

(a) such service is provided by the Municipality itself or by engaging an external mechanism contemplated in section 76 of the Systems Act; or

(b) any fees, charges or tariffs are levied in respect thereof;

2.22 **Occupier** means any person who occupies any property or part thereof, without regard to the title under which such person occupies the property concerned;

2.23 **Owner means** –

(a) a person in whom is vested the legal title to the premises or property

(b) in a case where the person in whom the legal title to premises is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

(c) in any case where the authority or authorised provider is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such premises or a building or buildings thereon, including a person who receives the rent or profits of such premises or any part thereof from any tenant or occupier or who would receive such rent or profits if the premises or and part thereof were let, whether for his own account or as agent for any person entitled thereto or having an interest therein;

(d) in the case of premises for which a lease agreement of 30 years or longer has been entered, the lessee thereunder;

(e) in relation to -

(i) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 95 of 1986, the developer or the body corporate in respect of the common property, or a section as defined in such Act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed provider of such person;

2.24 **Person** means a natural person or Juristic Person

2.25 **Property means**–

(a) immovable property registered in the name of a person, including, in the case of sectional title scheme, a sectional title unit registered in the name of a person;

(b) a right registered against immovable property in the name of a person;

(c) a land tenure right registered in the name of a person or granted to a person in terms of legislation, excluding a permission to occupy; or

(d) a public service infrastructure;

2.26 **Prescribed form** means any document that may be prescribed by law or required by the municipality from time to time; in a format approved by Council;

2.27 **Registrar of Deeds** - refers to the depository for maintaining records on real estate deeds, birth certificates, and other documents.

2.28 **Residential property** means a dwelling, in any building, premises, structure, or any other place, or any part thereof, used predominantly as a place of residence or abode of any natural person excluding a dwelling where the dominant use is for any purpose other than residential

2.29 **Revenue Clearance Certificate** means a certificate of the kind referred to in Section 118(1) of the System Act;

2.30 **Rural** means a geographic area that is located outside towns and cities;

2.31 **Service Agreement** means an agreement entered between the Customer and the Municipality for the provision of municipal services;

2.32 **Staff means** a person who is not an elected or appointed officer who is employed on a full or part-time basis by a municipality.

2.33 **Specified amount** means a disputed amount only, that will not be subjected to the collections procedures until it is resolved, as per this Policy.

2.34 **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 water and sanitation;

(c) monies awarded to the Municipality through court orders and judgments;

(d) fines; and

(e) monies owed to the municipality by the municipality staff (staff debts);

2.35 **Systems Act** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended;

2.36 **S118(1)(b) MSA Act 32 of 2000** - which certifies that all amounts that became due in connection with that property for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid.

2.37 **Tenant** a person who occupies land or property rented from a landlord;

2.38 **Tenderer** means a contractor, service provider or supplier who has submitted a tender for the provision of services or the delivery of goods to the Municipality;

2.39 **Urban** means belonging to, or relating to town, city or suburb and rateable;

2.40 **Water services** means the supply of potable water and, where a municipal sewerage reticulation system exists, the disposal of sewage;

2.41 **Multi property owner** means an owner of 50 or more registered properties in the Municipality's area of jurisdiction

3. POLICY OBJECTIVES

The objectives of this Policy are to:

3.1. Ensure that all money due and payable to the municipality in respect of fees for services, sundry charges, surcharges on such fees, charges, tariffs, interest which has or will accrue in respect of and any collection charges are collected efficiently and promptly.

3.2 Provide for credit control procedures and mechanisms and debt collection procedures and mechanisms.

3.3. Provide for the setting of realistic targets consistent with generally recognized practices and collection ratios and also the estimates of income set in the annual budget of the municipality less an acceptable provision for bad debts.

3.4. Provide for when and when not to charge interest on overdue amounts and will be levied.

3.5. Provide for when or when not collection charges on the payment of any overdue amount may be levied.

3.6. Provide for extension of time for the payment of overdue amounts.

3.7. Provide for the termination of services or for restrictions on the provision of services when payments are overdue.

3.8. Provide for punitive measures relating to the unauthorized consumption of services, theft and damages.

3.9. Provide for the extension of time for investigation of queries that may arise in the implementation of this policy and any matter related thereto.

3.10. Provide a requirement for the application of clearance figures and certificates.

3.11. Provide for the requirements governing the conclusion of the debt payment or arrangements.

3.12. Provide for the raising of security deposits, where applicable.

3.13. Provide for the refunding of credit balances and/or transfer of credit balances on accounts.

4. PRESCRIPTIVE/LEGAL FRAMEWORK

4.1 Constitution of the Republic of South Africa of 1996

4.2 Deeds Registries Act

4.3 Municipal Systems Act 2000, Act 32 of 2000

4.4 Municipal Finance Management Act, 56 of 2003

4.5 Promotion of Access to Information Act No.2 of 2000

4.6 Protection of Personal Information Act No. 4 of 2013

4.7 Water Services Act

5. APPLICATION OF THE POLICY

This policy shall apply only in respect of money due and payable to the municipality for:

5.1 Service charges, Fees, and surcharges on fees, in respect of the provision of the following municipal services: -

(a) the provision of water and the availability thereof;

(b) sewerage and the availability thereof; and

(c) sundry charges;

In cases where the municipality is responsible for the rendering of accounts in relation to any one or more of the services or for the recovery of amounts due and payable in respect thereof, irrespective of whether the services, or any of them, are provided by the municipality itself or by a service provider and including any prepaid services;

5.2 Interest which has or will accrue in respect of any money due and payable, or which will become due and payable to the municipality in regard to services;

5.3 Collection charges.

PROVISION OF MUNICIPAL SERVICES

6. REGISTRATION FOR MUNICIPAL SERVICES

6.1 **Residential property** - The Municipality will endeavour to register **owners only** for services on their properties as per the Registrar of Deeds. 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 8.1 (b) of this Policy. An exception will be made for applications received from beneficiaries of a property owned by a deceased individual(s) when they apply to benefit from the indigent support program, in accordance with the provisions of the Indigent Support Policy.

6.2 **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.

6.3 **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.

6.4 **Sundry debtors** -. Each sundry debtor must have an account.

6.5 On change of ownership: -

(a) The municipality’s database will be updated with the new owner’s information as per the Registrar of Deeds.

(b) On registration date, the owner of the property becomes obligated to pay for municipal charges related to the property.

6.6 If there is an outstanding debt on the property, this debt must be settled in full excluding S118(1)(b) of MSA Act 32 of 2000.

6.7 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.

6.8 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.

6.9 A person applying for a Municipal Service must enter into a service agreement with the Municipality in order for such Municipal Service to be provided.

6.10 Documentation and Information (Juristic Persons)- An application by a Juristic Person for a Municipal Service must include –

(a) The submission of a resolution delegating authority to the applicant and furnishing, if applicable, the Juristic Person’s Registration Number or Trust Reference Number with the Master of the High Court.

(b) The names, identity number, cell phone number, physical and postal addresses, email addresses and any other particulars of all the directors or members or trustees or proprietors or partners, as maybe prescribed.

(c) Certified Copies of the following where applicable:

(i) Current Letter of Authority of the Trustee(s).

(ii) Identity documents of the persons referred to in (b) above.

(iii) CIPC registration documents.

(iv) Constitution.

(d) if the applicant is not the registered owner of the property to which water and sanitation services are to be supplied, be accompanied by:

(i) a written undertaking, in a form prescribed by the authority or an authorised provider, signed by such owner in favour of the authority or an authorised provider, whereby such registered owner agrees and undertakes to pay to the authority or such authorised provider any outstanding debt owing by the applicant for water and sanitation services provided to the applicant by the authority or the authorised provider in the event that the applicant absconds leaving such debt unpaid.

6.11 A person may be required to provide to the Municipality such personal information, as may be prescribed, for any purpose contemplated in this policy, amongst others, all contact details (postal/physical/email address etc.), proof of identification, financial information and such other relevant documentation, as may be required by the Municipality from time to time (e.g. binding lease agreement, title deed etc.).

6.12 All information furnished may be verified by the Municipality with any or all data information institutions, credit information bureau's and any financial institutions as may be deemed necessary by the Municipality in determining a person's credit worthiness or for any other reason as determined by the municipality.

6.13 The Municipality has a right to conduct a full credit check on any person who is or who will become subject to this policy or any other policy of the Municipality.

6.14 The municipality will restrict provision of water if the owner or account holder has not complied with the municipal obligations.

7. DEPOSITS AND GUARANTEES

7.1 Deposits

(a) All new customers applying for a new connection are required to pay a minimum-security deposit of R1 000.00 (urban) and R200.00 (rural), R2 000.00 (tenant)

(b) All new customers with existing connections will be required to pay a minimum deposit based on 3 months historic charges on the property. The calculated security deposit should not be less that the minimum-security deposit as stated on Section (a) above.

(c) Where a tenant applies for a municipal account, the registered owner's account must be settled in full.

(d) The Municipality may appropriate a customer's deposit on any account related to that customer.

(i) Sureties shall not be accepted in lieu of deposits.

(ii) Where a business customer does not present a valid South African ID Document, a deposit equivalent to twice the prescribed deposit shall apply, in addition to the personal suretyships.

(iii) If a customer is in arrears, the deposit may, upon due notice, be increased.

(iv) No deposit will be raised on a vacant stand however a basic charge shall be raised monthly.

(e) Accounts that were taken over from rural water schemes may have no deposit

(f) No deposit will be raised on the registered owner's account that is opened for raising basic charges where the old owner has requested the closure of their account until the registered owner has signed a contract with the municipality.

(g) The municipality allows private contractors to deliver any domestic sewer effluent to the Waste Water Treatment Works for processing at a fee. The private contractor must open an account where he/ she will be billed as and when the service is utilised. A security deposit of R6 000.00 is payable when the account is opened.

7.2 Guarantees

(a) Where an applicant for any credit service is a commercial customer, they may lodge with the Municipality a guarantee for a deposit amount as calculated by the Municipality and provide the guarantee in a form that is satisfactory and acceptable to the Municipality from a recognised financial institution.

(i) Any guarantee provided shall not be regarded as being in payment of any current account or any arrears due to the authorised provider; and

(ii) Where liability for monthly charges ceases, the authorised provider shall issue a written release of any guarantees given on behalf of the juristic person or persons concerned.

(iii) The determination of the cessation of any monthly charges or liability shall be solely within the discretion of the authorised provider which shall, however, be exercised reasonably.

(iv) The authorised provider may at any time require by notice to any liable party or juristic person to furnish a further guarantee, which may in the discretion of the authorised provider, be from a recognised financial institution for any additional amount as the authorised provider may reasonably determine is necessary, in a time period as set out in such notice.

7.3 Review of Deposits

(a) The authority may from time to time review the sum of money deposited by a customer and in accordance with such review -

(i) require that an additional amount be deposited by the customer; or

(ii) refund to the customer such amount as may be held by the authority in excess of the reviewed deposit.

(b) 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 Municipality.

(c) 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 dishonoured; 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.

8. ACCOUNTS MANAGEMENT

8.1 The Municipality will deliver notices and accounts in accordance with section 115 (1)(a) – (e) of the Municipal Systems Act.

8.2 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 by due date as indicated on the invoice.

8.3 If payment of an account is received after the date referred to in Subsection (6.2), a late payment charge or interest, as provided for in section 11 as may be prescribed, must be paid by the customer to the authority.

8.4 The Municipality or an authorized official must, if administratively possible, issue a duplicate account to a customer on request.

8.5 Customers are required to update their information details with the Municipality promptly whenever information on record changes and or whenever requested by the Municipality. A failure to update information with the Municipality or a failure to respond to the Municipality's request for updated information may, subject to the principles of administrative justice, 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;

(c) Details of deceased company directors, members of Close Corporations and trustees of Trusts;

(d) Details of deceased partners and;

(e) Letters of appointment of a Trustee or Liquidator in the case of an insolvency /liquidation together with contact particulars.

8.6 A request for a reconciliation of any account shall be processed after payment of a prescribed fee.

8.7 There is no obligation on the Municipality to provide records older than 5 years from the date such records are requested.

8.8 Accounts will –

(a) show the following –

(i) the consumption or estimated consumption or assumed consumption as determined for the measuring and or consumption period;
(ii) the measuring or consumption period;
(iii) the applicable tariff;
(iv) the amount due in terms of the consumption;
(v) the amount due and payable for any other service rendered by the authority or the authorised agent;
(vi) the amount in arrears, if any;
(vii) the interest payable on any arrears, if any;
(viii) the final date for payment;
(ix) the methods, places and the names and location of any authorised agents where payments may be made; and

(b) state that –

(i) the customer may conclude an agreement with the authority for payment of the arrears amount in instalments, at the authority offices before the final date for payment, if a customer is unable to pay the full amount due and payable;
(ii) if no such agreement is entered into the authority will limit the water and sanitation services after sending a final demand notice to the customer; and
(iii) that legal action may be instituted against any customer for the recovery of any amount sixty days in arrears.

(iv) proof of registration, as an indigent customer, in terms of the authority's indigent policy must be handed in before the final date for payment; and an indigent customer is only entitled to a basic water supply and basic sanitation as defined in the Act and that an indigent customer will be liable for payment in respect of water and sanitation services used in excess of the quantity of such basic water supply or basic sanitation.

8.9 All payments made to the authority in respect of any amount payable under this Policy, including any arrears, interest or penalties shall be made in cash, by bank guaranteed cheque or by electronic deposit to the authorities banking account, and such payment shall be deemed to have been received when:

(a) an official receipt is issued therefore by the authority, or
(b) such amount is credited to the bank account of the authority in such a manner that the authority may immediately deal therewith, whichever is the sooner.

8.10 All payments shall be made only to the offices of the authority or at such other places as the authority may in writing appoint.

9. METERING

9.1 The municipality will endeavour, within practical and financial limits, to provide meters to every paying customer for all metered services.

9.2 All meters will be read monthly, however on exceptional cases the municipality will average the consumption for the preceding month(s).

9.3 Customers are entitled to request verification of meter readings and accuracy within reason but may be held liable for the cost thereof if municipal reading was correct.

9.4 Customers may be informed of meter replacement as the municipality may replace a meter as and when the need arises

9.5 If a service is metered but it cannot be read due to financial and human resource constraints or circumstances out of the control of the municipality or its authorised agent, and the customer is charged for an average consumption the account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustments.

9.6 An estimated account is determined by calculating an average based on the historic consumption.

10. RESPONSIBILITY FOR AMOUNTS DUE

10.1 In terms of Section 118 (3) of the Systems Act, an amount due for municipal service fees and surcharge on fees, charge upon the property in connection with which the amount is owing against the property. Accordingly —

(a) The owner of such property shall be liable for charges incurred in connection with such property and all municipal debts must be paid by the owner of such property without prejudice to any claim or right of recovery which the Municipality may have against another person; 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

(b) Subject to the right to a basic water supply as contemplated in the Water Services Act,1997 (Act No.108 of 1997), as amended, 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. The Municipality reserves the right to determine the manner in which access to a basic water supply will be provided.

10.2 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.

(a) Owners with their tenants who are registered as customers shall be held jointly and severally liable, the one paying the other to be absolved, for debts on their property

(b) When a Juristic person opens a Service Account, the directors, members or trustees as the case may be, must sign personal suretyships in favour of the Municipality. Liability for outstanding amounts maybe extended to such directors, members or trustees jointly and severally, the one paying the other to be absolved.

10.3 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.

10.4 The owner of the property may be held liable for tampering with the water metering equipment on the property as well as charges that arise there from.

10.5 Debtors may be referred to a third-party debt collector and tracing agent.

11. PAYMENT OPTIONS

11.1 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 i.e Ugu District Municipality offices: Preston Street Park Rynie, Connor Street Port Shepstone, Marine Drive Oslo Beach, Musgrave Rd Harding

11.2 The Municipality shall accept payment under the following circumstances–

(a) Payment by cheque – provided it is a Bank cheque in ALL instance.

(b) Payment via a Bank cheque, electronic funds transfer (EFT)

(c) Subject to a. and b. above, the following payment methods are also available:

(i) EFT;

(ii) Internet Transfers;

(iii) Third party collectors appointed from time to time by the Municipality;

(iv) Direct Debit; and

(v) Debit Order payments.

(d) The following shall apply for all EFT payments of the customer's arrears accounts:

(i) Only proof of payments from customers will be accepted.

(ii) The proof of payment will be verified, where applicable, for authenticity (through the submitting bank's website).

(e) All reconnection requests where services have been disconnected or restricted will ONLY be actioned once the proof of payment has been received and verified.

11.3 Where any direct debit or payment made to the Municipality, or an authorised official is later dishonoured by the bank, the Municipality or its authorised official–

(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

11.4 The methods of payment shall be determined by the municipality from time to time.

12. FULL AND FINAL SETTLEMENT

12.1 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.

12.2 Subsection 10.1 shall prevail notwithstanding the fact that such lesser payment was tendered or receipted in full settlement.

13. CASH ALLOCATION

13.1 In accordance with section 102 of the Systems 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.

13.2 Any amounts paid may be appropriated to the oldest debt first in the following manner:

(a) Once off charges

(b) Sanitation charges (both fixed and variable)

(c) Water Basic charges

(d) Interest and administration fees

(e) Water consumption charges

13.3 Any amount paid by the customer in excess of an existing debt may be held in credit for the customer in anticipation of future fees for municipal services, and no interest will be payable on that amount.

13.4 The Municipality's cash allocation of payment is not negotiable, and the customer may not choose which service to pay.

13.5 Where a customer makes a payment in error into their Ugu District Municipality's account that has a debt outstanding: -

(a) meant for a different institution,

(b) where a customer has multiple accounts

the municipality will only refund or transfer the amount in credit after settlement of the debt.

14. INTEREST AND ADMINISTRATIVE CHARGES

14.1 An interest rate of 6.9 % per annum will be raised on overdue accounts that are more than 30 days. This will only apply on the capital portion of the debt.

14.2 The rate of interest will be reviewed on an annual basis as part of the municipality's adopted tariff structure.

14.3 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.

14.4 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 any debt has arisen as a result of a faulty meter or the Municipality has applied an incorrect charge, meter constant or tariff due to an administrative error;

(d) where the Municipality approves such reversal from time to time.

14.5 Where any payment made to the municipality or its authorised agent by negotiable instrument is later dishonoured by the bank, the municipality or its authorised agent:

(a) may recover the bank charges incurred relating to dishonoured negotiable

instruments against the account of the customer

(b) shall regard such an event as default on payment

14.6 A customer will be liable for any administration fees, costs incurred in taking action for the

recovery of arrears and any penalties, including the payment of a higher deposit.

14.7 An application fee will be charged for any revenue related miscellaneous services provided to customers as per the Approved Tariffs.

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

15.1 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.

15.2 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.

15.4 Where payments are due to a creditor of 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.

15.5 This Policy applies to quotations, public tenders and tenders in terms of section 36 of the Municipality's Supply Chain Management Policy.

16. AGREEMENT WITH EMPLOYERS

16.1 Section 103 of the Systems Act reads as follows—

A Municipality may–

(a) with the consent of a person liable to the Municipality for the payment of 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.

16.2 In the event that the employee voluntarily chooses to use the method of payment as contemplated in subsection 13.1 for the payment of his or her municipal accounts, the employee may approach the Municipality for the agreement to be concluded.

17. STAFF, COUNCILLORS AND WARD COMMITTEE MEMBERS IN ARREARS

17.1 STAFF

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

(i) 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

(ii) 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) No special treatment shall be afforded to staff members whose accounts are arrears.

(d) Any staff member who has breached the code will be dealt with in accordance with the disciplinary procedures adopted by the Municipality or as prescribed by Law or determined by a Collective Agreement.

17.2 COUNCILLORS

Section 92 of the Local Government Structures Act, 1998 (Act No.117 of 1998) as amended, made the Regulations in the Schedule being the Code of Conduct of Councillors Regulations which states the following under Section 9 with regards to arrears to the municipality for rates and service charges:

(1) The municipal manager must in writing immediately inform the councillor when the councillor is in arrears to the municipality for rates and service charges for a period that is longer than two months, even if the councillor has been newly elected to the municipal council concerned, and request the councillor to settle the account and any arrears without further delay in accordance with the credit control policy of the municipality.

(2) The municipal manager must immediately submit details of those councillors that are in arrears to the municipality for rates and service charges over a period of three months to the speaker.

(3) A councillor who is in arrears to the municipality for rates and service charges for a period longer than three months is in breach of the Code, and the speaker must, upon receipt from the municipal manager of the details contemplated in sub regulation (2), ensure that the arrears is recovered from the councillor.

18. ARREAR ACCOUNTS

Disconnection, Restriction and Reconnection of Services

18.1 If a customer fails to pay the amount/s due and payable on or before the final date for payment, the unpaid amount is in arrears and a final demand and disconnection notice may be hand delivered or posted, e-mailed, to the most recent recorded address of the customer, within fourteen (14) days.

18.2 Failure to deliver or send a final demand notice within fourteen (14) days does not relieve a customer from paying such arrears.

18.3 The final demand notice must contain the following statements, in the English or IsiZulu language –

(a) the amount in arrears and any interest payable;
(b) that the customer may conclude an agreement with the authority for payment of the arrears amount in instalments within fourteen (14) days of the date of the final demand notice;
(c) that if no such agreement is entered into within the stated period that the water and sanitation services will be limited and that legal action may be instituted against any customer for the recovery of any amounts sixty (60) days in arrears;
(d) proof of registration, as an indigent customer, in terms of the authority's indigent policy must be handed in before the final date of the final demand notice.
(e) that an indigent customer is only entitled to basic water supply and or basic sanitation, as defined in the Act and in accordance with any regulations adopted by the authority and that an indigent customer will be liable for payment in respect of water and sanitation services used in excess of the quantity of basic services.

18.4 Interest may be levied on all arrears at a rate prescribed by the municipality from time to time.

18.5 The amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less that the total amount due, will be allocated in reduction of the consolidated debt in the following order –

(a) towards payment of arrears.
(b) towards payment of interest; and
(c) towards payment of the current account

18.6 The authority may, within fourteen (14) days after the expiry of the due date allowed for payment in terms of the final demand notice –

(a) limit the provision of water and sanitation services to the defaulting customer; and

(b) hand deliver or post, email, to the last recorded address of the customer, a discontinuation notice informing him or her that the provision of water and sanitation services will be disconnected / restricted within fourteen days (14) of the date of the discontinuation notice;

if –

(i) no payment was received within the allowed period;
(ii) no agreement was entered into for the payment of arrears in instalments;
(iii) no proof of registration as indigent was handed in within the fourteen day period allowed; or
(iv) no payment was received in accordance with an agreement for payment of arrears.

18.7 A discontinuation notice must contain –

(a) the amount in arrears and any interest payable;
(b) a statement that the customer may conclude an agreement with the authority for payment of the arrears amount in instalments, within fourteen (14) days of the date of the discontinuation notice;
(c) that if no such agreement is entered into within the stated period, the authority may Discontinue/ restrict the provision of water and sanitation services with immediate effect, notwithstanding any legal action instituted or in the process of being instituted against the customer for the recovery of the arrears amount; and proof of registration, as an indigent customer, in terms of the authority's indigent policy must be handed in within fourteen (14) days of the date of the discontinuation notice.

18.8 The authority may, within ten (10) working days after the expiry of the fourteen (14) day period allowed for payment in terms of the discontinuation notice, discontinue/ restrict water and sanitation services to the defaulting customer, if -

(a) no payment was received within the allowed period;
(b) no agreement was entered into for the payment of arrears in instalments;
(c) no proof of registration as indigent was furnished within the fourteen (14) day period allowed; or
(d) no payment was received in accordance with an agreement for payment of arrears.

18.9 Where an account rendered to a customer remains outstanding, the defaulting customer may be handed over to a debt collector or an attorney for collection of the amount owing to the authority without prejudice to the right of the authority or the authorised provider to limit or discontinue the water and sanitation services under the provisions of this Policy and Credit Control and Debt Collection By-Law or any other law.

18.10 A customer will be liable for any administration fees, costs incurred in taking action for the recovery of arrears and any penalties, including the payment of a higher deposit.

18.11 No action taken in terms of this section due to non-payment, will be suspended or withdrawn, unless the arrears, any interest thereon, administration fees, additional charges, costs incurred in taking relevant action and any penalties, including the payment of a higher deposit, payable are paid in full.

18.12 The authority will not be liable for any loss or damage suffered by a customer due to his, her or its water and sanitation services being disconnected/ restricted.

18.13 An agreement for payment of the arrears amount in instalments, entered into after the water services was discontinued/ restricted, will not result in the water and sanitation services being restored until the arrears, any interest thereon, administration fees, costs incurred in taking relevant action and any penalties, including payment of a higher deposit, payable are paid in full.

18.14 Reconnections of municipal services will only be allowed when all applicable penalties and fees have been paid and the debt has been extinguished or suitable arrangements have been made to settle the debt.

18.15 Services may be disconnected/ restricted, after due notice has been given, 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.

18.16 Reconnection of services where services have been disconnected/ restricted in terms of subsection 15 above will be authorised when−

(a) an executor has been appointed; or

(b) the Company or Close corporation has been re-registered.

18.17 Where a municipal service, which is not in the name of the registered owner, has been restricted, disconnected or discontinued, the municipality may, subject to the principles of administrative justice, insist that the service be transferred into the name of such property owner; and

(a) Notwithstanding subsection 17 the municipality may at any other time insist that the service be transferred into the name of such property owner.

18.18 Any additional grounds for disconnecting/ restricting municipal services as set out in the Bylaw, shall be deemed to form part of this Policy.

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

(a) pay the outstanding debt in respect of water services charges in full (including all charges) plus the prevailing costs of a new water connection and penalty charges; or

18.20 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.

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

18.22 The municipality will endeavour to reconnect water supply within 48hrs after receipt of proof of payment

19. ACKNOWLEDGEMENTS OF DEBT

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

19.1 DOMESTIC ACCOUNTS

19.1.1 The Municipality recognises that in certain instances domestic customers may experience difficulty with the payment of a lump sum arrear amount and in such instances will accommodate any domestic customer who require paying their arrears over an extended period;

In these instances the Municipality shall require:-

(a) an agreement stipulating:
(i) the extended period;

(ii) the amount payable by the customer;
(iii) any deposits payable.

(b) In such instances all deposits shall be payable either in cash or by bank guarantee.

19.1.2 Each request is treated on its individual merit; however, officials will be guided by the following minimum guidelines in entering into agreements of this nature: -
(a)First time request: -

(i) any amount in arrears – a deposit of 10% of the arrear amount is payable immediately with the balance payable over eleven 18 months;

19.1.3 In case of a default, a restriction will be effected. The full amount becomes due and payable immediately before re-instatement of the supply

(a) In respect of repeat requests by domestic defaulting customers or domestic customers with agreements as envisaged in sub-paragraph (a) above or tampering customers: -

(b) any amount in arrears – a deposit of 25% of the arrear amount is payable immediately with the balance payable over eleven (11) months;

19.1.4 The arrangement periods up to 36 months shall be authorised at the CFO's discretion, when it is required and taking into consideration the circumstances.

(a) A deposit of 10% of the arrear amount is payable immediately excluding pensioner's rebate customers and customers benefiting from the Amnesty program.

19.1.5 In case of a default, a restriction will be effected. The full amount becomes due and payable immediately before re-instatement of the supply.

19.1.6 Reconnection fees and additional deposits must be paid in full before any agreement as aforesaid can be entered into;

19.1.7 In the event of such agreements being negotiated with legal entities, then, the agreement must be duly signed by a duly authorised officer of the same and this must be accompanied by personal sureties of a natural person. All such agreements must be accompanied by a resolution of the entity authorising the signatory to sign as aforesaid;

19.1.8 In instances where agreements as envisaged in this clause are entered into, a customer may be required to complete a debit order authority for the payment of the arrears in terms of the agreement.

19.1.9 The customer's current account must be paid in full and maintained for the duration of the agreement.

19.1.10 The owner of the property is required to give consent in writing to an acknowledgement of debt and admission of liability with the municipality and the tenant.

19.1.11 The acknowledgement of debt shall be terminated if the debtor relocates from the property. The balance owing shall become immediately due and payable.

19.2 COMMERCIAL ACCOUNTS

19.2.1 In these instances where commercial accounts fall into arrears, the Municipality shall require: -

(a) Arrears to be paid in full before water supply is re-instated
(b) No instalment arrangement shall be accepted for any commercial account not unless authorised by the CFO.
(c) In such instances deposits shall be adjusted and payable either in cash or by bank guarantee
(d) Reconnection fees and additional deposits must be paid in full before water supply is re-instated
(e)The deposit amount and the period of payment will be at a discretion of the CFO.
Reconnection fees and any additional deposits must be paid in full before any agreement can be entered into;

19.2.2 In the event of such agreements being negotiated with legal entities, then, the agreement must be duly signed by a duly authorised officer of the same and this must be accompanied by personal sureties of a natural person. All such agreements must be accompanied by a resolution of the entity authorising the signatory to sign as aforesaid.

19.2.2 In instances where agreements as envisaged in this clause are entered into, a customer may be required to complete a debit order authority for the payment of the arrears in terms of the agreement.

19.2.3 The customer's current account must be paid in full and maintained for the duration of the agreement.

19.2.4 The acknowledgement of debt shall be terminated if the debtor relocates from the property. The balance owing shall become immediately due and payable.

20. DEBT RELIEF PROGRAMME

20.1 The debt relief programme is aimed at assisting customers who are in arrears for water services charges, These programmes are designed to regularize accounts, encourage payment behaviour, reduce old debt that is unlikely to be recovered, assist over-indebted or vulnerable customers. They are not intended to provide a financial advantage to a customer immediately after selling the property.

Customers, excluding officials and Councillors, eligible for the debt relief programme are: -

(a) those families as detailed in the municipality's Indigent Support Policy and

(b) any other debt relief programmes as approved by Council as per Annexure A

20.2 failure to comply with the conditions set out in any of the debt relief programs will result in the reversal of benefits and the debt collection processes will apply.

20.3 The Debt Relief Incentive programmes require that:

(a) the beneficiary must remain in good standing for a period of 24 months; and

(b) the account must remain active and compliant after the concession.

20.4 If 20.2 is not adhered to, the municipality will:

(a) reinstate the written-off amount if the customer breached the conditions (e.g., rapid disposal of the property shortly after benefiting from the incentive).

(b) disqualify the customer from future incentives.

21. TERMINATION / TRANSFER OF SERVICES

21.1 A customer may terminate an agreement for the provision of water and sanitation services by giving to the authority, not less than 30 days' notice in writing of his or her intention to do so

21.2 The authority may, by notice in writing of not less than thirty (30) calendar days, advise a customer of the termination of his or her agreement for the provision of water and sanitation services if -

(a) he or she has failed to comply with the provisions of this policy and has failed to rectify such failure to comply on notice in terms of section 11 of the Credit Control and debt Collection By-law or to pay any tariffs or charges due and payable after the procedure set out in section 17 was applied

22. LIMITATION AND DISCONTINUATIUON OF WATER AND SANITATION SERVICES PROVIDED

22.1 The authority may limit or discontinue water and sanitation services provided in terms of this policy –

(a) on failure to pay the prescribed tariffs or charges on the date specified, after the provisions of section 15 was applied;
(b) on failure to comply with any other provisions of this policy, after notice in terms of any provisions of this policy in the form required by section 11 of the Credit Control and debt Collection By-law was given;
(c) at the written request of a customer;
(d) if the agreement for the provision of services has been terminated in terms of section 17 and it has not received an application for subsequent services to the premises within a period of ninety (90) days of such termination;
(e) the building on the premises to which services were provided has been demolished;

(f) if the customer has interfered with a limited or discontinued service; or

(g) in an emergency

22.2 The authority will not be liable for any damages or claims that may arise from the limitation or discontinuation of water and sanitation services provided in terms of subsection (1).

23. UNALLOCATED CONSUMPTION

Notwithstanding that a water service may have been disconnected, the registered owner remains liable to monitor his /her property as well as the metering as defined in this Policy. Accordingly, when water consumption is recorded on a property during a period for which there is no registered customer against whom a bill can be raised, the relevant charges for water services shall be raised against the registered owner on his or her consolidated bill. Furthermore, the Municipality has the right to remove relevant Municipal infrastructure (and other components) at the cadastral boundary of the property to ensure that ongoing water consumption, is terminated.

24. REVENUE CLEARANCE CERTIFICATES

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

(a) Clearance Figures–

(i) 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.

(ii) copies of all current accounts must accompany any application made manually. If the relevant information is not provided, the application will be returned to the conveyancer.
(iii) the Municipality does not accept responsibility for errors on manual applications. The Conveyancer must check that all details on the application, assessment and the revenue clearance certificate are correct.
(iv) Service charges are estimated for sixty (60) days based on previous consumption, taking into account any existing Rebate.
(v) upon the receipt of the revenue clearance certificate request, a letter shall be sent to the nominated Conveyancer notifying him or her about his or her responsibilities to inform both the seller and the purchaser regarding the total amount of municipal outstanding debts charged against the property
(vi) an "Attorneys' Report" in respect of all amounts owing and the assessed figures, shall be issued upon the receipt of the request for the report.
(vii) the assessment shall remain valid for a period of thirty (30) days from the issue date. If payment has not been received within this period, a re-assessment may be required, and payment of a further application fee will apply.
(viii) any discrepancies may result in delays in the issuing of a revenue clearance certificate, and in addition may result in the levying of additional charges.
(ix) any amounts paid shall be appropriated to the oldest debt first.
(x) a separate application is required for each transfer.
(xi) an assessment in terms of S118 (1) (b) of the Systems Act will only be issued on request by a Conveyancer.
(xii) A revenue clearance certificate shall be issued within five (5) days of the date of payment of the amount requested in the "Attorneys' Report".
(xiii) Where simultaneous transfers of a property are contemplated, the Conveyancer must apply for a separate revenue clearance certificate in respect of each new transfer.

(b) Payment of clearance figures-

(i) must be made in cash, EFT payments, direct debit, bank transfers, bank cheques or other instruments accepted by the municipality from time to time.

(ii) there shall be no refunds on the cancellation of a sale or otherwise.

(iii)the certificate shall be valid for a period of sixty (60) days from date of issue.

(c) 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 services and consolidated accounts, until the same has been changed by the purchaser.

(d) On the date of ownership transfer, the new owner (purchaser) must conclude a new service agreement with the Municipality.

(e) The purchaser shall furnish to the Municipality with new contact details, in writing, comprising a postal and physical address and such further information as may be determined by the municipality from time to time, prior to the Municipality issuing the revenue clearance certificate.

(f) If the clearance certificate is issued in terms of Section 118(1)(b), the seller will still be liable to settle any outstanding debt on their account.

25. LEGAL ACTION

25.1 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.

25.2 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.

25.3 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 properties. All Collection Charges shall be debited to the relevant debtor's account.

25.5 Proceeds of the Sale in Execution may be appropriated to any of the debtor's accounts in arrears.

25.5 Metering and connection equipment always remain in the ownership of the Municipality 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.

25.6 Where a Sectional Title Body Corporate is in arrears, the municipality may apply to court for the appointment of an administrator in terms of Sections 46 and 47 of the Sectional Titles Act 95 of 1986, as amended.

26. DISPUTES

26.1 A customer may lodge a dispute in writing in respect of the accuracy of the amount due and payable in terms of an account rendered by the municipality.

26.2 The dispute must be submitted on or before the due date for payment specified in the account. If a dispute is raised after this period, it will be treated as an enquiry, the account will not be suspended from the disconnection or restriction list, and normal credit control procedures will apply.

26.3 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 discontinued.

26.4 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.

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

26.6 Proven tampering charges are not regarded as a dispute.

26.7 The customer must provide the Authorised Official with the account alleged to be in dispute, which includes incorrect readings, misallocation of payments, incorrect tariffs charged and any other relevant information that may be required.

26.8 The authority will register the dispute and shall acknowledge receipt within two (2) working days of the receipt thereof and provide the customer with a reference number

26.9 The customer has the right to appeal against the decision of the Authorised Official. The CFO may hear representations and either confirm, vary or revoke the decision of the Authorised Official and must communicate his decision within 30 days of date of receipt of the appeal.

26.10 A person whose rights are affected by the decision of the CFO may lodge an 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 Systems Act. The appeal must be lodged in writing.

27. INTERNAL LEAKS

27.1 Internal leaks may be charged at the lowest tariff, upon approval and submission of the following documents:

(a) Letter from registered customer requesting reduction of account
(b) Letter from a plumber who fixed the leak and copy of the invoice
(c) A sworn affidavit by the accountholder where leak was self-repaired
(d) Three subsequent water statements after the leak was fixed indicating reduction in consumption

27.2 Registered customer shall pay for consumption at the lowest tariff for the months the account was affected by the internal leak whilst awaiting approval and at normal tariffs for any other account

28. REFUNDS

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

(a) on a water or sanitation account: to the account holder;
(b) where the owner pays the tenants account the refund will be paid to the owner;
(c) on transfer of a property: to the conveyancing attorney or their nominee.

28.2 All accounts will be refunded within three (3) months from date of application

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

29. PROVISION FOR DOUBTFUL DEBT

FIRST ASSESSMENT

In terms of paragraph 62 of GRAP 104, the municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant.

Since the standard is quiet broad in defining significant, the municipality will determine materiality of its debtors from time to time.

This is done by using the detailed age analysis and sorting the debtors' balances from largest to smallest value. The age analysis report is sorted in order to identify the debtors with the highest balance at year end.

SECOND ASSESSMENT

In terms of GRAP, if an entity determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment.

The municipality has the following categories of debtors: -Business, Private Individuals and Government.

The municipality is responsible for providing services to the community. In the absence of information that suggests otherwise, these members of the community can be seen to fall within the same credit risk profile. This includes Business, Private Individuals including Indigent Support beneficiaries.

Government debt is then seen as a financial asset falling within a different credit profile to the usual community consumers. For all intents and purposes, all intergovernmental debt should be fully collectible. However, government departments have not been seen to be settling their debt within the normal period and will therefore be subjected to the provision calculation.

The impairment loss will be calculated as the difference between the assets carrying amount and the present value of estimated future cashflows discounted at the financial assets original effective interest rate.

The past payment history of consumer debtors is used as the basis to estimate the future cashflows. Once the estimated cashflow is established, it is then discounted at the effective interest rate.

The difference between the carrying value and the discounted cashflows is then the provision amount.

30. DECEASED ESTATES

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

30.2 For the purposes of liability for an account, including a consolidated account, the occupier or occupiers of a property which vests in a deceased estate where neither an executor nor administrator has been appointed, will be regarded as the Deemed Owner. The municipality may request a deemed owner to sign a services agreement. Where there is more than one occupier on the property, every occupier will be jointly and severally liable for an account or consolidated account.

30.3 “Deemed Ownership” does not confer any rights on an occupier other than the liability to pay the accounts.

30.4 In accordance with subsection 16 (15) (a), 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.

31. IRRECOVERABLE DEBT

31.1 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) as a result of an administration error;
(ii) an interest as a result of a property debt that arose prior to the current owner taking transfer and successive transfers before his; or
(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.

31.2 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.

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

32. LEASES

32.1 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.

32.2 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.

32.3 Municipal service accounts must be opened in the name of the lessee only.

33. MISREPRESENTATIONS

33.1 Any person who has received any benefit or relief in terms of this Policy and who has misrepresented themselves in order to qualify for such benefit or relief will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Municipality from time to time, and the municipality–

(a) Will reverse all benefits and relief received;

(b) Will raise any fee, as determined by Council from time to time, as set out in the Tariff Policy; and

(c) Will cancel any Credit Authority and all amounts due to the Municipality will become payable immediately.

33.2 The Municipal Manager shall report any misrepresentation in terms of this Policy to the South African Police Services.

34. ROLES AND RESPONSIBILITIES

34.1 Municipal Council

Municipal Council shall be responsible for:

(a) Adopting and reviewing the Credit Control and Debt Collection Policy and related by-laws.
(b) Approving tariffs, incentive schemes, debt relief programmes, and write-offs beyond delegated authority.

(c) Providing strategic oversight of revenue collection performance through regular reports.
(d) Ensuring compliance with applicable legislation, including the Municipal Systems Act and the Municipal Finance Management Act.

34.2 Municipal Manager

The Municipal Manager shall be accountable for:

(a) Overall implementation of this Policy across the Municipality.
(b) Assigning responsibilities and delegations to officials in accordance with approved delegations of authority.
(c) Ensuring effective internal controls over billing, collections, and debt recovery.
(d) Monitoring organisational performance relating to revenue collection.
(e) Enforcing consequence management where officials fail to comply with this Policy.

34.3 Chief Financial Officer (CFO)

The Chief Financial Officer shall be responsible for:

(a) Operational ownership of credit control and debt collection processes.
(b) Ensuring accurate billing, debtor management, and revenue reporting.
(c) Overseeing implementation of payment arrangements, debt relief incentives, and write-offs within delegated authority.
(d) Producing monthly debtor age analyses and revenue performance reports.
(e) Ensuring alignment with guidance issued by National Treasury South Africa.
(f) Establishing systems to monitor compliance with approved debt relief conditions.

34.5 Legal Services / External Attorneys

Legal Services or appointed attorneys shall be responsible for:

(a) Instituting legal proceedings against defaulting customers where required.
(b) Managing summonses, judgments, and execution processes.
(c) Providing legal advice on debt recovery matters and compliance with applicable legislation.

34.6 Customers / Property Owners

Customers and property owners shall be responsible for:

(a) Paying municipal accounts by the due date.
(b) Promptly reporting billing discrepancies.
(c) Entering into and honouring approved payment arrangements.
(d) Providing accurate ownership and contact information to the Municipality

35. MONITORING AND EVALUATION

The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Finance Committee, who will report to the Executive Committee who will report to Council

36. COMMENCEMENT OF THE POLICY

The policy shall commence upon approval by Council

37. AMENDMENTS AND/OR ABOLITION

Any amendments and /or abolition will have to be approved by the Council

38. COMPLIANCE AND ENFORCEMENT

The policy will be in accordance with the Acts, guidelines and all relevant legislations

39. POLICY REVIEW

The policy will be reviewed on an annual basis to ensure relevance and applicability.

40. Records of Approval

Meeting	**Date**	**Resolution**
Review 2021/2022		
Policy Review Committee	20 January 2022	Recommended to MANCO
MANCO	24 January 2022	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	03 February 2022	Recommended to EXCO
EXCO	06 March 2022	Recommended to Council
Council	26 May 2022	Approved
Review 2022/2023		
Policy Review Committee	10 February 2023	Recommended to MANCO
MANCO	24 April 2023	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	16 May 2023	Recommended to EXCO
EXCO	17 May 2023	Recommended to Council
Council	25 May 2023	Approved

Review 2023/2024		
Policy Review Committee	14 February 2024	Recommended to MANCO
MANCO	11 March 2024	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	14 March 2024	Recommended to EXCO
EXCO	20 March 2024	Recommended to Council
Council	23 May 2024	Approved
Review 2024/2025		
Policy Review Committee	18 February 2025	Recommended to MANCO
MANCO	19 May 2025	Recommended to Portfolio Committee on Finance
Joint Portfolio Committee on Finance and Exco	26 May 2025	Recommended to Council
Council	29 May 2025	Approved
Review 2025/2026		
Policy Review Committee	24 February 2026	Recommended to MANCO
MANCO	04 May 2026	Recommended to Portfolio Committee on Finance
Portfolio Committee on Finance	12 May 2026	Recommended to EXCO
EXCO	20 May 2026	Recommended to Council
Council	28 May 2026	Approved

ANNEXURE A – DEBT RELIEF PROGRAMS AS APPROVED BY THE MUNICIPAL COUNCIL

1. WAIVER OF INTEREST, PENALTIES AND COLLECTION CHARGES ON ARREAR ACCOUNTS

Ugu District Municipality is offering all arrear services account holders, WAIVER OF INTEREST, PENALTIES AND COLLECTION CHARGES as per the following conditions: -

- The capital portion of the arrear amount owed to Ugu District municipality must be paid in full.
- In an event of a defended/ litigated matter, should the defendant wish to take advantage of this amnesty offer they may do so however defendant will be liable for all legal costs which will need to be paid in full in order to qualify

A quote of the outstanding capital amount can be requested from the municipality via email enquries@ugu.gov.za

Please note that payment must reflect on Council's bank account before a waiver can be considered.

For more information, please contact the municipality via email enquiries@ugu.gov.za

2. PENSIONER'S REBATE

Ugu District Municipality is offering rebate to all account holders that are pensioners if they meet the following conditions: -

Criteria

Owners as per Deeds for Urban customers

Owners as per the PTO/ Letter from Tribal Authority for Rural customers

60 years and over

Own only 1 fixed property and reside in it,

South African resident

Benefit

50% initial write-off

100% rebate on basic charges

Conditions

If there is an outstanding debt an arrangement to pay off the debt must be signed as per the Credit Control and Debt Collection Policy, and the current account must be kept up to date.

Duration

36 months

Exclusions

Customers already benefiting from Indigent Support should be excluded.

Multi-unit residential - bulk users and Non-Government Organizations are excluded.

Avenues for enquiries and submissions

The forms are available from the Ugu offices, can be requested electronically via email to enquiries@ugu.gov.za and telephonically on our toll-free number 08000 92837

The completed forms can be submitted at any of the Ugu offices or electronically to indigent@ugu.gov.za

Weekdays between 7:30am to 4:00pm

All supporting documents must be certified by Commissioner of Oaths, not older than 3 months.