

CITY OF MATLOSANA



CUSTOMER CARE, CREDIT CONTROL & DEBT COLLECTION POLICY

PREAMBLE

WHEREAS section 96 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended requires a Council to adopt, maintain and implement a credit control and debt collection and customer care policy;

AND WHEREAS section 97 of the Systems Act prescribes what such 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 Municipal Council of the City of Matlosana adopts the policies as set out in this document.

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CHAPTER 1

INTERPRETATION

1. Definitions

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

“Act” - The Local Government Act: Systems Act, 2000 (Act No 32 of 2000) as amended from time to time;

“Authorized Representative” - Person or instance legally appointed by the Council to act or to fulfil a duty on its behalf;

“Chief Financial Officer” - the person appointed by Council to administer its finances regardless of the designation or title attached to the post;

“Consumer” - any occupier of any property to which the Council has agreed to supply services or already supplies services to, or failing such an occupier, then the owner of the property;

“Council” -the municipal Council of the City of Matlosana;

“Credit control and debt collection” - means the functions relating to the collection of unpaid debt payable to the Council and the restructuring of such debt;

“Defaulter” - a consumer who owes money to the Council after the due date has expired;

“Equipment” - a building or other structure, pipe, pump, wire, cable, meter, engine or any accessories;

“Households” - persons older than 18 years that occupied a property within the jurisdiction of the Council regardless whether the person rents or owns the property;

“Interest” - a charge levied, with the same legal priority as service charges, on arrear amounts calculated at a standard rate equal to an interest rate of 15% per annum.

“Council” - the institution that is responsible for the collection of funds and the provision of services to the consumers of;

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

- (a) Electricity consumption,
- (b) Water consumption,
- (c) Refuse removal,
- (d) Sewerage services,
- (e) Basic electricity charges
- (f) Basic water charges
- (g) Rates,
- (h) Interest and/or surcharges,
- (i) Housing rentals and instalments,
- (j) Miscellaneous and sundry charges.

“Municipal Manager” - the person appointed as Municipal Manager in terms of section 82 of the Local Government: Structures Act, 1998, (Act 117 of 1998) and include any person acting in that position or to whom authority was delegated;

“municipal services” - those services provided by the Council, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied;

“Occupier” - any person, who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property,

“Official business language” - English

“Owner” –

- (a) The person in whose name the property is legally vested;
- (b) in the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is

responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, usufructuary, servitude holder or any other legal representative;

- (c) In the case where the Council are unable to establish the identity of such person, the person who are entitled to derive benefit from the property or any buildings thereon;
- (d) In the case of a lease agreement in excess of 30 years was entered into, then the lessee;
- (e) Regarding:
 - (i) a portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, 1986 (Act 95 of 1986), without limiting it to the developer or managing body to the communal property;
 - (ii) a portion as defined in the Sectional Title Act, the person in whose name that portion is registered to in terms of a "sectional title, including the legally appointed representative of such person;
- (f) Any legal entity including but not limited to:
 - i. a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust inter vivo, trust mortis causa, a closed corporation registered in terms of the Close Corporation Act, 1984 (Act 69 of 1984) and any voluntary organisation;
 - ii. Any provincial or national government department, local authority;
 - iii. Any Council or management body established in terms of any legal framework applicable to the Republic of South Africa; and
 - iv. Any embassy or other foreign entity.
- (g) owned by a Council and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and
- (h) owned by or under the control or management of a Council while held under a lease or any express or tacit extension thereof or under any other contract or under servitude or right analogous thereto, the person so holding the immovable property.

"Property" - any portion of land, of which the boundaries are determined, within the jurisdiction of the Council.

CHAPTER 2

GENERAL OBJECTIVES AND PRINCIPLES

2. General Objectives

- (1) The objectives of this policy are to:-
 - (a) provide a framework where the Council can exercise its executive and legislative authority with regard to credit control and debt collection;
 - (b) ensure that all monies due and payable to the Council are collected and used to deliver services in the best interests of the community, residents and consumers and in a financially sustainable manner;
 - (c) provide a framework for customer care and indigent support;
 - (d) describe credit control measures and sequence of events;
 - (e) outline debt collection and credit control procedures and mechanisms; and
 - (f) set realistic targets for credit control and debt collection;
 - (g) comply with NCA (National credit Act) where applicable
- (2) All internal communications should be in the official business language.

3. Principles

- (1) The administrative integrity of the Council must be maintained at all costs. The democratically elected Councillors are responsible for policy making, while it is the responsibility of the Municipal Manager to ensure the execution of these policies.
- (2) All consumers must complete an official application form, formally requesting the Council to connect them to service supply lines. The most important rights and obligations of the consumer and Council must be included in the service application form.
- (3) A copy of the application form, conditions of services and extracts of the relevant Council's customer care, credit control and debt collection policy and by-laws must be handed to every consumer on request.
- (4) Billing is to be accurate, timeous, and understandable.
- (5) The consumer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- (6) The consumer is entitled to efficient, effective, and reasonable responses to enquiries and appeals, and should suffer no disadvantage during the processing of such requests.
- (7) Enforcement of payment must be prompt, consistent, and effective.

- (8) Unauthorised consumption, connection and reconnection, the tampering with or theft of meters, service supply equipment and the reticulation network and any fraudulent activity in connection with the provision of municipal services will lead to disconnections, penalties, loss of rights and criminal prosecutions.
- (9) Incentives and disincentives may be used in collection procedures.
- (10) The collection process must be cost-effective.
- (11) Results will be regularly and efficiently reported and monitored.
- (12) Application forms will be used to, *inter alia*, categorise consumers according to credit risk and to determine relevant levels of services and deposits required.
- (13) The Municipality may appropriate a customers' deposit on any account related to that customer due to unpaid services and thereafter the consumer is liable for the payment of a new deposit amounting to twice the monthly consumption on said account. A new service agreement must also be entered into with the Municipality
- (14) Targets for performance in both consumer service and debt collection will be set and
- (15) Where practically possible the debt collection and customer care policies would be handled independently of each other and the organisational structure will reflect the separate functions.
- (16) Consumers that meet Council's indigent criteria must be identified and supported but must take note that their indigent status will be listed for ITC purposes.

CHAPTER 3

DUTIES AND FUNCTIONS

4. Duties and Functions of Council

- (1) To approve a budget consistent with Council's Integrated Development Plan.
- (2) To impose rates and service charges to finance the budget.
- (3) To facilitate sufficient funds to give access to basic services for the poor.
- (4) To provide for a bad debt provision, in line with the payment record of consumers as reflected in the financial statements of the Council.
- (5) To set an improvement target for debt collection, in line with acceptable accounting ratios and resources available to the Municipal Manager.
- (6) To approve a reporting framework for customer care, credit control and debt collection.

- (7) To consider and approve by-laws to give effect to the Council's policy.
- (8) To revise the budget should Council's targets for customer care, credit control and debt collection not be met.
- (9) To take disciplinary actions against Councillors, officials and agents who do not execute Council policies and by-laws, or act improperly in terms of such policies and by-laws.
- (10) To approve a list of attorneys that will act for Council in all legal matters relating to debt collection.
- (11) To delegate the required authorities to monitor and execute the customer care, credit control and debt collection policy and by-law to the Executive Mayor and Municipal Manager.
- (12) To provide sufficient capacity in the Council's Financial Directorate for customer care, credit control and debt collection. Alternatively to appoint a Service Provider, or debt collection agent.
- (13) To assist the Municipal Manager in the execution of his duties, if and when required.
- (14) To provide funds for the training of staff.

5. Duties and Functions of Councillors

- (1) Ward Councillors play a vital role in the current dispensation to
Communicate the expectations of consumers in a specific ward to Council as well as the service departments or unit
- (2) The Ward Councillor is also directly responsible to ensure that
Communication is forwarded to consumers in respect of this policy and to further ensure that consumers are paying for services received
- (3) The councillors will actively promote payment services rendered to the consumers in their respective wards and strive to create a culture of payment for services through ward committee members.
- (4) To adhere to the Code of Conduct for Councillors.
- (5) To give inputs regarding indigent applications.

6. Duties and Functions of Executive Mayor

- 1) To ensure that Council's budget, cash flow and targets for debt collection are met and executed in terms of the policy and relevant by-laws.

- 2) To monitor the performance of the Municipal Manager in implementing the policy and by-laws.
- 3) To review and evaluate the policy and by-laws in order to improve the efficiency of Council's customer care, credit control and debt collection procedures, mechanisms, and processes.
- 4) To report to Council.

7. Duties and Functions of the Municipal Manager

- (1) To implement good customer care management systems.
- (2) To implement Council's customer care, credit control and debt collection policy.
- (3) To install and maintain appropriate accounting and credit control systems.
- (4) To bill consumers.
- (5) To demand payment on due dates.
- (6) To raise interest and collection fees for payment defaults.
- (7) To appropriate payments received.
- (8) To collect outstanding debt.
- (9) To provide different payment methods.
- (10) To determine customer care, credit control and debt collection measures.
- (11) To determine all relevant work procedures for, inter alia, public relations, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.
- (12) To instruct attorneys to proceed with legal processes.
- (13) To set performance targets for staff.
- (14) To appoint staff to execute Council's policy and by-laws in accordance with Council's appointment policy.
- (15) To delegate certain functions to heads of departments.
- (16) To determine control procedures.
- (17) To monitor contracts with Service Providers in connection with credit control and debt collection.
- (18) To report to the Executive Mayor.

8. Duties and Functions of Communities, Ratepayers and Residents

- 1) To fulfil certain responsibilities, as brought about by the privilege and or right to use and enjoy public facilities and municipal services.

- 2) To pay service fees, rates on property and other taxes, levies and duties imposed by the Council on or before due date.
- 3) To obtain a duplicate account at the municipal help desk if an account is not delivered during the normal billing cycle.
- 4) To notify the Council when services are no longer required at a particular service delivery point and of address changes.
- 5) To safeguard and maintain service meters in a readable condition.
- 6) To observe the mechanisms and processes of the Council in exercising their rights.
- 7) To allow municipal officials reasonable access to their property to execute municipal functions.
- 8) To comply with the by-laws and other legislation of the Council.
- 9) To refrain from tampering with municipal services and property.
- 10) To maintain credit and pre-payment meters.

CHAPTER 4

PERFORMANCE EVALUATION AND REPORTING

9. Objective

The municipal Council in consultation with the municipal manager must establish a mechanism to set targets for debt collection, customer care and administrative performance, evaluate performances and take corrective actions on a regular basis to enhance credit control and debt collection

10. Income Collection Targets

Council to create targets that include:

Reduction in present monthly increase in debt in line with performance agreements determined by Council from time to time.

11. Consumer Service Targets

The Consumer targets as identified are as follows:

- (i) Response time to customer queries: Initial response within 5 working Days.
- (ii) Resolution of Queries: 45 working days to resolve queries and appeals.

- | | | |
|-------|-----------------------------------|--|
| (iii) | Date of first account delivery of | By second billing cycle after date new customers: of application or occupation whichever is the latest. |
| (iv) | Reconnection time: | within 24 hours after appropriate payment / arrangement has been made. |
| (v) | Meter reading cycle: | 100% of meters being read on monthly basis on a similar date with a maximum of 3 consecutive months estimated. |
| (vi) | Indigent application: | within 2 nd billing cycle response for approval or disapproval, as well as provision of subsidy. |

12. Administrative Performance

Council to create targets that will include:

- (a) Cost efficiency of debt collection.
 - Cost of collection not to exceed the capital debt amount;
 - All reasonable steps to be taken to limit cost to Council or the customer;
 - Cost of collection is to be recovered from the defaulting customers (b) Query and appeal periods.
- (c) Enforcement mechanism ratios.

13. Reporting

- (1) The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor as supervisory authority in terms of section 99 of the Systems Act, read with section 100(c). This report shall contain particulars on:
 - (a) Cash collection statistics, showing high-level debt recovery information (numbers of consumers; enquires; arrangements; default arrangements; growth or reduction of arrear debt). Where possible, the statistics should ideally be divided into wards, business (commerce and industry), domestic, state, institutional and other such divisions.
 - (b) Performance of all areas against targets agreed to in item 11 of this policy document.
- (2) If in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he

agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realisable income levels.

- (3) The Executive Mayor as Supervisory Authority shall, at intervals of 3 months, report to Council as contemplated in section 99(c) of the Systems Act.

CHAPTER 5

CUSTOMER CARE POLICY

14. Objective

To focus on the client's need in a responsible and pro-active way, to enhance the payment of services and to create a positive and cooperative relationship between the persons responsible for the payment of services received, and the Council, and where applicable, any service provider.

15. Communication

- (1) The Council will, within its financial and administrative capacity, conduct an annual process of compiling and communicating its budget to the public where possible
- (2) Council's Customer care, Credit Control and Debt Collection Policy or relevant extracts thereof, will be available in English and will be made available by general publication and on specific request, and will also be available for perusal at Council's offices.
- (3) Council will endeavour to distribute a regular newsletter when possible, which will give prominence to customer care and debt issues.
- (4) Ward Councillors will be required to hold regular ward meetings, at which customer care and debt collection issues will be given prominence.
- (5) The press will be encouraged to give prominence to Council's Customer care, Credit control, and Debt Collection policies, and will be invited to Council or Committee meetings where these are discussed.

16. Metering

- (1) The Council will endeavour, within practical and financial limits, to provide meters to every paying consumer for all services.
- (2) All meters will be read monthly, if at all possible. If the meter is not read monthly the Council will estimate the consumption in terms of Council's operational procedures;

- (3) Consumers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- (4) Consumers will be informed of meter replacements.
- (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 Council or its authorised agent, and the consumer is charged for an estimated 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.

17. Accounts and Billing

- (1) Consumers on the billing system will receive an understandable and accurate bill from the Council, which bill will consolidate all service costs for that property.
- (2) Accounts will be produced in accordance with the meter reading cycle and due dates will be linked to the statement date.
- (3) Accounts will be rendered monthly in cycles of approximately 30 days at the address last recorded with the Council or its authorised agent.
- (4) It is the consumer's responsibility to ensure that postal address and other contact details are correct.
- (5) It is the consumer's responsibility to make enquiries and ensure timeous payments in the event of accounts not received.
- (6) Settlement or due dates will be as indicated on the statement.
- (7) Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.
- (8) Where any payment made to the Council or its authorised representative by negotiable instrument is later dishonoured by a bank, the Council, or its authorised agent:
 - (a) May recover the average bank charges incurred relating to dishonoured negotiable instruments against the account of the consumer.
 - (b) Shall regard such an event as a default on payment and disconnect/restrict services and levy the relevant costs thereof against the consumers account.
 - (c) May insist on cash payments for all future accounts.
- (9) The Council or its authorised agent must, if administratively possible, issue a duplicate account or any acceptable alternative to a consumer on request.
- (10) Accounts will be processed and posted by the last day of each month.
- (11) Consumers may request electronic accounts per email at no cost to the consumer

REFUNDS

- (1) Any account holder may apply in the prescribed manner for a refund on any credit balance on their account.
- (2) The refund application will be considered and verified by the municipality in terms of its internal procedures.
- (3) The municipality reserves the right to periodically determine a bottom threshold for when it is entitled to decline to issue a refund where the cost and administrative burden of issuing the refund is out of balance with the amount to be refunded. The bottom threshold refund amount will be R100.00.
- (4) The municipality may at its discretion use any payment method when paying a refund to an account holder.
- (5) Any arrears on any account of the account holder requesting or entitled to a refund may be set off against any credit balance due to that account holder on any of his accounts before the refund is effected.
- (6) There is an obligation on all account holders to ensure that their contact details on the municipality's system are correct and updated at all times.
- (7) The municipality shall be entitled to write back or appropriate any unclaimed money arising from a credit balance of an account holder account, if such amount is not claimed by the account holder within a year from the date when it became due to him or her.

18. Payment Facilities and Methods

- (1) The Council will operate and maintain suitable payment facilities which will be accessible to all users.
- (2) Direct payments or electronic payments can be made into the bank account of the City of Matlosana, ABSA Bank, OR Tambo Street, Account no. 01000100176, Branch code 632005. The consumer must state the account number as reference on the deposit slip. It is important that the deposit slip, together with a breakdown of the amount be faxed to the Council at (018) 464 2318 without delay. Four (4) official business days must be allowed for processing.

- (3) The Council will, at its discretion, allocate a payment between service debts and a consumer who has overdue debt, may not specify that the payment is for a specific portion of the account.
- (4) The Council may in terms of section 103 of the Systems Act, with the consent of a consumer, approach an employer to secure a debit or stop order arrangement.
- (5) The consumer will acknowledge, in the consumer agreements that the use of consumer agents in the transmission of payments to the Council is at the risk of the consumer – also for the transfer time of the payment.
- (6) Any direct deposits without the relevant details or reference may be refused by Council via the bank or be confiscated by Council if not claimed within a year
- (7) **Only** bank guaranteed cheques will be accepted.

19. Incentives for Prompt Payment

- (1) During the budget process Council may, to encourage prompt payment and/or to reward regular payers, consider from time to time incentives for the prompt payment of accounts or payment by debit or stop order.
- (2)(a) Where a consumer is prepared to pay off the capital amount on an outstanding account in one payment, then Council will write back all interest charged, warning fees, disconnection fees, and legal costs.
- (2)(b) Interest may also be reversed under the following circumstances:
 - if the Municipality has made an administrative error on the account;
 - where an owner takes over the debts of the tenant/s and
 - where the Chief Financial Officer or delegated person approves such reversal due to the fact that the only amount owing on the account comprises of interest
- (3) That 10% discount of their monthly service account be awarded to Schools who timeously pay their account, or arrears in full where applicable.
- (4) The cost associated with the other schemes, if introduced, will be reflected in annual budgets as additional expenditure, besides point above

20. Enquiries, Appeals and Service Complaints

- (1) Within its administration and financial ability the Council will establish:
 - (a) A central complaints/feedback office;
 - (b) A centralized complaints database to enhance co-ordination of complaints, their speedy resolution, and effective communication with consumers;

- (c) Appropriate training for officials dealing with the public to enhance communications and service delivery; and
 - (d) A communication mechanism to give Council feedback on the application of the policies on customer care and management, credit control and debt collection and other issues of concern.
- (2) If a consumer is convinced that his or her account is inaccurate, he or she can lodge a query with the Council for investigation of this account, and where necessary the relevant adjustments will be effected.
 - (3) In the interim the debtor must pay the average of the last three months accounts where such history of the account is available. Where no such history is available, the debtor must pay without prejudice of rights an estimate provided by the Council before payment due date until the matter is resolved.
 - (4) The relevant department will investigate and inform the debtor within one month of the outcome of the investigation.
 - (5) Failure to make such agreed interim payment or payments will result in the consumer forming part of the normal credit control procedures.
 - (6) A consumer may appeal against the finding of the Council or its authorized agent in terms of clause 20(2).
 - (7) An appeal in terms of clause 20(6) must be made and lodged with the Council within 21 (twenty-one) days after the consumer became aware of the finding and must:
 - (a) Set out the reasons for the appeal.
 - (b) Pay any amount determined for the testing of a measuring device, if applicable.

21. Consumer Assistance Programmes

1. Water leakages

- (a) The consumer has the responsibility to control and monitor his/her water consumption to the property.
- (b) In cases of undetected water leakages on private property, the consumer pay for the normal water consumption as calculated by using the average consumption for three months prior to the leak, at the applicable sliding scale and that the “over- consumption” or “leak” be paid at a fixed charge based on the second category of the sliding scale of the water tariffs, for the months (maximum three) in question, or at the tariff as

calculated by the CFO at the time, subject to the provision of proof by the resident regarding:

- (i) The date on which the leak was first detected.
 - (ii) Steps taken by the resident to stop the leak.
 - (iii) The leak has actually stopped – investigation and confirmation by Council's official.
- (2) Following proof of the above, it should fall within the parameters of.
- (i) the leak being repaired within five working days of detection
 - (ii) the leak did not last for longer than three (3) months from start to end.

2. Rate Rebates

Subject to certain criteria the municipal Council may grant rate rebates annually to certain categories of ratepayers in accordance to the Council's rates policy and by-law.

3. Arrangements and Extensions of Time for Payment

3.1 Arrangements

If a customer cannot pay his/her account with the Council then the Council may enter into an extended term of payment with the customer according to the applicable category of the customer. Consumers who default on two occasions in respect of arrangements made, will be denied the privilege of making further arrangements and the full amount becomes payable. The customer must:

- i. Sign an acknowledgement of debt;
- ii. Sign a consent to judgement;
- iii. Provide a garnishee order/emolument order/stop order (if he or she is employed);
- iv. Acknowledge that interest will be charged at the prescribed rate should the arrangement be dishonoured;
- v. Pay the current portion and the proposed arrangement amount of the account;
- vi. Sign an acknowledgement that, if the arrangements being negotiated are later defaulted on, that no further arrangements will be possible, and that disconnection / restriction of water and electricity will follow immediately, as will legal proceedings.

- vii. Only one arrangement may be concluded between the Council and the consumer debtor
- viii. Acknowledge liability of all costs incurred.
- ix. Prove levels of income and make reasonable payment of arrears based on the ability to pay.
- x. Interest on arrears in respect of all services and rates will be suspended whilst the debtor adheres to the conditions of the arrangement.
- xi. Consumers may make arrangements on behalf of the owner, but must then accept full liability for the outstanding amount of the owner and should provide Council with a letter, authorising the arrangement, from the owner or letting agency
- xii. Acknowledge and accept the following conditions with regards to debtors be applicable:

CATEGORIES OF DEBTORS

Interest on arrears in respect of all services and rates on arrangements will be suspended whilst the debtor adheres to the conditions of the arrangement which must be paid promptly on the due date on a monthly basis. No new arrangements are allowed unless any previous arrangements have been paid in full or unless for special reasons claimed. Should any arrangement default then the arrangement will be cancelled and the full outstanding amount will be payable.

Debts and arrangements to repay debts shall be treated holistically, but different repayment periods may be determined for different types of service, debtors, or areas within the general rule that repayment periods should be in sympathy with the instalments that the debtor can afford.

Consumers should make arrangements for arrears payment in such a manner that he/she will be able to honor these arrangements for outstanding debt plus the monthly current amount which should be paid in full on the due date. The following guidelines are stipulated. Any deviations on this policy may only made by the Director Finance or his designated officials

Household and Business Customers - Arrangements Households

DEBT	PAYMENT OF ARREARS
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R0,00 to R1 000,00	50% of outstanding debt as down payment. The balance of the outstanding amount over a maximum period of 3 months.
R1 001,00 to R3 000,00	40% of outstanding debt as down payment. The balance of the outstanding amount over maximum period of 6 months.
R3,001.00 to R5,000.00	30% of the outstanding debt as down payment. The balance of the outstanding amount over a maximum period of 12 months
R5 001,00 to R8 000,00	20% of the outstanding amount debt as down payment. The balance of the outstanding amount over maximum period of 18 months
R8 000,00 and above	15% of the outstanding amount debt as down payment. The balance of the outstanding amount over maximum period of 24 months

Businesses

DEBT	PAYMENT OF ARREARS
R0.00 – R5 000	No arrangement, full outstanding amount to be paid
R5 001.00 – R20 000	50 % of arrear amount plus current account as down payment. The balance of the outstanding amount over maximum period of 3 months.
R20 001.00 – R50 000	30 % of arrear amount plus current account as down payment. The balance of the outstanding amount over maximum period of 6 months.
R50 001.00 – R100 000	20 % of arrear amount plus current account as down payment. The balance of the outstanding amount over maximum period of 18 months.
R100 001 +	10 % of arrear amount plus current account as down payment. The balance of the outstanding amount over maximum period of 18 months.

Schools / Hospitals / Government

No school, hospital, or Government Department may make an arrangement to pay off their outstanding debt or if otherwise approved only by the Chief Financial Officer or delegated person.

- (i) First default in any twelve month cycle – 2 weeks' notice, no arrangements
- (ii) Second default in any twelve month cycle – 48 hours' notice, all outstanding amounts to be paid in full.
- (iii) Third default in any twelve month cycle – Proceed with further actions

Sport and Social Clubs

Sport & Social Clubs	50% of arrear amount plus current account as down payment. Balance over maximum of 3 months. Deposit adjusted to 3 times average of total monthly account.
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Churches and Religious Institutions

Churches & Religious Institutions	10% of arrear amount plus current account as down payment. Balance over maximum of 6 months. Deposit adjusted to 3 times average of total monthly account.
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The arrangement amount plus the current amount to be paid promptly in full on a monthly basis.

SOCIAL ASSESSMENT

Debts and arrangements to repay debts shall be treated holistically, but different repayment periods may be determined for different types of service, debtors or areas within the general rule that repayment periods should be in sympathy with the instalments that the debtor can afford in order to settle the arrears over a reasonable period in terms of the Customer Care, Credit Control and Debt Collection Policy. Any deviations on this policy may only made by the Chief Financial Officer or his designated officials.

ACCOUNT HOLDERS UNDER ADMINISTRATION

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

- i. The debt as at the date of the administration court order will be placed on hold, and collected in terms of the court order by the administrator's dividend.
- ii. The administrator is to open a new account on behalf of the debtor, with a new deposit – No account is to be opened/operated in the debtor's name as the debtor is not entitled to accumulate debt (refer section 74S of the Magistrates Courts Act 32 of 1944).
- iii. The administrator may not give the person who has been placed under administration permission to open an account
- iv. Until such time as this new account is opened, the debtor is to be placed on limited services levels. The consumer will be compelled to install a prepaid electricity meter, should one not already be in place. The Council will be entitled to recover the cost of the basic services by means of purchases made on the prepaid meter.
- v. Should there be any default on the current account the supply of services is to be limited or terminated and the administrator handed over for the collection of this debt.

INDIGENTS

Debtors who qualify and become registered as indigent, will have their arrears written off only once during ownership/occupation of the property and will be subject to the items below, should it become known that false information was submitted with their application.

Should it be established that a recipient of indigent relief has supplied the Council with false information or not informed the Council of a change in circumstances within the household:

- (i) The indigent support will be stopped immediately.
- (ii) The recipient may be liable for the repayment of all indigent support received for the period involved which amount will be debited against the consumers account.
- (iii) Normal credit control in accordance with the Council's Credit Control and Debt Collection Policy will apply.
- (iv) Criminal charges may be instituted against the account holder for supplying false information.

COUNCILLORS AND MUNICIPAL EMPLOYEES

- I. In accordance with Schedule 1 of systems Act, item 12A, a councillor may not be in arrears to the municipality for rates and services charges for a period longer than 3 months.
- II. In accordance with Schedule 2 of Systems Act, item 10, a staff member of a municipality may not be in arrears to the municipality for rates and services charges for a period longer than 3 months, and the municipality may deduct any arrear amounts from a staff members' salary after this period, which will not exceed more than
25% of the persons gross salary

PROPERTY MANAGEMENT LEASES

- 1. The procedure for the recovery of arrears on leases is that the Council would pursue the debt, in accordance with the terms of the specific lease contract, and

any policy related thereto, as determined by the Council from time to time, until all avenues are exhausted.

2. The Council may attach the rental of tenants or any other payments due to owners who are in arrears with their Municipal accounts.

ACCOUNTS HANDED OVER TO THE ATTORNEYS / DEBT COLLECTORS

Consumers that are currently handed over to an attorney/debt collector are not allowed to accumulate any new arrears, nor ask for any extension or arrangement on his current account. That all normal accounts of which a portion are handed over for the recovery by an attorney, may be blocked on the system for further extension/arrangements.

NEW TENANTS - OWNER ARREARS

1. Where it is found that the Owner is in arrears and a new tenant is to occupy the premises, the new tenant may, with the owner's approval, agree in writing as per agreement, to pay the services and arrears account. At least 50% of the monthly rental of the tenant is to be paid to Council until the arrears has been paid up. This paragraph is only applicable to cases as stated in section 33(10) of this policy
2. If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined in terms of the Municipal Property Rates Act, the Council may recover the amount in whole or any part thereof from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier: Provided that such tenant or occupier may be entitled to deduct such amount recovered from the rent payable to the owner. This paragraph is only applicable to cases as stated in section 33(10) of this policy

3.2. EXTENSION FOR PAYMENTS

A Customer may apply for extension of time for payment of the current account on the Municipal Account by completing the applicable form.

1. Any consumer shall be entitled to apply for deferment of payment of 30% of the current account until the 15th of the following month: provided that no consumer shall be granted deferment of payment more than three times a year.
2. Any consumer who is unable to pay his/her account by due date, may apply before the due date for an extension until the 30th of the month in which the amount is due and payable. In such an event the electricity supply shall only be discontinued in the event of the consumer not settling their account by the 30th, provided that this indulgence does not occur more than three times a year.
3. That no extension be granted to any consumer for his current account, who has been placed under administration or debt review, or any consumer who has already been handed over for debt collection in respect of arrears.
4. That pre-paid electricity may not be supplied to consumers who do not pay their current accounts and/or do not make arrangements for the payments of their arrears and the payment thereof.
5. An extension for payment granted in terms of this section, is subject to the Customer entering into the applicable Acknowledgment of Debt Agreement.

3.3 Disconnection/ Reconnection of services

- 3.3.1 Notices will be delivered to consumers who are in arrears at least 48 hours before being disconnected and a late payment fee levied.
- 3.3.2 Proof of payment must be brought to Council offices if paid at other institutions for reconnections.
- 3.3.3 Proof of payment after hours must be brought to the Fire Brigade offices if paid at other institutions for reconnections.
- 3.3.4 Consumers who do not react to the notices will be disconnected between Monday to Friday and a disconnection fee levied
- 3.3.5 Where a cable has been removed all outstanding fees must be paid by the consumer and a new application for services will have to be completed at council offices and the relevant deposit paid
- 3.3.6 Consumers paying after hours will only be reconnected until 20h00 at a special tariff as determined by Council.
- 3.3.7. Consumers may not be disconnected after 15h00 on weekdays or on weekends or Public holidays
- 3.3.8 No disconnected consumer will be reconnected on weekends and public holidays, unless under special circumstances

4. Indigent Relief

A basic level relief will be provided to qualifying households in terms of the provisions of the Indigent Support Policy.

5. Subsidy Categories

- (a) Subject to the extent of the equitable share contribution received and affordability levels, Council may provide free of charge to Indigent household consumers, the basic level of 6kl Free Basic Water.
- (b) All household consumers and flats will receive the basic level of 3kl Free Basic Water free of charge
- (c) Further grants may be provided as determined from time to time in Council's policies and by-laws.

22. Consumer Categories

Consumers will be categorised according to specific classifications based on inter alia the type of entity, applicable tariffs and risk levels. Processes for credit control, debt collection, and customer care may differ from category to category, as deemed appropriate from time to time by the Municipal Manager.

CHAPTER 6

CREDIT CONTROL AND DEBT COLLECTION POLICY

Background

This Customer Care, Credit Control & Debt Collection Policy is applicable to the City of Matlosana which includes the entities of Klerksdorp, Jouberton, Alabama, Manzilpark, Sakhrol, Orkney, Kanana, Stilfontein, Khuma, Hartbeesfontein, and Tigane.

23. Credit Control Objectives

Credit control relates to the collection of cash from ratepayers, customers, and consumers of the various municipal services. Credit control under this definition would start once an account remains unpaid after a specified due date. In terms of modern practices and approaches, credit control is more aptly defined as an avenue of last resort within the ambit of customer management. The customer management approach focuses on the clients'

needs in a responsive and responsible manner, the objective being to encourage payment to prevent the need for enforcement.

24. Factors that Might Affect the Implementation of a Full Credit Control System

- (1) Lack of administrative capacity to implement credit control within councils.
- (2) Lack of political support and commitment from Councillors.
- (3) Poor and inefficient accounting systems adopted by some municipalities resulting in inaccurate financial reports and incorrect statements.
- (4) Lack of financial resources throughout the payment collection system.
- (5) Insufficient customer pay points established by various councils.
- (6) Non-existence of a policy on indigents.
- (7) Incorrect meter readings.

25. Credit Control Principles

- (1) Credit control is the last step in ensuring payment for services rendered. Considering the level of unemployment and poverty in South Africa, the enforcement of payment for services will be ineffective if it is not based on acceptable principles and if the ability to pay is not separated from indigence. The following principles are applicable:
 - (a) The Municipal Manager, who is entrusted with the determination and execution of credit control measures, must report to the Executive Mayor.
 - (b) Enforcement and policy-making must be independent to ensure accountability.
 - (c) Credit control measures must be understandable, uniform, fair and consistently applied.
 - (d) Credit control must be effective, efficient and economical.
 - (e) The measures must be sustainable in the long-term.
 - (f) A proper indigent policy must be in place.

26. Necessity for Credit Control

- (1) The operations required in order to effect service delivery to the community are controlled and funded by the Council's operating budget which in turn is totally dependent on the collection of all the budgeted income. Any shortfall between actual income and budgeted income will mean that expenditure will have to be reduced. This could result in the curtailment of services or lowering of standards.
- (2) A further point is that the infrastructure required for the provision of services is provided by capital expenditure, which is often provided by external financing (loans). Loans must be repaid together with interest for which provision must be made in the operating budget. In

addition to these capital charges, maintenance and operating costs of the newly acquired assets must be provided for in the operating budget. To meet all these costs it is imperative that all budgeted income be collected.

- (3) Raising external finance (loans) could become a problem if lenders feel that there is a risk that the municipalities may default or delay repayments. A factor that will therefore be closely monitored is the level of non-payment for municipal services.
- (4) In order to maintain Councils creditworthiness and to counter the effects of non-payment, municipalities may build up necessary reserves or dedicate income sources or assets as security for capital finance. The result is either slower or no service delivery or excessive reserving all of which are detrimental to ratepayers and consumers.

27. Debt Collection Responsibility of Council

- (A) In terms of Section 96 of the Municipal Systems Act, No 32 of 2000, a Council:-
 - (1) must collect all money that is due and payable to it,
 - (2) For this purpose, must 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.
- (B) Council recognizes the National Credit Act of 2005 but cognizance must be taken of the following:
 - (1) That arrears rates and interest does not fall under the National Credit Act of 2005.
 - (2) That according to Section 4 of the National Credit Act of 2005, the Act applies to every credit agreement within the Republic except as stated in Section 4(6)(b)(ii)
 - (3) Council may however take such applications into consideration and will consider such applications according to this policy, but will not be obliged to accept them as a whole.

28. Contents of Policy

In terms of Section 97 (1) of the Municipal Systems Act, No 32 of 2000, a credit control and debt collection policy must provide for:

- (1) credit control procedures and mechanisms;
- (2) debt collection procedures and mechanisms;

- (3) provide for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents;
- (4) realistic targets consistent with:-
 - (a) general recognized accounting practices and collection ratios;
 - and
 - (b) the estimates of income set in the budget less an acceptable provision for bad debts;
- (5) interest on arrears, where appropriate;
- (6) extensions of time for payment of accounts;
- (7) termination of services or the restriction of the provision of services when Payments are in arrears;
- (8) matters relating to unauthorized consumption of services, theft and damages;
- and
- (9) any other matters that may be prescribed by regulation in terms of section 104.

29. Supervisory Authority

In terms of section 99 of the Municipal Systems Act, No 32 of 2000, a Council's or executive mayor as the supervisory authority must:-

- (1) Oversee and monitor:-
 - (a) the implementation and enforcement of the Council's credit control and debt collection policy and any by-laws enacted in terms of section 98; and
 - (b) the performance of the municipal manager in implementing the policy and any by-laws;
- (2) When necessary, evaluate or review the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and
- (3) At such intervals as may be determined by the Council report to a meeting of the Council

30. Implementing Authority

In terms of Section 100 of the Municipal System Act, No 32 of 2000, the municipal manager or service provider must:-

- (1) Implement and enforce the Council's Customers Care, Credit control and Debt Collection policy and any by-laws enacted in terms of Section 98;
- (2) in accordance with the Customer Care, Credit Control and Debt Collection policy and any such by-laws, establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the Council; and

- (3) At such intervals as may be determined by the Council report the prescribed particulars to a meeting of the supervisory authority referred to in Section 99.

31. Roles and Responsibilities

- (1) In terms of Section 99(a) of the Municipal Systems Act, No 32 of 2000, the Council's Executive Mayor must oversee and monitor the implementation and enforcement of the credit control and debt collection policy.
- (2) In terms of Section 99(b) of the Municipal Systems Act, No 32 of 2000, the Council's Executive Mayor must when necessary, evaluate or review the policy or the implementation of the policy in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures.
- (3) In terms of Section 100(a) the Municipal Manager must implement and enforce the Council's Customer Care, Credit Control and Debt Collection policy.
- (4) In terms of Section 100 (c) of the Municipal Systems Act, No 32 of 2000, the Municipal Manager must at such intervals as may be determined by the Council report the prescribed particulars to a meeting of the executive committee.
- (5) The communication of the credit control and debt collection policy to the community is the joint responsibility of the Councillors, Municipal Manager and municipal officials.
- (6) In terms of Section 11 (c) of Schedule 1 of the Municipal Systems Act, No 32 of 2000, a Councillor may not obstruct or attempt to obstruct the Municipal Manager or any employee of the Council to implement and enforce the Council's credit control and debt collection policy.

32. Service Application and Agreements

- (1) All consumers of services will be required to sign an agreement governing the supply and cost of municipal services. The agreement for municipal services is attached as annexure "A".
- (2) All consumers shall pay a deposit as determined from time to time by Council and which may be increased to three times the monthly consumption by the Municipal Manager or his designated official in the event of non-payment.
- (3) Prior to signing these agreements, consumers will be entitled to receive when available the policy document of the Council on request.
- (4) On the signing of the agreement, consumers will receive a copy of the agreement for their records.

- (5) Consumers are responsible for costs of collection and interest in the event of delayed and/or non-payment.
- (6) Existing consumers of services may be required to sign new agreements as determined by the Municipal Manager from time to time.
- (7) If a consumer fails or refuses to sign a new service agreement or pay the deposit as stipulated by Council, the Council may discontinue services until the necessary agreement has been signed or deposit been paid.
- (8) The consumer will also be held accountable for services already provided, costs incurred and any other costs associated with the collection of service fees and cost incurred.
- (9) All applicants for municipal services may be checked for creditworthiness including checking information from banks, credit bureaux, other local authorities, trade creditors, and employers.

10) 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 Chapter in relation to any arrears on any of the accounts of such a person and may terminate the services of such account.*

*Subsection (a) does not apply where there is a dispute between the municipality and a person referred to in that subsection concerning any **specific amount** claimed by the municipality from that person. Therefore the liability for payments not disputed is not suspended.*

11) DISSOLVING OF TENANT ACCOUNTS

- 11) a) The Council will only register accounts for accounts holders who are the owners of a property. No accounts will be registered for tenant account holders and the onus will be on the owner/agent to ensure that the monthly service and rates accounts are paid.
- b) All existing tenant accounts will be phased out in terms of a phasing out plan as follows:

- All current existing tenant accounts will be kept as is, until the contract is terminated by the tenant/owner/agent or may be consolidated as over an extended period.
 - Should a tenant fall into arrears with more than 60 days then the account may be terminated and all services will be charged against the owners account
- c) The Council may at its discretion upon application from the relevant authority/owner allow for the opening of tenant accounts in relation to the following circumstances, but the owner will still be held liable for the outstanding amount owing for services owed by the tenant:
- Tenants who are bona fide registered indigents in terms of the Indigent Relief Policy
 - Business tenants accounts
 - Government tenant accounts
 - Flats
 - Any other special circumstances

33. Right of Access to Premises

- (1) The owner and or occupier of property is to allow an authorised Representative of the Council access at all reasonable hours to the property in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service.
- (2) The owner is responsible for all the cost associated with the relocation of a meter if satisfactory access is not possible. If a person should fail to comply with the provisions set out in clause 8(5) & (7) the Council or its authorised representative may
- (3) By written notice require such person to restore access at his/her own expense within a specified period.
 - (a) If it is the opinion that the situation is a matter of urgency,
 - (b) without prior notice restore access and recover the cost from such person.

34. Enforcement Mechanisms

- (1) Interest can be raised as a charge on all accounts not paid by the due date.

- (2) Consumers who are in arrears with their municipal account and who have not made arrangements with the Council will have their supply of electricity and water, and other municipal services, suspended, restricted or disconnected.
- (3) *Services in respect of household consumers must be paid on/or before the 10th of a month. The consumer may be notified by means of an SMS until the 15th of a month if the account has not been paid and that the account will be suspended after 48 hours without further notice.*
- (4) *Before the supply of services is restored the outstanding municipal services account must be paid in full or an arrangement must be made with the Implementing Authority to settle the account in full. Only one (1) arrangement will be concluded between the City Council and the consumer in the settling of the arrear debt. Additional arrangements may only be made once the preceding arrangement has been paid in full*
- (5) *An Acknowledgement of Debt and consent to judgement must be completed with the arrangement that was concluded with the City Council for the paying off of arrear debts. Copies will be handed to the client on request.*
- (6) *By mutual agreement between the City Council and the consumer, debit orders can be completed for the monthly payment on all amounts that are owed to the City Council. If the arrangement (first arrangement) is dishonoured, the full balance will immediately become payable. The City Council will not conclude any further arrangements with the consumer concerned on the account.*
- (7) *No interest will be charged on the arrear amount of such an arrangement, provided that the consumer honours the arrangement, and the arrears are repaid in full within the agreed time frame.*
- (8) Upon the liquidation of arrears, or the conclusion of acceptable arrangements for term payment, the service will be reconnected as soon as conveniently possible.
- (9) The cost of the warning late payment fee, restriction or disconnection, and the reconnection, will be determined by tariffs approved by Council and will be payable by the consumer.
- (10) The deposit of any defaulter will be adjusted and brought into line with relevant policies of Council according to section 33(2) of this policy

35. Theft and Fraud

- (1) Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, the reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft of and damage to Council property, will be prosecuted.

- (2) The Municipal Manager will immediately terminate the supply of services to a consumer should such conduct as outlined above, be detected *and a fine issued according to the Electrical Departments tariffs.*
- (3) The total bill owing, including interest and collection fees, assessment of unauthorised consumption, discontinuation and reconnection fees, and increased deposits as determined by the Municipal Manager, if applicable, will be due and payable before any reconnection can be sanctioned.
- (4) The Municipal Manager will maintain monitoring systems in order to identify consumers who are undertaking such illegal actions.
- (5) Council reserves the right to lay criminal charges and/or to take any other legal action against both vandals and thieves.
- (6) Council will reward “whistle blowers” who report the tampering of meters and reconnection of disconnected / restricted meters as follows:
 - (a) A reward of R500 in respect of electricity installations will be paid where the culprit has been issued with a fine and paid it.
 - (b) A reward of R500 in respect of water installations will be paid where the culprit has been issued with a fine and paid it.
 - (c) The community must be informed of such rewards by means of notices in the media and at all pay points and other notice boards of Council.

36. Consumer screening and securities

- (1) All applicants for municipal services may be checked for creditworthiness including banking details and information from credit bureaus, other local authorities, trade creditors, and employers.
- (2) Deposits will be required, and may vary according to the risk. A minimum deposit will be payable equal to twice the average monthly consumption of the past 3 months with / or a minimum amount as determined annually according to the tariff schedule from time to time.
- (3) At the discretion of the municipal manager or representative, deposits can be increased to a maximum of three months average consumption when the account falls into arrears after the current deposit has been confiscated to cover the outstanding debt
- (4) Deposits can vary according to the credit-worthiness or service or user category of the applicant.
- (5) *New consumer deposits for business and industrial consumers may be reassessed three (3) months after the initial deposit date.*

- (6) In cases where financial constraints are experienced with the payment of deposits for houses and flats, the situation be revisited to accommodate for the making of arrangements to pay the deposit in two or three equal instalments.
- (7) The Council does not pay any interest on consumer deposits.
- (8) On the termination of the agreement the amount of the deposit, less any outstanding amount due to the Council, will be refunded to the consumer.

37. Persons and Business who Tender to the Council

The Procurement Policy and Tender Conditions of the Council will include the following:

- (1) When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderers obtain from the Council a certificate stating that all relevant municipal accounts owing by the tenderers and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears.
- (2) No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during the contract period.
- (3) A condition allowing the Council to deduct any moneys owing to the Council from contract payments.

38. Debt Collection

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

- 2. Criteria for irrecoverable debt

Debt will only be considered as irrecoverable if it complies with the criteria as stipulated in the Irrecoverable Bad Debt Policy:

- 3. Notwithstanding the above, the Council or its authorised officials will be under no obligation to write-off any particular debt and will always retain the sole discretion to do so.
- 4. Any debt under the amount of R500.00 which is dealt with in point 2 above, which is older than 90 days and is irrecoverable, may be written off by the Chief Financial Officer or by his/her delegated officials without any submission to Council

5. The municipality shall be entitled to reverse any amount written off as a bad debt where it is later found that an account holder has misrepresented (whether intentional or negligent) any information whatsoever in order to motivate such write-off of debt.
6. The municipality shall be entitled to effect the write back immediately against the account holder's municipal account upon noting the fraud or misrepresentation.
7. The municipality may write back any amount previously written off on behalf of an account holder if the account holder at any time has a credit balance reflected against any of his/her municipal accounts and requests a refund from the municipality for such credit balance. The write back principle will apply to all other account holders, including indigent account holders.

39. Personal contact

Telephonic contact, agents calling on clients:

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

40. Legal Process / Use of Attorneys / Use of Credit Bureaus / Debt Collectors

- (1) The Municipal Manager may, when a debtor is in arrears, commence legal process against that debtor, which process could involve warnings, final demands, disconnections, restrictions, summonses, judgements, garnishee orders and as a last resort sale in execution of property.
- (2) The Municipal Manager will exercise strict control over this process, to ensure accuracy and legality within it, and will require regular reports on progress from outside parties, be they attorneys or any other collection agents appointed by Council.
- (3) The Council will establish procedures and codes of conduct where external service providers have been appointed to collect outstanding debtors.
- (4) Garnishee orders, in the case of employed debtors, are preferred to sales in execution, but both are part of Council's system of debt collection procedures.

- (5) All steps in the customer care and credit control procedure will be recorded for Council's records and for the information of the debtor.
- (6) Individual debtor accounts are protected and are not the subject of public information. However Council may release debtor information to credit bureaus.
- (7) The Council may consider the cost effectiveness of the legal process and will receive reports on relevant matters.
- (8) The Council may consider the use of agents as service providers and innovative debt collection methods and products. Cost effectiveness, the willingness of agents to work under appropriate codes of conduct and the success of such agents and products will be part of the agreement Council might conclude with such agents or service providers; and will be closely monitored by Council
- (9) Appropriate measures will be taken to inform consumers what the responsibilities of service providers will be regarding Customer Care, Credit Control and Debt Collection.
- (10) Once a consumer has been handed over for collection of his/her arrear account, arrangements or extension of time for payment, must be made directly with the appointed attorneys or any other collection agents.

41. Rates clearance

On the sale of any property in the municipal jurisdiction, Council will withhold the transfer until all rates and service charges in connections with a property are paid by withholding a rates clearance certificate.

- (1) In the case of Rates Clearance Application, the applications will be processed within ten working days or earlier.
- (2) Clearance certificates will be issued within 10 working days after required monies have been receipted.
- (3) The transfer of ownership will be done within 8 weeks from date of registration depending the period the Deeds office takes to update the registration on their information.
- (4) Valuation Certificates will be issued immediately on the receipt of the fee charged.
- (5) Should any other costs arise due to an error on Councils side, Council is entitled to recover the costs if the debt has not prescribed.
- (6) The Information and addresses of the purchaser provided on the revenue clearance certificate shall be used as details of the new owner/ purchaser for the purposes of billing for rates, services, and consolidated accounts, until same is changed by the purchaser.

Council will not be held liable or responsible for accounts being delivered to the wrong address. It is the owners obligation to ensure that the correct postal address OR email is supplied

42. Cost of Collection

All costs of legal process's, including interest, service discontinuation costs, debt collection and costs associated with customer care or credit control, wherever applicable, are for the account of the debtor or unless otherwise specified.

43. The Pre-Payment Meter System

The Council will use its pre-payment system to:

- (1) link the provision of electricity by the Council to a "pre-payment" system comprising, first, a pre-payment of electricity kWh and;
- (2) liaise and recover payments in respect of arrear municipal taxes and other municipal levies, tariffs and duties in respect of services such as water, refuse removal, sanitation and sewage.
- (3) to enforce satisfactory recovery of arrears by implementing a percentage payment ratio: which will mean that a 70% percentage of a payment will be allocated towards arrears and a 30% percentage will be allowed for electricity.
- (4) the implementation of clause 6 of this paragraph does not exempt the consumer from normal credit control procedures if he/she falls behind with his / her current charges.
- (5) a consumer can convert from a conventional electricity meter to a prepaid installation at a cost (which includes the pre-paid meter and installation costs) as determined by Council, as well as credit in respect of the used meter in cash. Alternatively, the consumer can repay the cost, interest free, in equal instalments over a period of **three (3)** months to the Council. In the event of the amount not being paid within the **three** months, further electricity coupons will not be issued to the relevant consumer.
- (6) The installation of pre-paid meters, with the written permission of the owner, is encouraged but those debtors, whose electricity supply has been disconnected three times for non-payment, will be compelled to install a pre-paid meter before the supply is reconnected. All energy dispensers are installed at the owner or tenant's expense.

- (7) Council can also implement a blocking system whereby consumers who are in arrears will not be able to purchase prepaid electricity until the arrears has been paid in full or arrangements made to pay off the arrears in terms of this policy

44. Abandonment of Claims

- (a) The Municipal Manager must ensure that all avenues are utilised to collect the Council's debt from arrear debtors.
- (b) Circumstances whereby a municipal Council may validate the termination of debt collection procedures as contemplated in section 109(2) of the Act, are as follows:
1. The insolvency of the debtor, whose estate has insufficient funds.
 2. A balance being too small to recover, for economic reasons considering the cost of recovery.
 3. Where a consumer or groups of consumers are unable to pay for services rendered.
- (c) The Municipal Manager must maintain audit trails in such instances; document the reasons for the abandonment of the actions or claims in respect of debts.

45. Code of Conduct

1. All municipal officials shall 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 in accordance with the Promotion of Access to Information Act No.2 of 2000.
2. All councillors and officials shall conduct themselves according to the "Codes of Conduct" for councillors and municipal staff members as contained in Schedule 1& 2 of the Municipal Systems Act 32 of 2000

46. RESPONSIBILITY FOR AMOUNTS DUE

- 1) In terms of Section 118 (3) of the Act an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property.
- 2) Accordingly, all such Municipal debts shall be payable by the owner of such property without prejudice to any claim which the Municipality may have against any other person.
- 3) The Municipality reserves the right to cancel a contract with the customer in default and register the owner only for services on the property.

- 4) No new services will be permitted on a property until debts on the property are paid, or suitable arrangements made to pay such debts.
- 5) Where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to be absolved, for all Municipal debts charged on the property.
- 6) Except for property rates, owners shall be held jointly and severally liable, the one paying the other to be absolved, with their tenants who are registered as customers, for debts on their property.
- 7) Refuse removal shall form part of the property debt, payable by the owner of the property.
- 8) Directors of Companies, members of Close Corporations and Trustees of Trusts shall sign personal surety ships with the Municipality when opening service accounts. If they are unable to sign the personal surety then a deposit equivalent to twice the usual deposit shall apply.
- 9) For so long as a tenant or an occupier occupies a property in respect of which arrears are owing, or an agent acts for an owner in respect of whose property arrears are owing, then the Municipality may recover from such tenant, occupier or agent such moneys as are owing by the tenant, occupier or agent to the owner, as payment of the arrears owing by such owner.
- 10) The Municipality may recover the amount in whole or in part despite any contractual obligation to the contrary on the tenant/occupier/agent.
- 11) The amount the Municipality may recover from the tenant, occupier or agent is limited to the amount of the rent or other money due and payable, but not yet paid by the tenant, occupier or agent.
- 12) Should the tenant, occupier and/or agent refuse to pay as above, to the Municipality, the services of the tenant, occupier and /or agent may be disconnected.
- 13) Should any dispute arise as to the *specified* amount owing, the customer shall pay all amounts which are not subject to the dispute.
- 14) Pre-paid meters shall not be installed until all outstanding debt has been paid in full, subject to clause hereto.
- 15) The owner of the property will be held liable for any tampering with the electricity metering equipment or the water metering equipment on the property by the owner or tenants, as well as charges that arise therefrom that might occur If a meter was found to be registering incorrectly or tampered with, **corrections will be done for a period not exceeding 12 months retrospectively based on a three months average consumption.**

47. **QUERIES, VERIFICATIONS, OBJECTIONS OR DISPUTES**

(1) **QUERY OR VERIFY**

- a. Should the debtor not agree with an account, a written query must be lodged.
- b. Where a tenant wishes to apply for a special reading, a permission letter from the owner must be attached.

- 1.1 In this sub-item to query or verify an account refers to the instance when a debtor queries any specific amount or any content contained in any account as rendered by the City of Matlosana to that personas per the process contained herein;
- 1.2 any query can be raised orally in person at the enquiry specialists, Finance office of the City of Matlosana or by way of correspondence;
- 1.3 when a debtor queries an account such debtor must furnish full personal particulars including any acceptable means of identification, all account numbers held with the COM, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the COM;
- 1.4 a debtor may be represented by a duly appointed nominee or agent; and (i) such nominee or agent shall, upon request, produce sufficient proof of such appointment;
- 1.5 all queries shall be acknowledged and dealt with as promptly and efficiently as possible by the COM; and
 - (i) where required an outcome shall be conveyed to the debtor; and
 - (ii) where an account query has arisen, the amount queried shall not be subject to debt collection by the City until the query has been resolved and the outcome has been communicated to all parties, where relevant;
- 1.6 the City Manager may suspend any debt collection action, pending the outcome of any query;
- 1.7 notwithstanding any query on any account the account must still be paid, in terms of the provisions contained in this policy, once any queries have been resolved, where relevant; or
 - (i) subject to any other legislation, payment must be based on the normal average of past accounts rendered until the query is resolved by the City Manager; and
 - (ii) that portion of the account which is not subject to the query must still be paid; and
- 1.8 should a debtor not be satisfied with the outcome of the query, a debtor may lodge an objection

- 1.9 the onus will be on the debtor to ensure that a written acknowledgement of receipt is received for any correspondence lodged with the Municipality; and
- 1.10 the onus will be on the debtor to ensure that a suitable response to any query is received.

(2) OBJECTION

- 2.1 Should the debtor not agree with the outcomes of the query/verification, a written objection must be lodged. (Note that a query/verification must be lodged first)
- 2.2 In this sub-item an "objection" refers to the instance when a debtor disputes any specific amount claimed by the Municipality from that person.
- 2.3 Where an objection has been lodged, sub-item (2) of section 102 (2) of the Systems Act will apply.
- 2.4 Where a tenant wish to apply for a special reading, a permission letter from the owner must be attached.
- 2.5 when a debtor objects to an account, such debtor must furnish full personal particulars including any acceptable means of identification, all account numbers held with the COM, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the COM;
- 2.6 a debtor may be represented by a duly appointed nominee or agent; and (i) such nominee or agent shall, upon request, produce a letter of authority;
- i all objections shall be acknowledged and dealt with as promptly and efficiently as possible by the COM; and where required an outcome shall be conveyed to the debtor; and
 - ii where an objection has been lodged, the amount objected to shall not be subject to debt collection by the City until the objection has been resolved and the outcome has been communicated to all parties, where relevant;
- 2.7 the City Manager may suspend any debt collection action, pending the outcome of any objection;
- (i) notwithstanding any objection on any account the account must still be paid, in terms of the provisions contained in this policy, once any objection have been resolved, where relevant; or subject to any other legislation, payment must be based on the normal average of past accounts rendered until the objection is resolved by the City Manager; and
 - (ii) that portion of the account which is not subject to the objection must still be paid; and
- 2.8 should a debtor not be satisfied with the outcome of the objection, a debtor may refer a 'dispute'.
- 2.9 the onus will be on the debtor to ensure that a written acknowledgement of receipt is received for any correspondence lodged with the Municipality; and
- the onus will be on the debtor to ensure that a suitable response to any objection is received

(2) Dispute

2.1 Should the debtor not agree with the outcomes of the objection, a dispute may be referred.
(Note that a query/verification & objection should be lodged first)

2.2 In this sub-item a "dispute" refers to the instance when a debtor disputes any specific amount claimed by the Municipality from that person.

2.3 where the dispute process has been implemented in terms of sub-item (2), section 102 (2) of the Systems Act will be applicable;

2.4 Council will immediately address the contents of the dispute letter, and our refrain to do so should not be interpreted as an acknowledgement of the correctness of the contents thereof. Our rights in this regard are herewith expressly reserved.

2.5 Regarding the contents of the aforementioned the following:

- (i) The "dispute" envisaged in the [provisions of section 102(2) of the Local Government: Municipal Systems Act, Act 32 of 2000 (hereafter the "System Act") is limited to a dispute concerning a "...specific amount claimed by the municipality from that person" and the basis for the rate payer's/consumer's objection thereto. If an item is properly identified and a dispute properly raised, debt collection and credit control measures cannot be implemented in regard to that specific item because of the provisions of the sub-section.
- (ii) As such the "dispute" which the consumer is endeavouring to declare by means of their letter, is a *valid dispute*, or is not a *valid dispute* as contemplated in terms of section 102(2) of the Systems Act.

2.6. Where there is a legitimate dispute on an account the following actions are not allowed:

- i) Council is not allowed to consolidate the account with another account;
- ii) Council is not allowed to cross credit on the account;
- iii) Council is not allowed to implement any credit control measures by the meaning of: cutting, restricting on the *newly created* dispute account.
- iv) Council may however implement credit control measures by the meaning of: cutting, restricting on the main account of the consumer

2.7 A "dispute account" with a *unique* number will be created whereas the current account as mentioned above should remain up-to-date. In the event where the current account falls in arrears, section 102(1)(c) of the Systems Act and reads thus "implement any of the debt collection and credit control measures provided for in relation to any arrears on any of the accounts of such a person."

- 2.8 Upon the resolving of the “dispute account” all corrections, if any exist, will be processed and the remainder thereof fully paid. Outcome herein be communicated to the consumer as soon as possible.
- 2.9 The official dispute form is hereby attached which must be used for the lodging of disputes

DISPUTE IN TERMS OF SECTION 95(f) READ TOGETHER WITH SECTION 102(2) OF THE LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT, 2000 (ACT 32 of 2000)

Unique number: Date:
 (For Office use only)

Sections 95(f) and 102 of the Local Government: Municipal Systems Act. 2000 (Act 32 of 2000), provide as follows:

95 Customer care and management

In relation to the levying of rates and other taxes by a municipality and the charging of fees for municipal services, a Municipality must, within its financial and administrative capacity –
 (f) *Provide accessible mechanisms for those persons to **query of verify accounts and metered consumption** and appeal procedures which allow such persons to receive **prompt redress for inaccurate accounts.***

102 Accounts

(1) A 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 Chapter in relation to any arrears on any of the accounts of such a person.
 (2) Subsection (1) does not apply where there is a dispute between the municipality and a person referred to in that subsection concerning any **specific amount claimed by the municipality from that person.**

Therefore, the person referred to hereunder requests that the following dispute be registered with the City of Matlosana and that the decision be made known to the complainant within 45 working days from date that the dispute was lodged.

A. PARTICULARS OF COMPLAINANT

Account number:

Owner/Tenant:

1. Full Names:

.....

2. Physical Address:

.....

3. Postal Address:

.....

4. Telephone Numbers:

Work: _____

Home: _____

Cellular phone: _____

Other (contact number): _____

Email address: _____

The Municipality may elect any one or more of the addresses above to which it can forward its decision and if it is sent by normal mail, it will be deemed to have come to the knowledge of the complainant within 14 (fourteen) days after it has been dispatched and if sent by email, within 48 (forty-eight) hours after it was sent electronically.

The onus will be on the complainant to ensure that he/she receives a written acknowledgement of the dispute.

B. NATURE OF THE DISPUTE

The complainant must give a full description of the amount/s involved and the nature of the dispute as well as the detailed reason or reasons in support of the dispute. Any documentation and/or proof in support of the dispute/query/verification must be attached hereto. If the proof consists of a photograph, the said photograph must clearly show the date, time and meter number. If the request is for the verification of an account or meter, the complainant must state this.

DETAILED DESCRIPTION OF THE DISPUTE

Amount being disputed:

Dispute in terms of: _____

(Water, Electricity or other: please specify)

Reason/s: _____

.....

.....

.....

.....

.....

.....

.....

.....

.....

C. ACKNOWLEDGEMENT

The complainant hereby acknowledges that:

1. No dispute shall be deemed to have been lodged unless it was submitted in writing on the prescribed form. No dispute will be registered verbally whether in person or telephonically.
2. The submission of this dispute does not absolve the complainant of any commitments towards the City of Matlosana
3. No debt collection and credit control measures will be taken pertaining to the disputed amount.
4. Other levies on the account, which do not form part of the disputed amount, are still payable and are not included in the extension for payment.
5. If the complainant fails to effect payment of those levies on the account, which do not form part of the disputed amount, the City of Matlosana will have the right to implement any of its debt collection and credit control measures and may resolve in the disconnection of services.
6. In the interim, the complainant remains liable and must pay to the City of Matlosana the average of the last 3(three) months accounts pertaining to the dispute item where the history of the complaint's account is available. Where no such history is available, the complainant remains liable for the payment of an estimated amount as prescribed by the City of Matlosana, the payment for which the complainant will be liable until the matter has been resolved.
7. The City of Matlosana will provide the complainant with a written acknowledgement of receipt of the dispute and inform the complainant in writing of the outcome of the investigation within 45 working days.
8. Any adjustments to the complainant's account will be done in a reasonable time.
9. It is the complainant's responsibility to make sure that the City of Matlosana and/or an authorized representative of the Council is allowed access at all reasonable hours, to the property to read, inspect, install, or repair any meter or service connection. All meters must be clean and accessible.
10. The complainant is responsible for all costs associated with the relocation of a meter if satisfactory access is not possible and/or provided.
11. If it is found that there is no basis for the dispute then the complainant will be levied with any costs pertaining to the execution of the investigation.
12. The Council's authorized official's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in the Customer Care, Credit Control and Debt Collection Policy after the complainant is provided with the outcome of the dispute.
13. The same amount will not again be defined as a dispute and will not be reconsidered as the subject of a dispute.
14. If the complainant is not satisfied with the outcome of the dispute he/she may under protest pay the amount in dispute and redress his/her action to the court of law.

Note: The unique number mentioned above must be quoted in all correspondence with the City of Matlosana.

D. INFORMATION REGARDING DISPUTES

All information regarding disputes can be forwarded to the following officials:

Chief Financial Officer

Postal address: PO Box 99, Klerksdorp, 2570

Physical address: Mayibuye building, C/O Bram Fischer & Emily Hobhouse Street, Klerksdorp, 2570

Telephone number: (018) 487 8300, Email address: finance@klerksdorp.org

.....
Signature Complainant

Acknowledgement of receipt

.....
Name and Surname

(Please ensure that the consumer gets a copy of the dispute for reference purposes)

.....
Signature

AGREEMENT FOR MUNICIPAL SERVICES Note: Please complete in print and delete whichever is not applicable		ACCOUNT NO: <input type="text"/>		RECEIPT NO: <input type="text"/>																					
A: DECLARATION BY CONSUMER		5. FAMILY MEMBER (b)		B. APPLICATION FOR SERVICES																					
USAGE TYPE: <input type="checkbox"/> Domestic <input type="checkbox"/> Business <input type="checkbox"/> Industrial CONSUMER TYPE: <input type="checkbox"/> Individual <input type="checkbox"/> cc <input type="checkbox"/> Partner <input type="checkbox"/> (Pty) Ltd <input type="checkbox"/> Trust		Surname:		KINDLY SUPPLY																					
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Surname		Employer:		Name of Flat:																					
Full Names:		Employer Address:		Number:																					
I.D. Number:		Town:		Street Address:																					
Tel No (w): Tel.(h):		7. BUSINESS / INDUSTRIAL																							
Cell phone		Registered company/cc name:		Erf Number:																					
Email: Alt. Email		Registration no:		C: DISCONTINUATION OF SERVICES																					
2. SPOUSE		Registered Address:		Address at which service is to be discontinued																					
Surname:		Trading Name:																							
Full Names:		VAT Registration no:																							
ID Number: Cell no:		Person Responsible:																							
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3. PREVIOUS RESIDENTIAL ADDRESS		ID number:																							
Street Address:		Business Tel no:																							
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		8. POSTAL DELIVERY INFORMATION																							
Town:		Postal address:																							
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4. VEHICLE DETAILS		9. METER READINGS – For office use only		AND REFUND DEPOSIT, LESS ANY AMOUNT OWING TO:																					
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D: CONDITIONS OF AGREEMENT

Documents to be produced/submitted

- 1. Identification Document Must Be Produced
- 2. In Case Of Tenant; Copy Of Lease Agreement Or Letter From Owner Must Be Submitted
- 3. In Case Of Close Corporation:
 - (i) Ck 2 Document Submitted
 - (ii) Resolution Submitted
- 4 In Case Of Company
 - (i) Company Articles of Incorporation Submitted
 - (ii) Resolution Submitted

Definitions

The headings of the clauses in this Agreement are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this Agreement nor any clause hereof.

“Consumer” shall mean the person indicated as “applicant” on the front page of this agreement irrespective of whether he/she/it or someone else actually consumed or use the service or not.

“Council” shall mean the City of Matlosana.

“Domicilium” shall mean the chosen address where notices must be delivered.

All other words shall bear the normal meaning of such word.

Authorization

I guarantee that I am duly authorized by the Applicant to apply for the supply of this/these services and to sign the application form and this agreement. I hereby admit that I am liable, and hold myself bound to for the due and proper payment of any amounts due to the Council and which arises as a result of the supply and provision of the services by the Council, should it be found that I signed this agreement without proper authorization.

Conditions for the Supply and Provision.

- 1. The supply and provision of and payment for the service/s shall be subject to and governed by the Law of SA, By-laws of the Council and Policies adopted from time to time by the Council and which specifically govern or stand in relationship to the provision of the services.
- 2. * For purpose of this agreement I acknowledge that I/we read and understand the contents of the relevant By-laws and Policies which was made available to me by the Council on request.
- 3. That I/we was/were afforded the opportunity to read and study the paragraph 1 mentioned By-laws and Policies but expressly waived the right to do so and understand the consequences of my decision. *(delete paragraph not applicable)

Jurisdiction

Without prejudice to the rights of the Council, at its option, to institute proceedings in any other court having jurisdiction, the Council and the Consumer hereby consent in terms of Section 45 of the Magistrate Courts Act, 1944, Act 32 of 1944, to the Council taking legal action for the enforcement of any rights under or arising from this agreement in a Magistrates Court which has jurisdiction in respect of the Consumer in terms of Section 28(1) of the Magistrates Court Act,1944, notwithstanding the above will the parties have the right to approach the supreme court..

Payment for services

The Consumer undertakes to pay for services consumed before or on the date indicated on the monthly statement delivered by the Council to the Consumer at the postal address of the Consumer on the front page of this agreement.

Direct Payments

Direct payments or electronic payments can be made into the bank account of the City of Matlosana, ABSA bank, Anderson Street, Account no. 01000100176, branch code 632005. The consumer must state the account number as reference on the deposit slip, together with a breakdown of the amount be faxed to the Council at (018) 464 2318 without delay. Four (4) official business days must be allowed for processing.

Waiver

The Debtor hereby expressly renounces the benefits of the non-reason or profound cause of the existence of the debt, the cases where there is an element of bookkeeping or accounting calculation is involved, the revision of accounts, no value recorded and, if there is more than one debtor, the debtor is jointly or separately liable for the debt or the creditor obtains the right to first act against the guarantor before the main debtor is excused. I also agree to the terms as stated in clause 28(B) of the Councils Customer Care, Credit Control and Debt Collection Policy.

Domicilium

The Consumer chooses as the address where notices must be delivered, the address indicated as street address on the front page of this agreement. The Council as sender of notices chooses, Civic Centre, Bram Fischer Street Klerksdorp.

Notices

Every notice to be given by one party to the other in terms of this Agreement shall be in writing and shall be delivered by hand, or posted by prepaid registered post, in which case it shall irrefutably be deemed to have been given and such other party shall be deemed to have been informed of the contents of the notice on the fifth (5th) business day after posting.

Change of Address and or Information

The Consumer expressly undertake to inform the Council within 3 (days) after such occurrence -

- 1. Of any change of any address indicated on the front page of this agreement.
- 2. Of the change of any particulars or personal circumstances indicated on the front page of this agreement.

Discontinuation of Service

The Consumer specifically agrees to inform the Council immediately in writing when the service is no longer

	required and specifically accept responsibility for the payment of services consumed as a result of any failure to inform the Council that the service is no longer required
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