

ANNEXURE 9

CITY OF CAPE TOWN

CREDIT CONTROL AND DEBT COLLECTION POLICY

This Policy has been formulated in terms of section 96 (*b*) of the Local Government: Municipal Systems Act, 2000.

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CHAPTER 1: GENERAL

1. Definitions

(1) In this Policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned in the City of Cape Town: Credit Control and Debt Collection By-law has the same meaning, and -

“conversion of balances of old dormant accounts” means accounts carried forward from the previous municipalities which now form part of the City of Cape Town on which no further transactions, other than interest, if any, have been recorded;

“household income of housing debtor” means the total gross income of both the debtor and the debtor’s spouse or partner and a percentage of the gross income of any other occupants of the property, where applicable;

“indigent amount” means the applicable indigent subsidy as determined by the Municipality from time to time;

“non-residential debtors” means the state, owners and lessees of non-rebated properties and debtors who do not qualify for, or receive free electricity or water; in terms of Council’s tariff and rates policy, for domestic consumers;

“parked arrears” means the monies that were put on hold by some of the former municipalities which now constitute the Municipality;

“residential debtors” means debtors who may qualify for and who may receive free water or free electricity as determined by Council’s tariff and rates policy for domestic consumers; and

“sundry debt” means any debt other than rates, housing, metered services, sewerage and refuse removal; and

“water flow management system” means a system designed to manage the water consumption or needs of a residential property.

2 Object

The object of this Policy is to-

- (a) focus on all outstanding debt as raised on the debtor’s account;
- (b) provide for a common credit control and debt collection policy;

- (c) promote a culture of good payment habits amongst debtors and instil a sense of responsibility towards the payment of accounts and reducing municipal debt;
- (d) subject to the principles provided for in this Policy, use innovative, cost effective, efficient and appropriate methods to collect as much of the debt in the shortest possible time without any interference in the process.
- (e) effectively and efficiently deal with defaulters in accordance with the terms and conditions of the policy.

3. Principles

This policy supports the following principles:

- (a) Human dignity must be upheld at all times;
- (b) The policy must be implemented with equity, fairness and consistency;
- (c) Details related to the debt and the account of the debtor should be correct at all times;
- (d) Debt and arrangements to repay debt will be treated holistically, but different repayment periods or methods may be determined for different types of service, debtors or areas within the general rule that the repayment period should be in sympathy with the instalments and the affordability of the debtor be proved;
- (e) The implementation of this policy is based on sound business practices;
- (f) New applications for services will be subject to prescribed credit information and outstanding amounts may be transferred to the new account. All information furnished on the application form may be verified by the Municipality with any or all data information institutions, credit information bureaux and any financial institutions as may be deemed necessary by the Municipality in determining the applicant's credit worthiness. The Municipality reserves its rights to share bad payment behaviour as determined from time to time;
- (g) Where alternatives are available the Municipality may provide reduced levels of service to manage the debt growth;
- (h) Debtors may be referred to 3rd party debt collection agencies and may be placed on the National Credit Rating list;
- (i) If an account is not paid by the due date, one month will be allowed to elapse before interest is charged. Interest will be equivalent to a full month from this date for each month, or part thereof, that the account is overdue;
- (j) For purposes of an arrangement a debtor may be required to co-operate with any reasonable measures that might be required to reduce their level of use of consumable services to affordable levels;
- (k) The terms and conditions as contained in any prescribed form or document utilised in implementing this policy, forms part of this policy and is incorporated therein as specifically stated;
- (l) Debtors who pay their accounts by means of a credit card transaction, and where the value of the payment is R3 000,00 or more, or an amount as determined by Council when determining tariffs, will be

liable for the cost of the transaction as passed on to the Municipality by the financial institution.

4. Employer deductions

Whenever an agreement in terms of section 8, of the City of Cape Town's Credit Control and Debt Collection By-law, is concluded with an employer the Municipality may pay a commission to the employer, the amount of which will be determined from time to time.

5. Councillor and municipal staff arrears

- (a) Staff arrears will be dealt with in accordance with Schedule 2 of the Systems Act, and in terms of any procedures, method or actions referred to in this Policy. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such staff members' salary after this 3 (three) month period.
- (b) In accordance with Schedule 1, item 12A of the Systems Act, a Councillor of the Municipality may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, property rates or any other municipal taxes, levies and duties levied by the Municipality. Notwithstanding any other procedure, method or action that may be taken in terms of this Policy, the Municipality shall deduct any outstanding amount from such Councillor's remuneration after this 3 (three) month period.

6. Credit control

- (1) All new applications for the provision of a service may be subject to the payment of a deposit based on the applicant's municipal payment history with a minimum deposit as per the tariff.
- (2) Any adjustment to the basic deposit will be determined by the debtor's Municipal payment record.
- (3) The applicant may be required to undergo a full credit check in an endeavour to trace all debt inclusive of municipal debt owed by the applicant. This will require the provision of, inter alia, acceptable means of identification and if applicable, binding lease agreement, title deed and other supporting document as required by the Municipality from time to time. The relevant application form as approved by the Municipality from time to time forms an integral part of this Policy insofar as the contents of such application form are not in conflict with any of the provisions of this Policy.

- (4) Application for services for businesses, including but not limited to, trusts, companies, close corporations, partnerships, sole proprietors and government institutions should be approved subject to the provisions of sub-item (1) above. The application must include the submission of a resolution delegating authority to the applicant and furnishing, if applicable, the business entity's registration number or Trust Reference Number (T number) with the Master of the High Court. The names, addresses and all relevant contact particulars of all the business's directors or members or trustees or proprietors or partners must be submitted with the resolution. The relevant application form as approved by the Municipality from time to time forms an integral part of this Policy insofar as the contents of such application form is not in conflict with any of the provisions of this Policy.
- (5) The Municipality shall not conduct any business activity with or provide any services to any persons who are in arrears with municipal accounts except as provided for in policy and as determined by the Municipality from time to time.

7. Disputes

- (1) In this item "dispute" refers to the instance when a debtor questions the correctness of any account rendered by the Municipality.
- (2) In order for a dispute to be registered with the Municipality, the following procedures must be followed:

By the debtor

- (a) The dispute must be submitted in writing or dictated to the official who will record it in writing and have it signed as correct. The document must then immediately be lodged with the relevant authorised official.
- (b) No dispute will be registered verbally whether in person or over the telephone.
- (c) The debtor must furnish full personal particulars including all their account numbers held with the Municipality, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the Municipality.
- (d) The full nature of the dispute must be described in the correspondence referred to above.
- (e) The onus will be on the debtor to ensure that he receives a written acknowledgement of the dispute.

By the Municipality

- (a) On receipt of the dispute the following actions are to be taken:
- (b) All disputes received are to be recorded in a register kept for that purpose. The following information should be entered into this register:

- (i) debtors account number;
 - (ii) debtors name;
 - (iii) debtors address;
 - (iv) full particulars of the dispute;
 - (v) name of the official to whom the dispute is given to investigate and resolve in accordance with the provisions contained in this Policy;
 - (vi) actions that have, or were, taken to resolve the dispute;
 - (vii) signature of the controlling official.
- (d) An authorised controlling official will keep custody of the register and conduct a daily or weekly check or follow-up on all disputes as yet unresolved.
- (e) A written acknowledgement of receipt of the dispute must be provided to the debtor.

(3) The following provisions apply to the consideration of disputes:

- (a) All disputes must be concluded by the City Manager within 30 days.
- (b) The City Manager's decision is final and will result in the immediate implementation of any debt collection and credit control measures provided for in this Policy after the debtor is provided with the outcome of the appeal.
- (c) The same debt will not again be defined as a dispute in terms of this paragraph and will not be reconsidered as the subject of a dispute.
- (d) Should a debtor not be satisfied with the outcome of the dispute, a debtor may lodge an appeal in terms of section 62 of the Systems Act.

(4) The Municipality reserves the right to declare a dispute on any account as may be deemed necessary.

8. Allocation of debt

Payment of any undisputed debt, in terms of Section 7, of the City of Cape Town's Credit Control and Debt Collection By-law, will firstly be allocated to the oldest debt first divided equally amongst all amounts outstanding progressing to the latest debt.

9. Irrecoverable debt

Criteria for irrecoverable debt

- (1) Debt will only be considered as irrecoverable if it complies with the following criteria:
- (a) all reasonable notifications and cost effective legal avenues have been exhausted to recover a specific outstanding amount; or
 - (b) if the amount to be recovered is too small to warrant further endeavours to collect it; or

- (c) the cost to recover the debt does not warrant further action, i.e. to summons in another country; or
- (d) the amount outstanding is the residue after payment of a dividend in the rand from an insolvent estate; or
- (e) a deceased estate has no liquid assets to cover the outstanding amount; or
- (f) it has been proven that the debt has prescribed; or
- (g) the debtor is untraceable or cannot be identified so as to proceed with further action; or
- (h) it is not possible to prove the debt outstanding; or
- (i) the outstanding amount is due to an irreconcilable administrative error by the Municipality; or
- (j) where water consumers that form part of the Integrated Water Leaks Repair Strategy (improved property values of less than R199 000,00 or as determined by Council from time to time) have had their water leaks repaired and for a period of six months, from the date of repair :
 - (i) pay their water & sewer bill above the free portion on or before the due date; and,
 - (ii) maintain their water consumption within affordable levels, will have all their arrears written off to bad debts; or
- (k) arrears owed by previous Administrations, amongst themselves, that now form part of the City of Cape Town ; or
- (l) expenditure incurred, in respect of internal accounts raised in the name of the City of Cape Town, in any previous financial year; or
- (m) conversion of old dormant account balances of debtors, inherited from the previous municipalities which now form part of the City of Cape Town, and where reasonable steps have been taken to recover these debts.

Authorisation

- (2) As rates are deemed to be recoverable in all instances, all requests to write-off debt in respect of rates must be presented as individual items to the official who has delegated authority to authorise such debt to be written off.
- (3) In respect of other debt, schedules indicating the debtor account number, the debtor's name, the physical address in respect of which the debt was raised, address, erf number, if applicable, amount per account category as well as a reason to write-off the amount must be compiled.

- (4) Notwithstanding the above, the Municipality or its authorised officials will be under no obligation to write-off any particular debt and will always retain sole discretion to do so.

CHAPTER 2: PROPERTY RATES AND SERVICES

10. Annual and monthly rates

- (1) The following provisions apply to annual rates and other annual levies:
 - (a) interest shall be charged on all overdue accounts;
 - (b) if the account is not paid by the due date as displayed on the account a notice shall be issued showing the total amount owed to the Municipality;
 - (c) if the account is not settled or there is no response from the debtor to make acceptable arrangements to repay the debt, summons may be issued and the legal process followed;
 - (d) in instances where the rates debt is in respect of Municipal property sold by suspensive sale agreement, the collection thereof will be dealt with in terms of the Deed of Sale, and if applicable, this Policy, or any subsequent applicable written agreement between the Municipality and the debtor;
 - (e) at any stage while the debt is outstanding, all reasonable steps shall be taken to ensure that the ultimate sanction of a sale-in-execution is avoided or taken only as a last resort. The Municipality, however, has total commitment to a sale-in-execution should the debtor fail to make use of the alternatives provided for by the Municipality from time to time. This is also applicable to all debt referred to in Chapters 2 and 4 of this Policy.
 - (f) as part of the recovery process the City Manager may bid, to a maximum of Rx (Rx could equal R10,00 or the total of the debt plus costs and include any reasonable amount for rates clearance purposes.), at a sale-in-execution and, if successful, sign all relevant documentation to acquire and take transfer of the property.
 - (g) The City Manager shall have the right to negotiate and to cancel the deed of sale, as referred to in sub-item (f) above, before transfer to the City, if such cancellation results in either the bond holder or the debtor, or both the said parties, paying in full for all debt owed to the City in connection with that property as well as all costs related thereto.
- (2) The following provisions apply to monthly rates:
 - (a) interest will be charged on all overdue accounts.
 - (b) the monthly amount payable for current annual rates will be calculated to allow the total balance of such amount to be paid in equal instalments by the end of that financial year;

- (c) should the debtor's rates arrears equal the amount of any three monthly instalments or more, the full balance of the annual rates will become due and payable and the account status should be converted from monthly to annual.

11. Services

- (1) The following provisions apply to the payment for services;
 - (a) accounts must be paid by the due date as shown on the account;
 - (b) interest will be charged on all overdue accounts;
 - (c) the debtor must be warned on the monthly account of a possible disconnection if payment is not received by the due date;
 - (d) if payment is not received or suitable payment arrangements are not made by the due date, a notice shall be hand-delivered or posted to the physical supply address warning of an imminent disconnection after 7 (seven) days from the date as stated on the notice;
 - (e) if payment is not received or suitable payment arrangements are not made by the due date as shown on the notice, the supply or supplies will be disconnected and or restricted;
 - (f) a notice shall be left at the property advising that the supply has been restricted or disconnected and warn that all electric points should be considered live and that all water outlets should be closed. The notice must also advise that the supply will only be reconnected after the amounts specified on the notice, including the reconnection fee, have been paid or an arrangement acceptable to the Municipality has been made;
 - (g) the above Notices must also warn of the consequences of unauthorised reconnection;
 - (h) all residential consumers whose water supply has been restricted will have access to a basic water supply of at least 6kl per month either by means of a restricted water flow to their property. Where the water supply has been disconnected as a result of, but not limited to, illegal reconnections and tampering, a communal water supply point within a radius of approximately 200 meters from their property will be provided;
 - (i) subject to the provisions contained in item (f), debtors may be required to pay all penalties and arrears in full before the supply is restored;
 - (j) subject to the Municipality's capacity at the time to restore such service, restricted or disconnected services will be restored within a reasonable period of time after the debtor produces proof of payment of the required amount;
 - (k) the onus shall always be on the debtor to request reconnection and to prove that the full amount on the restriction or disconnection

notice was paid or that an arrangement was entered into in terms of sub-item (f);

- (l) despite the provisions of sub-items (a) to (k), should the amount outstanding for the supply of services remain unpaid, full recovery procedures, including appropriate legal actions shall be undertaken in order to collect these monies.
- (2) The following provisions apply in the event of unauthorised reconnection of, or tampering with, water or electricity supply:
 - (a) the unauthorised reconnection of, or tampering with, a service supply is considered a criminal offence which may result in legal action being taken. Where this has occurred the water or electricity supply will be effectively disconnected;
 - (b) the full amount of arrears plus any unauthorised consumption, and any applicable tariffs, will be payable prior to reconnection. Should exceptional circumstances exist, adequate payment arrangements may be permitted at the sole discretion of the City Manager.
- (3) 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.
- (4) A minimum of 20% to a maximum of 50% of the value of units purchased for electricity shall be allocated in the first instance to electricity arrears and thereafter to any other arrears. This action will be by prior arrangement with the debtor and shall remain unchanged unless by default.
- (5) An authorised representative of, or service provider to the Municipality, shall be given access to any premises in accordance with the provisions of section 101 of the Systems Act.

12. Other debt

Sundries

- (1) Interest will be charged on all overdue accounts.
- (2) In the recovery of sundry debt, the Municipality reserves the right to utilise any legal action at its disposal as well as making use of any third party debt collectors.

- (3) Restrictions, disconnections and the termination of services may be utilised to obtain overdue payment.

Parked Arrears

- (4) Parked arrears must be included in arrangements.
- (5) Notwithstanding anything to the contrary contained in this Policy, but subject to the provisions of item 13 hereunder, parked arrears must be collected in full before transfer of the property takes place.

Dishonoured Payments: Rates and General Services

- (6) If a drawer of the cheque, debit order, EFT payment, or the customer who received value from such payment, is an existing debtor of the Municipality, the reversal and penalty fee may be debited to an account of such payer and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor. The Municipality reserves the right to refuse to accept or to cancel such further payment methods from such person, to place the matter on the National Adverse Credit Listing, or take any steps as contained in this Policy, which may include criminal charges against the offender.

Dishonoured Payments: Sundry Services

- (7) If payment tendered by way of cheque, debit order or EFT payment is not from an existing debtor of the Municipality, then a *sundry* debtor account is opened and a debit and penalty is raised. Once the account is submitted and the debtor fails to honour the cheque, debit order or EFT payment, and pay the penalty within 14 (fourteen) days of receipt, a final demand is generated and submitted. If there is still no response, then the matter shall be handed over for placement on the National Adverse Credit Listing, or take any steps as contained in this Policy which may include criminal charges against the offender.
- (8) If a drawer of the cheque, debit order or EFT payment, or the customer who received value from such payment method, is an existing debtor of the Municipality, the reversal and penalty fee may be debited to an account of the drawer or beneficiary and a letter of notification must be sent to the debtor. Such fee shall be deemed to be a tariff charge and shall be recovered from the debtor. The Municipality reserves the right to refuse to accept further cheques, debit order or EFT payment from such payer and or beneficiary and may take any steps as contained in this Policy which may include criminal charges against the offender.

Property Management Leases

- (9) The procedure for the recovery of arrears on leases is that the Municipality would pursue the debt, in accordance with the terms of the specific lease contract, and any policy related thereto, as determined by the Municipality from time to time, until all avenues are exhausted.
- (10) The Municipality may attach the rental or any other payments due to debtors who are in arrears with their Municipal accounts.

13. Arrangements

Principles for Residential Debtors

- (1) Current charges must be paid in full.
- (2) The debtor may be required to prove levels of income and must agree to a monthly payment towards arrears based on his ability to pay or based on his total liquidity if the Municipality so requires.
- (3) All negotiations with the debtor should strive to result in an agreement that is in the interests of both parties and is sustainable.
- (4) Interest will be charged on arrears.
- (5) Interest on arrears in respect of all services and rates may be suspended whilst the debtor adheres to the conditions of the arrangement.
- (6) Debtors who default on three occasions in respect of arrangements made will be denied the privilege of making further arrangements and the full amount becomes payable. Interest will be calculated from the original due date of the debt taking any payments into consideration. This excludes housing debtors as referred to in item 8.
- (7) All arrangements should be subject to a six monthly review.
- (8) All services may be restricted or disconnected and legal action may be taken against debtors referred to in sub-item (6) and such debt may be referred to third party debt collectors, for recovery.

Arrangement Criteria for Residential Debtors

- (9) In cases where residential debtors wish to make arrangements to liquidate their arrears, the following payment criteria, inter alia, will apply:
 - (a) current account; and

- (b) an agreed payment towards arrears based on the principles contained in this Policy and sub-items (2) and (3) with a minimum payment as per the “Minimum Payment Schedule” as adjusted by the Municipality from time to time.
- (10) Each following month the debtor will be required to pay:
 - (a) current account; and
 - (b) an instalment as determined in sub-item (9)(b) above.
- (11) Should the debtor default, payments will be as follows:
 - (a) first default: current account and the monthly payment as determined in sub-item (9)(b) above increased by 50% of that payment;
 - (b) second default: current account and double the monthly payment as determined in sub-item (9)(b) above;
 - (c) final default: current account and full arrears.
- (12) In all cases failure to respond to notices will result in normal credit control procedures and all debt collection processes as provided for in this Policy may be taken.

Principles for Non-residential Debtors

- (13) In cases where non-residential debtors wish to make arrangements to liquidate their arrears, the following criteria, inter alia, will apply-
- (a) debtors will be required to furnish the Municipality with their latest audited financial statements and other supporting documentation relevant to their financial position in order to negotiate a settlement arrangement acceptable to the Municipality;
 - (b) all negotiations with debtors should strive to result in an agreement that is in the Municipality's best interests and is sustainable;
 - (c) interest will be charged on arrears at an interest rate that shall be determined by Council from time to time;
 - (d) interest on arrears in respect of all services and rates may be suspended whilst the debtor adheres to the conditions of the arrangement, provided that this arrangement is for a period not exceeding 6 (six) months;
 - (e) all arrangements should be subject to periodic review;
 - (f) the final decision to make these arrangements will rest with the City Manager.

Arrangement Criteria for Non-residential debtors

- (14) If the non-residential debtor wishes to make an arrangement for a period longer than 6 (six) months, interest will be charged on any outstanding amount and such arrangement will be subject to approval of the official as delegated in terms of sub-item (13)(f).
- (15) Should the debtor default on any arrangement, all services and any agreements may be restricted, disconnected or terminated and legal action may be taken and such debt may be referred to a third party for recovery. Interest will be calculated from the original due date of the debt taking any payments into consideration.

Special Conditions Regarding Arrangements

- (16) Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118, of the Systems Act, will not be issued until such time as the full outstanding amount is paid.
- (17) The conditions contained in the Municipality's arrangement document, as amended from time to time, will be deemed to form part of the arrangement criteria contained in this Policy.

- (18) Should the current account be higher than normal, due to, but not limited to, under-estimations and faulty meters, previous accounts rendered may be taken into consideration, when determining an amount to pay in order to enter into an arrangement.
- (19) Notwithstanding sub item (9)(a) above, the City Manager may determine any lesser amount and that interest, disconnection and reconnection charges, be excluded from the first upfront amount to be paid, when entering into an arrangement.
- (20) All debtors entering into arrangements shall provide their banking details, and those who have the facility to sign a debit order with their financial institutions shall do so.

14. City Improvement Districts

- (1) Any improvement levy for a district will be determined within the applicable agreement.
- (2) The levy will be added to the monthly municipal account and must be paid by the due date to avoid interest being charged.
- (3) The levy payment will be subject to the debt management procedures as described in this Policy.
- (4) Interest will be charged on all overdue accounts.

CHAPTER 3: HOUSING

15. General principles

- (1) Interest may be charged on all overdue accounts at an interest rate that shall be determined by Council from time to time.
- (2) Interest charges on arrears will be frozen subject to the rescheduled debt arrangement being honoured.
- (3) A debt rescheduling arrangement requires the payment of the current monthly charges plus a mutually agreed amount towards the arrears each month.
- (4) If a debt arrangement is not honoured, the debt collection process or legal action will resume from where it was suspended and not restart at the beginning of the debt management process.
- (5) The Ward Councillors will be reasonably sent notification of defaulting debtors following the issuing of the letter of demand and when judgement is granted against the occupant.
- (6) Home visits will be undertaken by officials or representatives on behalf of the Municipality following the issue of the letter of demand to the debtor and again after summons has been served.. After two recorded unsuccessful attempts by housing officials or representatives, house visits will be deemed to have been completed. The visiting official or representative will make every effort to encourage the defaulting debtor to pay their current account and enter into an arrangement for arrears. Where a homeownership purchaser is not in occupation of the property it is not incumbent on the Municipality to perform home visits.
- (7) The City Manager may recover the following costs in instances where such costs are incurred by or on behalf of the Municipality,
 - (a) cost and administration fees where payments, made to the Municipality by negotiable instruments, are dishonoured by banks when presented for payment;
 - (b) legal and administration costs, including attorney and client costs, and tracing fees incurred in the recovery of debts;
 - (c) any collection commission.

- (8) The following minimum payments are required from the debtor prior to stopping the legal process:

Following the service of a summons.....1 X total monthly housing charge

Where judgement has been granted.....2 X total monthly housing charge

On day of eviction..... 3 X total monthly housing charge

In each case the payment required will be limited to the lesser of the outstanding balance or the amount calculated above.

- (9) If the debtor defaults on an arrangement which was made on the day of eviction, a re-issued warrant of ejection will be obtained and the subsequent eviction process can only be stopped if 12 x the total monthly housing charge plus legal costs are paid.
- (10) Items 11, 12 and 13 found in Chapter 2 do not relate to housing under this chapter.

16. Collection process: Rental Schemes

- (1) Rental is payable in advance by the due date.
- (2) If payment is not received, a first contact letter requesting payment and offering the debtor an opportunity to make an arrangement within 30 (thirty) days, from the date of the letter, is sent to the defaulting debtor.
- (3) If no response to the first contact letter, a letter of demand is sent, allowing the defaulter 30 (thirty) days, from the date of the letter, a further opportunity to make an arrangement.
- (4) If the debtor fails to respond to this letter of demand, within 30 (thirty) days, the debtor will, within the next 30 (thirty) days, receive a house visit.
- (5) Failure to respond after the house visit, will result in legal proceedings.
- (6) The legal collection process will start with a letter demanding payment within a stipulated period.
- (7) If the debtor fails to respond within the allowed time, summons will be issued, followed by a house visit, if no response to the summons, followed by default judgement and ultimately, the sanction of eviction.

17. Collection process: Home-ownership Schemes

- (1) Instalments and other housing charges are payable by the due date.
- (2) If payment is not received, a first contact letter requesting payment and offering the debtor an opportunity to make an arrangement within 30 (thirty) days from the date of the letter, is sent to the defaulting debtor.
- (3) If no response to the first contact letter, a letter of demand is sent, allowing the defaulter 30 (thirty) days, from the date of the letter, a further opportunity to make an arrangement.
- (4) If the debtor fails to respond to this letter of demand within 30 (thirty) days, the debtor will, within the next 30 (thirty) days, receive a house visit.
- (5) Failure to respond after the house visit will be followed by legal proceedings.
- (6) The legal collection process will start with a letter demanding payment within a stipulated period.
- (7) If the debtor fails to respond within the allowed time, summons will be issued, followed by a house visit if no response to the summons, followed by default judgment and ultimately, the sanction of eviction.
- (8) If the amount due on the day of eviction is not paid, repossession of the property will take place and immovable property sold.

18 Arrangement agreement on arrear debt shall be as determined by the Municipality from time to time.

19 Indigent Relief (Rent and Homeownership Schemes) shall be as determined by the Municipality from time to time.

CHAPTER 4: REGIONAL SERVICES LEVY

20. Interpretation

In this item unless inconsistent with the context:

“**Act**” means the *Regional Services Council Act No 109 of 1985* including any regulation made under the Act and any notice published under the Act by the Minister of Finance in the gazette;

“**due date**” means the twentieth day of the calendar month after the month during which any regional services levy or regional establishment levy becomes due in terms of the Act.

“**levy payer**” means any person who is liable for the payment of a regional services levy or regional establishment levy.

“**SARS**” means the South African Revenue Services.

21. Collection and credit control

- (1) The Municipality shall levy and claim from every levy payer a regional services levy and a regional establishment levy, as the case may be, in accordance with the Act.
- (2) Interest will be charged on all overdue accounts at the rate determined by the Act as being the same rate as the rate determined from time to time for the purposes of paragraph (b) of the definition of ‘prescribed rate’ in terms of Section 1, of the Income Tax Act, No. 58 of 1962.
- (3) Payments will be allocated per assessment period in the following sequence:
 - (a) legal costs incurred;
 - (b) penalties;
 - (c) interest levied;
 - (d) establishment levies; and
 - (e) services levies.
- (4) The City Manager may take the following steps to collect amounts still outstanding after the due date;
 - (a) if a declaration for an assessment period remains outstanding after Due Date, a Notice will be sent to the defaulting levy payer within a period of 30 (thirty) days;
 - (b) should an assessment period remain outstanding 30 (thirty) days after the due date of the Notice, the following appropriate action may be taken against the defaulting levy payer;

- (c) the City Manager may make use of a third party for the collection of the arrears debt; and
- (d) the City Manager may request South African Revenue Services to make an assessment; and
- (e) summons may be issued and the legal process followed; and
- (f) criminal charges may be filed against levy payers not submitting declarations.

CHAPTER 5: INDIGENT RELIEF FOR RESIDENTIAL PROPERTIES

22. Tariff Structure

The tariff structure for rates and services are designed to enable those consumers who meet the criteria as defined in the tariffs to obtain free basic services and those properties, which are below a specified value, to be rates free.

23. Excess consumption

Any consumer who uses in excess of the free allocation of services, will be charged for those services in accordance with the tariff and will be subject to standard debt management procedures if this amount is not paid in accordance with this Policy.

24. Arrears

Notwithstanding the above and irrespective of whether consumers receive a current account for rates and services, consumers who are in arrears are still required to make an arrangement with the Municipality to pay off their arrears in accordance with the principles and conditions contained in this Policy.

25. Registration criteria

In order to qualify, an applicant must satisfy the following criteria:

- (a) the usage of the property must be predominantly private residential;
- (b) the applicant must be the registered owner of the property;
- (c) the total household income of the property may not exceed double that of the State pension as determined annually in the National Budget; and
- (d) the applicant may not be the registered owner of more than one property; and
- (e) Council may determine the criteria as mentioned in sub-items (a) to (d) from time to time.

26. Indigent relief: Property rates

- (1) All improved properties that have a municipal valuation of R88 000,00 or less will be exempt from paying property rates. These properties, therefore, qualify for a 100% rebate of rates.

- (2) All improved properties that have a municipal valuation of R199 000 or less, including those properties referred to in item 22, will receive an indigent grant of R30,00 towards the payment of their rates and services account. Improved properties valued from R88 000,01 to R199 000 will receive the residential rebate for rates as determined by Council in the annual budget. Residents who meet the criteria as described in item 25 and whose improved properties are valued at more than R199 000 will also receive an indigent grant of R30,00 towards the payment of their rates and services account.
- (3) The R30,00 referred to in sub-item (2) above, may not be converted to cash nor may it be refunded in terms of the Municipality's refund procedures.
- (4) All property owners who qualify in terms of item 25, will receive the same rates rebate benefits as approved by Council for senior citizens and disabled persons, at the equivalent total household income level.
- (5) Subject to sub-item 25(d), all improved properties with a valuation of R88 000 or less will be considered as indigent, unless proven differently.
- (6) All amounts mentioned in sub-items (1) to (5) shall be as determined by Council from time to time.

27. Indigent relief: Water

- (1) Residential consumers may receive their first 6kl, or as determined by Council from time to time, of consumption on a zero-based tariff. In addition to this, residential consumers who qualify in terms of sub-item 26(2), will receive an indigent grant.
- (2) The City Manager may grant authority that a water flow management system be inserted in properties qualifying for indigent relief so as to reduce consumption to affordable levels.
- (3) This restriction can be either, by request from the consumer, or on insistence by the Municipality, in those cases where consumption is not kept to within affordable levels.

28. Indigent relief: Electricity

- (1) Residential Consumers who purchase less than 400kWh in total per month on average will receive the first 50kWh, bringing the total electricity provided to a maximum of 450 kWh per month, on a zero-based tariff, or as determined by Council from time to time. Should the

electricity purchased exceed 400 kWh per month, then the free electricity portion will no longer be made available to the household. NOTE: The electricity purchased of 400 kWh per month is an average measured over the twelve months up to June of the completed financial year.

- (2) The City Manager may grant authority that prepaid meters be installed in those properties qualifying for indigent relief so that the debtor cannot consumer electricity beyond such debtor's means.

29 Indigent relief: Solid waste

- (1) All residential debtors whose, properties are below a municipal valuation, as determined by Council from time to time, will receive a rebate in respect of refuse removal and solid waste.
- (2) All informal residential debtors will receive a free basic refuse removal service.

30. Debt management actions

- (1) Subject to sub-item (3) and (4) no disconnections and or legal action will be instituted against any debtor, who has registered for and been accepted as an indigent for a period of twelve months.
- (2) The status of debtors classified as indigents must be reviewed annually so as to determine whether such debtor will continue to be so classified for the next twelve months.
- (3) It is a requirement of this Policy that should the personal circumstances of a debtor improve to such an extent that such debtor no longer qualifies as an indigent, then such person must notify the Municipality immediately of this change in order for such persons name to be removed from the indigent register.
- (4) If it is found that a debtor no longer qualifies as an indigent, and they have not informed the Municipality, then this debtor will be de-registered as an indigent, all suspended steps, as referred to in sub item (1) above, will be lifted, from the time the debtor's circumstances were found to be improved, and interest will be payable on any outstanding amounts.

31. Misrepresentation

Debtors found to have misrepresented themselves with the qualifying criteria in order to benefit from the Municipality's indigent relief will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Municipality from time to time, and all benefits that have been received, in terms of the indigent relief, will be reversed.

Minimum Payment Schedule

Income	Payment	Income	Payment	Income	Payment	Income	Payment
0	10.00	3300.00	33.00	5700.00	57.00	8100.00	81.00
1000.00	10.00	3400.00	34.00	5800.00	58.00	8200.00	82.00
1100.00	11.00	3500.00	35.00	5900.00	59.00	8300.00	83.00
1200.00	12.00	3600.00	36.00	6000.00	60.00	8400.00	84.00
1300.00	13.00	3700.00	37.00	6100.00	61.00	8500.00	85.00
1400.00	14.00	3800.00	38.00	6200.00	62.00	8600.00	86.00
1500.00	15.00	3900.00	39.00	6300.00	63.00	8700.00	87.00
1600.00	16.00	4000.00	40.00	6400.00	64.00	8800.00	88.00
1700.00	17.00	4100.00	41.00	6500.00	65.00	8900.00	89.00
1800.00	18.00	4200.00	42.00	6600.00	66.00	9000.00	90.00
1900.00	19.00	4300.00	43.00	6700.00	67.00	9100.00	91.00
2000.00	20.00	4400.00	44.00	6800.00	68.00	9200.00	92.00
2100.00	21.00	4500.00	45.00	6900.00	69.00	9300.00	93.00
2200.00	22.00	4600.00	46.00	7000.00	70.00	9400.00	94.00
2300.00	23.00	4700.00	47.00	7100.00	71.00	9500.00	95.00
2400.00	24.00	4800.00	48.00	7200.00	72.00	9600.00	96.00
2500.00	25.00	4900.00	49.00	7300.00	73.00	9700.00	97.00
2600.00	26.00	5000.00	50.00	7400.00	74.00	9800.00	98.00
2700.00	27.00	5100.00	51.00	7500.00	75.00	9900.00	99.00
2800.00	28.00	5200.00	52.00	7600.00	76.00	10000.00	100.00
2900.00	29.00	5300.00	53.00	7700.00	77.00		
3000.00	30.00	5400.00	54.00	7800.00	78.00		
3100.00	31.00	5500.00	55.00	7900.00	79.00		
3200.00	32.00	5600.00	56.00	8000.00	80.00		

NOTES TO THE PAYMENT TABLE:

1. Debtors must never feel that they have lost control of their account.
2. The most financially strongest arrangement must be negotiated at all times.
3. The minimum payment required as per the above table is equal to 1% of monthly income earned and levels of income are rounded down in all cases. For example an income of R3 265,78 would be rounded down to R3 200,00 and R2 645,78 would be rounded down to R2 600,00.