



**CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD**

CITY OF CAPE TOWN

**ANNEXURE 8:
CREDIT CONTROL AND DEBT COLLECTION POLICY**

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CHAPTER 1: GENERAL

1. Definitions

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 2006, as amended, has the same meaning, and -

“240L container (wheelie bin)” means a plastic wheeled waste container with a capacity of 240L, provided for the storage of waste prior to collection by the City or private service provider for disposal or waste diversion in areas identified for containerisation, as more fully defined in the Tariff Policy as a “240 L Container (Wheelie bin)”;

“Administration of Estates Act” means the Administration of Estates Act (Act No. 66 of 1965);

“Advanced collection” means any estimated amount that will be collected as a security for any debt, inclusive of any estimated tenant debt, that may accumulate against the property for a period up to 120 (one hundred and twenty) days from the date of issuing a section 118 certificate in terms of the Municipal Systems Act (Act No. 32 of 2000);

“Backyard dwellers” means a person occupying a backyard residential unit under some type of rental agreement with the main homeowner or City tenant which may or may not include monetary payment for the right to occupy the unit, and may or may not be set out in a formal written agreement. The backyard unit is a structure constructed of any material, intended or used for human habitation, on the same residential property as a main dwelling, built according to approved plans (formal) or no approved plans (informal backyard) and is therefore not categorised as an informal settlement;

“Child-headed household” means –

- (a) a household where all the occupants of a residential property are younger than 18 (eighteen) years old; or
- (b) any as recognised in terms of section 137 (1), of the Children’s Act;

“Children’s Act” means the Children’s Act (Act No. 38 of 2005);

“City” or **“City of Cape Town”** means the City of Cape Town, a municipality established by the City of Cape Town Establishment Notice No 479 of 22 September 2000 issued in terms of the Local Government Municipal Structures Act 1998 (Act No. 117 of 1998) or any structure or employee of the City acting in terms of delegated authority;



“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;

“Credit meter” means a meter where an account is issued subsequent to the consumption of a metered service;

“Development charge” means a once-off charge imposed by the City on a developer as a condition of approval of a land development application in order to cover the cost of municipal engineering services required as a result of an intensification of land use;

“Dishonoured payment” means a payment returned by the debtor’s bank as unpaid;

“Dispute” means a dispute as referred to in section 102 (2) of the Municipal Systems Act as read with item 7 of this policy;

“Financial year” is the 12-month period between 1 July and 30 June;

“Flow limiting device” means a device capable of controlling and limiting the flow of water to a consumer;

“Habitation” means the registered party that has the right to live in another's property;

“Income” means the gross monthly household income of both the owner and spouse or partner including any party in a co-habitation relationship from all sources, including but not limited to salaries, wages, dividends, pensions, grants, rentals, board and lodging, interest received, and any investment income. This income definition is specific to this policy and does not relate to any other external definitions of income; and

- (a) grants exclude care dependency grants, foster child grants, grants-in-aid which are provided to persons receiving social grants that require fulltime carers and child support grants; and
- (b) this definition also excludes child maintenance payments and Social Relief of Distress grants;

“Indigent relief” means the applicable indigent relief as determined by Council from time to time;

“Insolvency Act” means the Insolvency Act (Act No. 24 of 1936);

“Irrecoverable debt” means debts that are considered as uncollectable and that will be written off;



“Juristic person” means a body of persons, a corporation, a partnership, or other legal entity that is recognised by law as the subject of rights and duties;

“Meter” means any device which measures any demand or quantity of either electricity energy or water passing through such meter as further defined in the Tariff Policy or any other by-law or policy of the City of Cape Town;

“Municipal Finance Management Act (MFMA)” means the Local Government: Municipal Finance Management Act 2003 (Act No. 56 of 2003);

“Municipal Systems Act” means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).

“Municipal valuation” means the property valuation on the current general valuation roll of the property as determined in terms of the Property Rates Act;

“Non-residential debtors” means any debtor who is not a residential debtor;

“Prepayment electricity meter” means a meter that can be programmed to allow the flow of a pre-purchased amount of energy in an electrical circuit;

“Problem property/building” means a property as defined in the City of Cape Town: Problem Property By-law;

“Property” means—

- (a) immovable property registered in the name of a person, and includes a unit as defined in section 1 of the Sectional Titles Act, 1986 (Act No. 95 of 1986); or
- (b) a right registered against immovable property in the name of a person;

“Property Rates Act” means the Local Government: Municipal Property Rates Act (Act No. 6 of 2004);

“Query” and **“verify”** means any query which is not defined as a dispute;

“Rate” or **“rates”** means a municipal rate as defined in section 1 of the Property Rates Act and includes any additional rates on property as envisaged in section 19 (1) (d) and section 22 of the Property Rates Act (Act No 6 of 2004);

“Rates Policy” means the City of Cape Town: Rates Policy;

“Reconnect” means connect, reconnect, reset restriction, lift restriction or restore a service supply with or without restriction as permitted in terms of this policy;



“Residential debtors” means debtors as defined in this policy who utilise property for residential purposes and who may qualify for and who may receive free water or free electricity or a rates rebate, as determined by Council from time to time;

“Residential property” means residential property as defined in the Rates Policy;

“Revenue Credit Profile Certificate” means a certificate issued by any Municipal Manager or City Manager showing the credit profile of a customer or debtor of that applicable municipality and confirming any debt owed to that applicable municipality;

“Sewerage” has the same meaning as **“sanitation”** as found in any City by-law or policy;

“Special rating areas” means special rating areas as defined in the City of Cape Town: Special Rating Areas By-law;

“Special Rating Areas By-Law” means the City of Cape Town: Special Rating Areas By-law, 2012;

“Sundry” means any sundry debt raised on a municipal account;

“Supply Chain Management Policy” means the City of Cape Town: Supply Chain Management Policy;

“Tariff Policy” means the City of Cape Town: Tariff Policy;

“Tampering” tamper with, interfere with, vandalise, or deface any meter or metering equipment or service connection or service protective device or supply mains or any other equipment of the Service Provider or illegally connect into the supply of any other consumer.

“Third party debt collector” means any person or juristic person that collects debt on behalf of the City;

“This policy” includes the City of Cape Town: Credit Control and Debt Collection By-law and any amendment thereto;

“Usufructuary” means the registered party that has the right to the use and enjoyment of another's property and its profits;

“Verify” see the definition of the word **“query”**; and



“Water excessive users” for purposes of indigent properties means properties that exceed the consumption, per month, as contained in the Tariff Policy due to continued inefficient use of water.

2. Purpose

(1) The purpose 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) 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, subject to the principles provided for in the policy; and
- (e) effectively and efficiently deal with defaulters in accordance with the terms and conditions of this policy.

3. Principles and guidelines

(1) This policy takes into account the following principles and guidelines:

- (a) Human dignity must be upheld at all times;
- (b) this policy must be implemented in accordance with the principles of equity, fairness and consistency;
- (c) every reasonable effort should be made to ensure that details related to the debt and the account of the debtor are correct at all times;
- (d) the City Manager may treat any debt, and arrangements to repay arrears 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 take into consideration the financial capacity of the debtor;
- (e) the implementation of this policy is based on sound business practices and any other applicable legislation, including but not limited to the Electronic Communications and Transactions Act No. 25 of 2002;
- (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 City with any or all data information institutions, credit information bureaus and any financial institutions as may be deemed necessary by the City in determining the applicant’s credit worthiness or for any other reason as determined by the City Manager. The City reserves its rights to share bad payment behaviour in a responsible manner with the aforesaid institutions, should it become necessary to do so, as determined from time to time;



- (g) where alternatives are available, the City may provide reduced levels of service to manage the debt growth;
- (h) debtors may be referred to a third party debt collector and may be placed on the National Credit Rating List;
- (i) If an account is not paid by the due date, at least 30 (thirty) days will be allowed to elapse before interest is charged. Where interest on unpaid accounts is raised by the City Manager, it will be based on a full month and any part of a month will thus be deemed to be a full month;
 - (i) unless specifically provided for in other agreements;
 - (ii) interest will be suspended on indigent debtors and, where relevant or viable, a prepayment electricity meter may be installed at the property until the applicable debt is written off;
 - (iii) interest will be one percent higher than the prime rate; and
 - (iv) interest will be determined by the posting date, or where relevant.
- (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 are incorporated therein as specifically stated;
- (l) the suspension of any debt management action, when interrupted for whatever reason, shall, where practical, continue from the previous action taken;
- (m) service of documents and processes may be in accordance with section 115 of Municipal Systems Act;
- (n) all legal costs, including attorney-and-own-client costs incurred in the recovery of arrears, shall be levied against the debtor's account;
- (o) where a company, closed corporation, trust in terms of the Trust Property Control Act No. 57 of 1988, home owner's association or a body corporate in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986) is indebted to the City, the liability for such arrears may, in terms of any legislation or court order, be extended to the directors, members or trustees thereof jointly and severally; and
- (p) notwithstanding anything contained in this policy, the City Manager may recover any debt incurred at a property as set out in section 118 (3) of the Municipal Systems Act, from the owner of that property; however
 - (i) Deleted
 - (ii) Deleted
 - (iii) where the City is the registered owner of a property which has been leased or occupied, the City shall not be held liable for any debt incurred by the tenant, lessee or any occupant of that property; and
 - (aa) where the lessee is not in occupation for any reason, the City may take whatever action it deems necessary to recover any debt incurred from the occupants of the property.



- (q) any reference to any rand value or measured quantity as reflected in this policy may be determined or amended by Council from time to time;
- (r) in the event of the City expropriating immovable property:
 - (i) for owners who do not co-operate with the City, the proceeds of the sale of the property, if any, will be deposited into their Municipal account;
 - (ii) for property owners who are not clients of the City or do not have a Municipal account, the proceeds of the sale, if any, will be paid into a sundry account, until such amount is claimed by such owner, successor in title, heirs or any person appointed by the Master of the High Court or in terms of any court to administer or take over the affairs of the owner;
 - (iii) no interest will be paid to such owners referred to in sub-item (1) (r) (i) and (ii) unless permitted in terms of any other legislation, policy or as determined by Council from time to time; and
 - (iv) all the proceeds will be further subject to all the conditions contained in this policy.
- (s) notwithstanding anything else contained in this policy, and in exceptional circumstances, the City Manager may –
 - (i) approve the indigent benefit even though the applicant does not meet all the registration criteria as set out in this policy;
 - (ii) approve the indigent benefit even though the property in question does not meet all criteria as set out in this policy; and
 - (iii) grant an extension of the indigent period for any beneficiary.
- (t) approve that residential properties with a municipal valuation of not more than R580 000 may be billed for refuse removal in terms of the indigent tariff and a once off write-off may be considered for refuse debt.
- (u) notwithstanding anything else contained in this policy, the City Manager may –
 - (i) approve the indigent benefit even though the beneficiary has taken occupation of the property, but the property is still registered in the name of the developer, or any sphere of government, but the applicant meets all the other registration criteria as set out in this policy. However, the beneficiary will only qualify for indigent benefits for services.
- (v) the indigent applicant, based on income, will only receive indigent benefits on one property where the applicant is the full-time occupant and not at any other property that the applicant owns unless any other property receives indigent benefits based on municipal property value.
- (w) conduct any action related to legal costs, including the settlement thereof by the City, to finalise a matter.
- (x) Exceptional circumstances permitting the City Manager to exercise the authority referred to in sub-item 3(1)(s) above will be deemed to exist in the case of indigency applications by tenants of Social Housing Institutions (SHIs) on condition that:
 - (i) the applicant(s) meet the income indigency threshold approved by Council from time to time;



- (ii) such applications are limited to the municipal services contained in this Policy; and
 - (iii) the applicant(s) apply in writing for indigent benefits to the relevant SHI.
- (y) In order for the City Manager to consider to approve any indigency benefits for SHI tenants in the circumstances outlined in 3(1)(x) above, the relevant SHI must undertake in writing to the City (whether by contract or otherwise) that it will:
 - (i) ensure that any indigency benefits approved by the City Manager will be carried forward and applied by it to the applicant's tenant account with the SHI; and
 - (ii) reasonably monitor such applicant's tenant account to avoid excessive or unlawful consumption.
- (2) Misrepresentation
 - (a) Debtors found to have misrepresented themselves in order to benefit from any of the City's relief or any benefit will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief or any benefits that have been received, will be reversed by the City Manager;
 - (b) any person who has received any benefit or relief in terms of this policy and who has misrepresented themselves in order to qualify for such benefit or relief will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all benefits or relief received, will be reversed by the City Manager; and
 - (c) the City Manager shall report any misrepresentation in terms of this policy to the South African Police Services.
- (3) The City Manager may sign all necessary supporting documents, including but not limited to instructions, affidavits, powers of attorney;
 - (a) when lodging claims for insolvency, liquidation and business rescue purpose; or
 - (b) when handing over debt to third party debt collectors; or
 - (c) for any other reason in support of these principals and guidelines and which are in line with the terms of this policy.
- (4) The City Manager may determine that any payments made to the City, at any time, including payments towards, debt, services, fines and licence fees, shall be paid for in cash, or any other acceptable method of payment;
 - (a) no cheque payments will be accepted.



- (5) Members of the community must ensure that they receive accurate and regular accounts and that the fees and charges are related to the service received.
- (6) The City Manager may sign all necessary documents or processes, including but not limited to, affidavits, declarations and any document to appoint an attorney, including an executor from the panel of third party debt collectors, for the collection of debt, owed by a deceased estate, to the City.
- (7) The City Manager may, subject to any legislation, contract with any organ of state, including any licensed service provider registered or recognised in terms of national legislation, for the provision of any service or any assistance, in terms of this By-law and Policy which may include the recovery of this City's debt via;
 - (a) any prepaid electricity services; or
 - (b) any other lawful means available.
- (8) Where a child-headed household is the applicant for indigent relief, the City Manager may refer such application to the relevant authority, in order to comply with Section 110, of the Children's Act.
- (9) Debt older than 3 financial years may be written off by the City Manager when debtors enter into payment arrangements on condition that the written off debt will be reinstated if the debtor defaults on the payment arrangement.
- (10) Anyone who concludes a rental or lease agreement with the City thereby agrees, where possible, to a debit order for payment of the rental and lease amounts due to the City.

4. Employer deductions

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

5. Councillor and municipal staff arrears

- (1) Staff arrears will be dealt with in terms of item 10 of Schedule 2 to the Municipal 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 City Manager shall deduct any outstanding amount from such staff members' salary or remuneration after the 3 (three) month period referred to in item 10 of Schedule 2 to the Municipal Systems Act, has elapsed; or



- (a) notwithstanding sub-item 5 (1) of this policy, the City Manager shall deduct any outstanding amount from such staff members' salary or remuneration after a period of not less than 2 (two) months from the due date thereof.
- (2) In accordance with Schedule 1, item 12A of the Municipal Systems Act, a Councillor of the City may not be more than 3 (three) months in arrears for municipal service fees, surcharges on fees, rates or any other municipal taxes, levies and duties levied by the City. Notwithstanding any other procedure, method or action that may be taken in terms of this policy, the City Manager shall deduct any outstanding amount from such Councillor's remuneration after the 3 (three) month period has elapsed; or
 - (a) notwithstanding sub-item 5 (2) of this policy, the City Manager shall deduct any outstanding amount from such Councillor's remuneration after a period of not more than 2 (two) months from the due date thereof.
- (3) After complying with sub-items (1) and (2), the City Manager may deduct any amount owing to the City by any Councillor or staff member from such Councillor's or staff member's remuneration or salary.
- (4) The City Manager shall deduct, by agreement, from any Councillor's or staff member's remuneration or salary any amount pertaining to arrears accrued at a property where they are residing even if they are not the property owners.
- (5) Any Councillor or staff member, who concludes an arrangement, will, thereby agree to a debit order or salary deduction from such Councillor's allowance or from such staff member's salary, towards any arrears and current account.
 - (a) arrangements may only be made for:
 - (i) charges levied as a result of damages, amongst others, tampering and water leaks; or
 - (ii) new staff members entering the service of the City with municipal accounts in arrears; or
 - (iii) as determined by the City Manager.
- (6) Any Councillor or staff member whose monthly income exceeds R7 500, irrespective of their municipal property value, or as determined by Council, from time to time, will not qualify for any indigent benefits.



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 record with a minimum deposit as per the Tariff Policy; or
 - (a) the City Manager may waive the requirements for a deposit where a prepayment electricity meter has been installed; or
 - (b) at any other time as determined by the City Manager.
- (2) Any adjustment to the basic deposit will be determined by the debtor's municipal payment record, as read with the Tariff Policy; and
 - (a) any deposit no longer required by the City Manager may be credited to the debtor's account.
- (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, the binding lease agreement, title deed and other relevant supporting documentation as required by the City from time to time. The relevant application form as approved by the City 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-items (1) to (3) 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 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 City 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.
- (5) The City 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 legislation or policy and as determined by the City from time to time, nor will any refunds of credits or any payments for services rendered to the City, purchases made by the City, or any other amounts payable by the City be made to any debtor or any debtor's nominee, agent or service provider who is in arrears with their Municipal account.



- (6) Contract sureties
 - (a) Contract Sureties for contractors are governed by the City of Cape Town: Contract Sureties Policy as found on the City's Website.
- (7) Service guarantees
 - (a) In terms of this policy deposits should be made by way of cash payments. Council however recognises that for Large Power electricity users guarantees may be accepted in place of cash deposits.
 - (b) The City Manager may accept a service guarantee as provided for in sub-item (6) as read with the necessary changes as the context may require.
- (8) Rental guarantees
 - (a) The City Manager may accept a guarantee for deposits in terms of a lease agreement as provided for in this item.
 - (b) Sub-item (6), as read with the necessary changes as the context may require, apply to the conditions of rental guarantees.
- (9) Guarantees against potential damages
 - (a) The City Manager may accept a guarantee against potential damages to the City for any reason.
 - (b) Sub-item (6), as read with the necessary changes as the context may require, apply to guarantees against potential damages.
- (10) The City Manager may reverse any benefit received should a debtor fall into arrears after receiving such benefit, or tampered with or bypassed any water and electricity meters.
- (11) The City Manager has a right to conduct a full credit check on any person who is or who will become subject to this policy or any other policy of the City.
- (12) All debtors, may, having paid the prescribed fee, obtain a Revenue Credit Profile Certificate from the City Manager, and the City Manager may –
 - (a) call for an equivalent certificate as issued by any other municipality before entering into any business transaction with the City; or
 - (b) approach any other municipality to obtain a municipal credit profile of any potential debtor.



- (13) The City Manager requires payment in full prior to the rendering of any services as contained in the City of Cape Town: Cemeteries, Crematoria and Funeral Undertakers By-law, 2011 as amended from time to time or as superseded by any subsequent legislation.
- (14) Any Councillor or staff member, who enters into a lease agreement, with the City in their personal capacity, shall agree to sign a stop order in favour of the City, for the agreed rental and all charges relating to the lease.

7. Query, verify or dispute

- (1) Query or verify
 - (a) 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 to that person as per the process contained herein;
 - (b) any query can be raised orally in person at any walk in centre, via the City's Call Centre or by way of written correspondence;
 - (c) 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 City, direct contact telephone numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the City;
 - (d) 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;
 - (e) all queries shall be acknowledged and dealt with as promptly and efficiently as possible by the City; 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;
 - (f) the City Manager may suspend any debt collection action, pending the outcome of any query;
 - (g) 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



- (h) should a debtor not be satisfied with the outcome of the query, a debtor may lodge an appeal in terms of section 62, as read with section 95 (f), of the Systems, Act;
 - (i) the onus will be on the debtor to ensure that a written acknowledgement of receipt is received for any correspondence lodged with the City; and
 - (j) the onus will be on the debtor to ensure that a suitable response to any query is received.
- (2) Dispute
 - (a) In this sub-item a "dispute" refers to the instance when a debtor disputes any specific amount claimed by the City from that person.
 - (b) any person who has a dispute with the City has a right, in terms of section 34 of the Constitution, to have any dispute that can be resolved by application of law decided in a fair public hearing before a court or, where appropriate, another independent or impartial tribunal or forum;
 - (c) where the dispute process has been implemented in terms of sub-item (2) (b), section 102 (2) of the Municipal Systems Act will be applicable;
 - (d) the City Manager has a right to declare a dispute on any specific amount claimed by the City from any person as may be considered necessary; and
 - (e) disputes lodged with the City prior to the implementation of this policy, in terms of any previous policy, shall continue to be dealt with in terms of that policy.
- (3) General
 - (a) The City Manager may require that any official attend any meeting in order to assist with the investigation relating to the facts surrounding any query, verification of any account or any dispute; and
 - (i) the City Manager has the right to call for and verify any document book, computer data or record which in his or her discretion is deemed necessary to assist in attempting to deal with any issue referred to in this policy.

8. Accounts

- (1) The City, in terms of section 102 (a) of the Municipal Systems Act, together with the City Manager, in terms of section 15 of the City of Cape Town: Credit Control and Debt Collection By-law, considers all separate accounts of a person liable for payment to the City, to be consolidated, regardless of the fact that separate accounts for such debtor may be rendered, and includes all pre-paid services or any other debt for which no account is rendered.



- (2) All separate accounts of a debtor shall for the purpose of this policy be considered consolidated and shall, for the purpose of this policy, be treated holistically.
- (3) Subject to section 118 (1) of the Municipal Systems Act 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 debtor's account as follows-
 - (a) allocation to down payments; then
 - (b) allocation to cash security deposits; then
 - (c) allocation to penalty fees (e.g. Dishonoured payments); then
 - (d) payments received via third party receipting will always be allocated as per sub-item (e) below; then
 - (e) if there is a partial payment the allocation shall be as follows-
 - (i) payments are allocated from oldest debt to youngest debt until all debt is paid.
- (4) A debtor may make a payment at a municipal cashier, which has the facility to allocate the payment. The payment will then be allocated as specified and any overpayments will be allocated as per sub-item (3) where applicable.
- (5) Subject to section 118 (1) of the Municipal Systems Act the City Manager has the right to offset any credit, or any amount due to a debtor, against any debit pertaining to that same debtor; or
 - (a) to transfer any debt to another account of that same debtor.
- (6) The City Manager has the right to transfer any property debt, incurred by a tenant, to any account of the registered owner, provided the registered owner was the owner of the property at the time the debt was incurred.
- (7) The City Manager may apply any of the credit control and debt collection measures, contained in this policy, with the relevant changes that the context may require, for any debt.
- (8) The City Manager may raise any costs, charges and fees and collection commission as levied in terms of policy.
- (9) Notwithstanding anything to the contrary contained in this policy the City Manager may deduct any amount owing to the City by any Councillor or staff member from such Councillor's or staff member's remuneration or salary where there is a history of late payments.



- (10) The City Manager will require debtors or service providers to register with the City by providing the relevant documentation, as determined from time to time, confirming, amongst others, and not limited to, all contact details, proof of identification and postal and contact addresses; or
- (a) at any time require such debtor or service provider to complete any form so required; and
 - (b) the City Manager may, at any time, approach any person in order to verify the content of any such document or form so received; and
 - (c) may take any steps necessary to determine whether the information so provided is true and correct.
- (11) Failure to produce any information as required in terms of sub-item (10) may result in the restriction, disconnection or discontinuation of any supply of services, or any other relevant action in terms of this policy; or
- (a) should any information so produced find that a debtor or service provider no longer qualifies for any benefit or concession given or received such benefit or concession may be withdrawn or reversed.

9. Irrecoverable debt

Criteria for irrecoverable debt

- (1) Debt will only be considered as irrecoverable if it complies with one or more of the following criteria:
- (a) All reasonable notifications and cost-effective legal avenues have been exhausted to recover a specific outstanding amount; or
 - (i) at the discretion of the City Manager any amount may be written off; or
 - (b) any amount equal to or less than R2 000.00, or as determined by Council from time to time, will be considered too small, after having followed basic checks, to warrant further endeavours to collect it; or
 - (i) any amount equal to or less than R100.00, or as determined by Council from time to time, will be considered too small, to warrant further endeavours to collect it, for final accounts and terminated staff accounts; or
 - (c) where it is anticipated that the estimated collection costs to recover the debt will exceed the debt outstanding for a final account, after completing the basic checks, does not warrant further action; including
 - (i) where a company or close corporation has been deregistered or is dormant and has no assets of value to attach; or
 - (d) the amount outstanding relating to insolvency;
 - (i) is the residue after payment of a dividend in the rand from an insolvent estate; or



- (ii) there is a danger of a contribution;
 - (iii) no dividend will accrue to creditors; or
 - (iv) there are insufficient funds to cover any preference afforded by section 118 (3) of the Municipal Systems Act; or
- (e) the amount outstanding relating to a deceased estate;
 - (i) has no liquid assets to cover the outstanding amount following the final distribution of the estate; or
 - (ii) where the estate has not been reported to the Master and there are no assets of value to attach; or
 - (iii) where it is determined by the delegated official, that the debt cannot be recovered; 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
 - (i) the debtor has emigrated leaving no assets of value to cost effectively recover Council's claim; or
- (h) it is not possible to prove the debt outstanding; or
 - (i) a court has ruled that the claim is not recoverable;
 - (ii) the claim is subject to any order of court;
 - (iii) the claim is subject to an out of court settlement agreement; or
 - (iv) the debt is subject to a settlement in terms of section 109 of the Municipal Systems Act; or
- (i) the outstanding amount is;
 - (i) due to an irreconcilable administrative error by the City;
 - (ii) as a result of an administration error; or
- (j) Deleted
- (k) arrears owed by previous administrations, amongst themselves, that now form part of the City; or
- (l) expenditure incurred, in respect of internal accounts raised in the name of the City, 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, and where reasonable steps have been taken to recover these debts; or
- (n) all debtors who are registered as indigent as provided for in item 23 will have their property related arrears written off as provided for in item 22 and sub-item 23 (5); and
 - (i) any subsequent debt as set out in item 23 (1) (i) (iii); or
- (o) if an offer of full and final settlement is confirmed in writing by the City Manager in terms of section 14 (2) of the City of Cape Town: Credit Control and Debt Collection By-law; and
 - (i) the settlement amount must be paid within 30 days of approval by the delegated official or on the date as otherwise determined; or
- (p) where Council-
 - (i) expropriates any property; or



- (ii) purchases any property in terms of item 10 (1) (f); or where a property has been forfeited to the State in terms of the Prevention of Organised Crime Act 121 of 1998; or
 - (iii) where the occupiers of a property have been evicted from a Council, Provincial or State property due to criminal activities;
- (q) Deleted
- (r) Deleted
- (s) where an item 7 query or dispute or any dispute in terms of any previous policy, or a Municipal Systems Act, section 62 appeal determines what needs to be written off; or
- (t) where a debtor has been approved and granted an indigent grant, in terms of items 19 or 32, such debtor's rates, services and sundry debt related to that property, as at date of such grant, shall be written off once; and
 - (i) all rates, services, rental and sundry debt, with the exclusion of any indigency rental and tampering fees, accrued against the property under items 19 and 32;
 - (ii) any subsequent rates, services, rental and sundry debt, with the exclusion of any capital debt of home ownership debtors, indigent rental and any tampering fees, accrued against the property for that debtor, while qualifying for the indigent grant, as determined by Council from time to time;may be written off as and when they are accrued and all such write-offs may be reversed if the original application is, in any way, found to be fraudulent; and
- (u) where property is categorised as Properties owned by Public Benefit Organisations and used for specified public benefit activities in terms of the Rates Policy, will with effect from the date of qualification, have all their arrears written off; and
 - (aa) this assistance will only be granted once to an organization subject to the condition that a prepayment electricity meter be installed, where applicable or viable;
 - (bb) should any tampering with or bypassing of the water and electricity meters be discovered, any arrears written off, in terms of this sub-item, will become payable with immediate effect and any other action as per any legislation or policy that applies to such tampering and/or bypassing will be instituted;
 - (cc) should the City Manager become aware that the focus of the organization has changed, or its registration as a PBO has lapsed or terminated within three years after the arrears were written off, such arrears will become payable with immediate effect;
- (v) where property is categorised and fall within Part B, Paragraph 3 (12) to (17) of the Rates Policy and accordingly receives a reduced rate-in-the-Rand–



- (i) will with effect from the date of qualification, have all their arrears written off; provided that –
- (ii) this assistance will only be granted once to an organisation subject to the condition that a prepayment electricity meter be installed, where applicable or viable;
- (iii) should any tampering with or bypassing of the water and electricity meters be discovered, any arrears written off, in terms of this sub-item, will become payable with immediate effect and any other action as per any legislation or policy that applies to such tampering and/or bypassing will be instituted;
- (iv) should the City Manager become aware that the focus of the organisation has changed, or its financial position has improved or its registration as a sporting body or community organisation has lapsed or terminated within three years after the arrears were written off, such arrears will become payable with immediate effect; or
- (v) the body or organisation referred to in this sub-item (v) must-
 - (aa) have had a constitution which does not preclude any resident of Cape Town from being a member of the said body or organisation;
 - (bb) not have been a profit making body or organisation;
 - (cc) when winding up its affairs leave all its assets to a similar body or organisation;
 - (dd) promote the values and purpose of the body or organisation as set out in the respective constitution; and
 - (ee) use its funds for the sole benefit of the body or organisation or the greater community of Cape Town; and
- (w) where an organisation has been accredited by the City Manager or any delegated official, then all the arrears, appearing on the accounts of these accredited organisations, will be written off once only; or
- (x) where any land including any improvements thereon has been devolved, donated, transferred, or sold either by the City or to the City by any person, sphere of government, organisation, association, trust, close corporation or company and such property is reclaimed, donated, transferred, forfeited or purchased by the City then all the arrears will be written off to facilitate transfer thereof; and
 - (i) notwithstanding sub-item (w) nothing in this sub- item shall preclude the subsequent collection by the City of any amount so written off; or
- (y) where the City Manager has identified a cemetery which is dormant and no longer being maintained, by the owner, and the owner can no longer be traced or for any other reason as determined by the City Manager; and



- (i) after the installation, where relevant or viable, of a prepayment electricity meter;
- (z) where a property used primarily as a cemetery as defined and listed in the Rates Policy;
 - (i) after the installation, where relevant or viable, of a prepayment electricity meter; and
- (aa) notwithstanding anything else contained in this policy and where any debt resulting from any error or omission, made by the City or its service providers, including any specific technical problem with regard to –
 - (i) Deleted;
 - (ii) Deleted;
 - (iii) a prepayment electricity meter; or
 - (iv) any other official metering device.

Social Housing (where applicable)

- (bb) residential properties that, except for the fact that there are arrears on the account, that are valued at R620 000 or less, and after the installation, where relevant or viable, of a prepayment electricity meter;
- (cc) residential properties transferred from the national government, a provincial government or a municipality of a residential property which was financed with funds or loans made available by the national government, a provincial government or a municipality, and which have been transferred and registered;
 - (i) incorrectly; or
 - (ii) allocated incorrectly; or
 - (iii) occupied by illegal occupants; orfor any other reason as determined and approved by the City Manager and
- (dd) Deleted
- (ee) where residential properties, which were financed with funds or loans made available by national government, a provincial government or a municipality which have been handed over to a beneficiary, and not yet registered in such beneficiary's name, and where such residential property may not as yet have been valued, these debtors, may be deemed to be indigent; and
 - (i) after the installation, where relevant or viable, of a prepayment electricity;
- (ff) debt, including interest charges, older than 3 financial years, after a financial assessment has been made, can be considered for write-off at the discretion of the City Manager when debtors, who do not own more than one property, make arrangements to pay off the current debt, or at any other period, during times of –
 - (i) unforeseen circumstances; or



- (ii) bad economic conditions; and
 - (gg) any debt, including debt not yet due, identified as rental remission as more fully set out Chapter 5, of this policy.
 - (hh) any residential properties that have a municipal valuation of not more than R580 000, in terms of item (3)(1)(t).
 - (ii) all debtors who enter into arrangements will have their arrears written off in terms of items 13 (3), 13 (13) (b), 15 (4) (b) and 30 (7) (e). *Special Conditions*
 - (jj) final accounts older than 3 years, after having followed the relevant basic checks.
 - (kk) all debtors who qualify in terms of item (3)(1)(u), will receive a once off write off for services in terms of item (3)(1)(u).
- (2) Deleted
- (2A) Where property rates were raised during the 2019/2020 financial year, on properties which received a property rates rebate during the 2018/2019 financial year and now receive a reduced rates levy, in terms of the Rates Policy, for the 2020/2021 financial year, such properties, may qualify for a write-off, of any accumulated arrears, for the first said period;
- (i) sub-item (2A) only refers to those owners that fall within Section B, Paragraph 1 (k) to (u) of the Rates Policy 2020/2021.

Authorisation

- (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 City or its authorised officials will be under no obligation to write-off any particular debt, including any charges linked to problem properties and tamper charges, and will always retain sole discretion to do so.
- (5) Where a debt has been written off in terms of item 9, and where applicable, the City Manager shall have a right to offset any credit against any such debt written off, for the same debtor.
- (6) Subject to the City of Cape Town: System of Delegations the City Manager may write-off any debt as determined in this item.



CHAPTER 2: RATES AND SERVICES

10. Rates

- (1) The following provisions apply to rates and any 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 the City Manager may issue any notice in terms of this policy showing the total amount owed to the City;
 - (c) if the account is not settled or there is no response from the debtor to make acceptable arrangements to repay the debt –
 - (i) the supply of any service to the property may be restricted, disconnected, or discontinued in terms of section 9 and 10 of the Credit Control and Debt Collection By-law and items 8 (7) and 11 of this policy; and
 - (ii) irrespective of the exercise of the powers by the City Manager in terms of section 9 and 10 of the Credit Control and Debt Collection By-law and sections 8 (7) and 11 of this policy 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 relevant deed of sale, and if applicable, this policy, or any subsequent applicable written agreement between the City 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 City, however, has total commitment to a sale-in-execution should the debtor fail to make use of the alternatives provided for by the City from time to time. This is also applicable to all debt, and includes all debt which is a charge against a property, as referred to in this Chapter;
 - (f) as part of the recovery process the 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 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) 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 in connection with that property as well as all costs related thereto; and



- (h) the City Manager may proceed to sale-in-execution of any immovable property classified as a problem building in terms of the City of Cape Town: Problem Property By-law, for any debt owing to the City, and may attach any condition to such property as determined in terms of the aforesaid By-law when proceeding as aforesaid; and
- (i) any debt collection action may be taken against a property classified as a problem building, irrespective of the debt status.

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 may be served in terms of section 115 of the Municipal Systems Act, warning of an imminent restriction, disconnection or discontinuation of a service after 14 (fourteen) 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 may be restricted, disconnected or discontinued for any service in respect of any arrear debt; and
 - (i) notwithstanding sub-item 11 (1) (e), services may be limited, if deemed necessary, by the City Manager;
 - (f) a notice shall be left at the property advising that the supply has been restricted, disconnected or discontinued and warn that all electric points should be considered live and that all water outlets should be closed.
 - (i) the notice must also advise that the supply will only be reconnected after the amounts specified on the notice, and any other debt including the reconnection fee, have been paid or an arrangement acceptable to the City has been made;
 - (g) the above notices must also warn of the consequences of illegal reconnection;
 - (h) all residential consumers, whose water supply has been restricted, may have access to a basic water supply as determined by Council from time to time by means of a flow limiting device to their property or where the water supply has been disconnected or discontinued, unauthorised or illegal reconnections and tampering will be dealt with in terms of the Tariff Policy; and
 - (i) and debt maybe recovered in terms of the provisions contained in this policy.;
 - (ii) Deleted; or



- (i) subject to the provisions contained in sub-item (f), debtors may be required to pay all penalties and arrears in full before the supply is restored;
 - (j) subject to the City's capacity at the time to restore such service which has been, restricted, disconnected or discontinued, such services will be restored within a reasonable period of time after the relevant conditions contained in this policy have been met;
 - (k) the onus shall always be on the debtor to request reconnection and to prove that the full amount for which the service was restricted, disconnected or discontinued, as shown on the disconnection notice referred to in item 11 (1) (d) has been 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 may be undertaken in order to collect these monies;
 - (m) in the event of an insolvency, and notwithstanding any provisions provided for in this policy, the City Manager, shall serve notice in terms of sub-item (1) (d) at the property and shall notify the trustee by giving 14 (fourteen) days' notice of the intention to restrict, disconnect or discontinue the services to the property; and
 - (i) notwithstanding sub-item (m) the period referred to therein may be waived at the request of the trustee;
 - (n) Deleted;
 - (o) Deleted;
 - (p) water and electricity meters must be read with regularity and accuracy so that the correct consumption information is recorded on the billing system; and
 - (i) consecutive estimations of metered consumption should be minimised to the extent that such is practically possible and with due cognisance of the right of the City to generate estimations as contained in the relevant by-laws and Tariff Policy or any other applicable legislation.
- (2) The following provisions apply in the event of illegal reconnection of, or tampering with, water or electricity supply:
 - (a) Where this has occurred the water or electricity supply may be effectively disconnected;
 - (b) the full amount of arrears plus any illegal consumption, and any applicable tariffs, may be required to be paid prior to reconnection. Should exceptional circumstances exist, adequate payment arrangements may be permitted at the discretion of the City Manager; and
 - (c) the illegal reconnection of, or tampering with, a service supply is considered a criminal offence which may result in legal action being taken.



- (3) The installation of a prepayment meter, with the written permission of the owner, is encouraged, however;
 - (a) the City Manager has the discretion to insist on a prepayment meter being installed on a property, at a cost to the debtor, where the electricity supply has been disconnected for non-payment; or
 - (b) the City Manager deems the debtor to be a credit risk to the City; and
 - (c) a prepayment meter may be disconnected or may be subject to the terms contained in sub-item (4); and
 - (d) such meter shall be subject to any other action permitted in terms of any other relevant legislation including this policy.
- (4) When purchasing electricity units, the City Manager may deduct a percentage of the monetary value towards settling any amount referred to in sub-item (4) (b). This action will be by a once-off prior notification to such debtor and shall remain unchanged unless by default; and
 - (a) the deduction applied may be based on the following:
 - (i) For a property valued up to and including R500,000 the minimum deduction may be 30% and the maximum deduction will be 50%;
 - (ii) for a property valued from R500,001 to R1,000,000 the minimum deduction may be 50% and the maximum deduction will be 70%;
 - (iii) for a property valued greater than R1,000,000 the minimum deduction may be 70% and the maximum deduction will be 90%;
 - (iv) for single residential properties, who are charged at the domestic full tariff, in terms of the Tariff Policy, and who consume in excess, of any volume, of water, per month, as determined by Council from time to time, for water restriction purposes, may have such costs recovered in line with this sub-item;
 - (v) for any commercial or industrial customers, as determined in the Tariff Policy, such deduction will be 90%; and
 - (vi) for illegal occupiers of a property, deductions may be up to 90% and for debtors not responding to deductions under sub-item 4, including to any other debt collection action, such deduction may be increased in increments of 10% up to 90%; and
 - (b) The deduction referred to in sub-item (a) may be offset against any debt as follows:
 - (i) Electricity arrears;
 - (ii) any other arrears;
 - (iii) any fines; and
 - (iv) any penalties.
- (5) An authorised representative of, or service provider to the City, shall be given access to any premises in accordance with the provisions of section 101 of the Municipal Systems Act.



- (6) The City Manager shall have the right to restrict, disconnect or discontinue any service to a property, regardless of who has occupation, upon the written request from the registered owner and provided the service account is in arrears; and
 - (a) a notice may first be served in terms of section 115 of the Municipal Systems Act, giving 14 (fourteen) days' notice of the intention to restrict, disconnect or discontinue such service.
- (7) Where a service account, which is not in the name of the registered owner, has been restricted, disconnected or discontinued, the City Manager may insist that the service be transferred into the name of such property owner; and
 - (a) notwithstanding sub-item (7) the City Manager may at any other time insist that the service be transferred into the name of such property owner.
- (8) Notwithstanding anything to the contrary the provisions of this item shall apply to any debt and the supply of any service to the property may be restricted, disconnected or discontinued in terms of section 9 and 10 of the Credit Control and Debt Collection By-law and item 8 (7) of this policy.
- (9) Where a close corporation or a company has been deregistered in terms of section 26 of the Close Corporation Act, 69 of 1984 or section 83, of the Companies Act, 71 of 2008, as amended;
 - (a) any services may be restricted or disconnected; and
 - (b) any services which have been restricted or disconnected may remain in this state,
until the company or close corporation has been re-registered in terms applicable legislation or court order and meets the criteria in terms of this policy to be reconnected.

12. Other debt

- (1) All debt under this item will be subject to:
 - (a) Interest being charged on all overdue accounts;
 - (b) the supply of any service to the property may be restricted, disconnected or discontinued in terms of section 9 and 10 of the Credit Control and Debt Collection By-law and item 8 (7) and 11 of this policy; and
 - (c) in the recovery of sundry debt, the City reserves the right to utilise any legal action at its disposal as well as making use of any third party debt collectors.

Dishonoured payments: rates and general services

- (2) Where a cheque, debit order, credit card or EFT payment is dishonoured and where the customer who received value from such payment, is an existing debtor of the City, the reversal; and



- (a) any penalty fee, which may be raised by the City Manager as contained in the Tariff Policy, may be debited to an account of such payer and a letter of notification must be sent to the debtor. Such fee shall be considered to be a tariff charge and shall be recovered from the debtor. The City reserves the right to refuse to accept or to cancel such further payment methods from such person, to place the matter on the relevant adverse credit rating lists, or take any steps as contained in this policy, which may include criminal charges, if applicable, against the offender; and
- (b) where a payment referred to in sub-item (2) was tendered and any debt management action, in terms of this policy, was suspended, and such payment was not honoured, such debt management action shall continue without further notice to such debtor.

Dishonoured payments sundry services

- (3) Where a cheque, debit order, credit card or EFT payment is dishonoured and where the payment is not from an existing debtor of the City, then a *sundry* debtor account will be opened and a debit raised; and
 - (a) any penalty fee, may be raised by the City Manager as contained in the Tariff Policy, and debited to the account and a letter of notification must be sent to the debtor. Once the account is submitted and the debtor fails to honour the debt by due date, a final demand will be generated and dispatched to the last known address of that debtor. If there is still no response, then the matter may be handed over for placement on the relevant adverse credit rating lists, or any steps as contained in this policy which may include criminal charges, if applicable, against the offender may be taken; and
 - (b) where a *payment* referred to in sub-item (3) was tendered, and any debt management action, in terms of this policy, was suspended, and such payment was not honoured, such debt management action shall continue without further notice to such debtor.
- (4) Where a cheque, debit order, credit card or EFT payment is dishonoured and where the customer who received value from such payment method, is an existing debtor of the City, the reversal; and
 - (a) any penalty fee, which may be raised by the City Manager as contained in the Tariff Policy, may be debited to an account of the drawer, or the person or entity who made the payment or the beneficiary and a letter of notification must be sent to the debtor. Such fee shall be recovered from the debtor. The City reserves the right to refuse to accept such further method of payment from such payer and or beneficiary and may take any steps as contained in this policy which may include criminal charges, if applicable, against the offender.



- (5) The City may attach the rental or any other payments due to debtors who are in arrears with their municipal accounts:
- (a) if any debt levied in respect of a property is unpaid by the owner of the property the City Manager may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier.
 - (b) the City Manager may recover an amount only after a written notice may have been served on the tenant or occupier as provided for in section 115 of the Municipal Systems Act; and
 - (c) the amount the City Manager may recover from the tenant or occupier of a property in terms of sub-item (a) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property; and
 - (d) any amount the City Manager recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner; and
 - (e) the tenant or occupier of a property must, on request by the City Manager, furnish the City Manager with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period determined by the City Manager.
 - (f) the City Manager may recover the amount due for debt on a property in whole or in part from the agent of the registered owner, if this is more convenient for the City Manager; and
 - (g) the City Manager may recover the amount due for debt from the agent of the registered owner only after a written notice which may have been served on the agent as provided for in section 115 of the Municipal Systems Act; and
 - (h) the amount the City Manager may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the registered owner, less any commission due to the agent; and
 - (i) the agent must, on request by the City Manager, furnish the City Manager with a written statement specifying all payments for rent on the property and any other money received by the agent on behalf of the owner during a period determined by the City Manager; and
 - (j) the City Manager may take any action as provided for in this policy or any other relevant legislation, against the tenant, for not more than the amount as determined by this sub-item; and
 - (i) where such tenant fails to respond to the notice as referred to in sub-item (5) (b); or
 - (ii) fails to comply with any notice or fails to adhere to any terms, conditions or undertakings in terms of this sub-item; or
 - (iii) fails to make any agreed or required payments.



Revenue clearance certificates

- (6) All debt, inclusive of any advanced collection shall be deemed to be due and payable, for the purpose of issuing any Revenue clearance certificate in terms of section 118, of the Municipal Systems Act, and must be paid in full:
- (a) no interest shall be paid in respect of any payment made in terms of this sub-item unless permitted in terms of any other legislation or policy;
 - (b) all payments will be allocated to the registered seller's municipal accounts in terms of this policy;
 - (c) prior to any refund this payment will be dealt with as follows:
 - (i) the advanced collection shall be used to offset any debt that accumulated against the property as follows –
 - (aa) any tenant debt; and
 - (bb) any of the seller's debts.
 - (d) any refund, in respect of any credit remaining after registration of transfer has been registered in the Deeds Office, shall be refunded, in the first instance, to the relevant conveyancer, or failing such conveyancer, to such seller subject to Chapter 6 of this policy;
 - (e) no certificate, in terms of section 118 of the Municipal Systems Act, will be issued where the registered owner (and, in this instance, the seller) has not complied with any relevant legislation, policy or agreement relating to the property in question;
 - (f) the City Manager may require the purchaser to apply for all services at the property as part of the application for a Revenue clearance certificate; or
 - (i) by virtue of registration of the property, the registered owner accepts liability for all services rendered by the City to the said property, except as provided for in other legislation or policy;
 - (g) Prior to issuing the Revenue clearance certificate, in terms of section 118, of the Municipal Systems Act, the City Manager has a right to visit the property and take all steps deemed necessary to ensure that all recoverable debt is accounted for against the existing owner.
 - (h) all figures issued in terms of section 118 of the Municipal Systems Act will only be valid for the validity period attached to such figures and only payments made within the validity period will, for the purpose of issuing the certificate, be offset against these figures; and
 - (i) should any certificate be issued in respect of any payment made in sub-item (h) above and should such certificate lapse then any payment so made will be regarded as a payment on account and may be offset against any debt of such debtor.
 - (j) where a property is expropriated the owner will be liable for all relevant charges incurred at a property.



Property related debt

- (7) In terms of section 118 (3) of the Municipal Systems Act an amount due for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property; and
 - (a) in addition, the City Manager may consider this amount to be the liability of the registered owner regardless of who incurred such debt, provided the debt was incurred during the ownership of such owner; and
 - (b) Deleted
 - (c) the City shall not hold any City tenant, lessee or occupant, liable for any section 118 (3) debt, incurred, by any other person, at that City owned property, unless agreed otherwise with the City; and
 - (i) no municipal service will be denied to such tenant or lessee as a direct result of any such debt incurred at the property.
- (8) Any service to a debtor's property may be restricted, disconnected or discontinued in terms of section 9 and 10 of the Credit Control and Debt Collection By-law and item 8 (7) and 11 of this policy.
- (9) Any unauthorised consumption of services, theft and damages may be recovered in terms of this policy.

13. Arrangements

Principles for residential debtors

- (1) Current accounts must be paid in full on or before due date.
- (2) The debtor may be required to prove levels of income and must agree to a monthly payment towards arrears based on such debtor's ability to pay or based on such debtor's total liquidity if the City Manager so requires.
- (3) All negotiations with the debtor should strive to result in an agreement that is in the interests of both parties, is sustainable and at the discretion of the City Manager, debt older than 3 financial years may be written off when debtors enter into payment arrangements on condition that the written off debt will be reinstated if the debtor defaults on the payment arrangement.
- (4) Interest will be charged on arrears.



- (5) Interest on –
 - (a) arrears in respect of all services may be suspended;
 - (b) rates may be calculated at 0%;
whilst the debtor adheres to the conditions of the arrangement; and
 - (c) should a debtor default on an arrangement interest will be calculated from the original due date of the debt, taking any payments into consideration.
- (6) Notwithstanding anything contained in this item the City Manager shall be under no obligation to enter into an arrangement with a debtor.
- (7) All arrangements may be subject to periodic review in accordance with the terms and conditions contained in this policy; and
 - (a) no arrangement, in terms of the conditions contained in this policy, will be made for a period longer than 12 (twelve) months, where after, such arrangement shall cease and the debtor shall be required to enter into a new arrangement for the remainder of the debt; and
 - (b) failure to enter into a new arrangement after the expiry of the 12 (twelve) months referred to in sub-item (7) (a) shall result in the debt becoming due and payable forthwith; and
 - (i) all the credit control and debt collection measures as contained in this policy may be enforced.
- (8) All services may be restricted, disconnected or discontinued and legal action may be taken against debtors who default on any arrangement 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) –
 - (i) with a minimum upfront payment as agreed;
 - (c) this minimum payment must be paid in order for the arrangement to be considered; and
 - (d) the City Manager has the discretion to determine the amount to be paid in terms of sub-item (9) (c).
- (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 may be as follows:
- (a) Upon the first default: Current account and the monthly payment as determined in sub-item (9) (b), to be increased by 50% of that payment;
 - (b) upon the second default: Current account and double the monthly payment as determined in sub-item (9) (b); and
 - (c) upon the third and final default: The current account and all the arrears may be payable in full.
- (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, amongst other things, will apply-
- (a) debtors may be required to furnish the City 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 City;
 - (b) all negotiations with debtors should strive to result in an agreement that is in the City's best interests, is sustainable; and at the discretion of the City Manager, debt older than 3 financial years may be written off when debtors enter into payment arrangements on condition that the written off debt will be reinstated if the debtor defaults on the payment arrangement.
 - (c) interest will be charged on arrears at an interest rate that shall be determined by Council from time to time;
 - (d) interest on-
 - (i) arrears in respect of all services may be suspended; and
 - (ii) rates may be calculated at 0%; andwhilst the debtor adheres to the conditions of the arrangement;
 - (e) all arrangements shall be subject to item 13 (7); and
 - (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, interest may be charged or suspended on any outstanding amount and such arrangement will be subject to approval of the official as delegated in terms of sub-item (13) (f); and
- (a) all arrangements may be subject to periodic review in accordance with the terms and conditions contained in this policy; and



- (i) no arrangement, in terms of the conditions contained in this policy, will be made for a period longer than 12 (twelve) months, where after, such arrangement shall cease and the debtor shall be required to enter into a new arrangement for the remainder of the debt; and
 - (b) failure to enter into a new arrangement after the expiry of the 12 (twelve) months referred to in sub-item (14) (a) shall result in the debt becoming due and payable forthwith; and
 - (i) all the credit control and debt collection measures as contained in this policy may be enforced.
- (15) Should the debtor default on any arrangement, all services may be restricted, disconnected or discontinued and, any agreement may be 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 City in respect of the arrears on a property, the prescribed certificate as referred to in section 118, of the Municipal Systems Act, will not be issued until such time as the full outstanding amount is paid.
- (17) The conditions contained in the City's arrangement document, as amended from time to time, will form part of the arrangement criteria contained in this policy; and
 - (a) the conditions contained in this policy shall form part of the conditions contained in any of the City's arrangement document as amended from time to time; and
 - (b) the City Manager may require that a consent to judgment form also be signed.
- (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) and (b) above, the City Manager may determine that the current account, interest, disconnection, reconnection charges including any cost of installing any prepayment meter, be excluded from the initial payment, when entering into an arrangement; or
 - (a) any charges or costs for any disconnection, reconnection including any cost of installing any prepayment meter which appear on any subsequent account following the arrangement concluded in sub-item (19) may be subject to a renegotiated 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; *and*
- (a) it will be the sole responsibility of the debtor to ensure that the debit order does not exceed any maximum amount as stipulated by the debtor;
 - (b) where no maximum amount has been stipulated by the debtor the City Manager shall debit the debtor's bank account with the amounts owing on the account; and
 - (c) the debtor shall remain responsible for the payment of any shortfall arising from this transaction.
- (21) Where a tenant or occupier, who has the ability to pay, wishes to make an arrangement the following will apply:
- (a) Item 12 (5) must at all times be complied with;
 - (b) where the rental is insufficient or there is no rental paid by the tenant or the occupier an arrangement to recover the monthly current account and the property debt must be entered into in terms of the conditions and requirements of this policy;
 - (c) where any service is in the name of tenant or occupier an arrangement to recover the monthly current account and the property debt must be entered into in terms of the conditions and requirements of this policy; and
 - (d) where the tenant or occupier is unable to meet the criteria set out in this policy the tenant or occupier will receive services, if any as contained in the Tariff Policy.
- (22) The City Manager would normally only enter into arrangements with the registered owners, but may enter into an arrangement with a tenant or occupier, who can show that they have the ability to pay, upon receipt of an affidavit, by the occupier or a tenant of a residential property, which certifies that;
- (a) the registered owner of the property at which such tenant or occupier so resides in is;
 - (i) untraceable; or
 - (ii) not contactable: or
 - (iii) such registered owner's whereabouts are unknown; or
 - (iv) where there is no co-operation by the registered owner with the occupier, and
 - (b) that they have a right to so occupy such property and stating the time period that they have so occupied the property;
 - (c) the last known address of the registered owner;
 - (d) the rental due for such right to so occupy;



- (e) that such occupier or tenant undertakes to advise the registered owner at the first reasonable opportunity of the current situation and that the tenant or occupier further agrees to obtain the consent of the registered owner to condone the process as set out in this sub item failing which the arrangement may be null and void; and
- (f) where applicable provide comprehensive details of the non-co-operation of the registered owner;
enter into an arrangement with such a tenant or occupier in terms of this policy, to pay off arrears on an account which is a charge against the property:

Steps to be taken by the City Manager

- (g) authorise an arrangement be entered into with the occupier or tenant subject to;
 - (i) the possible installation of a prepayment electricity meter.
- (23) Notwithstanding the provisions of sub-items (21) and (22), the City Manager may refuse to reconnect or restore any service to a tenant unless written permission is obtained from the registered owner:
 - (a) authorising the tenant to enter into an arrangement in terms of this policy; and
 - (b) authorising the reconnection or restoration of any service.
- (24) The City Manager may restrict, disconnect or discontinue any service to a property;
 - (a) if the registered owner withdraws, in writing, any permission granted in terms of sub-item (23) where the tenant has defaulted on the arrangement made; and
 - (b) no new application for any service to the property will be authorised until all the arrears have been settled in full.
- (25) Where an arrangement has been concluded in order for an applicant to qualify for any exemptions, rebates or reductions in terms of the Rates Policy such arrangement shall be adhered to; and
 - (a) should there be any default on the arrangement referred to in sub-item (23) then all the exemptions, rebates or deductions granted will be reversed with effect from the date on which the relevant application was granted.
- (26) The City Manager is not obliged to enter into any arrangement or any instalment plan –
 - (a) where a property has been classified as a problem building in terms of the City of Cape Town: Problem Property By-law, for any debt owing to the City; and



- (b) for any services as contained in the City of Cape Town: Cemeteries, Crematoria and Funeral Undertakers By-law, 2011 as amended from time to time or as superseded by any subsequent legislation.
- (27) Arrangements, that meet the requirements of this item, may be concluded, via any electronic communication, as defined in section 1, of the Electronic Communications and Transactions Act, 25 of 2002.
- (28) The repayment of debt, including interest charges, and any current accounts, can be considered for deferment, during periods of unforeseen circumstances, or during bad economic conditions, at the discretion of the City Manager, based on a financial assessment, conducted by an official, where debtors are unable to make and adhere to arrangements or pay their current accounts; and
 - (a) any deferment agreed upon in sub-item (28) shall be reassessed at least every six months.

Development charges

- (29) Notwithstanding anything else contained in this Policy or any other policy of the City, and at the discretion of the City Manager, The City Manager, may enter into any arrangement for development charges, subject to the signing of an acknowledgement of debt, and the acceptance of all the terms and conditions, contained therein.

14. Special rating areas

- (1) Any additional rate, tariff or levy will be determined in accordance with Section 22 of the Property Rates Act, the Rates Policy, the City of Cape Town: Special Rating Areas By-law and the Special Rating Areas Policy.
- (2) Any additional rate, tariff or levy will be added to the monthly municipal account and must be paid by the due date to avoid interest being charged.
- (3) The additional rate, tariff or levy will be subject to the debt management procedures as described in this policy.
- (4) Interest will be charged on all overdue accounts.



CHAPTER 3: HUMAN SETTLEMENTS

15. General principles

Additional definition

- (1) In this Chapter the definition of –
 - (a) 'income' as stipulated in Chapter 1 applies but child, foster and dependency grants are excluded from the income of the debtor and spouse. Where reference is made to the owner, it includes the lessee or purchaser who has still to take transfer.

Interest on arrears

- (2) Interest may be charged on all overdue accounts at an interest rate that shall be calculated at 0% or as determined by Council from time to time.
- (3) Where applicable interest charges on arrears will be frozen subject to the debt arrangement being honoured.

Debt arrangements

- (4) The debtor may be required to prove levels of income and must agree to a mutually agreed debt arrangement based on such debtor's ability to pay or based on such debtor's total liquidity if the City Manager so requires; and
 - (a) this debt arrangement requires the payment of the current monthly charges plus a mutually agreed amount, of not less than R70.00 for non-indigent debtors, towards the arrears each month with a minimum 90% payment in the review period.
 - (b) at the discretion of the City Manager, debt older than 3 financial years may be written off when debtors enter into payment arrangements on condition that the written off debt will be reinstated if the debtor defaults on the payment arrangement.
- (5) 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.
- (6) A debtor who defaults on arrangements made may not be allowed to enter into an arrangement after defaulting for the third time. Such debtor will proceed in the debt management process if regular payment is not received.



Recovery of costs

- (7) The City Manager may recover from the debtor the following costs in instances where such costs are incurred by or on behalf of the City,
- (a) cost and administration fees where payments, made to the City by negotiable instruments, are dishonoured by banks when presented for payment;
 - (b) legal and administration and all other costs/charges, including attorney and client costs, and tracing fees incurred in the recovery of debts; and
 - (c) any collection and related commission.

Minimum payments

- (8) Providing that the debtor has not defaulted on debt arrangements on more than three occasions and notwithstanding the criteria in sub-item (4), the following minimum payments added to legal costs may be required from the debtor prior to entering into an arrangement and stopping the legal process:

On signing a debt rescheduling arrangement	1 X	total monthly housing charge
Following the service of a summons	2 X	total monthly housing charge
Where judgement has been granted	3 X	total monthly housing charge
On day of eviction	12 X	total monthly housing charge

- (a) in each case the payment will be limited to the lesser of the outstanding balance or the amount calculated above; and
- (b) the City Manager may use discretion in terms of the amount payable where the tenant is found to be indigent.

Arrangements at eviction stage

- (9) Providing that the debtor has not defaulted on debt arrangements more than three times, the following arrangement may be made –
- (a) If the debtor defaults on an arrangement entered into on the day of eviction, a re-issued warrant of eviction will be obtained and the subsequent eviction process will be enforced unless the debtor pays the amount owing in full.

There will be no reinstatement after eviction



- (9A) Once an eviction has taken place there shall be no reinstatement after an eviction.

Suspension of dunning due to infirmity

- (10) The City Manager may approve suspending the housing dunning procedure for a period not exceeding six months in instances where the contracted party is severely physically or mentally infirm. Such decision will be based on a comprehensive report compiled by the relevant official of the area in which the debtor resides.

Outsourcing of services

- (11) The City may utilise the services of any organisation in order to facilitate the recovery of housing debt.

Attachment of goods

- (12) The City Manager may attain a court order and attach the personal possessions of a debtor which may be auctioned in order to recover any debt owed by the debtor.
- (13) Items 11, 12 and 13 found in Chapter 2, the whole of Chapter 4, item 37 of Chapter 6 and the whole of Chapter 8 do not relate to housing charges under this policy.

Subsidy phase out programme

- (14) In order to ensure the affordable implementation and recovery of all housing charges, as aligned to the City's housing debt management programme, the subsidy phase out programme status will remain at its current level, of an automatic 20% rental subsidy for all qualifying tenants residing in Council rental properties, prior to 1 January 2007.

Disconnection of supply of services for debt

- (15) The supply of any service to the property may be restricted, disconnected or discontinued in terms of section 9 and 10 of the Credit Control and Debt Collection By-law.
- (16) When purchasing electricity units, the City Manager may deduct a percentage of the monetary value towards settling any arrears. This action will be by prior notification to such debtor and shall remain unchanged unless by default; and



- (a) where the debtor is not in occupation for any reason, the City reserves the right to take whatever action it deems necessary to recover any debt incurred from the occupants of the property.

Delay in transfer of tenancy

- (17) Where a transfer of tenancy has been delayed, the City may adjust the rental account as follows:
 - (a) Should the delay in finalizing the tenancy be due to an administrative error, the rental account may be adjusted for a maximum period of one year from the date of the signing of the rental contract; or
 - (b) should there be a delay in finalizing the tenancy due to negligence on the part of the prospective tenant, then the rental account may be adjusted for a maximum period of three years from the date of the signing of the rental contract; and
 - (c) the City may also agree to such amounts being settled by way of a debt arrangement.

16. Collection process: Rental Schemes

- (1) Rental is payable in advance by the due date; and
 - (a) any councillor or staff member, who enters into a lease agreement, or any subsequent payment arrangement, with the City, in their personal capacity, shall agree to sign a stop order, on their respective remuneration or salary, in favour of the City, for the agreed rental and all charges relating to the lease.
- (2) If payment is not received, a letter of demand is sent to the defaulting debtor requesting payment and offering the debtor an opportunity to make an arrangement within 30 (thirty) days, from the date of the letter.
- (3) Failure to respond to this letter of demand timeously will result in legal proceedings.
- (4) The legal collection process will start with a letter demanding payment within a stipulated period.
- (5) If the debtor fails to respond within the stipulated period, summons will be issued.
- (6) No response to the summons will result in the City making an application to court for default judgement and, ultimately, the commencement of eviction proceedings.



17. Collection process: Home-ownership Schemes

- (1) Instalments and other housing charges are payable by the due date; and
 - (a) these amounts including any other debt due, where they are payable by any councillor or staff member, shall be recovered by way of a stop order, from their respective remuneration or salary, which they shall agree to.
- (2) If payment is not received, a letter of demand is sent to the defaulting debtor requesting payment and offering the debtor an opportunity to make an arrangement within 30 (thirty) days from the date of the letter.
- (3) Failure to respond to this letter of demand timeously will result in legal proceedings.
- (4) The legal collection process will start with a letter demanding payment within a stipulated period.
- (5) If the debtor fails to respond within the stipulated period, summons will be issued. No response to the summons will result in the City making an application to court for default judgment and ultimately, the commencement of eviction proceedings.
- (6) If the amount due on the day of eviction is not paid, repossession of the property will take place and immovable property may be sold or converted to a rental unit and let in accordance with the City's Allocations Policy: Housing Opportunities.

18. Rates rebate benefits: Home-ownership Schemes

All residential property owners, who are registered as indigent, and who qualify in terms of item 19 (1), will receive the same rates rebate benefits as approved by Council for owners who are dependent on pension or social grants for their livelihood, as found in the Rates Policy, at the equivalent gross monthly household income level as set out in the Rates Policy.

19. Indigent relief

- (1) Housing Indigent Relief (rental and home ownership schemes) shall be applied as follows:
 - (a) Where the joint income of a housing debtor and spouse or partner does not exceed R7 500.00 per month, such debtor shall be deemed to be indigent;
 - (b) where a housing debtor has been registered for indigent relief, all debt related to that property for that debtor (excluding capital debt of home ownership debtors) up to the date of registration will be written back. Such write back will occur only once for any debtor, thereby allowing for a once off rehabilitation;
 - (c) water and sanitation services, for indigents, will be charged as determined in the Tariff Policy, by Council from time to time; and



- (d) an indigent debtor will have any credit meter for electricity at the premises replaced with an electricity dispensing unit (EDU); and
 - (i) the Electricity Department and the maintenance section of the Public Housing and Customer Services department will be notified regarding the required installation of the EDU and will be responsible for the installation thereof;
- (e) failure by an indigent debtor to pay 90% of the amount due within a review period of 2 (two) months will lead to the indigent relief being cancelled; where after the debtor will immediately be subject to the housing debt management policy;
- (f) the indigent relief will be valid for a period of 12 (twelve) months and all registered housing indigent applicants are required to re-apply after 12 (twelve) months;
- (g) should it be discovered that there were any purposeful omissions by the applicant with respect to the indigent application which result in the applicant not complying with the indigent relief requirements, such relief will be cancelled and reversed to the date of application;
- (h) any debtor who fails to pay the indigent rental regularly and on time, causing the indigent relief to be cancelled, may not be allowed to re-apply for indigency after defaulting and re-applying 3 (three) times. The City Manager has the discretion to consider each case on its merit; and
- (i) the indigent rental will be calculated according to the following table:

INCOME	PERCENTAGE OF INCOME PAYABLE	MINIMUM ARRANGEMENT AMOUNT
R0 to R3 000	5 % with a minimum rental of R10	R25
R3 001 to R4 500	8%	R40
R4 501 to R7 500	10%	R60
For the purpose of income the cents value is disregarded except that the maximum income permissible is capped at R7 500.00.		

- (i) an indigent debtor, where applicable, will receive a waste collection service rebate of 100% for the first 240L container; and



- (j) All new applicants who apply and are registered as indigent and who are 60 years of age and older, including applicants who are 59 years of age and turning 60 years old in the year of making application and those in receipt of a war veterans grant from the South African Social Security Agency, will, in terms of item 19 of this policy, have their indigent relief validated for 3 (three) years or up to the termination date of the lease whichever date is the earlier; and
 - (i) subject to sub-item 28 (3) and (4) the indigent debtor shall be further subject to the applicable terms and conditions set out in the Tariff Policy or any other applicable City Policy or other applicable legislation; and
 - (ii) any subsequent late application received from a beneficiary, under this sub-item, may be regarded as having been received timeously; and
 - (iii) notwithstanding sub-item (j) (i), services may be limited, if deemed necessary, by the City Manager; and
 - (iv) Deleted
 - (v) any penalty rental or surcharge based on an income amount exceeding R3 500.00 but not more than R7 500.00 per month may be subject to an indigent relief.
- (2) Where the City's rental units, have not been valued, or where water and sewerage accounts are in the name of the tenant or the tenant is responsible for the payment of these charges, such tenant will be deemed to be indigent, unless proven otherwise.



CHAPTER 4: INDIGENT RELIEF FOR RESIDENTIAL PROPERTIES

20. **Tariff structure**

- (1) The Rates Policy and Tariff Policy are designed to enable those residential debtors who meet the criteria as defined therein to obtain free basic services and a rates rebate.
- (2) The free basic services and the rates rebate referred to in this Chapter will be as determined by Council from time to time, and
 - (a) such determination will override anything else to the contrary as contained in this Chapter.

21. **Excess consumption**

Any consumer who uses in excess of any free allocation of services, will be charged for those services in accordance with the Tariff Policy and will be subject to this policy.

22. **Arrears**

- (1) All residential debtors who qualify and are registered as indigent based on income, will have their arrears written off once during ownership of that property, notwithstanding the fact that a debtor may have received a write off based on property value, and thereafter will be subject to item 21, provided that:
 - (a) a prepayment electricity meter be installed, where applicable or viable; and
 - (b) the arrears are not as a direct result of tampering or any illegal usage of services.
- (2) After the arrears have been written off in terms of sub-item (1), and irrespective of whether consumers receive a current account for any subsequent rates and services, consumers who again fall into arrears are still required to make an arrangement with the City Manager to pay off their arrears in accordance with the principles and conditions contained in this policy.
- (3) Sub-item (2) applies to all persons who have had their arrears written off in terms of sub-item (1) and who at any stage thereafter re-apply for indigent status.
- (4) Where any arrangement, as referred to in sub-item (2), is defaulted on, then all the indigent relief received as a result of being registered, in terms of item 23, will cease, with effect from the date of such default.



23. Registration criteria

- (1) In order to qualify for registration as an indigent, for a period not exceeding twelve months, an applicant, which could include any combination of applicants, must satisfy the following criteria:
- (a) The property must be a residential property as defined in the Rates Policy; and
 - (b) the applicant, or any combination of applicants, must be –
 - (i) the registered owner of the residential property; or
 - (ii) an occupier of a child-headed household where the residential property is registered in the name of the deceased parent or deceased parents; and
 - (aa) any such application shall be further subject to item 3 (8); or
 - (iii) a purchaser of a residential property from any of the spheres of government on a delayed transfer basis; or
 - (iv) the party to whom the residential property is awarded in the event of a divorce; or
 - (v) where a deceased estate has not been wound up;
 - (aa) in the case of a deceased estate, in whose name the residential property is registered, any heir to whom the registered property has been bequeathed; or
 - (bb) a surviving spouse, where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouses' names, and the surviving spouse is the sole heir; or
 - (cc) a surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the residential property is registered in the name of that deceased; or
 - (dd) in the case where a portion of a residential property is registered in the name of a deceased estate, the surviving registered owners together with the heirs to the deceased estate; or
 - (ee) an executor/executrix or administrator of a deceased estate; or
 - (vi) in the event of the residential property being registered in the name of a trust,
 - (aa) the beneficiaries, for the meantime, of a testamentary trust established in terms of the Administration of Estates Act, 66 of 1965; or



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- (2) The City Manager may call upon an applicant, an indigent or a debtor at any time to produce documents in support of their claim for indigency or indigent status; and
 - (a) may at any time approach any person in order to verify any claim made by an applicant or indigent.
- (3) Council may determine any criteria as mentioned in sub-items (1) and (2) from time to time.
- (4) Deleted
- (5) Notwithstanding sub-item (1) (g) any interest charges already raised on the properties identified therein may be written off.
- (6) The City Manager may approve indigent relief where an applicant can prove that a spouse, or partner and including any party in a cohabitation relationship can no longer be traced and such spouse, or partner or any party in a cohabitation relationship has left the home, for a period of at least three years, but the applicant still meets all the other qualifying criteria.
- (7) Notwithstanding sub-item (1) (g) where the property was valued at R88 000,00 or less, during the 2006 General Valuation ("GV") inclusive of any Supplementary Valuations ("SV") thereto, with the exception of any SV which increased the value of the 2006 GV as a direct result of the property having been undervalued in the first instance, as compiled in terms of the Property Rates Act, and regardless of any subsequent GV or SV, until determined otherwise by Council, will be deemed to meet the criteria in sub-item (1) (a) to (e) and will be regarded as being registered, unless proven differently ; and
 - (i) interest may be charged at 0% and any devices may be installed, as referred to in sub-item 22, and the arrears written off.
- (8) All new applicants who are registered in terms of item 23 (1), and who are 60 years of age and older, including applicants who are 59 years of age and turning 60 years old in the year of making application, and those in receipt of a war veterans grant from the South African Social Security Agency, will remain valid until the next GV is implemented; and
 - (i) subject to sub-item 28 (3) and (4) no restriction, disconnection or discontinuation of any service or legal action will be instituted against any debtor, who has been registered as indigent for the duration of the GV that is in force;
 - (ii) any subsequent late application received from a debtor, who qualified for indigency, as set out in sub-item 23 (8), within twelve months, after the lapsing of the indigency status, under this sub-item, may be regarded as having been received timeously;



- (iii) notwithstanding sub-item 23 (8) (i), services may be limited, if deemed necessary, by the City Manager; and
- (iv) Deleted
- (v) All indigent benefits of applicants 60 years and older will automatically be renewed, subject to the resubmission of their latest proof of income, excluding their South African Social Security Agency grant, within the first six months of the implementation of the new GV, failing which may result in the City Manager revoking and back-dating the indigent benefits received to the 1st of July of the relevant financial year.
- (vi) For multiple owners, where the one property owner is 60 years of age or older and the other property owner is younger than 60 years old and is the spouse, life-partner or in a cohabitation relationship, the validity period of the indigent benefit will extend to the next GV.

24. Indigent relief: rates

- (1) No rates will be levied on any residential property where the municipal valuation does not exceed the municipal valuation as referred to in the Rates Policy.
- (2) Deleted
- (3) Deleted
- (4) All applicants who qualify in terms of item 23:
 - (a) Will receive the same rates rebate benefits as approved by Council for owners who are dependent on pension or social grants for their livelihood, as found in the Rates Policy, at the equivalent gross monthly household income level as set out in the Rates Policy; or
 - (b) Deleted
 - (c) Deleted.
- (5) All percentages and amounts mentioned in sub-items (1) to (4) shall be as determined by Council from time to time.
- (6) All debtors, who qualify and are registered as indigent, who require a municipal valuation certificate of their property, for purposes of applying for a social grant, will receive such certificate at no cost.

25. Indigent relief: water and sewerage

- (1) Water and sewerage for indigents, and backyard dwellers, will be as set out in the Tariff Policy.
- (2) Deleted



- (3) A residential debtor who doubts the validity of the consumption stated on any account may apply for the meter to be tested at his or her cost as per the Tariff Policy relating to indigence.

26. Indigent relief: electricity

- (1) Residential debtors will receive indigent relief as set out in the Tariff Policy; and
 - (a) prepayment meters will not receive the free basic supply of electricity for months in which no energy is purchased unless this is specifically claimed each month at a vending outlet; and
 - (b) Deleted
- (2) The City Manager shall, where applicable and viable, grant authority that a prepayment meter may be installed in those properties where the registered owners qualify and are registered for indigent relief so that the debtor cannot consume electricity beyond such debtor's means. All prepayment meters are installed at the rate as indicated in the Tariff Policy.

27. Indigent relief: solid waste

- (1) All residential debtors whose properties are below a municipal valuation as determined by Council from time to time, may receive a free or rebated waste collection service; and
 - (a) all residential property owners, who are registered as indigent, and who qualify in terms of item 23 (1), will receive a waste collection service rebate of 100% for the first 240L container; and
 - (b) Deleted
- (2) All informal residential debtors will receive a free basic waste collection service as set out in the Tariff Policy.

28. Debt management actions

- (1) Subject to sub-item (3) and (4), the indigent debtor shall be further subject to the applicable terms and conditions set out in the Tariff Policy or any other applicable City Policy or other applicable legislation; and
 - (a) notwithstanding sub-item 28 (1), services may be limited, if deemed necessary, by the City Manager.



- (2) An application for registration as indigent is only valid for a period of twelve months from the date of approval, unless determined otherwise by Council.
 - (a) notwithstanding sub-item 28 (2), when an applicant re-applies, the application may be valid from the submission date of the successfully completed application if after expiry date of the previous indigent validity period and will be considered as the approval date, unless determined otherwise by the City Manager.
 - (b) all successful renewal indigent applications submitted or approved prior to the expiry date of the previous validity period will only be effective from the day after the expiry date.
- (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 City Manager 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 such debtor has not informed the City Manager, then this debtor will be de-registered as an indigent, and all suspended steps, as referred to in sub item (1) above, will be lifted, from the time the debtor's circumstances were found to have improved, and interest will be payable on any outstanding amounts.
- (5) The City Manager may, at any time, call upon a debtor, who receives any indigent relief, to produce documents, or to complete any form, in support of such indigent status; and
 - (a) may, at any time, approach any person in order to verify the content of any such document or form so received; and
 - (b) may take any steps necessary to determine such debtor's indigent status.

29. Misrepresentation

- (1) Debtors found to have misrepresented themselves in order to benefit from the City's indigent relief will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and the City Manager will–
 - (a) reverse all benefits and relief received; and
 - (b) raise any fee, as determined by Council from time to time, as set out in the Tariff Policy.



- (2) Any person who has received any benefit or relief in terms of this policy and who has misrepresented themselves in order to qualify for such benefit or relief will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and the City Manager will–
 - (a) reverse all benefits and relief received; and
 - (b) raise any fee, as determined by Council from time to time, as set out in the Tariff Policy.
- (3) The City Manager shall report any misrepresentation in terms of this policy to the South African Police Services.



CHAPTER 5: PROPERTY MANAGEMENT

30. General principles

Definition:

- (1) In this Chapter –

“income” means income as stipulated in Chapter 1 and applies but where reference is made to the owner, it includes the lessee; and

“rental remission” means rental relief and cancellation of debt for commercial lessees.

Property Management Portfolio and tenancing allocation strategy

- (2) The PM Portfolio is market value driven; and
- (a) any councillor or staff member, who enters into a lease agreement, or any subsequent payment arrangement, with the City, in their personal capacity, shall agree to sign a stop order, on their respective remuneration or salary, in favour of the City, for the agreed rental and all charges relating to the lease.
- (3) The tenancing process of vacant residential properties is geared at speedy turnaround times due to the cost implication of securing the vacant houses. Criteria such as affordability and fit are considered when selecting potential tenants;

Consolidated debt

- (4) In terms of this policy, separate accounts of a person liable for payment to the City, are to be consolidated, regardless of the fact that separate accounts for such debtor may be rendered, and includes all pre-paid services for which no account is rendered and as such in conjunction with debt management action already taken, electricity may be disconnected and/or (in the case of residential properties) water restricted to trickle feed for non-payment of rental arrears.

Interest

- (5) Interest may be charged on all overdue accounts at an interest rate equal to the prime rate which will be adjusted quarterly to the prevailing rate on the last date of the quarter.



- (6) Where applicable interest charges on arrears will be frozen subject to the debt arrangement being honoured.

Debt arrangements

- (7) A debt arrangement requires the payment of one month/annual rental (whichever is applicable) when the agreement is signed and the current monthly/annual charges plus a mutually agreed amount towards the arrears each following month, plus, where applicable, legal and other fees incurred to date; and
- (a) the debt arrangement will be valid for a period of 12 (twelve) months (or the remaining period of the tenure whichever is the shortest), where after such arrangement shall cease and the debtor shall be required to enter into a new arrangement for the remainder of the debt;
 - (i) failure to enter into a new arrangement after the expiry of the 12 (twelve) months referred to in sub-item (7) (a) shall result in the debt becoming due and payable forthwith and all the credit control and debt collection measures as contained in this policy may be enforced;
 - (b) if a debt arrangement is not honoured, the debt collection process or legal action will resume from the debt stage at which it was suspended;
 - (c) a debtor who defaults on arrangements made may not be allowed to enter into an arrangement after defaulting for the third time;
 - (d) such debtor will proceed in the debt management process unless all arrears are paid in full; and
 - (e) at the discretion of the City Manager, debt older than 3 financial years may be written off when debtors enter into payment arrangements on condition that the written off debt will be reinstated if the debtor defaults on the payment arrangement.

- (8) Deleted

Recovery of costs

- (9) The City Manager may recover from the debtor, all costs in instances where such costs are incurred by or on behalf of the City, including;
- (a) cost and administration fees, where presented payments are dishonoured, e.g. R/D cheques;
 - (b) legal and administration costs, including attorney and client costs, and tracing fees incurred in the recovery of debts; and
 - (c) any collection commission/charges.
- (10) All charges are payable on demand.



- (11) No response to first demand for payment may lead to a restriction and/or disconnection of the water and/or electricity or any other supply for that property.
- (12) Departures from the above principles may only be made by the City Manager where there are sound practical reasons which shall be recorded in writing.

Minimum Payments

- (13) The following minimum payments added to legal costs are required from the debtor prior to stopping the debt management and legal processes:

On signing a debt rescheduling arrangement	1 X	total monthly/annual property management charge (as per lease agreement)
Following the service of a summons	2 X	total monthly/annual property management charge (as per lease agreement)
Where debt management judgment has been granted	3 X	total monthly/annual property management charge (as per lease agreement)

- a) in each case the payment will be limited to the lesser of the outstanding balance or the amount calculated above; and
- (b) the City Manager may use discretion in terms of the amount payable where the tenant is found to be indigent in terms of the provisions of the Property Management Indigent Grant.

There will be no reinstatement after eviction.

Attachment of goods

- (14) The City Manager may attain a court order and attach the personal possessions of a debtor which may be auctioned in order to recover any debt owed by the debtor.



Suspension of dunning due to infirmity

- (15) The City Manager may approve suspending the property management dunning procedure for a period not exceeding six months in instances where the contracted party is severely physically or mentally infirm.

Disconnection of supply of services for debt

- (16) The supply of any service to the property may be restricted, disconnected or discontinued in terms of section 9 and 10 of the Credit Control and Debt Collection By-law
- (17) Items 11, 12 and 13 found in Chapter 2, the whole of Chapter 4, item 37 of Chapter 6 and the whole of Chapter 8 do not relate to property management charges under this policy.
- (18) When purchasing electricity units, the City Manager may deduct a percentage of the monetary value towards settling any arrears. This action will be by prior notification to such debtor and shall remain unchanged unless by default.
- (19) Where rental escalation clauses, contained in current and tacit leases, have not been implemented, for whatever reason, the City may –
- (a) align the current rental, to the escalated rental agreed to in the lease agreement, as if the escalations were effected;
 - (b) back date such rental by no more than 12 (twelve) months; and
 - (c) agree to such amounts being settled by way of a debt arrangement.
- (20) Where accounts have not been billed due to an administrative error, the City may-
- (a) back date such rental billing, agreed to in the lease agreement, by no more than one year if the City was at fault (e.g. rental review not implemented or lease not timeously renewed) and 3 years if the lessee was at fault and if so, negotiated as part of a lease renewal (e.g. beneficial occupation), unless otherwise proven; and
 - (b) agree to such amounts being settled by way of a debt arrangement.

31. Debt Management process

- (1) The debt collection process begins when a lessee falls into arrears in respect of the current charges.



- (2) If payment is not received, a notice 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) Failure by the debtor to respond to notice within the 30 (thirty) day period will automatically result in the institution of legal and related proceedings with a letter of demand, demanding payment within a stipulated period.
- (4) If the debtor fails to respond within the stipulated period, summons will be issued.
- (5) Failure to respond to the summons will result in the City making an application to court for default judgement including a standard instruction that the Writ of Execution be issued and, if applicable, a financial enquiry lodged.
- (6) Once all remedies to recover debt have been exhausted, eviction proceedings will commence.

32. Indigent relief

- (1) The Property Management portfolio is market value driven and debtors who are no longer able to afford the rental are required to seek alternative accommodation within the period that the indigent relief is valid.
- (2) The indigent relief in this policy will thus be applied to indigent households once only and no re-applications will be considered.
- (3) Indigent Relief for Property Management debtors shall be applied as follows:
 - (a) Where the joint income of a Property Management debtor and spouse or partner does not exceed R7 500.00 per month, such debtor shall be deemed to be indigent;
 - (b) where a Property Management debtor has applied for and been granted an indigent relief, all debt related to that property for that debtor up to the date of registration as indigent will be written back. Such write back will occur only once for any debtor, thereby allowing for a once off rehabilitation;
 - (c) water and sanitation services, for indigents, will be charged as determined in the Tariff Policy, by Council from time to time;
 - (i) All lessees of City owned properties, who are registered as indigent, and who qualify in terms of item 32 will receive the same rates rebate benefits as approved by Council for owners who are dependent on pension or social grants for their livelihood, as found in the Rates Policy, at the equivalent gross monthly household income level as set out in the Rates Policy.



- (d) an indigent debtor will have any credit meter for electricity at the premises replaced with an electricity dispensing unit (EDU); and
 - (i) the Electricity Department and the maintenance section of the Property Management Department will be notified regarding the required installation of the EDU and will be responsible for the installation thereof; and
- (e) failure by an indigent debtor to pay the amount due within a review period of 2 (two) months will lead to the indigent relief being cancelled; where after the debtor will immediately be subject to the property management debt management policy;
- (f) the indigent relief will be valid for a period of 12 (twelve) months;
- (g) should it be discovered that there were any purposeful omissions by the applicant with respect to the indigent grant application which result in the applicant not complying with the indigent relief requirements, such relief will be cancelled and reversed to the date of application;
- (h) any debtor who fails to pay the indigent rental regularly and on time, will cause the indigent relief to be cancelled; and

- (i) the indigent rental will be calculated according to the following table:

INCOME	PERCENTAGE OF INCOME PAYABLE	MINIMUM ARRANGEMENT AMOUNT
R0 to R3 000	5 % with a minimum rental of R10	R25
R3 001 to R4 500	8%	R40
R4 501 to R7 500.00	10%	R60

For the purpose of income the cents value is disregarded except that the maximum income permissible is capped at R7 500.00.

- (j) all new applicants who apply and are registered as indigent and who are 60 years of age and older, including applicants who are 59 years of age and turning 60 years old in the year of making application, and those in receipt of a war veterans grant from the South African Social Security Agency, will, in terms of item 32 of this policy, have their indigent relief remain valid for 3 years or up to the termination date of the lease, whichever date is the earlier; and
 - (i) all such relief and the conditions thereof are as set out in item 32 and the Tariff Policy or any other City policy or other applicable legislation; and



- (ii) notwithstanding sub-item (i), services may be limited, if deemed necessary, by the City Manager.

32. A Leases affected by any other serious adverse social or economic conditions

- (1) Item 32A is applicable where any serious adverse social or economic conditions akin to force majeure have caused any of the City's commercial lessees to cease operations that may result in some lessees being unable to operate and thus have had a severe impact on their financial position.
- (2) The City Manager or delegated authority may, subject to any budget constraints, grant, in full or in part, any rental remission, to lessees as mentioned in sub-item (1), where occupation of the premises has been disrupted, with the exception of the following conditions:
 - (a) No relief will be provided where a lessee has received any additional relief in terms of any national remission program; or
 - (b) where the financial losses, as a result of these conditions, incurred by the lessee, are covered by any business credit insurance or similar insurance.
- (3) The City Manager shall have the right to call for:
 - (a) Any evidence in support of any claim for rental remission, in terms of item 32A; and
 - (b) any financial loss shall be substantiated by evidence thereof which shall include and not be limited to any of the following:
 - (i) any financial statements;
 - (ii) affidavits;
 - (iii) including third party reports;
 - (iv) photos.
- (4) Any new lease signed on or after 1 July 2021, shall require that a lessee be insured against any serious adverse social or economic conditions at such lessees own expense.
- (5) The City Manager shall be authorised to terminate any lease which is the subject of item 32A, without any compensation or penalty by either party, should there be mutual agreement thereto.



CHAPTER 6: CREDITS, REFUNDS AND TRANSFERS

33. Credit

- (1) In this chapter any reference to the word 'refund' includes the word 'transfer' unless the context indicates otherwise.
- (2) The City Manager shall have the right to claim any credits due to the City or any of its predecessors-in-law.
- (3) No interest shall be paid in respect of any credit on any account unless permitted in terms of any other legislation, policy or as determined by Council from time to time.

34. Requests for refunds or transfers

- (1) All requests for refunds or transfers must be in writing; and
 - (a) the City Manager shall only refund or transfer credit amounts in terms of this Chapter.
- (2) A "Request for Refund Form" must be completed, or dictated to an official who will record it in writing and have it read, and if necessary, corrected, and
 - (a) all the applicable supporting documentation must be supplied; and
 - (b) the form must be signed by the person requesting the refund.
- (3) The form must then immediately be lodged with the relevant authorised official.
- (4) Consideration for a refund or transfer will only be given where credits appear on the account.
- (5) Refunds will only be made:
 - (a) To an account holder; or
 - (b) notwithstanding anything else to the contrary contained in this policy, to the conveyancer, of the relevant property, after registration of transfer in the Deeds Office.
- (6) Notwithstanding sub-items (4), (5) and (7) any payment made on an account by a third party will only be considered for a refund or transferred, by the City Manager, to such third party, after the latter submits proof of the payment and such refund or transfer will be subject to any law and policy of the City.



By the claimant

- (a) The claimant will be required to produce the original proof of the payment which includes but does not limit same to any of the following:
 - (i) original receipt;
 - (ii) proof of payment method;
 - (iii) original cheque as processed by the bank, if applicable;
 - (iv) affidavit in support of the refund or transfer; and
 - (v) proof of the account intended to be paid, if applicable.

By the City

- (b) Before making any refund or transfer the City Manager may –
 - (i) try to establish the whereabouts of the accountholder and thereafter;
 - (ii) write to such accountholder, at the last known or established address, giving such accountholder 14 (fourteen) days to show cause why such refund or transfer should not be proceeded with; and
 - (iii) no refund or transfer shall take place until any objection to the refund or transfer by the accountholder, as referred to in sub-item (ii), has been resolved to the satisfaction of the City; and
 - (iv) the City Manager shall notify both the claimant and the account holder, of any final decision to either:
 - (aa) Proceed with the refund or transfer; or
 - (bb) to reject the request for the refund or transfer.

By the Accountholder

- (c) Any accountholder objecting to such refund or transfer must comply with the following:
 - (i) Submit such objection in writing showing cause as to why the refund or transfer should not take place; and
 - (ii) may be required to submit such objection in the form of an affidavit.
- (7) Except for refunds in terms of section 55, of the Property Rates Act, where there are two or more account holders all of the accountholders must complete and sign the “Request for Refund or Transfer Form” as per sub-item (2).



35. Deceased estates, insolvent estates, judicial management and curatorship

Deceased estates

- (1) Refunds and requests for transfers will only be considered upon receipt of the duly completed form referred to in item 34, signed by a duly appointed executor or executrix, and such application shall be subject to relevant conditions contained in item 34; and
 - (a) refunds will only be made payable to the deceased estate's bank account.
- (2) Notwithstanding sub-item (1) if an estate is wound up in terms of section 18 (3) of the Administration of Estates Act, then such refund or transfer can be made as per the directions as given by the Master by applying the same or similar principle; and
 - (a) the Masters direction as referred to in sub-item (2) must be attached to the request for the refund or transfer.

Insolvent estates including any entity in the process of liquidation

- (3) Refunds and requests for transfers will only be considered upon receipt of the duly completed form referred to in item 34, signed by a duly appointed trustee or liquidator, and such application shall be subject to relevant conditions contained in item 34; and
 - (a) refunds will only be made payable to the bank account of either the insolvent or an entity in liquidation; or
 - (b) to an unrehabilitated insolvent; or
 - (c) notwithstanding anything else to the contrary contained herein to any nominee, subject to the conditions contained in this policy.
- (4) Despite anything to the contrary contained in this policy the right to offset any debt against any credit is subject to the Insolvency Act.

Judicial management

- (5) Refunds and requests for transfers will only be considered upon receipt of the duly completed form referred to in item 34, signed by a duly appointed judicial manager, and such application shall be subject to relevant conditions contained in item 34; and
 - (a) refunds will only be made payable to the bank account of a company which has been placed under judicial management.



- (6) Despite anything to the contrary contained in this policy the right to offset any debt against any credit is subject to the Insolvency Act.

Curatorship

- (7) Refunds and requests for transfers will only be considered upon receipt of the duly completed form referred to in item 34, signed by a duly appointed curator, and such application shall be subject to relevant conditions contained in item 34; and
 - (a) refunds will only be made payable to the bank account of a person under curatorship.

36. Refunds and transfers generally

- (1) Subject to sub-item (2) refunds shall take the form of electronic bank transfers only unless catered for elsewhere in law or any of the applicable policies of the City.
- (2) Subject to sub-item (3) the City Manager shall have the right to offset any credit against any debt of the same debtor.
- (3) The right to offset any debt against any credit is subject to the Insolvency Act, or any court order prohibiting such set-off.
- (4) In the case of a refund or transfer to a partnership no set-off against any debt of the individual partner may take place; but
 - (a) any credit due to a partner may be offset against the debt of a partnership.

37. Revenue clearance certificates

- (1) Any refund provided as a result item 12 (6) shall be refunded in terms of that sub-item as read with this Chapter.
- (2) Any payment for a Revenue clearance certificate, which results in a credit on the sellers account, shall be refunded, in the first instance, to the relevant conveyer, or failing such conveyancer, to such seller, after registration, and after finalisation, to the satisfaction of the City Manager, of the respective account.



- (3) Where a sale does not result in registration taking place no refund shall be made, unless there is a credit on the account, and such refund shall be limited to the total of the amount in credit which shall not exceed the credit placed to the account in order to obtain the Revenue clearance certificate.
- (4) The sheriff of the court who sold the property shall be the seller when a property has been sold in execution.
- (5) A duly completed 'Request for Refund Form' may accompany any application for a Revenue clearance certificate.

38. Nominees

- (1) The City Manager has the right, subject to any applicable legislation, to offset any of the nominee's debt against any credit to be refunded to such nominees banking account.
- (2) Notwithstanding sub-item (3) no refund will be made to a nominee where the account holder is a juristic person except where a director, member or trustee can prove that they paid the juristic person's account out of their own personal bank account and that all the required proof and relevant documents are submitted.
- (3) Subject to sub-item (1) and (2) and notwithstanding anything else contained in this policy, refunds may be made to a nominees banking account.



CHAPTER 7: MISCELLANEOUS

39. Right of access to property

- (1) In terms of section 101, of the Municipal Systems Act and the registered owner or occupier of any premises in the City must give an official of the City or any representative of a service provider, who is authorised by the City Manager, access at all reasonable hours to the premises in order to inspect the premises, read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict or discontinue the provision of any service.
- (2) Where access has been denied to a property or where it is found that officials are unable to gain reasonable access the City Manager may, having given fourteen days' due notice, install any prepayment meter at the property, at the owners cost.
- (3) Where access has been denied to a property, including properties where an indigent, as registered in terms of this Policy, resides, or where it is found that officials are unable to gain reasonable access, the City Manager may, having given fourteen days' due notice, disconnect, stop or restrict or discontinue the provision of any service, at the cost of the owner; and
 - (a) may implement any applicable provision of this policy.

40. Compromising or compounding any action, claim or proceedings

- (1) In terms of section 109 of the Municipal Systems Act the City Manager may compromise or compound any action, claim and proceedings where applicable.
- (2) Sub-item (1) is not applicable to rates except as provided for in section 26 (3) of the Property Rates Act.

41. Review of this Policy

- (1) This policy must be reviewed annually as part of the budget process or more frequently if required.
- (2) Changes in legislation must be taken into account for future amendments to this policy.
- (3) Any amendments to this policy must be submitted to Council for approval.



CHAPTER 8: OTHER COLLECTION PROCEDURES

42. Failure to pay debt by due date

- (1) Should any debtor fail to pay any debt, referred to in section 118 (3), of the Municipal Systems Act, by due date the City Manager may, serve a notice in terms of section 115 of the Municipal Systems Act, –
- (a) on the debtor, and
 - (b) on the property,
- calling upon such debtor to pay such debt within 30 (thirty) days of such notice.

43. Content of notice

- (1) The notices referred to in item 42 shall state that should any debt not be settled within 30 (thirty) days of such notice, application will be made to court for an order for the sale of the debtor's property for the outstanding debt plus any additional debt incurred in the application of this Chapter.

44. Address for delivery of notifications

- (1) Any debtor may notify the City Manager of an address within the Republic to which any notice referred to in sub-item 42 (1) (a) may be sent; and
- (a) any address given in terms of sub-item (1) may be amended by a debtor by notifying the City Manager in writing of the change thereof; and
 - (i) such amended address shall take effect when a written acknowledgement of such address is dispatched by the City Manager to the debtor.
 - (b) the onus shall be on the debtor to ensure that such debtor receives a written acknowledgement of such amended address;
 - (c) the amended address shall be deemed for all purposes to be the address where all notices in terms of this Chapter may be served to the exclusion of any address previously notified;
 - (d) shall state either the property account number or numbers of each applicable account; and
 - (i) the full description of the property;
 - (ii) the physical address of the property; and
 - (iii) the full name of the registered owner.



45. Procedures to be followed for debt

- (1) Should any debt referred to in item 42, remain unpaid after the final date for the payment thereof, such debt may be recovered in the manner set forth in this Chapter.
- (2) The City Manager shall cause a further notice to be served, in terms of section 115 of the Municipal Systems Act, advising that an application shall be made to Court, after the lapsing of 14 (fourteen) days from dispatch of this notice, for an Order for the sale of the debtor's property for the outstanding debt plus any additional debt incurred in the application of this Chapter.
- (3) If after giving notification in terms of items 42 and sub-item 45 (2) hereof, and such debt remains outstanding, a court of competent jurisdiction, upon the application by the City, showing
 - (a) the amount of debt not paid; and
 - (b) the notices provided for in items 42 and 45 (2) has been given,

shall be requested to summarily order any such property against which the debt is owing to be sold by way of public auction, subject to the conditions contained in sub-items (4), (5) and (6) hereof, which order the court shall have the right to grant.

- (4) The order shall give the power for the proceeds of the public auction to be paid into court and direct that payment be made to the City, from these proceeds; of
 - (a) all debt outstanding; and
 - (b) all costs incurred by the City in respect of the application made in terms of this Chapter;

in preference to any bondholder in terms of section 118 (3) of the Municipal Systems Act.

- (5) Upon the court order as set out in sub-items (3) and (4) hereof the City shall have the right to have the property or any part thereof, as the case may be, sold in accordance with the court's order without the necessity of issuing a writ or other process of court for that purpose, except as provided for in sub-item (6), provided that in all other respects any such sale shall be deemed to be a sale of immovable property in execution of the judgment of such court, save that it shall not be necessary to notify or consult the debtor, against which the amount is owing, with regards to the sale or the conditions of the sale.
- (6) Prior to applying for a date of sale of any property in terms of this Chapter, or the court order, the City Manager shall –
 - (a) post a notice on the official notice board of the City for a period of a least 30 (thirty) days;



- (b) publish such notice in at least three newspapers circulating in the area in which the property is situated; and
 - (c) serve a notice to this effect on the debtor.
- (7) The notice referred to in sub-item 45 (6) (a) may be in the form of a schedule and shall contain at least the following information:
 - (a) The name of the owner;
 - (b) the full physical address of the property;
 - (c) the amount outstanding;
 - (d) that the debtor has a right to settle the debt before the expiration of the notice;
 - (e) that the property may be sold in terms of the court order granted in terms of this Chapter should the debt remain outstanding after the expiry of the said notice; and
 - (f) any other information which the City Manager deems necessary.
- (8) The notice referred to in sub-item 45 (6) (b) shall contain at least the following information:
 - (a) The name of the registered owner;
 - (b) the full physical address of the property;
 - (c) the amount outstanding;
 - (d) that the debtor has a right to settle the debt before the expiration of the notice;
 - (e) advising that application shall be made to the sheriff of the court for a sale date after the expiry of the notice; and
 - (f) any other information which the City Manager deems necessary.
- (9) If before the sale of any such property in terms of any court order there is produced to the sheriff or any other person charged with the sale thereof a certificate from the City Manager that all the amounts due have been fully paid, the said property shall be withdrawn from the sale.
- (10) Notwithstanding that all the said amounts may have been paid before the said sale the City shall not be liable to any person whatsoever for any loss or damage suffered by such person by reason of the sale of any such property in respect of which no such certificates have been produced to the said sheriff or person in charge.
- (11) If any property is sold pursuant to a court order referred to in this Chapter notwithstanding the fact that all amounts due have in fact been paid; and
 - (a) if the City Manager, within three months of the sale, is satisfied that the said amounts had been paid at the date of the sale, the City Manager shall, if transfer of the property to the purchaser has not yet been registered, declare the sale null and void;



- (b) the declaration referred to in sub-item (11) (a) hereof shall be by way of written notice signed by the City Manager and a copy thereof shall be served on the registered owner, in terms of section 115 of the Municipal Systems Act, and on the purchaser, at the address supplied in the conditions of purchase, and shall be transmitted forthwith to the Registrar of Deeds.
 - (c) upon signature of the said declaration the sale shall be null and void and in that event the purchase price shall be refunded to the purchaser;
 - (d) the registered owner shall be liable for all the expenses of the sale and all expenses incurred pursuant to the sale save any expenses incurred after production, if any, of the certificate referred to in sub-item (9) hereof, to the sheriff or any other person charged with the sale; and
 - (e) if no such certificate has been signed by the City Manager in accordance with sub-item (9) hereof the sale shall be of full force and effect.
- (12) Nothing contained in this Chapter prevents the City from taking any other proceedings for the recovery of debt as set out in this policy, any relevant legislation, or any other competent procedure in any court of competent jurisdiction.

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