



**GREATER TZANEEN MUNICIPALITY
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**CREDIT CONTROL
AND
DEBT COLLECTION POLICY**

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Notwithstanding the review date herein, this policy shall remain effective until such time approved otherwise by Council and may be reviewed on an earlier date if necessary

CREDIT CONTROL AND DEBT COLLECTION POLICY

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PREAMBLE

The development of this policy is sanctioned by section 96(b) of the Municipal Systems Act, 32 of 2000, as amended. The act requires a 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 this Act and any other legislation which are applicable to local government.

Chapter 1 BACKGROUND AND INTERPRETATION

1 DEFINITIONS

For the purpose of this policy, the following words and expressions shall have the corresponding meaning, unless the context clearly indicates otherwise:

“Acknowledgement of Debt” means an unequivocal admission of liability to the municipality by the client. The client acknowledges that he or she owes a particular sum of money to the municipality and undertakes to repay what is owed on terms so agreed with the municipality. For ease of administrative processes, a standard form must be completed.

“Annually” means once every financial year.

“Application for Extension of Time for Arrear Payment” is a discretionary extension of time for the payment of arrears for which a client may apply once an acknowledgement of debt form has been completed. For ease of administrative processes, a standard form must be completed.

“Application for services” means the process of opening an account for municipal services. A prescribed form must be completed.

“Arrangement” means a written agreement entered into between the Municipality and the customer where specific repayment parameters are agreed to. Such arrangement does not constitute a credit facility envisaged in terms of section 8(3) of the National Credit Act but is deemed to be an Incidental Credit as envisaged in terms of section 4(6)(b) read with section 5(2) and (3) of the National Credit Act.

“Arrears” means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

“Authorised Representative” means a person or instance legally appointed by the Municipality to act or to fulfill a duty on its behalf.

“Basic Municipal Services” shall mean a municipal service necessary to ensure an acceptable

and reasonable quality of life, which service , if not provided , would endanger public health or safety or the environment.

"Billing Date" means the date upon which the monthly statement is generated, and charges are debited to the customer's account.

“Business and Commercial Property” means - property used for the activity of buying, selling, or trading in commodities or services and includes any office or other accommodation on the same property, the use of which is incidental to such activity; or property on which the administration of the business of private or public entities takes place.

“By-law” shall mean legislation passed by the council of the Municipality, and which shall be binding on the Municipality and on the persons and institutions to which it applies.

“Chief Financial Officer” means such municipal official appointed in terms of section 57 of the Municipal Systems Act, 2000, and administratively in charge of the budget and treasury office, or his or her nominee;

“Client”, “Customer” or “Consumer” means the owner or occupier of property or premises who is liable to the Municipality for payment of a municipal account or part thereof.

“Consumer Deposit” or “Deposit” is an amount paid by a customer to be held by the municipality as security for the consumption of services. This consumer deposit will remain in place from the opening of an account until closure or termination of the account. It will be refunded on termination, provided that the customer does not owe the municipality any debt on the said account or other accounts.

“Council” means the Municipal Council of the Greater Tzaneen Municipality in terms of section 18 of the Municipal Structures Act, 1998, as amended and or section 157(1) of the Constitution.

“Councillor” shall mean a member of the Council of the Greater Tzaneen Municipality.

“Credit Control” means all the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

“Credit Control and Debt Collection Policy” means the Credit Control and Debt Collection Policy of the municipality as adopted by Council in terms of section 96(b) of the Municipal Systems Act, 2000, as amended.

“Debt Collectors” means an external person or entity appointed by the Municipality to collect

monies due and payable to the Municipality, subject to the conditions contained in this policy.

"Defaulter" means any client who owes arrears to the Municipality.

"Delegated" means delegated in terms of section 59 of the Municipal Systems Act, 2000, as amended .

"Delivery Date" shall mean the date on which the periodic account is delivered to the customer or 3 days after the date the account was posted, whichever is the first .

“Domestic Customer or User” of municipal services shall mean the person or household to which municipal services are rendered in respect of “residential property” as defined below.

"Due Date" in relation to rates and services -rates due in respect of any immovable property, means the date for payment indicated on the account . In the case where rates and services are levied on a monthly basis, the due date shall be the 25th of each month.

“Dwelling” means a building, structure, or place of shelter to live in or conduct business from.

"Electricity Charges" means service charges in respect of the provision of electricity.

“Financial Year” means the municipality’s financial year starting on the 1st of July and ending on 30 June of the following year.

“Greater Tzaneen Municipality” means such municipality established in terms of section 12 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998) .

“Illegal Connection” means any connection or reconnection of a property or premises to the water and/or electricity reticulation network of the municipality, in contravention of this policy and related By-law, any other By-law of the municipality, act, or regulation.

“Indigent” means a household who cannot afford to make a full monetary contribution towards rates and service charges as determined by Council.

"Interest" means the charge levied on arrears. Rates arrears interest is calculated at the prime rate plus one percent as on 1 July each year, charged by the bank which holds the Municipality’s primary bank account. Interest on services arrears is determined annually by Council and included in the annual budget report and tariffs of the Municipality.

“Municipal Account” means an account in terms of this policy.

“Municipal Systems Act” means the Local Government Municipal Systems Act, 2000 (Act 32 of 2000) as amended.

“Municipal Tariff” shall mean a tariff for services which the Municipality may set for the provision of a service to the local community and may include a surcharge on such service. Tariffs for

major services shall mean tariffs set for the supply and consumption or usage of electricity, water, sewerage, and refuse removal, and minor tariffs shall mean all other tariffs, charges, fees, rentals, or fines levied or imposed by the Municipality in respect of other services supplied, including services incidental to the provision of the major services.

“Municipality” means the Greater Tzaneen Municipality.

“National Credit Act” refers to the National Credit Act, No 34 of 2005.

“Notice of Termination of Services” means a form to be completed by a client when closing his/her municipal account.

“Occupier” means a person who occupies a property, dwelling, or premises or any part thereof, whether such occupation is lawful or otherwise.

“Owner” means a person, being the registered owner of a property in terms of the Deeds Registries Act , 1937 (Act 47 of 1937), and in relation to immovable property means the person in whom is vested the legal title thereto, provided that:-

- the lessee of immovable property which is leased for a period of not less than thirty years, whether the lease is registered or not, shall be deemed to be the owner thereof;
- the occupier of immovable property occupied under a service servitude or right analogous thereto shall be deemed to be the owner thereof;
- if the owner is dead or insolvent or has assigned his or her estate for the benefit of his creditors, has been placed under curator ship by order of court or is a company being wound up or under judicial management, the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be the owner thereof;

“Person” includes a natural person and a juristic person.

“Premises” means a portion of a property for which a separate municipal account is rendered.

“Property” means a property registered under separate title in terms of the Deeds Registries Act, 1937 (Act 47 of 1937).

“Service Agreement” means an agreement between the Municipality or an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000 and a customer.

“Water Charges” means service charges in respect of the provision of water.

2 PURPOSE AND OBJECTIVES OF THE POLICY

The purpose of this policy is to:

- 2.1. Focus on all outstanding debts as raised on a debtor's account and ensure that all monies due and payable are collected.
- 2.2. Outline the credit control and debt collection policy's procedures and mechanisms.
- 2.3. Provide for conditions pertaining to the supply of services and an effective and efficient way to deal with defaulters in accordance with the terms and conditions of this policy.
- 2.4. Provide for mechanisms whereby accounts or metered services are queried or verified and for formal objections.
- 2.5. To make provision for indigent support.
- 2.6. To provide for mechanisms where irrecoverable debts are written off.
- 2.7. To provide for penalties for non-compliance with this policy.
- 2.8. Promote a culture of good payment habits amongst debtors and install a sense of responsibility towards the payment of accounts and reducing municipal debt.

The objective of this policy is to:

- 2.2.1 Give effect to the provisions of Chapter 9 of the Municipal Systems Act, 32 of 2000.
- 2.2.2 Provide customer management, credit control procedures and mechanisms, and debt collection procedures and mechanisms.
- 2.2.3 Provide for indigent debtors in a manner consistent with the Municipality's Indigent Policy, rates and tariff policies, and applicable national policies.
- 2.2.4 Set realistic collection targets consistent with –
 - (i) Generally recognised accounting practices and collection ratios; and
 - (ii) The estimates of income as set out in the Municipality's budget.
- 2.2.5 Provide for the charging of interest on arrears, where applicable.
- 2.2.6 Provide for the termination or restriction of services when accounts are in arrears.

2.2.7 Provide for actions relating to unauthorised consumption of services, theft, and damage.

2.2.8 Provide for debt repayment arrangements in accordance with the terms and conditions of this Policy.

(i) Create a culture of payment for services rendered by the Municipality; and

(ii) Ensure that all monies due and payable to the Municipality are collected in an effective and efficient manner.

3 LEGISLATIVE FRAMEWORK

The legal framework central to credit control and debt collection, and the functioning of municipalities, is contained in the following legislation, some of which is briefly outlined in the section to follow.

- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Electricity Regulation Act, 2006 (No. 4 of 2006)
- Water Services Act, 1997 (Act No. 108 of 1997)
- National Credit Act No. 34 of 2005
- Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
- Local Government: Municipal Structures Amendment Act, 2000 (Act 33 of 2000)
- Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004)
- Local Government: Municipal Systems Act (Act 32 of 2000), which contains specific prescripts regarding:
 - Municipal Bylaws
 - Customer Care

- Credit control and debt collection
- The responsibilities of the Mayor and the Municipal Manager
- Access to the premises
- Consolidation of accounts
- Deduction from the employees and Councillors
- Clearance certificates

4 CUSTOMER CARE AND MANAGEMENT

The municipality shall conduct itself towards its customers in a manner that is stipulated in section 95 of the Municipal Systems Act, 2000, which requires the municipality to, within its financial and administrative capacity. In terms of this, the Municipality will:

- a) establish a sound customer management system that aims to create positive and reciprocal relationships between persons liable for the payments for municipal services and the municipality;
- b) establish mechanisms for users of services and ratepayers to give feedback to the municipality regarding the quality of the services and the performance of the municipality, where possible.
- c) take reasonable steps to ensure that users of services are informed of the costs involved in service provision. The reasons for the payment of service fees and the manner in which monies raised from the service are utilised;
- d) where the consumption of services has to be measured, take reasonable steps to ensure that the consumption by individual users of services is measured through accurate and verifiable metering systems:
- e) ensure that persons liable for payments receive regular and accurate accounts that indicate the basis for calculating the amounts due.
- f) provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow such persons to receive prompt redress for inaccurate accounts.
- g) provide accessible mechanisms for dealing with complaints from such persons, together with prompt replies and corrective action by the municipality.
- h) provide mechanisms to monitor the response time and efficiency in complying with paragraph (g); and
- i) provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for services.

5 CODE OF ETHICS

- a) All Municipality officials shall embrace the spirit of **Batho Pele** and treat all debtors with dignity and respect at all times. Employees shall execute their duties in an honest and transparent manner whilst protecting the confidentiality of information, having due regard to the Promotion of Access to Information Act.
- b) The Greater Tzaneen Municipality further upholds the following ethics and principles in implementing its Credit control and debt collection policy:

- Essential service to be provided to all residential customers, which includes water, sanitation, and refuse removal.
- Where a debtor defaults, the restricted water supply shall be adequate enough to maintain the basic living standard (6 kiloliters).

Chapter 2 MUNICIPAL SERVICES

6 MUNICIPAL SERVICES

- a) The municipality shall produce monthly consolidated municipal accounts for the applicable charges of clients. These accounts will be distributed to clients in the manner provided for in section 10 of this policy.
- b) The municipal account shall reflect amounts due for the following:
 - (a) The rates and services charged for a specific period;
 - (b) The interest charges for any overdue amount;
 - (c) Any other charges, levies, and taxes due to the municipality; and
 - (d) The number of units consumed in relation to electricity and/or water consumed for a specific period.
 - (e) The consumer deposit paid by the client and held by the Municipality as security for the consumption of services.

6.1 RATES

6.1.1 The following provisions apply to rates and any levies:

6.1.2 Interest shall be charged on all overdue accounts.

- (a) If the account is not paid by the due date as displayed on the account, the Chief Financial Officer may issue any notice in terms of this policy showing the total amount owed to the Municipality.
- (b) If the account is not settled or there is no response from the debtor to make acceptable arrangements to repay the debt –
 - i. The supply of any service to the property may be restricted, disconnected, or discontinued in terms of the Credit Control and Debt Collection By-law and section 22 of this policy; and
 - ii. Irrespective of the exercise of powers by the Chief Financial Officer in terms of the Credit Control and Debt Collection By-law, summons may be issued and the legal process followed.
- (c) In instances where the rates debt is in respect of municipal property sold by suspensive sale

agreement, the collection thereof will be dealt with in terms of the relevant deed of sale, and if applicable, this policy, or any subsequent applicable written agreement between the Municipality and the debtor.

- (d) At any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in-execution is avoided or taken only as a last resort. The Municipality, however, has total commitment to a sale-in-execution should the debtor fail to make use of the alternatives
- (e) provided for by the Municipality from time to time. This is also applicable to all debt, and includes all debt which is a charge against a property, as referred to in this Chapter .
- (f) As part of the recovery process, the Municipal Manager may bid, to a maximum of Rx (Rx could equal R10.00 or the total of the debt plus costs and include any reasonable amount of clearance proposed) at a sale-in-execution and if successful, sign all relevant documentation to acquire and take transfer of the property.
- (g) The Chief Financial Officer shall have the right to negotiate and to cancel the deed of sale, as referred to in sub-item (f) before transfer to the municipality, if such cancellation results in either the bond holder or the debtor, or both the said parties, paying in full for all debt in connection with that property as well as all costs related thereto: and
- (h) The municipal manager may proceed to sale-in-execution of any immovable property classified as a problem building in terms of the municipality's Problem Building By-law, for any debt owing to the municipality and may attach any condition to such property as determined in terms of the aforesaid By-law when proceeding as aforesaid.

6.2 SERVICES

6.2.1 The following provisions apply to the payment for services:

- (a) Accounts must be paid by the due date as shown on the account .
- (b) Interest will be charged on all overdue accounts .
- (c) The debtor must be warned on the monthly account of a possible disconnection and other credit control actions if payment is not received by the due date.
- (d) If payment is not received or suitable payment arrangements are not made by the due date, a notice may be served in terms of Section 115 of the Municipal Systems Act, warning of an imminent restriction, disconnection, or discontinuation of a service after 7 (seven) days from the date as stated in the

notice.

- (e) If payment is not received or suitable payment arrangements are not made by the due date as shown on the notice, the supply or supplies may be restricted, disconnected or discontinued for any service in respect of any arrear debt; and notwithstanding any of the mentioned actions, the services may be limited, if necessary, by the Chief Financial Officer.
- (f) A notice shall be left at the property advising that the supply has been restricted, disconnected, or discontinued, and warn that all electric points should be considered live and that all water outlets should be closed.
 - i. The notice will also advise that the supply will only be reconnected after the amounts specified on the notice and any other debt, including the reconnection fee, have been paid or an arrangement acceptable to the Municipality has been made;
 - ii. The notice will also warn of the consequences of illegal reconnection.
- (g) All residential consumers, whose water supply has been restricted, may have access to basic water supply as determined by the Council from time to time by means of a restricted water flow to their property or where the water supply has been disconnected or discontinued as a result of, but not limited to, unauthorized or illegal reconnections and tampering, a water management device or prepayment water meter may be installed, or a communal water supply point, within a radius of approximately 200 (two hundred) meters from their property, may be provided; and
 - i. The Chief Financial Officer has the sole discretion to insist on a water management device or a prepayment water meter being installed on a property where the water supply is regularly restricted due to non-payment; or
 - ii. The Chief Financial Officer considers the debtor to be a credit risk to the municipality; anda water management device, a prepayment water meter, or any service may be restricted, disconnected, or discontinued for any arrears owed to the municipality;
- (h) Subject to the provisions contained in sub-item (f), debtors may be required to pay all penalties and arrears in full before the supply is restored;
- (i) Subject to the municipality's capacity at the time to restore such service which has been restricted, disconnected, or discontinued, such service will be

restored within a reasonable period of time after the relevant conditions contained in this policy have been met;

- (j) The onus shall always be on the debtor to request reconnection and to prove that the full amount for which the service was restricted, disconnected or discontinued, as shown in the notice referred to in section 6.2 (1) (d) of this policy has been paid or that an arrangement was entered into in terms of sub-item(f);
- (k) Despite the provisions of sub-items (a) to (j), should the amount outstanding for the supply of services remain unpaid, full recovery procedures, including appropriate legal actions, may be undertaken in order to collect these monies;
- (l) In the event of an insolvency, and notwithstanding any provisions provided for in this policy, the Chief Financial Officer shall serve notice in terms of sub-item (d) at the property and shall notify the trustee by giving 14 (fourteen) days' notice of the intention to restrict, disconnect, or discontinue the services to the property; and
 - i. Notwithstanding sub-item (l), the period referred to therein may be waived at the request of the trustee.
- (m) Where a water management device has been installed, the Chief Financial Officer may:
 - i. Authorise that the adjustment of the water flow be limited to the affordability of the residential debtor based on the total household income; and in addition
 - ii. Where the residential debtor who is registered as an indigent and who now has the ability to pay based on the total household income, and requires that the supply be increased; and
 - iii. Where all the arrears were written off or reversed and are paid in full, or a suitable arrangement is made to settle the said arrears, may have the supply increased in accordance with sub-item (m) i; and
- (n) No arrangement will be entered into for arrears once the additional daily water allowance has been granted; and
 - i. If the daily allocation is not paid in full, the water management device will be reset to enable the consumer only to have access to the free basic water supply.

(o) Water and electricity meters must be read with regularity and accuracy so

that the correct consumption information is recorded on the billing system; and

- i. Consecutive estimations of metered consumption should be minimized to the extent that such is practically possible and with due cognizance of the right municipality to generate estimations as contained in the relevant by-laws and tariff policy or any other applicable legislation.

6.2.2 The following provisions apply in the event of illegal reconnection of, or tampering with, water or electricity supply:

- (a) Where this has occurred, the water or electricity supply may be effectively disconnected.
- (b) The full amount of arrears plus any illegal consumption, and any applicable tariffs, may be required to be paid prior to reconnection. Should exceptional circumstances exist, adequate payment arrangements may be permitted at the sole discretion of the Chief Financial Officer; and
- (c) The illegal reconnection of, or tampering with, a service supply is considered a criminal offence which may result in legal action being taken.

6.2.3 The installation of a prepayment meter, with the written permission of the owner, is encouraged ; however:

- (d) The Chief Financial Officer has the sole discretion to insist on a prepayment meter being installed on a property, at a cost to the debtor, where the electricity supply has been disconnected for non-payment; or
- (e) The Chief Financial Officer deems the debtor to be a credit risk to the municipality; and
- (f) A prepayment meter may be disconnected or may be subject to the terms contained in sub-item (4); and
- (g) Such meter shall be subject to any other action permitted in terms of any other relevant legislation, including this policy.

6.2.4 When purchasing units, the Chief Financial Officer may deduct a percentage of the monetary value towards setting off any amount referred to in sub-item (4) (b). This action will be made by prior notification to such debtor and shall remain unchanged unless by default; and

- (a) The deduction applied may be based on the following:
- i. For a property valued up to and including R500 000, the minimum deduction may be 30% and the maximum deduction will be 50%;
 - ii. For a property valued up to and including R500 001 to R1 000 000 , the minimum deduction may be 50% and the maximum deduction will be 70%;
 - iii. For a property valued greater than R1 000 000 , the minimum deduction may be 70% and the maximum deduction will be 90%;
 - iv. For single residential properties, who are charged at the domestic full tariff, in terms of the Tariff Policy, and who consume in excess, of any volume of water per month, as determined by Council from time to time, for water restriction purposes, may have such costs recovered in line with sub-items (4)(a)(i) to (iii) respectively; and
 - v. For any commercial or industrial customers, as determined in the Tariff Policy, such deduction will be 90%.
- (b) The deduction referred to in sub-item (a) may be offset against any debt as follows:
- i. Electricity arrears;
 - ii. Any other arrears;
 - iii. Any fines; and
 - iv. Any penalties.
- (c) An authorised representative of, or service provider to the Municipality, shall be given access to any property in accordance with the provisions of section 101 of the Municipal Systems Act.
- (d) The Chief Financial Officer shall have the right to restrict, disconnect or discontinue any service to a property, regardless of who has occupation, upon the written request of the registered owner and provided the service account is in arrears; and
- i. A notice may first be served in terms of section 115 of the Municipal Systems Act, giving 7(seven) days' notice of the intention to restrict, disconnect or discontinue such service.

- (e) Where a service account, which is not in the name of the registered owner, has been restricted, disconnected or discontinued, the Chief Financial Officer may insist that the service be transferred into the name of such registered property owner;

- (f) Notwithstanding anything to the contrary, the provisions of this item shall apply to any debt and the supply of any service to the property may be restricted, discontinued or disconnected or discontinued in terms of the relevant sections in the Credit Control and Debt Collection By-law.

- (g) Where a close corporation or company has been deregistered in terms of Section 26 of the Close Corporation Act, 69 of 1984 or section 83 of the Companies Act, Act 71 of 2008, as amended;
 - i. Any services may be restricted or disconnected; and
 - ii. Any services which have been restricted or disconnected may remain in this state, until the company or close corporation has been re-registered in terms of applicable legislation or court order and meets the criteria in terms of this policy to be reconnected.

6.3 OTHER DEBT

6.3.1 All debt under this item will be subject to:

- (a) Interest being charged on all overdue accounts;
- (b) The supply of service to the property may be restricted, discontinued or disconnected or discontinued for outstanding sundry debt; and
- (c) The municipality's right to utilize any legal action at its disposal as well as making use of third party debt collectors for the recovery of sundry debt.

Chapter 3 SERVICES ACCOUNT

7 SERVICE AGREEMENT

7.1 Municipal services shall be provided to any property upon a written agreement governing the supply of services and the cost thereof between the owner and the municipality. Such an agreement will be subject to the municipality's administrative, logistical, and financial capability to render such services. No occupier accounts will be opened, and current occupier accounts will be phased out where possible.

7.2 The supply of water, sanitation, electricity, and refuse removal services will be available to new owners where a transfer of property took place, providing the services were previously available at the property concerned. Rates and sanitation basic charges will be charged to the new owner from the date of registration of the property. Electricity, water, refuse removal, and sanitation effluent charges will be for the tenant's account where applicable. The onus is on the new owner to discontinue any and all services if he or she is not in need of them. In the event of new water and or electricity meters being installed on a new property or property in the event of new improvements on such property, the owner will be charged for consumption on a basis that the opening reading on the respective meter was zero. The owner shall bind himself/herself as surety and co-principal debtor in favour of the municipality for the fulfilment of the obligations of the occupier towards the municipality. The application will be subject to prescribed credit information, and outstanding amounts related to the specific debtor may be transferred to the new account.

7.3 The owner shall be liable for payment of all service charges.

7.4 In case of a service agreement between the municipality and a legal person, such as business entities, including but not limited to trusts, companies, close corporations, partnerships, sole proprietors, and voluntary associations, the municipality may require the agreement to be accompanied by any one or all of the following:

- (a) A resolution whereby authority to enter into the agreement is delegated to the signatory.
- (b) The business entity's registration number or ID number, if applicable;

- (c) The names, addresses, and all relevant contact particulars of all the businesses' directors or members or trustees or proprietors or partners, or executive members.
- (d) That any one or more or all partners/members/directors/trustees must sign as surety and co-principal debtor for the due fulfilment of all the obligations of the business entity.
- (e) That the signatory to the agreement warrants that he/she is duly authorised to do so, that all information supplied is true and correct, and shall further warrant that the business is not trading in insolvent circumstances.
- (f) Copy of company registration documents, copies of IDs of directors or members or trustees or proprietors, partners, or executive members.

7.5 The owner must inform the municipality when the municipal services are no longer required due to the sale of the property or other reasons, vacating of the property or premises by an occupier on or before the date of vacation or as soon thereafter as the owner may become aware of such vacation, by submitting to the Municipality a notice of Termination of Services.

7.6 Should the owner be represented by an agent or other representative, such agent or representative must submit a power of attorney authorizing such agency or representation in a form and contents to the satisfaction of the Chief Financial Officer.

7.7 Failure to comply with the provision above (paragraph 7.5) renders the owner/consumer liable for all service charges and interest thereon accumulated from the date when the premises are vacated to the date when the municipality becomes aware of such vacation.

7.8 Upon receipt of a customer's application for the termination of municipal services, the municipality shall:

- a. Take final readings in respect of metered municipal services.
- b. Prepare and render a final account.
- c. Appropriate the customer deposit for the reduction or settlement of any outstanding amount owed by the customer.
- d. Return the customer deposit to the customer if no amount is owed to the municipality, and/or only if there is credit remaining to be refunded.

8 SCREENING, CREDIT RATING, AND CONSUMER DEPOSIT

- 8.1 The municipality will require a minimal initial consumer deposit for the consumption of electricity and water. All clients shall pay a deposit for the supply of electricity and water to the Municipality at the approved minimum deposit as per the budget resolution annually.
- 8.2 Prior to the provision of consumption services by the municipality, a consumer deposit shall be paid and/or debited to the owner or occupier. This consumer deposit is regulated by the Consumer Deposit Policy of Greater Tzaneen Municipality, as adopted.
- 8.3 Where there is only one service supplied, a deposit shall only be payable in respect of the service to be supplied.
- 8.4 Where a service agreement with the municipality has not been entered into by the consumer for whatever reason, water and/or electricity may be disconnected until such time as a consumer agreement has been signed and the applicable deposit has been paid.
- 8.5 The municipality may require the service agreement application to be accompanied by banking details, previous municipal account, particulars of trade creditors, and the client shall give, in the service agreement, permission and authority to the municipality to verify such information in order to assess the credit risk of the client;
- 8.6 The municipality may also make the necessary enquiries with credit bureaus and similar institutions in order to assess the credit risk of the client.
- 8.7 The Chief Financial Officer may classify clients in terms of their credit risk profile into four groups:
- (a) Good clients – clients with a good credit record and who pose no credit risk to the municipality
 - (b) Moderate clients – clients with a moderate credit record and who pose a credit

risk to the municipality

- (c) Bad clients – clients with a bad credit record who pose a significant credit risk to the municipality
- (d) Foreigners may need to pay a deposit equal to six months' deemed consumption to open a service account.

8.8 Should the owner/client wish to appeal against a decision of the Chief Financial Officer in terms of sections 8.6 and 8.7 of this policy, the owner may submit an appeal and reasons in writing to the Municipal Manager, within twenty one (21) days from the date on which the owner is notified of the determination of the Chief Financial Officer. The Municipal Manager shall consider the appeal within six weeks from the date of the appeal and shall notify the client of his or her decision within a reasonable time thereafter.

8.9 The consumer deposit shall be reflected on the municipal account of the account holder.

8.10 Upon termination of the service agreement, the amount of the consumer deposit, less any outstanding amounts due, will be refunded to the account holder.

8.11 It is incumbent upon owners and rental agents to ensure that they obtain a consumption clearance from the municipality before releasing rental deposits to tenants.

8.12 No interest shall be payable to the account holder on deposits held by the municipality.

8.13 No arrangement shall be entered into for the payment of the deposit.

9 LEGAL PERSON

9.1 Should the occupier be a legal person, the following will apply:

- (a) If the occupier is a company registered in terms of the Companies Act, No 71 of 2008, the directors of such company shall agree to be jointly and severally liable for

payment in terms of the service agreement, if the company fails to make such payment.

- (b) If the occupier is a closed corporation registered in terms of the Closed Corporations Act 1984 (Act 69 of 1984), the members shall agree to be jointly and severally liable for payment in terms of the service agreement, if the closed corporation fails to make such payment.
- (c) If the occupier is an association with a legal person, the members of the association shall agree to be jointly and severally liable for payment in terms of the service agreement, if the association fails to make such payment.

9.2 Any service agreement signed by a person on behalf of a legal person in section 9.1 of this policy must be accompanied by a resolution authorizing such person to sign on behalf of the legal person.

10 DISTRIBUTION OF ACCOUNTS

10.1 Every document that is required to be delivered to a client may be delivered through one or more of the following mechanisms:

- (a) by cellular phone short message service (SMS), MMS, or WhatsApp;
- (b) by email that is password protected in line with POPIA.

10.2 Delivery of the document shall be in a manner chosen by the client from the options made available in section 10.1 of this policy.

10.3 The municipality shall deliver a municipal account/document to all clients once a month. There will be no delivery charge for the options made available in sections 10.1(b) to (f) of this policy. Charges for the delivery of municipal accounts in person will be determined on a case-by-case basis.

10.4 The client is obliged to notify the municipality in writing of any changes to the preferred delivery method or changes to the delivery destination details.

10.5 The onus is on the client to obtain an account from the municipality in the event of not

receiving an account by means of the methods available in section 10.1 of this policy. The client will have no remedy against credit control or debt collection action based on the excuse that he did not receive a municipal account or received it late.

11 PRE-PAYMENT METERING SYSTEM

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

- 11.1 Link the provision of electricity and water by the Municipality to a pre-payment system comprising the pre-payment of electricity and water units.
- 11.2 A payment in respect of arrears comprising all accrued municipal taxes and other levies, tariffs, and charges in respect of services.
- 11.3 Load an auxiliary on the pre-payment system in order to allocate a portion of the rendered amount to the customer's arrear account related to rates and other services.
- 11.4 Enforce satisfactory arrangements with clients with arrears by blocking access to purchase of units for prepaid usage.
- 11.5 40-60% Prepayment debt recovery to settle arrears of rates and other services.

Chapter 4 CREDIT CONTROL and DEBT COLLECTION

12 PAYMENT OF MUNICIPAL ACCOUNTS

- 12.1 The account holder shall be responsible for payment of municipal services when the municipal account becomes due.
- 12.2 In terms of sec 102(a) of the Municipal Systems Act, the Municipality deems all separate accounts of a client liable for payment to the Municipality, to be consolidated regardless of the fact that separate accounts for such debtor may be rendered, and includes all pre-paid services for which an account is rendered.
- 12.3 The owner, who fails to enter into a service agreement, will, despite such failure, be liable for the payment of the municipal account.
- 12.4 Delay or failure by the municipality to render an account does not relieve a customer of the obligation to pay any amount that is due and payable.
- 12.5 Nothing contained in this policy will prohibit the municipality from collecting payment of any amount from the owner or any other person in terms of applicable legislation.
- 12.6 An increase in a consumption deposit in terms of sections 8.10 and 8.11 of this policy, becomes payable within twenty five (25) days from the date on which the owner is informed thereof or should the owner appeal against such increase, then within twenty one (21) days from the date on which the client is informed of the decision of the Municipal Manager, if the appeal is not upheld.
- 12.7 Partial payment will be allocated to the oldest debt first, then to the youngest debt until all debt is paid as set out in section 15 of this policy, and will be allocated to services in the following order: Rates, Waste, Electricity, Water, Sewer, Other.

12.8 The municipality may attach rental or any other payments due to debtors who are in arrears with their Municipal accounts in terms of section 28 and 29 of the Municipal Property Rates Act 2006 of 2004:

12.8.1 If any debt levied in respect of a property is unpaid by the owner of the property, the Chief Financial Officer may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier.

12.8.2 The Chief Financial Officer may recover an amount only after a written notice was served on the tenant or occupier as provided for in Section 115 of the Municipal Systems Act; and

12.8.3 The amount that the Chief Financial Officer may recover from the tenant or occupier of a property in terms of sub-item (a) is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant or occupier to the owner of the property; and

12.8.4 Any amount the Chief Financial Officer recovers from the tenant or occupier of a property must be set off by the tenant or occupier of a property to the owner of the property; and

12.8.5 The tenant or occupier of a property must, on request from the Chief Financial Officer, furnish the Chief Financial Officer with a written statement specifying all payments to be made by the tenant or occupier of a property to the owner of the property for rent or other money payable on the property during a period determined by the Chief Financial Officer.

12.8.6 The Chief Financial Officer may recover the amount due for debt on a property as a whole or in part from the agent of the registered owner, if this is more convenient for the Chief Financial Officer .

12.8.7 The Chief Financial Officer may recover the amount due for debt from the agent of the registered owner only after a written notice has been served on the tenant or occupier as provided for in Section 115 of the Municipal Systems Act.

12.8.8 The amount that the Chief Financial Officer may recover from the agent is limited to the amount of the rent or other money received by the agent on behalf of the registered owner, less any commission due to the agent; and

12.8.9 The agent must, on request by the Chief Financial Officer, furnish the Chief Financial Officer with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner of the property during a period determined by the Chief Financial Officer; and

12.8.10 The Chief Financial Officer may take action as provided for in this policy or any other relevant legislation, against a tenant, occupier, or agent for not more than the amount outstanding as determined by this sub-item; and

-Where such tenant, occupier or agent fails to respond to the notice as referred to in this section , or

-Fails to comply with any notice or fails to adhere to any terms, conditions, or undertakings in terms of this sub-item; or fails to make any agreed or required payments.

12.8.11 Should the tenant , occupier, or agent refuse to pay the Municipality, the services of the tenant , occupier, or agent may be disconnected.

13 INTEREST

13.1 The municipality shall charge interest on any amount due for services and related costs in arrears, in terms of section 75A (1) (b) of the Municipal Systems Act. The interest rate shall be according to the rate as set out in the approved annual budget and will be fixed for the financial year.

13.2 The interest charged on a default amount shall not, in aggregate, exceed the unpaid balance of the principal debt as at the time that the default occurs in terms of Section 103(5) of the National Credit Act, 2005.

13.3 The interest rate to be charged on overdue amounts on property rates shall be set at the prime rate plus one percent (1%) as stipulated in Government Gazette No. 28113 (Notice 1856 of 2005). The prime rate is the prime rate of the bank where the primary bank account of the municipality is kept. The % as determined on 1 July each year will be fixed for the financial year.

13.4 No interest will be charged on non-responsibility accounts or accounts that form part of debt reduction strategies.

13.5 Interest may be reversed under the following circumstances:

(a) where payments were received within the stipulated time but not allocated to the accounts before the billing takes place.

(b) Exemptions as determined by Council from time to time

(c) If the Municipality has made an administrative error on the account

(d) Where any debt accrued as a result of an incorrect charge or any administrative error

13.6 No interest shall be earned on a credit balance

14 DISHONoured PAYMENTS

14.1 Should any payment made to the municipality by debit order, credit or debit card, EFT or other negotiable instrument, be dishonoured by the financial institution on which it is drawn, the municipality may levy such collection charge against the municipal account (one account if an allocation to multiple accounts was done) to which the payment relates, as determined by the Council in terms of section 75A (2) of the Municipal Systems Act.

15 STAFF, COUNCILLORS, AND WARD COMMITTEE MEMBERS IN ARREARS

15.1 Staff members in arrears

- (a) Item 10 of Schedule 2 to the Municipal 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.

- (b) The municipality shall liaise with the relevant staff on repayment of their arrears

- (c) The staff member must sign an acknowledgment of debt and direct debit deduction form in accordance with this policy.

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

- (e) 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.

15.2 Councilors in arrears

- (a) Item 12A of Schedule 1 to the Systems Act states that a Councilor may not be in arrears to the Municipality for a period longer than three months.

- (b) The Municipal Manager shall liaise with the Speaker and issue the necessary salary deduction instruction where appropriate.

15.3 Where the Municipality is satisfied with the reasons supplied by the staff member or Councilor, or Ward Committee Member stating why the account is in arrears, the staff member or Councilor, or Ward Committee Member must pay such arrears within a period of 3 months with interest.

- 15.4 On appointment to a higher post, employees who have signed a Credit Authority shall increase their instalments on the Credit Authority in accordance with their new salary increase.
- 15.5 Staff and Councilors do not qualify for Debt Reduction under section 34.
- 15.6 The Council reserves the right to deduct any arrears from the stipend or any other amounts payable to ward committee members.

16 SETTLEMENT OF ACCOUNT

- 16.1 An amount tendered as payment against a municipal account will, if not representative of the full balance of such account on the date of payment, will not be accepted as full and final payment of the amount due and payable on that date or any future date, unless so authorized by the Chief Financial Officer in writing. The settlement amount may include interest reversal of interest charged over the last two years to the account or a percentage of up to 50% of total outstanding debt as a once-off full and final settlement.
- 16.2 Once an account has been settled (discounted by the municipality), the onus falls upon the client to never be in arrears again; failure of which no arrangement will be entered into, and the debt will become payable in full on total debt as if no discount was previously given. If the debt is accumulated due to omission of charges and erroneous billing, an arrangement will be allowed. Once an account has been discounted, it no longer qualifies for any discount.
- 16.3 If an amount due and payable in terms of the municipal account is in arrears and the amount tendered is less than the balance reflected on such account, the payment will be credited pro rata to the longest outstanding debt items reflected on such account or against such items on the municipal account as the Chief Financial Officer may direct.

17 CERTIFICATION

A certificate issued under the signature of the Chief Financial Officer will be prima facie evidence of the amount or amounts due and payable to the municipality as reflected in such certificate, by the client indicated in the certificate, and will, upon production thereof in a court of law, be accepted as prima facie evidence of the contents thereof. The municipality will not be obliged to prove the appointment and authority of the Chief Financial Officer.

18 COLLECTION COSTS

All collection and legal costs incurred by the municipality for the recovery of arrear amounts, due and payable in terms of the municipal account, will be debited against the municipal account, including any tracing costs and attorney's fees at the attorney-and-own-client scale, subject to the discretion of the court regarding the awarding of costs.

The municipality may levy and recover such collection charges determined in terms of section 75A (1) (b) of the Municipal Systems Act, not included in section 15(1).

19 REMINDER NOTICE

19.1 The municipality may deliver a notice to a client who fails to make timeous payment in terms of a municipal account. This notice will remind such clients to make the due payment on or before the date specified in such notice to avoid the implementation of further credit control action.

19.2 A notice in terms of section 19.1 of this policy may be served on a client by electronic mail or by cellular phone short message service, send to the electronic mail address or cellular phone number, respectively, provided by the client on the service agreement, and such service shall have the effect as if served in terms of section 10 of this policy.

- 19.3 Failure by the municipality to cause the delivery of the notice in section 19.1 of this policy, or the client not receiving such notice, for whatever reason, will not prevent the municipality from instituting further process for the recovery of any arrear payment or constitute a defense against a claim instituted for the recovery of any arrear payment.
- 19.4 The municipality will charge a tariff as payment for the delivery of a reminder in section 19.1 of this policy, as determined by the municipality in terms of section 75A (2) of the Municipal Systems Act. The tariff for the delivery of the reminder will be reviewed annually with the tariffs of the municipality.

20 LETTER OF DEMAND

- 20.1 The Municipality may cause to be delivered to a client who is in arrears with payment in terms of a municipal account, a letter demanding payment of such arrear amount on or before a date specified in such letter of demand.
- 20.2 Failure by the municipality to cause the delivery of the letter of demand in section 20.1 of this policy, or the client not receiving such letter of demand, for whatever reason, will not prevent the municipality from instituting further process for the recovery of any arrear debt or constitute a defense against a claim instituted for the recovery of any arrear payment.
- 20.3 The Municipality will charge a tariff for the delivery of a letter of demand in the section 20.1 of this policy, as determined by the municipality in terms of section 75A (2) of the Municipal Systems Act. The tariff for the delivery of the letter of demand will be reviewed annually with the tariffs of the municipality.

21 DEBT COLLECTORS

- 21.1 The municipality may appoint a debt collector agent or agents to collect on its behalf arrear payments from clients, and to take such legal steps necessary to give effect to such debt collection.
- 21.2 Credit control If a debt remains unpaid after notification under section 11(a), the Municipality will initiate legal proceedings directly to the customer. Once the debt is handed over, the Customer will deal directly with the Debtor Collectors.
- 21.3 The names and contact details of all external agents acting on behalf of the Municipality may be published in a manner that ensures customers are informed.
- 21.4 Agents are not permitted to accept cash on behalf of the Municipality unless specifically authorized in writing. Such written authorization must be produced upon the customer's request.
- 21.5 In extreme circumstances, and where deemed necessary, the municipality reserves the right to recover reasonable costs incurred in the collection of outstanding debts. Such may include but not limited to collection costs, tracing fees, legal cost to any debt collection methods applied to collect the debt. Where applicable, these costs may be debited to the account of the defaulting customer.
- 21.6 Nothing contained in this policy prevents the municipality from taking any other steps of the recovery of debt in terms of any relevant legislation.
- 21.7 The debt collectors process may include but are not limited to:
- i. Monitoring of accounts through age analysis classification.
 - ii. First Reminder Notice (delivered via SMS or email).
 - iii. Final demand notice
 - iv. Summons issued for the debt to be paid.
 - v. Default judgement be obtained against the customer.
 - vi. Credit control actions if payment is not received e.g. restriction or disconnection of services (water/electricity) and allocation of penalties or interest on accounts in areas.

22 ATTORNEYS

- 22.1 The municipality may, at any time, appoint attorneys to institute or proceed with legal proceedings or appeal proceedings against a client to recover any amount due for payment by such client, including the enforcement of the acknowledgment of debt.
- 22.2 The Municipal Manager or a member of staff delegated by him or her, may appoint and give any instruction to an attorney and if prudent, legal counsel, to give effect to section 22.1 of this policy and further to depose of or require any person to depose of an affidavit, to give evidence and to produce any document, for the purpose of such legal proceedings.

23 RIGHT OF ACCESS TO PROPERTY

- 23.1 The registered owner or occupier of any premises in the municipality must give an official of the municipality or any representative of a service provider, who is authorised by the Chief Financial Officer, access at all reasonable hours to the premises in order to inspect the premises, read, inspect, install or repair any meter or service connection for reticulation, stop or restrict or discontinue the provision of any service.
- 23.2 Where access has been denied to a property or where it is found that officials are unable to gain access, the Chief Financial Officer may, having given fourteen days' due notice, insist on the installation of a water management device, and any prepayment meter may be installed at the property, at the owner's cost.

23.3 Where access has been denied to a property or where it is found that officials are unable to gain access, the Chief Financial Officer may, having given fourteen days' due notice, disconnect, stop, restrict, or discontinue the provision of any service, at the cost of the owner.

24 DISCONNECTION AND RECONNECTION OF SERVICES

- 24.1 The Chief Financial Officer may cause the supply of electricity and/or water to be discontinued to a property or premises, if payment is not received or suitable arrangements made by the due date as shown on the notice, subject to the provision of the minimum water supply to a property or premises as the municipality may determine from time to time.
- 24.2 The Municipality shall have the right to disconnect or restrict any service to a property, regardless of who has occupation, upon written request from the registered owner, and provided the service account is in arrears.
- 24.3 Unauthorized consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and reticulation network and fraudulent activity in connection with the provision of Municipal services will lead to disconnections, charges, penalties, loss of rights and/or criminal prosecutions.
- 24.4 The Municipality may insist that the services be transferred to the owners' account where tenants default on payment, and or insist on changing to pre-paid services at the cost of the owner.
- 24.5 Reconnection of services will only be effected after the arrear amount specified has been paid or an arrangement acceptable to the Municipality has been made.
- 24.6 Debtors may be required to pay 30 – 50% of outstanding debt and enter into a written arrangement on the balance of debt, where agreed upon, before services will be reconnected. The onus is on the debtor to request reconnection and to prove payment and or arrangement.
- 24.7 The municipality may insist on prepaid metering for a property where electricity was disconnected for non-payment or poses a credit risk.
- 24.8 Prepaid meters may be disconnected or sales prohibited for non-payment of any debt owed to the municipality.

- 24.9 Payments for the reconnection of services must be in cash, debit or credit card, or EasyPay or similar pay point services.
- 24.10 Revenue collection process:
- 1 Day after billing – sms sent to consumers with balance 30d +
 - 2 Days to respond to sms
 - No response – final demand reminders delivered to consumers
 - 7 Days – no response, issue disconnection notice, and disconnect services.
 - Reconnection after payment and arrangement, where applicable
- 24.11 Applicants for indigent relief will be responsible for payment of accounts until the processes have been finalized and indigent status is granted.

25 EXTENSION FOR PAYMENT

- 25.1 A client may apply for extension of time for payment of arrears on the municipal account by submitting an application for extension of time for arrear payment.
- 25.2 An application will only be considered if the client provides all the information as required on the application for extension of time for arrear payment.
- 25.3 The Chief Financial Officer may consider an application submitted in terms of section 25.1 of this policy, having regard to all relevant facts pertaining to the application and in particular the following:
- a. the amount in arrears;
 - b. the period over which the arrears accumulated;
 - c. the amount of payment made by the client over the period, if any;
 - d. any written or oral submissions or representations made by the client;
 - e. the financial income and expenditure of the client;
 - f. the ability of the client to make payments on the arrear amount; and
 - g. the current average cost over the prior six months of municipal services to the client.

- 25.4 The decision regarding the period of extension, the amount or instalment amounts to be paid, and any other terms and conditions which are deemed necessary shall be made in terms of section 25.3 of this policy. The period of extension may not exceed twelve (12) months, unless extended at the discretion of the Chief Financial Officer, but limited to 36 months.
- 25.5 The Chief Financial Officer shall, on request of the client, provide reasons for refusing a payment extension.
- 25.6 Should the client wish to appeal against a decision of the Chief Financial Officer not to allow an extension applied for in terms of section 25.1 of this policy or any term or condition relating to an extension granted by the Chief Financial Officer, the client may submit an appeal and reasons in writing to the Municipal Manager, within twenty one (21) days from the date on which the client is notified of the decision of the Chief Financial Officer referred to in Section 25.5 of this policy. The Municipal Manager must consider the appeal within fourteen (14) days from the date of the appeal and must notify the client of the decision within a reasonable time thereafter.
- 25.7 An extension of time for payment granted in terms of this section of this policy is subject to the client signing an acknowledgment of debt, completing an arrangement form, and upon payment of 30% of the debt in arrears.
- 25.8 Arrangements will include the current amount paid in full each month, plus the arranged amount on the arrear debt.
- 25.9 Interest on arrears will be charged but may be suspended whilst the debtor adheres to the conditions of the arrangement.
- 25.10 All arrangements may be subject to periodic review.
- 25.11 In the event of default payments on arrangements, the arrear payment arranged amount will increase by 50% on the first default, and the full amount becomes payable on the second default.

25.12 Tenants or occupiers applying for an extension of payment must have the consent of the owners to apply in writing.

25.13 A client who is under debt review in terms of Section 86 of the National Credit Act remains responsible for the payment of the current consumption on a monthly basis, in addition to the payment of arrears in terms of the debt review process.

25.14 Special arrangements may be allowed for the following category of consumers

- i. Late estate accounts
- ii. Companies or individuals undergoing debt counselling
- iii. Companies undergoing liquidation or business rescue
- iv. Seasonal businesses (ie, Farms)

25.15 No arrangements are allowed on inactive accounts.

Chapter 5 GENERAL PROVISIONS

26 REFUNDS AND OFFSETTING OF DEBT

- 26.1 Subject to section 26.2 of this policy, refunds shall take the form of electronic bank transfers.
- 26.2 Subject to section 26.3 of this policy, the Chief Financial Officer shall have the right to offset any credit against any debt of the same debtor.
- 26.3 The right to offset any debt against any credit is subject to the Insolvency Act, or any court order prohibiting such offset.
- 26.4 A refund shall be forfeited after 3 years if it remains unclaimed.

27 CLEARANCE CERTIFICATES

- 27.1 Any payment for a clearance certificate, which results in a credit to seller's account, shall be refunded to the person who made a payment, either the seller or the buyer, after registration, and after finalisation, to the satisfaction of the Chief Financial Officer, of the respective account and closed account.
- 27.2 Where a sale does not result in registration taking place, no refund shall be made unless there is a credit on the account, and such refund shall be limited to the total of the amount in credit, which shall not exceed the credit placed to the account in order to obtain the clearance certificate
- 27.3 A clearance certificate issued by the municipality in terms of section 25.1 of this policy is valid for a period of 60 days from the date of issue. The clearance amount must cover 120 days or more. Should the clearance certificate lapse, then any payment made in respect of the clearance certificate will be regarded as payment on the account and may be offset against any debt of such debtor.

- 27.4 Only cash and/or electronic transfers will be accepted for clearances, and guarantees or undertakings will only be accepted with the approval of the Municipal Manager.
- 27.5 All debt, inclusive of any advanced collection, shall be deemed to be due and payable, for the purpose of issuing any clearance certificate in terms of Section 118 of the Municipal Systems Act, and must be paid in full:

27.5.1 No interest shall be paid in respect of any payment made in terms of this sub-item unless permitted in terms of any other legislation or policy.

27.5.2 All payments will be allocated to the registered seller's municipal accounts in terms of this policy.

27.5.3 Prior to any refund, this payment will be dealt with as follows:

The advanced collection shall be used to offset any debt that has accumulated against the property as follows:

- AA) any tenant debt; and
- Bb) any of the seller's debt;

27.5.4 Any refund, in respect of any debt remaining after registration of transfer has been registered in the Deeds Office, shall be refunded to the seller, subject to the seller not having any other outstanding debt owed to the Municipality.

27.5.5 No certificate, in terms of section 118 of the Municipal Systems Act, will be issued where the registered owner (and in this instance the seller) has not complied with any relevant legislation, policy, or agreement relating to the property in question.

27.5.6 The Chief Financial Officer will require the purchaser to apply for all services at the property as part of the application for a clearance certificate.

27.5.7 By virtue of registration of the property, the registered owner accepts liability for all services rendered by the municipality to the said property, except as provided for in other legislation or policy.

27.5.8 Prior to issuing the clearance certificate, in terms of section 118 of the Municipal Systems Act, the Chief Financial Officer has a right to visit the property and take all steps deemed necessary to ensure that all recoverable debt is accounted for against the existing owner.

28 PROVISION FOR BAD DEBTS AND IRRECOVERABLE DEBTS

- 28.1 The provision for bad debts shall be determined based on factors that affect the trade receivables age analysis of the entity to determine whether the provision for doubtful debts at the financial year end is accurately stated for financial reporting purposes.
- (a) The municipality, in the case of charges due or where it is the service provider, shall only abandon recovery of a debt owed to it in one or more of the following circumstances:
 - (b) Insolvency or passing of the client or debtor, as the case may be, if proven that his or her estate has insufficient funds to make payment.
 - (c) A balance being too small to recover for economic reasons, considering the costs of recovery.
 - (d) Where the claim has become prescribed.
 - (e) When the client or debtor, as the case relocated and tracing agents are unable to trace the current whereabouts of such person.
 - (f) All reasonable notifications and cost-effective legal avenues to recover the outstanding amount have been exhausted.
 - (g) The amount outstanding is the residue of the payment of a dividend from an insolvent estate or where there is a danger of contribution in proving a claim against the insolvent estate.
 - (h) If the debt outstanding cannot be proved .
 - (i) The outstanding amount is due to an administrative error by the municipality; and
 - (j) By council resolution on good cause shown or as per the delegation system of the municipality.
 - (k) The above factors do not constitute an exhaustive list of factors that may be taken into account, and the Municipality may, in its opinion, consider any other factor.
 - (l) All debt write-offs will be consolidated by the Chief Financial Officer and referred to the Municipal Manager for final decision prior to submission to Council for final approval.
 - (m) In exercising its discretion, the Municipality will act lawfully and reasonably, having regard to the principles of fairness and equity.

28.2 Notwithstanding the above, the municipality shall be under no obligation to write off any particular debt.

29 OFFICIAL LANGUAGE AND ILLITERATE PERSONS

29.1 The municipality shall make an endeavour to provide any document that is referred to in this policy in an official language that the client can read or understand.

29.2 The municipality shall delegate a member or members of its staff to assist any person who is illiterate or, for any other reason, requires assistance to complete any form prescribed or other document required in terms of this policy, or to read or interpret any account, notice, or document issued in this regard.

30 DISPUTES

- 30.1 A client who disputes a municipal account must submit such dispute in writing to the Chief Financial Officer, stating clearly the reasons for such dispute and any relevant facts, information, or representation that the Chief Financial Officer should consider resolving such dispute.
- 30.2 A dispute submitted in terms of section 29.1 of this policy shall not stop or defer the continuation of any legal proceedings already instituted for the recovery of arrear payment relating to such dispute, unless the Chief Financial Officer decides otherwise.
- 30.3 The Chief Financial Officer will consider a dispute submitted in terms of section 30.1 of this policy and will inform the Client of the decision in writing within fourteen (14) days from the date on which such dispute is submitted, together with reasons for such decision.
- 30.4 Should the client wish to appeal against the decision of the Chief Financial Officer, the client may submit an appeal and reasons in writing to the Municipal Manager, within twenty-one (21) days from the date on which the client is informed of the decision of the Chief Financial Officer, as mentioned in section 30.3 of this policy. The Municipal Manager must consider the appeal within fourteen (14) days from the date of the appeal and must notify the client of the decision within a reasonable time thereafter.
- 30.5 Should a dispute arise as to the amount owing, the client shall pay all amounts which are not subject to the dispute and the average of the services under disputes that are due and payable pending the finalisation of the dispute lodged in respect of the specific amount owed by the client.
- 30.6 Reviews on an account will only be considered for the past three years; be it is a credit or debit account.

31 ILLEGAL CONNECTIONS, UNAUTHORISED RECONNECTION AND VANDALISM

31.1 Any person who undertakes or allows or causes any other person to undertake an illegal connection or unauthorised reconnection will be guilty of an offence.

31.2 Any person who undertakes any act of vandalism to the metering units of the Greater Tzaneen Municipality will be guilty of an offence.

- 31.3 A client who becomes aware of an illegal connection or unauthorised reconnection of the electricity supply or the water supply to a property or premises owned by or occupied by such client must immediately notify the municipality.
- 31.4 The municipality will immediately disconnect any illegal connection or unauthorised reconnection and remove any wiring, piping, or other equipment or installation relating to an illegal connection.
- 31.5 Electricity and water losses due to an illegal connection or unauthorised reconnection will be as practically as possible, be apportioned to the client's account.
- 31.6 The municipality shall impose a penalty on the property or premises where the illegal connection, unauthorised reconnection, or vandalism to the metering units of the Municipality was discovered. The amount of the penalty for illegal connection, unauthorised reconnection, or vandalism is set out in the Tariff Policy of the municipality and is reviewed annually.
- 31.7 An authorised representative of or service provider to the Municipality shall be given access to any premises in accordance with the provisions of Section 101 of the Municipal Systems Act.
- 31.8 An arrangement may be denied to a client who has been found guilty of illegal connections or tampering.

32 INDIGENT HOUSEHOLDS

The indigent households shall be treated in terms of the Indigent Policy of the municipality where:

- 32.1 Debt relief and write-off considerations shall be directly linked to the approved indigent register.
- 32.2 All debtors who are registered as indigents may have their debt written off once-

- 32.3 All levies more than the subsidy discounts are payable every month, and any accrued debt after this debt write-off will be subject to credit control and debt collection procedures.
- 32.4 All write-offs shall be approved in line with the delegated authority and Council resolutions.

33 PENALTIES

- 33.1 A person who fails or omits to do anything prescribed by this policy or do anything prohibited in terms of this policy will be guilty of an offence.
- 33.2 A person found guilty of an offence in terms of sections 31.1 or 31.2 of this policy will be liable for a fine or imprisonment, or both such fine and imprisonment.

34 PROCUREMENT OF GOODS AND SERVICES AND PAYMENTS IN TERMS OF CONTRACTS

- 34.1 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.
- 34.2 The Municipality will, at its sole discretion, check whether all the municipal accounts are up to date. Copies of all current accounts sent to the tenderer and to each director, member, owner, partner, or trustee must be attached to the tender documents.
- 34.3 Where a tenderer's place of business or business interests are outside the jurisdiction of the Municipality, a Revenue Clearance Certificate from the relevant Municipality must be produced.
- 34.4 Before awarding a tender, the Municipal debts of the tenderer and of each

director, member, owner, partner, or trustee of the tenderer must be paid in full.

34.5 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.

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

35 DEBT REDUCTION

From time to time payment habits of clients may be profiled for the purpose of incentives to keep clients within the payment net. The Municipality may, from time to time, introduce incentive schemes to improve the debt collection rate.

36 IMPLEMENTATION AND REVIEW OF POLICY

This policy will be implemented from the 01 July 2026 and be reviewed annually

