

CITY OF JOHANNESBURG

CREDIT CONTROL & DEBT COLLECTION POLICY

PREAMBLE

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

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

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

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

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

General

- a) This Credit and Debt Collection Policy must be understandable, applied consistently, uniformly and fairly.
- b) It must be efficient, effective and economical, thereby ensuring its sustainability in the long run.
- c) This Credit and Debt Collection Policy shall super cede all applicable policies, by-laws aimed at achieving the same purpose to which this policy revision seeks to achieve.

1. INTERPRETATION

Except to the extent to which the context may otherwise require, this Policy will be construed in accordance with the following provisions:

In this policy:

- 1.1 Any reference to an enactment is to the relevant enactment as at the date of signature hereof, as amended or re-enacted from time to time;
- 1.2 Any terms used will have the same meaning as ascribed to it in the Systems Act unless specifically defined in this Policy;
- 1.3 Any reference to natural persons includes created entities (incorporated and unincorporated) and *vice versa*.

2. DEFINITIONS

In this Policy, any word or expression to which a meaning has been assigned in the Act bears the same meaning, and unless the context otherwise indicates:

- 2.1 **“Abandoned Building(s)”** means building/s that are either vacant or occupied and where the owner or majority of the co-owners cannot be found or traced by the City and there is no proper management or maintenance of the building to the extent that the condition of the building poses a health and safety risk to the occupants of the building or occupants of neighboring buildings or any other member of the general public.
- 2.2 **“Account”** means a notification by means of a statement of account held with the City by a customer who is liable for payments of any amount to the City or any municipal service provider in respect of the following:
 - a electricity consumption based on a meter reading or an estimated meter reading of consumption; service charge, network charge, network surcharge and any other amounts charged and a description of what the charges are for;
 - b water consumption based on a meter reading or an estimated meter reading of consumption; service charge, network charge, network surcharge and any other amounts charged and a description of what the charges are for;
 - c water consumption based on a meter reading or estimated consumption or availability fees;

- d refuse removal and disposal;
- e sewerage services and sewer availability fees;
- f rates;
- g interest;
- h connection fees, default administration charges and
- i miscellaneous and sundry fees and collection charges

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

2.4 “**AOD**” means Acknowledgement of Debt, which means a legal document signed by both the customer and the City where the customer acknowledges liability for an outstanding debt and agrees to pay the debt off in instalments/payments until such debt (and any interest thereon, if any) is repaid in full.

2.5 “**Arrears**” means an amount that is due, owing and payable to the City after “due date” and includes *inter alia*:

- (a) the principal debt;
- (b) collection charges;
- (c) interest;
- (d) default administration charges;
- (e) disconnection fees;
- (f) connection fees; or
- (g) Other applicable amount due.

2.6 “**Authorised official**” means any official or agent of the Council who has been authorised by it to administer, implement and enforce the provisions of these By-laws;

2.7 “**Clearance Certificate**” means the prescribed certificate as envisaged in Section 118 (1) of the Municipal Systems Act 32 of 2000.

2.8 “**Clearance Figure**” refers to the amount which has to be paid to the City in terms of Section 118 (1) of the Municipal Systems Act 32 of 2000 in order to obtain a clearance certificate, including any advance amounts due therefor.

2.9 “**Consumer**” means anyone who occupies premises/property to which the City has agreed to provide services or to which the City is actually supplying services. If there is no occupier at the premises/property, the owner of the property will be deemed to be a consumer.

2.10 “**Credit control**” refers to the action(s) required to safeguard the collection of revenue which might include any means of communications, service disconnections, service restrictions, service reconnections, normalizing installations, follow-up procedures, legal action, data integrity or any other action that may be deemed necessary by the City in performance of revenue collection.

2.11 “**Customer**” means the person with whom the City has agreed to provide services or, in the absence of such an agreement, the owner of the property and accordingly, the account holder liable for payment of the municipal account.

2.12 “**The City**” means the City of Johannesburg Metropolitan Municipality and, where the context allows refers to the City as represented by any duly authorised agent, municipal service provider, committee or official.

2.13 “**Debt collection**” refers to the debt recovery process and includes sanctions (warning letters, disconnection and/or restrictions, adverse credit rating, legal process, judgment and/or process in execution) to be applied in the event of non-payment of accounts.

2.14 “**Collection charges**” means charges levied against a customer to cover expenses for the collection of debt.

2.15 “**Designated Official**” refers to a political structure, political office bearer and councillor or staff member of the City assigned to perform certain functions and/or duties.

2.16 “**Disconnection**” means where a service is purposely disconnected or terminated, whether temporarily or permanently and irrespective of the method applied.

2.17 “**Restrictions**” means where the supply of water service is reduced to the basic minimum as determined by the applicable statute.

2.18 “**Due date**” means the date on which an amount payable in respect of an account becomes due, owing and payable by a customer as stipulated on an account, which date shall be determined by the City from time to time.

2.19 “Hijacked Building” means a building or land where persons other than the registered owner or authorised agent have taken or retained occupation without the owner’s consent, evidenced by competent proceedings or supported by a sworn affidavit and related investigations. A court order is not a precondition for lodging; it is evidence that, if available, is considered.

2.20 “Indigent persons” are defined by the approved Expanded Social Package of the City as those qualifying for support, due to personal and/or geographic circumstances which result in a score of 1 or higher out of a possible 100 points under the most current approved poverty index of the City.

2.21 “Municipal Service Provider” means a municipal entity which has entered into a Service Delivery Agreement with the City for the provision of one or more services as envisaged in Section 76(b) of the Systems Act.

2.22 “Municipal Services” for purposes of this policy, means services provided by the City, which include refuse removal, water supply, removal and purification of sewerage, sanitation, electricity services and rates either collectively or singularly, and any other miscellaneous services whether provided by the City or a Municipal Service Provider.

2.23 “Occupier” means any person who resides on and/or occupies any premise/property to which municipal services are supplied, regardless of the title under which he/she is listed, be it owner or tenant.

2.24 “Owner” means:

2.24.1 The person in whose name the ownership of the premise/property is registered from time to time or;

2.24.2 His/her agent; where the registered owner of the premises/property is insolvent or dead or, for any reason, lacks legal capacity or is under any form of legal disability that has the effect of preventing him/her from being able to perform a legal act on his own behalf. The person in whom the administration and control of such premises/property is vested as curator, trustee, executor, administrator, judicial manager, liquidator or legal representative, as the case may be;

2.24.3 Where the City is unable to determine the identity of the owner, a person who has a legal right in or benefit of authority over any premises/property, building, or any part of a building;

2.24.4 Where a lease has been entered into for a period of 30 years or longer or for the natural life of the lessee or any other person mentioned in the lease or is renewable from time to time at the will of the lessee indefinitely or for a period or periods which, together with the first period of the lease, amounts to 30 years. The lessee or any other person to whom he has ceded his right, title and interest under the lease or any gratuitous successor to the lessee;

2.24.5 In relation to land upon which a sectional title scheme has been registered in terms of the Section Titles Act 95 of 1986 and or under the Sectional Title Schemes Management Act no: 8 of 2011, the body corporate established under any of those Acts or in the absence of such body corporate, the owners of the units in the scheme.

2.25 **"Person"** means any person, whether natural or juristic, and includes but is not limited to any local government body or like authority, a company or close corporation incorporated under any law, a body of persons whether incorporated or not, a statutory body, public utility body, voluntary association or trust.

2.26 **"MPRA"** means the Local Government: Municipal Property Rates Act No. 6 of 2004.

2.27 **"Property Rates"** means a Cent amount in the Rand levied on the market value of immovable property (that is, land and buildings).

2.28 **"Rates"** means the tax paid to the authority that services the property such as body corporate or municipality. These taxes are determined, based upon the property zoning. These taxes are paid to the authority which services the property in terms of the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004), or any prior law;

2.29 **"Unauthorized use"** means the receipt, use or consumption of any municipal service which is not in terms of an agreement with or approved by the City or not in compliance with this Policy or any municipal by-laws.

2.30 **"Consolidation of accounts"** means the combining of all accounts pertaining to one premise/property into a single account.

2.31 **"ESP"** means Expanded Social Package, as defined in the City's Indigent Policy. This category consists of residential properties owned and occupied by natural persons who reside within the municipal boundaries, are South African Citizens with valid identification document, have limited income and can prove that his or her annual income falls within the limit determined by Council and who are vulnerable such as pensioners, persons with disabilities (PWDs), un-employed, child headed households & the youth.

2.32 **"Staff Member"** means

3 APPLICATION OF THIS POLICY

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

3.20 Rates;

3.21 Fees, surcharges on fees, charges and tariffs in respect of the provision of the following municipal services;

- (i) the provision of water and the availability thereof;
- (ii) refuse removal and disposal;
- (iii) sewerage and the availability thereof; and
- (iv) electricity consumption and the availability thereof;

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

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

3.23 Collection charges.

4 OBJECTIVE OF THIS POLICY

The objectives of this Policy are to:

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

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

- 4.3 Provide for the setting of realistic targets consistent with generally recognized practices and collection ratios and also the estimates of income set in the annual budget of the City less an acceptable provision for bad debts.
- 4.4 Provide for when and when not to charge interest on overdue amounts and will be levied.
- 4.5 Provide for when or when not collection charges on the payment of any overdue amount may be levied.
- 4.6 Provide for extension of time for the payment of overdue amounts.
- 4.7 Provide for the termination of services or for restrictions on the provision of services when payments are overdue.
- 4.8 Provide for punitive measures relating to the unauthorized consumption of services, theft and damages.
- 4.9 Provide for the extension of time for investigation of queries that may arise in the implementation of this policy and any matter related thereto.
- 4.10 Provide a requirement for the application of clearance figures and certificates.
- 4.11 Provide the role of the City Manager as the Accounting Officer amongst others in this Policy.
- 4.12 Provide for the City Manager to require the purchaser during the clearance certificate application to apply for all the services at the property.
- 4.13 Provide for the requirements governing the conclusion of the debt payment or arrangements.
- 4.14 Provide for the raising of security deposits, where applicable.
- 4.15 Provide for the refunding of credit balances and/or transfer of credit balances on accounts.

5 IMPLEMENTATION AND MONITORING

5.1 The City's Executive Mayor shall, as supervisory authority:

5.1.1 Oversee and monitor:

5.1.1.1 The implementation and enforcement of the COJ's Credit Control and Debt Collection Policy and any by-laws enacted; and

5.1.1.2 The performance of the City Manager in implementing the policy and any by-laws.

5.2 When necessary, evaluate, review or adapt the policy and any by-laws, or the implementation of the policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedure; and

5.2.1 Report monthly to a meeting of the City.

5.3 The City Manager shall, as implementing authority:

5.3.1 Implement and enforce the COJ's Credit Control and Debt Collection Policy and any by-laws enacted in terms of the Municipal Systems Act;

5.3.2 In accordance with the Credit Control and Debt Collection Policy and any such by-laws establish effective administrative mechanisms, processes and procedures to collect money that is due and payable to the COJ;

5.3.3 May treat any debt and arrangements to repay arrears holistically, but apply different repayments periods or methods that may be determined for different types of services, debtors or arrears within the general rule that the repayment period, should take into consideration the financial capacity of the debtor;

5.3.4 All information for the application of services on the application form will be verified by the City, with any or all data information institutions, credit information bureau and any financial as may be deemed necessary by the City in determining the applicant's credit worthiness or for any other reasons as determined by the City Manager;

5.3.5 Provide reduced levels of services to manage the debt growth of the debtor;

- 5.3.6 Debtors may be referred to the third-party debt collector and/or may be placed on the National Credit Rating lists;
- 5.3.7 For the purposes of an arrangement, the debtor may be required to co-operate with any reasonable measures that might be required to reduce their level of use of the consumable services to affordable levels;
- 5.3.8 The terms and conditions as contained in any prescribed form or document utilized in implementing this policy, forms part of this policy and are incorporated therein and specifically stated;
- 5.3.9 Where a company, closed corporations, trusts in terms of the Trust Property Controls Act no. 57 of 1988, Home Owners Associations or a Body Corporate in terms of the Sectional Tittles Schemes Management Act no. 8 of 2011, is indebted to the City, liabilities of such arrears may in terms of any legislation or court order be extended to the directors, members or trustees thereof jointly and severally and notwithstanding anything contained in this policy, the City Manager may recover any debt incurred at the property as set out in Section 118(3) of the Municipal System Act, from the previous owner of the property:
- 5.3.10 Where the City is the registered owner of the 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; in the case of where the City has entered into a 99 year lease, the tenant is responsible for the payment of the rates and taxes;
- 5.3.11 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;
- 5.3.12 In the event of the Municipality expropriating immovable property, from owners who do not cooperate with the City in terms of this Policy, the proceeds of the sale of the debtor's movables or immovable property, will be deposited into the Municipal accounts;
- 5.3.13 Report the prescribed particulars on monthly basis to a meeting of the supervising authority;
- 5.3.14 May sign all necessary documents or processes including but not limited to affidavits, declarations and any documents to appoint an attorney, who forms part

of the third party debt collectors, for the collection of debt, owed by a deceased estate or general debt collection and legal action, to the City.

- 5.4 This policy shall be implemented under the guidance of the City Manager and Group Chief Financial Officer by Designated Officials whose duties include:

- 5.4.1 Rendering of accounts;
- 5.4.2 Collection of money due and payable to the City;
- 5.4.3 Dealing with queries and adjustments on accounts;
- 5.4.4 Liaising with members of the public in relation to the above.

6 CODE OF CONDUCT

All the City's officials and contracted service providers shall treat all debtors with dignity and respect at all times. Employees shall execute their duties in an honest, diligent and transparent manner whilst protecting the confidentiality of information in accordance with the Promotion of Access to Information Act No.2 of 2000 and Protection of Personal Information Act No. 4 of 2013.

7 ACCOUNTS

- 7.1 The City may:

- 7.1.1 Consolidate any same-stand customer's accounts (residential and / or business) that are liable for payment to the City;
- 7.1.2 Credit any payment by such customer against any other account/s belonging to the same customer;
- 7.1.3 Implement credit control measures and/or debt collection in relation to any arrears on any of the customer's accounts in accordance with the City's Credit and Debt Management Policy and any other applicable by-laws.

- 7.2 The amount due and payable by the City's customer constitutes a consolidated debt, and as such any payment by the customer, that is less than, the full amount may be allocated to the consolidated debt in an order determined by the City.

- 7.3 Save as set out herein, the City will only enter into consumer agreements and register accounts for a person who is the owner of the property to which services are rendered.

- 7.4 Existing consumer accounts previously opened in conflict with clause 7.1 will be phased out.

7.5 The City may, at the City's sole discretion, allow for the opening of accounts to be held by persons other than the owner of the property concerned for the following:

7.5.1 , The executor, trustee or liquidator of a deceased or an insolvent estate;

7.5.2 In accordance with any order of Court;

7.5.3 Where the City is the owner of the property.

8 DEPOSITS

8.1 The provision of municipal services will require the raising of a security deposit and such deposit must be paid within a period of one month from the date of property registration. Such deposit may be in the form of cash or a direct deposit or both, deemed to be appropriate for a category or segment of customer determined by the City from time to time.

8.2 All customers and/or consumers shall pay a deposit for the supply of electricity and/or water by the City equivalent to 2 months' consumption, on the basis of the average consumption during the previous 3 months in respect of the property in question.

8.2.1 Deposit in respect of new connections will be in line with the prescribed applicable tariff schedule.

8.3 The City may periodically review the adequacy of the deposit paid by the customer to ensure that the deposit held by the City exceeds or is equivalent to 2 months average consumption.

8.4 Any sum deposited by or on behalf of a customer shall, be off set against any outstanding debt.

8.5 Where a deposit has not been paid to the City by the customer, or during review of the sufficiency of the deposit held, the City will disconnect and/or restrict services.

8.6 The City may offset a deposit held against the customer's overdue amount after services have been disconnected. Thereafter review the deposit in accordance with the customer's prevailing risk profile to be paid before services can be reinstated.

8.7 All account holders who are ESP beneficiaries should be exempt from paying a security deposit.

- 8.8 All customers who receive PENSIONER'S rebate should also be exempted from paying a security deposit.
- 8.9 All customers with a property market value not exceeding R500 000 should also be exempt from paying a security deposit.

9 BILLING MANAGEMENT [Justice to provide written submission]

The City Shall:

- 9.1 Ensure each property has a device to measure consumption, and availability charges are applicable where there is infrastructure.
- 9.2 Ensure accurate measurement of consumption at regular intervals with a minimum delay between service connection and first and subsequent billing.
- 9.3 Where, for any reason whatsoever readings cannot be obtained, interim readings (estimates) shall be utilised. Interim readings will be based on the average monthly consumption of services registered over the 12 preceding months. As soon as an actual reading is obtained, the account will be adjusted accordingly.
- 9.4 Ensure accurate billing with the applicable tariffs and categories.
- 9.5 Timely dispatch of accounts by way of any legal and convenient methods.
- 9.6 An authorized representative or agent of the City shall, at all reasonable hours be given unrestricted access to their property for purposes of reading, inspection, installation, or repair of any meter, service or service connection.
- 9.7 Unauthorized use or access refusal to the property or devices shall lead to penalties and legal action against the customer including, but not limited to:
 - 9.7.1 Laying of criminal charges (where applicable);
 - 9.7.2 Disconnecting or restricting water and/or electricity to the said property; and
 - 9.7.3 Instituting legal action.
- 9.8 Non-receipt of an invoice does not absolve the customer from payment of the account.
- 9.9 It remains the customer's responsibility to approach and furnish the City of Joburg with contact information to enable statement.

- 9.10 The credit control measures should be taken through the Business Partner (BP) maintenance, which is the primary residence not owing to collect on subsidiary properties owing.

10 PAYMENT OF ACCOUNT

- 10.1 Payment of the City's accounts may be made at any of the City's designated pay points or payment agents by the payment methods determined by the City from time to time.
- 10.2 The City reserves the right from time to time to introduce new payment methods, or discontinue existing payment methods in line with the advancements of technology, and to:
- 10.2.1 Levy administration fees and / or bank charges on certain payment methods.
- 10.3 The account monthly due date represents the date on which customer's account is due and payable.
- 10.4 An account due date shall be determined by the City from time to time, in respect of customers with agreement with the City to pay property rates annually.
- 10.5 Only payments received on or before due date in the City's financial system will be deemed to have been duly received.
- 10.6 Payment through third party vendors will only be deemed to have been received when receipted through the City's financial systems.
- 10.7 The City, shall ensure appropriate hours of business to facilitate account payments.
- 10.8 Collect all money due and payable to the City.
- 10.9 In the event of estimated accounts being rendered for any reason, including delays in changing of meters or obtaining of actual meter readings, the customer must pay and remains liable for the payment of estimates charged to the account.
- 10.10 Payment received in respect of any customer's debt and/or consolidated debt will be allocated in accordance with the following priority order:
- 10.10.1 Oldest outstanding debt, settled first irrespective of the date of payment,
- 10.10.2 followed by administrative cost,
- 10.10.3 Sundries,

10.10.4 Interest, and

10.10.5 Lastly current outstanding debt.

11 PREPAYMENT METERS

11.1 The City, reserves the right to install prepaid meters (for electricity and water services), within its available resources, within its jurisdiction.

11.2 The City, reserves the right to install prepaid meters for indigent customers.

11.3 A customer may apply to the City for a prepaid meter at the customer's own cost, only if the account is up to date or after an AOD has been entered into for any arrears owing to the City. The installation of a prepaid meter does not detract from any pre-existing liability for arrears owing prior to installation.

11.4 If a customer fails to pay for municipal services for 3 or more successive months, the City may, at its own discretion, install a prepaid meter for the supply of any municipal service at the property concerned at the customer's expense.

11.5 Customers whose electricity or water supply has been disconnected three times for non-payment will be obliged to install a prepaid meter before any supply is reconnected or continued. All prepaid meters are installed at the owner's/customer's expense.

11.6 The City reserves the right to block or limit prepaid meter purchases or a portion thereof and appropriate the purchases of prepaid units against any arrear debt.

12 INDIGENT PERSONS

12.1 Indigent persons have to apply and be registered in terms of the Expanded Social Package, in order to qualify for any social relief related to the provision and charge of municipal services within the City. Such relief is determined by the City and is subject to review and / or adjustment at the City's discretion.

12.2 A person registered as an indigent under the City's Expanded Social Package will be entitled to the relief and benefits afforded under the City's Expanded Social Package; should a person who is registered as an indigent, under the City's Expanded Social Package, fail to abide to the provisions of the ESP benefits, such as applying for the renewal and approval for benefits every six (6) months, will result in Credit Control action being taken against the beneficiary, should the account fall into arrears.

- 12.3 The City may, at its own discretion, install prepaid meters for indigent customers and in such cases the City will bear the cost of installation.

13 HIJACKED AND ABANDONED PROPERTIES/BUILDINGS

- 13.1 The City is entitled, in its sole discretion and without obligation, to restrict or disconnect one or more municipal services at a hijacked or abandoned property where a lawful ground exists, these grounds include, but are not limited to:

- Credit-control default after lawful demand and expiry of a valid pre-termination notice;
- Safety or illegality (including unsafe installation, tampering, or unlawful connections) requiring proportionate intervention;
- A court directive authorising or requiring limitation or disconnection;
- Any other ground recognised in national legislation or binding jurisprudence.
- Nothing in this clause creates any duty to terminate service or to act on an owner's request. Decisions remain at the discretion of the City.

- 13.2 The owner of the hijacked or abandoned property has an obligation to inform the City, as soon as what can be considered a reasonable period, of the change in status in the description of the building and or property.

- 13.3 An owners reporting of the hijacked or abandoned property and / or building; or the owner's request to limit or disconnect services does not bind the City. For consideration, the owner is to lodge:

- a sworn affidavit describing loss of control and steps taken;
- any SAPS case or regulatory report where available;
- relevant court process or order if obtained; and
- the City service-action request form designating a contact person.
- The City reserves the right, at its election, to undertake verification, site inspection, and inter-departmental checks before any action is considered

- 13.4 The registered owner remains liable for charges incurred and liable for payment of all outstanding accounts and arrears during that owner's period of ownership.

- 13.5 The City reserves the right to take legal action to recoup the outstanding amount.

- 13.6 Provision of services shall be in line with the applicable legislation.

14 CREDIT CONTROL AND DEBT COLLECTION METHODS

ARREAR ACCOUNTS

- 14.1.1 In the event that the customer fails to pay the full amount due on or before the due date, the unpaid amount is deemed to be in arrears. A pre-termination notice and/or Final Demand notice shall be issued and may be hand delivered or delivered in conjunction with the services invoice, or shall be delivered by available electronic means, to the most recent recorded address, electronic contact address and/or number of the customer.
- 14.1.2 Failure by the City to deliver pre-termination notice and/or Final Demand notice does not absolve the customer from paying the arrear amount.
- 14.1.3 Pre termination notice and/or Final Demand notice must contain;
- a) The account holder's name,
 - b) Account/s numbers,
 - c) Applicable stand/s numbers,
 - d) The total debt outstanding, and
 - e) The date by which such an amount must be settled.
- 14.1.4 The Customer may conclude an Acknowledgement of Debt agreement (AOD) with the City for payment of outstanding debt in instalments, in accordance, with the business process determined by the City.
- 14.1.5 If the full outstanding amount is not paid and/or AOD is not entered into within the stipulated period, electricity may be disconnected and water restricted (throttled) without further notice.
- 14.1.6 A notice / disconnection card shall be left at the property advising that the supply has been restricted, disconnected or discontinued and caution that all electric points should be considered live and that all water outlets should be closed. The notice must also advise that the supply will only be reconnected after the amounts specified on the notice, and any other debt including the reconnection fee, have been paid or an arrangement acceptable to the City has been made.
- 14.1.7 The above notices must also warn of the consequences of illegal reconnection.

- 14.1.8 All residential consumers, whose water supply has been restricted, may have access to basic water supply as determined by the City from time to time by means of a restricted water flow device to their property. Where the water supply has been disconnected or discontinued as a result of, but not limited to, unauthorised or illegal reconnections and tampering, a water management device; or a prepayment water meter may be installed, or a communal water supply point, within a radius of approximately 200 meters from their property, may be provided.
- 14.1.9 The City has the sole discretion to insist on a water management device or a prepayment water meter being installed to a property where the water supply is regularly restricted for non-payment and/or if the City Manager considers the debtor to be a credit risk to the City. The water management device, a prepayment water meter or any service may be restricted, disconnected or discontinued for any arrears owed to this City. The City may require the debtor to pay all the penalties and arrear amounts in full before the supply is restored.
- 14.1.10 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.
- 14.1.11 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 14.1.6 has been paid or that an arrangement was entered into with the City.
- 14.1.12 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. These may among other actions lead to accounts being handed over to appointed collection agent (specialised debt collectors) and/or attorneys for collection.
- 14.1.13 In terms of section 104(1) (f) (ii) of the Municipal Systems Act, the City may take further steps (seizure of property) in pursuit of the outstanding debt, subject to applicable regulations and/or as advised by the Minister. The Act further provides that any intended seizure of property/s must be referred to the City

Manager (Accounting Officer) or his/her nominee for approval, where the City deems it necessary under the circumstance.

- 14.1.14 The City may in case of Company/Trust in terms of the Trust Property Control Act no 57 of 1988 and or the Sectional Title Schemes Management Act no: 8 of 2011, extend liability in respect of customer arrears to the directors, members or trustees thereof jointly and severally.
- 14.1.15 Where a water management device has been installed the City may:
- a) Authorise that the adjustment of the water flow be limited to the affordability of the residential debtor based on the total household income, and in addition to this;
 - b) Where the residential debtor who is registered as an indigent and who now has the ability to pay based on the total household income and requires that the supply be increased;
 - c) Where all the arrears were written off or are reversed and are either paid or a suitable arrangement is made to settle the said arrears, may have the supply increased in accordance with item 14.1.15 b
- 14.1.16 The following provisions apply in the event of illegal reconnections or tampering with water or electricity supply;
- a) Where illegal reconnections and/or tampering has occurred the water or electricity supply may be effectively disconnected.
 - b) The full amount of arrears plus any illegal reconnection penalty fees, as provided in the applicable tariffs may be required to be paid prior to the restoration of services.
 - c) The City Manager has a sole discretion, only under the exceptional circumstances, to allow the customer to be reconnected after making necessary payment arrangements.
 - d) The illegal reconnection and/or tampering with water or electricity supply is a criminal offence, which may result in legal action been taken against the offending customers.

14.2 CREDIT CONTROL METHODS

The City may use any Credit Control methods, which are permitted in law including, but not limited to the following:

- 14.2.1 Reference and Credit Checking;
- 14.2.2 Credit Bureau, Deeds Office, CIPRO vetting;
- 14.2.3 Deposit taking;
- 14.2.4 Requirement to sign customer agreements;
- 14.2.5 Monthly statements;
- 14.2.6 Statement reminder messages;
- 14.2.7 Telephone calls;
- 14.2.8 Electronic methods;
- 14.2.9 Short Message Service (SMS)
 - E- mail
 - Multi Media Service
 - Social Media
- 14.2.10 Pre-termination notices;
- 14.2.11 Disconnection notices;
- 14.2.12 Termination or Restriction of Services;
- 14.2.13 Letter of Demand;
- 14.2.14 Legal Action;
- 14.2.15 Alternative dispute resolution;
- 14.2.16 Providing information of the delinquent payers to Credit Bureaus as contemplated in the National Credit Act of No. 34 of 2005.

- 14.3 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 be made to any debtor or any debtor's nominee or service provider who is in arrears with their Municipal account.

14.4 Contract guarantees:

- 14.4.1 In terms of the Supply Chain Management Policy, adopted in terms of Section 111 of the Municipal Finance Management Act 56 of 2003, financial guarantees may be required on behalf of contractors to secure certain performance and advance payment obligations of a contractor.

14.4.2 The City may accept a contract guarantee from a registered bank or insurance company having one of the following ratings from the credit rating agencies indicated:

a) Banks: a short-term rating of F1 (Fitch Ratings), A1 (Global Credit Ratings Co.) or Prime-1 (Moody's).

b) Insurers: a claims paying ability rating of A- or above from Global Credit Rating Co., or A3 or above from Moody's.

14.4.3 A 100% cash deposit may be accepted as a contract guarantee in lieu of a paper guarantee; and no interest will be payable while the deposit is held by the City.

14.4.4 The City may add or delete, temporarily or permanently, the name of a financial institution to or from the list of approved guarantee providers. Notwithstanding the absence or presence of an acceptable credit rating, if he or she is satisfied or unsatisfied as to its credit worthiness in a particular instance.

14.4.5 The list of financial institutions referred to in sub-item (a and b) above shall be posted on the City's website.

14.4.6 The format of the guarantee, as referred to in sub-item (a and b), shall be as approved by Council and forms part of this policy.

14.4.7 A guarantee shall exclude a surety ship.

14.5 Service guarantee:

In terms of this policy, deposits should be made by the way of cash payments. Council however recognizes that for large and very large electricity users guarantees may be accepted in place of cash deposits.

14.6 Rental guarantees:

The City may accept a guarantee for deposits in terms of a lease agreement as provided for in this sub-item.

14.7 Guarantees against potential damages

The City may accept a guarantee against potential damages to the City for any reason.

14.8 The City may reverse any benefit received should a debtor fall into arrears after receiving such benefit.

14.9 The City 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 this Municipality.

14.10 All debtors may, having paid the prescribed fee, obtain a Revenue Credit Profile Certificate from the City, and the City may –

14.10.1 Call for an equivalent certificate as issued by any other municipality before entering into any business transaction with this municipality; or

14.10.2 Approach any other municipality to obtain a municipal credit profile of any potential debtor.

15 INTEREST

15.1 Simple interest will be charged on all overdue accounts from due date at the current prime rate which the City's banker charges its clients from time to time.

15.2 The City, will not pay out interest accrued on any credit balances reflected on an account, including on deposits.

15.3 For administrative convenience, the City may choose to exclude interest charges on the accounts reflected below, but this does not affect its right to claim interest charges on:

15.3.1 Arrear accounts aged 180 days and older;

15.3.2 Closed accounts;

15.3.3 Any accounts relating to indigent persons or insolvent estates;

15.3.4 Debtors under administration (administration portion only); and

15.3.5 Council owned properties.

15.4 Interest on arrear debt will be raised for each month for which such payment remains outstanding, and part of the month shall be deemed to be a month.

16 QUERIES ON ACCOUNTS

- 16.1 Any customer that disputes the correctness of an account or any entry thereon must;
- 16.1.1 Lodge a query relating to such dispute by specifying the nature of the dispute and the service to which it relates telephonically with the City through its Call Centre;
or
- 16.1.2 By lodging such query at a Customer Service Centre and obtaining a reference number for such query.
- 16.2 If, after a period of 30 days from the time the query was logged in terms of clause 16.1 above, the query has not been resolved to the satisfaction of the customer, the customer may declare a dispute by lodging a written query specifying the nature of the dispute and the service to which it relates with the City.
- 16.3 A query logged in terms of clause 16.1 or a dispute declared in terms of clause 16.2 above, must be accompanied by payment of, at least, the total amount outstanding on the account, Where a portion of the account is under query/dispute, payment shall be based on average monthly previous charges before the query/dispute arises until such query/dispute is resolved.
- 16.4 The City will investigate the query logged in terms of clause 16.1 or dispute declared in terms of clause 16.2 and advise the customer of the result of the City's investigation, and if the query is found to have been correct, the City will adjust the account accordingly.
- 16.5 If, after a period of 90 days from when the query was logged in terms of clause 16.1 or dispute declared in terms of clause 16.2, the query or dispute has not been resolved to the satisfaction of the customer, the customer may;
- 16.5.1 Either appeal the decision made or failure to make a decision to the City Manager in terms of Section 62 of the Municipal Systems Act, or
- 16.5.2 Refer the query/dispute to conciliation/mediation at the office of the City's Ombudsman.
- 16.6 Such appeal or referral must be made to the relevant person in writing setting out the grounds for the appeal/referral and accompanied by payment of, at least, the total amount outstanding

on the account and continue to pay the disputed amount based on average monthly previous charges before the disputed arises until such dispute is resolved.

- 16.7 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.
- 16.8 A debtor may be represented by a duly appointed nominee or agent; and such nominee or agent shall, upon request, produce sufficient proof of such appointed.
- 16.9 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, provided a notice in terms of institutions of legal action against certain organs of state has been furnished to the City as accordingly provided by relevant statutes.
- 16.10 The City Manager may suspend any debt collection action, pending the outcome of any query / or investigation.
- 16.11 Disputes lodged with the City prior to the implementation of this policy, in terms any previous policy, shall continue to be dealt with in terms of that policy.

17 DEBT WRITE OFFS AND SETTLEMENTS AGREEMENT

Debt write offs and settlement agreements will not apply to the following categories:

- Debt on government accounts;
- Debt on City owned accounts (e.g Johannesburg Water, City Power, Pikitup, intercompany accounts)

- 17.1 The City has the discretion to write off debt if it is deemed irrecoverable. All potential debt write offs will be referred to the Debt Write-off Committee, or a Designated Official or forum with delegations of authority to deal with such issues. Debt will only be considered as irrecoverable if it complies with one or more of the following criteria:

- 17.1.1 All legal recourse has been exhausted and the City is still unable to secure payment of the outstanding debt;

- 17.1.2 Any amount equal to or less than R1 500.00, or as determined by the City from time to time will be considered too small, or too costly to collect after having followed basic checks, to warrant further endeavors to collect it; or
- 17.1.3 The success of future legal action by the City to recoup the outstanding debt is compromised due to actions or inactions by the City;
- 17.1.4 The costs of prosecuting legal action for the recovery of the outstanding debt would be higher than the value of the outstanding debt; and/or and a company or close corporation has been deregistered or is dormant and has no assets of value to attach; or
- 17.1.5 The debtor is untraceable or cannot be identified so as to proceed with further action; or the debtor has emigrated leaving no assets of value to cost-effectively recover Council's claim; or
- 17.1.6 The amount outstanding is the residue after payment of a dividend from an insolvent estate; and/ or there is danger of contribution and /or no dividend will accrue to creditors and/or there are no sufficient funds to recover any preference afforded by section 118(3) of the Local Government Municipal Systems Act.
- 17.1.7 The deceased estate has no liquid assets to cover the outstanding amount following the final distribution of the estate; or where the estate has not been reported to the master and there are no assets to value to attach.
- 17.1.8 On the strength of credible evidence, it appears that the debt is not due to the City;
- 17.1.9 The debt has prescribed and is not legally due to the City of Johannesburg;
- 17.1.10 As a result of the lack of evidence, it is not possible to prove the debt outstanding;
- 17.1.11 The outstanding debt is as a result of an irreconcilable account;
- 17.1.12 The court has ruled that the claim is not recoverable, and/ or the claim is to be written-off as instructed by court in the form of a "Court Order";

- 17.1.13 The claim is subject to an out of court settlement agreement and/or the debt is subject to the settlement in terms of Section 109 of the Municipal Systems Act;
- 17.1.14 The Sheriff of the Court has rendered a Null Bona return on the issuing of the summons.
- 17.1.15 The Sheriff of the Court has rendered a Null Bona return on movables and the debtor has no immovable property;
- 17.1.16 The debt has become uneconomical to collect; these fees will be determined in accordance with the Group Legal contract for services paid to the service providers on the Group Legal panel.
- 17.1.17 There are numerous interim (estimated) readings for metered services that are irreconcilable and there is reason to believe that such estimates exceed actual consumption and the debt write off pertains to such excess;
- 17.1.18 The service charges have been raised subsequent to a request by the customer for the termination of such services.
- 17.2 The City reserves the right to consider additional factors based on prevailing conditions to be taken into account.
- 17.3 A designated official will prepare and submit reports to the Debt Write-off Committee and/or Council ensure that such reports are accurate and supported by relevant information which may be obtained from the customer.
- 17.4 In making submission for a debt write off, the Designated Official shall take all necessary and reasonable steps to ensure compliance with this Policy and in the detection of any fraudulent activity in relation to the debt write off or related account(s) and shall be obliged to report such fraudulent activity to the City.

18 WRITE BACKS

- 18.1 The City shall be entitled to reverse any amount written off as irrecoverable where it is subsequently discovered that the information upon which the decision to write off was made was incorrectly.
- 18.2 The City shall be entitled to effect the write back immediately against the customer's account.

18.3 The City may write back any amount previously written off on behalf of a customer if the customer at any time has a credit balance reflected against any municipal accounts and requests a refund from the City for such credit balance, provided such write-off was done within the last three years from the date of refund request.

18.4 The right of the City to write back does not detract from the rights of any customer which may have arisen out of an agreement reached between the City and the customer pertaining to such debt or write off.

19 INTEREST REVERSALS

19.1 A customer may apply to the City, by providing the requested information for interest or part thereof on an account to be reversed.

19.2 Interest on arrears may be reversed:

19.2.1 When a customer qualifies for relief from interest in order to facilitate the full settlement of all outstanding debt on the account;

19.2.2 Before embarking on litigation to expedite the recovery of outstanding debt as a tool to persuade the customer to settle his outstanding debt in full; or in the course of litigation, as a negotiating point to expedite the settlement of the matter in court;

19.2.3 When initiated by authorized officials in instances where errors with billing have occurred and outstanding arrears should not have accrued interest in the first instance (for example, unallocated payments).

20 SETTLEMENT OF AN ACCOUNT

20.1 The City may negotiate a settlement of an arrear account at any stage of the collection process.

20.2 Where the exact amount due and payable to the City has not been paid in full, any lesser amount tendered to and accepted by a City employee will not be in final settlement of such an account, unless accepted in terms of clause 20.4.

20.3 The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or accepted in full settlement.

- 20.4 Only once a Designated Official has, after compliance with clause 17, accepted, in writing, payment of such lesser amount, shall such payment be regarded as a payment in full and final settlement.

21 PAYMENT ARRANGMENT (AOD)

- 21.1 The City may enter into arrangements with the registered owners of the properties; however, the City reserved the right to enter into payments arrangements with consumer or occupier who has the ability to pay.

Consumers or occupiers must demonstrate that they have the right to occupy the premises/property.

- 21.2 The City will determine the payment arrangements terms by using certain means test to evaluate customers who are intending to conclude the payment arrangement. The means test includes assessments on lifestyle audits, affordability, and general expenditure patterns amongst others.

- 21.3 The debtor or the duly authorized agent or representative may enter into a written agreement with the City to repay any overdue amount by signing an Acknowledgement of Debt wherein the debt will be paid over an agreed period of time.

- 21.4 The Debtor whose account is in arrears has the option of paying the account in full or request the City to liquidate the debt in monthly instalments over a period of time.

- 21.5 Arrangements in respect of the Domestic Customers:

21.5.1 Domestic Customers whose accounts are in arrears may enter into an arrangement (AOD) by paying an appropriate deposit as shall be determined by the City;

21.5.2 The balance will be payable over a mutually agreed period as prescribed by the City.

- 21.6 Arrangements in respect of Non-Domestic Customers.

21.6.1 Non-Domestic Customers refers customers classifies by the City as Businesses and Commercial, Close Corporations, Partnerships, Trusts, Sole Proprietorships, Banks, Attorneys firms, Cooperatives, Mines and Companies;

- 21.6.2 The City is entitled to request a minimum 50% down payment in respect of AOD concluded with Non-Domestic Customers and the balance payable over a period less than 6 months;
- 21.6.3 In instances where the customer is unable to pay the debt within the prescribed period, the City will request the Non-Domestic Debtor to furnish the City with the latest 3 years audited financials and the 6 months bank statements in order for the City to consider concluding the payment plan of up to 6 months.
- 21.7 Arrangements for customers under the Expanded Social Packages. (ESP)
- 21.7.1 A minimum deposit of first instalment is required for the customers on ESP to conclude the payment arrangement. The payment plan may be concluded over the 36 months period. In certain circumstances the customers of ESP can apply for the extension of the payment plan up to 60 months. The Interest Adjustment Committee and / or designated official adjudicates over such applications for extension.
- 21.8 Conditions for payment arrangements:
- 21.8.1 The customers admit liability for all outstanding amounts owing and payable to the City and undertake to pay the outstanding amounts in instalments;
- 21.8.2 The customers agree that in the event of failure to comply with the conditions of the payment plan, the City will be entitled to terminate services including prepaid electricity to the premises/property without further notice.
- 21.8.3 Further that if the customers fail to make punctual payments of the amounts due, the full outstanding amounts will immediately become due and payable.
- 21.8.4 The customers agree to consent to the relevant courts' jurisdiction which include both the Magistrate and the High Courts to preside over their cases should the City without notice proceed to apply for judgment against the defaulting customers.
- 21.8.5 All the debtors entering into arrangements shall provide banking details and those who have facilities to sign the debit orders with their financial institutions shall do so:

- a) It is the sole responsibility of the debtor to ensure that the debit order doesn't exceed any maximum amount as stipulated by the debtor;
- b) Where the maximum amount has been stipulated by the debtor, the City 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 such transactions.

21.8.6 Where the consumer or occupier who has the ability to pay wishes to make an arrangement, the following will apply;

- a) The City may attach the rental or any other payments due to debtors who are in arrears with their municipal accounts.
- b) The City may recover an amount only after the written notice has been served on the consumer or occupier as provided for in Section 115 of the Municipal Systems Act.
- c) The amount the City may recover from the consumer or occupier of the property is limited to the amount of rent or any other amounts due and payable but not yet paid by the consumer or occupier to the owner of the property.

22 AGENTS, ATTORNEYS AND OTHER COLLECTION AGENTS

The City shall compile a list of all external agents acting on behalf of the City, which list shall *inter alia* contain their names, details and contact information. All such agents shall be supplied with a copy of this Policy and be required to act in accordance herewith and subject to the instructions of the City.

23 RECOVERY OF ADDITIONAL COSTS AND LEGAL FEES

The City may, in addition to any charge, tariff, levy or payment of any kind referred to in this policy, recover from a customer any reasonable costs incurred by it in implementing this policy, including but not limited to:

- 23.1 The costs incurred in demanding payment from such customer, terminating, restricting or restoring any services, giving any notice required by this Policy or for reminding them, by means of communication, defined in this policy, as prescribed in the City's tariffs;
- 23.2 All costs payable by the City to its collection agents subject to the limits stipulated in the Debt Collectors Act 114 of 1998;
- 23.3 All legal costs, including attorney-and-own-client costs incurred in the recovery of amounts in arrears;
- 23.4 Any collection commission payable by the City in respect of the use of attorneys or collection agents.

24 THE PROCESS OF LEGAL COLLECTION

- 24.1 After attempts to collect the debt in terms of this Policy, the account may be handed over to the City's attorneys or collection agents.
- 24.2 Unless already done and where application to the arrears in question, a letter in terms of Section 129 of the National Credit Act Number 34 of 2005, will be sent to the customer informing them about the default and proposing that the matter be referred to a debt counsellor, alternative dispute resolution agent or court in order to assist the customer to pay the debt.
- 24.3 If the customer does not react to the above letter within 10 days of it being sent or if the customer rejects the proposal made, the City shall proceed with legal action.
- 24.4 The City may use any legal procedures available to it, including but not limited to, action or application procedures, monetary claims, and interdicts or declaratory. In the event of judgment being obtained all rights of an execution creditor may be exercised by the City including, but not limited to, the right to attach and sell in execution a debtor's assets.

25 REFUNDS

- 25.1 Any customer may apply, in the required manner, for a refund of any credit balance on their account.

- 25.2 The refund application will be considered and verified by the City in terms of its internal procedures which will include a verification of the identity of the person claiming the refund and the credit on the account.
- 25.3 The City will periodically determine a lowest threshold for when it is entitled to decline to issue a refund where the cost and administrative burden of issuing the refund is out of proportion with the amount to be refunded. The threshold, for the purpose of this policy, is set at R200.00.
- 25.4 The City may, at its discretion, use any payment method, when paying a refund to a customer.
- 25.5 Any arrears on any account of customer requesting or entitled to a refund may be set off against any credit balance due to that customer on any other accounts before the refund is affected.
- 25.6 The City shall be entitled to appropriate to its general revenue any unclaimed money arising from a credit balance of an account, if such amount is not claimed by the customer within a period of three years from the date when the credit arose.
- 25.7 Refunds shall always be paid to the transferring attorney on record where change of ownership is involved, alternatively the City shall only take instruction from the transferring attorney on record as to who should be refunded between the previous owner and the purchaser.
- 25.8 The City reserves the right not to refund any clearance payments on cancelled property transactions.

26 CLEARANCE FIGURES [Jacques to provide further input]

- 26.1 In order to obtain a rates clearance certificate, a customer must accurately complete a rates clearance application form in full, either manually or electronically in terms of the City's e-clearance process.
- 26.2 The City will issue a statement of clearance figures in response to such application, which amount will include an estimation of future charges to be incurred at the property concerned for a period of 4 months from the date of issue of the statement.
- 26.3 Payment of clearance figures must be made by way of cash or an EFT from the Trust account of the conveyancing attorney registering the transfer before a Clearance Certificate may be

issued. The City requires 14 days' notice for payment made by any other method to be cleared before a Clearance Certificate may be issued.

- 26.4 The City reserves the right to withdraw any Clearance Certificate found to be erroneously issued or pending an investigation into its issue.
- 26.5 The issued certificate must be in the prescribed form and must be signed by the Manager of the Clearance Department or a Designated Official.
- 26.6 The prescribed clearance certificate is valid for a period of 60 days from the date of issue and the process for application of a clearance figure will have to be repeated if clearance amounts are not paid timeously.
- 26.7 The City may in terms of its discretion, pursue the recovery of any remaining debt after payment of the amounts due on a clearance certificate against any party against whom such claim lies.
- 26.8 The City reserves its right to consolidate the debt still owing after transfer of the property and transfer that debt to any other account of the previous customer.
- 26.9 Upon application for clearance figures and the consequent issuing of the certificate, the City may require the purchaser to apply for all the services linked to the premise/property. In other words by virtue of registration of the property, the registered owner accepts liability for all services rendered by the City to the said property/premise unless otherwise provided for in any other policy, legislation of court order.

27 CLEARANCE CERTIFICATES [Jacques to provide further input]

- 27.1 All debt, inclusive of any advanced collection shall be deemed to be due and payable, for the purpose of issuing any clearance certificate in terms of section 118, of the Systems Act, and must be paid in full:
 - 27.1.1 No interest shall be unless permitted in terms of any other legislation or policy;
 - 27.1.2 All payments will be allocated to the registered seller's municipal accounts in terms of this policy;
 - 27.1.3 Prior to any refund this payment will be dealt with as follows:

- 27.1.4 The advanced collection shall be used to offset any debt that accumulated against the property in respect of the tenant's debt and/or the seller's debt;
 - 27.1.5 Any refund, in respect of any credit remaining after registration of transfer has been registered in the deeds Office, shall be refunded to such seller subject to Chapter 6 of this Policy;
 - 27.1.6 No certificate, in terms of section 118 of the Systems Act, will be issued where the registered owner (and, in this instance, the seller) has not complied with any relevant legislation, policy or agreement relating to the property in question;
 - 27.1.7 The City may require the purchaser to apply for all services at the property as part of the application for the clearance certificate; or 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;
 - 27.1.8 Prior to issuing the clearance certificate, in terms of section 118, of the Systems Act, the City has the right to visit the property and take all steps deemed necessary to ensure that all recoverable debt is accounted for against the existing owner.
 - 27.1.9 All figures issued in terms of section 118 of the 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
 - 27.1.10 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 payment on the account and may be offset against any debts of such debtor.
 - 27.1.11 Payment figures where meters exist are calculated by means of actual readings and not estimates. Where meters are absent, applicable prescripts shall apply.
 - 27.1.12 The City reserves its right to disconnect services upon payment of Section 118 (3).
- 27.2 In terms of section 118 (3) of the Systems Act an amount due for municipal services 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

27.2.1 In addition, the City may consider this amount to be the liability of the seller who incurred such debt, provided the debt was incurred during the ownership of such owner.

27.3 Any service to a debtor's property may be restricted, disconnected or discontinued on terms of section 9 and 10 of the Credit Control and Debt Collection By-laws read together with this policy.

27.4 Any unauthorized consumption of services, theft and damages may be recovered in terms of this policy.

28 TERMINATION OF CUSTOMER AGREEMENT

28.1 It is the responsibility of the customer to notify the City when municipal services are no longer required due to the sale of the property or for any other reason.

28.2 A customer may terminate an agreement for the supply of municipal services by giving at least 7 days written notice to the City of such termination, delivered at the Revenue Department (RSSC) of the City.

28.3 An application for the provision of clearance figures and the issuing of a clearance certificate does not constitute notice of termination of services.

28.4 A customer shall remain liable for all arrears and applicable charges that are payable for municipal services rendered prior to the termination of an agreement.

29 RESTRICTION OR DISCONNECTION OF SERVICES

29.1 The City may restrict or terminate the supply of water, electricity and/or refuse removal or discontinue any other service to any premises/property whenever a customer:

29.1.1 Fails to make payment in full of all amounts owing on due date or fails to make acceptable arrangements for the repayment of all amounts owing in respect of such premises/property;

29.1.2 Fails to comply with a condition of supply determined by the City;

- 29.1.3 Fails to repair a leak to supply that causes water loss, after having been advised to do so and been given a reasonable opportunity to do so;
- 29.1.4 Obstructs the supply of electricity, water or any other municipal services to another consumer on the same premises/property;
- 29.1.5 Supplies such municipal service to a consumer who is not entitled thereto or permits such supply.
- 29.1.6 Uses or allows the use of municipal services which, in the opinion of the City, is an unauthorized service or dangerous;
- 29.1.7 Is deceased, placed under provisional or final sequestration, liquidation or judicial management, or commits an act of insolvency in terms of the Insolvency Act no 24 of 1936;
- 29.1.8 Is placed under an administration order in terms of Section 74 of the Magistrate Court Act No. 32 of 1944;
- 29.1.9 Is placed under debt review, debt counselling, or debt re-arrangement in terms of the National Credit Act No. 3 of 2005;
- 29.1.10 The provisions of this clause will apply equally to the supply of water and electricity on prepaid meters and to blocking or limiting prepaid meter purchases in the circumstances outlined above;
- 29.1.11 The right to restrict or disconnect service due to non-payment applies to any services rendered by the City notwithstanding payment made in respect of any specific services and notwithstanding whether the person who entered into agreement for supply of services with the City, the consumer or the owner being different persons;
- 29.1.12 Save in circumstances of an emergency, before the City restricts or disconnects the supply of any service to any premises/property it will;
- 29.1.13 Send a written pre-termination notice by post, hand delivery or any other suitable means to the premises/property warning of the circumstance applicable in terms of clause 30.1 and affording the consumer 7 days in which to remedy such

circumstance and/or make representations why the services should not be restricted or disconnected;

- 29.1.14 Consider any representations that are made;
- 29.1.15 If the municipal manager or Designated Official is of the opinion that the termination of services to a property in respect of which the account is in arrear, may be a risk to the endangerment of the health or safety of any person, whether resident in or outside the property concerned, the City may restrict rather than disconnecting the services in question;
- 29.1.16 In the event of the City restricting rather than disconnecting the supply of water, such restriction will not result in the property in question being supplied with less than 6 kilolitres per dwelling unit per month. In circumstances where the supply of water is restricted, the City may use any alternative methods of delivering water available to it including the installation of a water management device, provision of water by way of water carrying vehicles or provision of a communal water supply point within 200m of the property;
- 29.1.17 The City shall block vending of prepaid electricity units on accounts of owners that are in areas on water, sewerage, property rates and refuse. A notice of blocking of prepaid vending shall be issued to such customers 14 days before the vending block is effected. Such vending block shall remain in place until the customer settles the outstanding areas relating to water, sewerage, property and refuse or enter into a payment arrangement.

30 RECONNECTION OF SERVICES

- 30.1 The City shall reconnect and/or restore full levels of supply of any restricted or disconnected services only after the full amount outstanding is paid with interest and collection charges, including the costs of such disconnection and reconnection; or an AOD has been entered into for payment of such outstanding amounts in terms of this Policy.
- 30.2 Only a Designated Official shall authorize the reconnection of services or reinstatement of service delivery after full payment has been made or an AOD has been entered into in accordance with this Policy.
- 30.3 Reconnections may be processed in the absence of such payment or AOD in the event of:

- 30.3.1 Billing errors;
- 30.3.2 Disconnections done in error;
- 30.3.3 Court ordered reconnections;
- 30.3.4 Emergencies.
- 30.3.5

31 REVENUE PROTECTION

(Fraud, Forgery, Tampering & Other Criminal Activity)

- 31.1 The City shall at its discretion be entitled to withhold the supply of water or electricity to a customer or consumer who is found guilty of fraud, theft or any other criminal action relating to the supply of water and electricity, or if it is evident that fraud, theft or any other criminal action has occurred relating to such supply, until the total costs, penalties, other fees, tariffs and rates due to the City have been paid in full.
- 31.2 The reconnection or reinstatement of supply of any services or interference with meters is prohibited by any of the City's by-laws.
- 31.3 In the event of any unauthorized use, reconnections or tampering coming to the attention of the City, the City may:
 - Lay a criminal charge in relation thereto with the South African Police Services;
 - Ensure, through the mechanism of the Johannesburg Metropolitan Police Department (JMPD) that the provisions of the City's by-laws are enforced;
 - Proceed to terminate the supply of the service in question and, to the extent required to ensure no further unauthorized reconnection or tampering takes place, remove the service installation.
- 31.4 The Designated Official of the City is obliged to report to the City any criminal or fraudulent activities of which they become aware in relation to the supply of municipal services, credit control and debt collection.

32 EXCESSIVE CASH PAYMENTS

- 32.1 The City reserves the right not to accept cash payments in circumstances where the amount of the payment is significantly in excess of any arrear amount on the account or current billing charges.
- 32.2 The City may require any person making a payment envisaged in clause 32.1. Above to provide suitable proof of identity before receiving any cash payment.

- 32.3 The City may withhold the refund of amounts paid to it under circumstances envisaged in 31.1 above pending an investigation into the circumstances of such payment.

33 TARGET FOR COLLECTONS

- 33.1 The City at its selection, may set collection targets which it will strive to achieve on a periodic basis.
- 33.2 These targets must be consistent with generally recognised accounting practices for municipalities and collection ratios, as outlined in the National Treasury Circular 71 - Financial Ratios and Norms - 17 January 2014.
- 33.3 These targets must also be consistent with estimates of income set in the budget less an acceptable provision for bad debt.

34 APPEALS OF ADMINISTRATIVE DECISION WITHIN THE REVENUE SHARED SERVICES CENTRE DIRECTORATE

- 34.1 All administrative decisions by the City made in terms of this Policy may be appealed in terms of the internal escalation mechanisms within the Revenue Shared Services Department.
- 34.2 If the Revenue Shared Services Centre Department's internal escalation mechanisms have been exhausted and a customer is still aggrieved, the customer may appeal to the City Manager in terms of Section 62 of the Municipal Systems Act.
- 34.3 The decision of the City Manager shall be final, and any further recourse should be sought through the judicial system.

35 STAFF DEBTORS AND COUNCILLOR ACCOUNTS [Jessie to engage with Group Legal]

- 35.1 Councillors, staff members of the City and Municipal owned Entities (MOE's) may not be in arrears to the City for rates and services charges for a period longer than 3 months. This is regulated by the Local Government Municipal Systems Act 32 of 2000, the Local Government Municipal Finance Management Act 56 of 2003 and the Local Government Municipal Systems Amendment Act 42 of 2003.
- 35.2 The City may as per the Local Government Municipal Systems Act 32 of 2000, deduct any outstanding amounts from staff members and councillors' salary after this period.

- 35.3 All new appointees (councillors and staff members) indebted to the City must enter into an Staff deduction agreement with the City for payment of arrears involving automatic salary deductions. The terms of such agreement will be informed by affordability of the debtor taking into account bonuses and salary increments.
- 35.4 The City may, subject to an employee's consent, enter into a written Staff Deduction agreement with any employer within the City's area of jurisdiction to deduct outstanding rates and service charges or to settle regular monthly accounts through deductions from salaries or wages of its employees.
- 35.5 The City may, from time to time, provide special rebates, incentives or benefits to the employer or employees in the event of such an agreement.
- 35.6 In the event of termination of employment, clearance figures must be requested and on confirmation, all arrear amounts are to be captured on the payroll system for deduction from the employee's final salary. Section 10(1) of the Payroll Policy provides that the arrears on municipal rates and services accounts of employees is seen as a statutory employee deduction.

36 CREDIT CONTROL MEASURES DURING STATE OF DISASTER

- 36.1 Despite the City of Johannesburg Municipality's legal obligations in terms of the Systems Act, the City may reserve its rights and may consider to suspend any/or all credit control measures during a declared National/Provincial disaster of any kind whatsoever.
- 36.2 The City at its discretion during the declared disaster may consider measures under its credit control policy to assist customers during the said period, notwithstanding the customer's duties to service their/its respective municipal services.
- 36.3 Such considerations may be considered during the declared period and the City declares that any suspension during the declared disaster is only temporary and all customers are obliged to fulfil their obligations to their respective municipal accounts.
- 36.4 Should the said declared disaster cease to exist/suspends, the City further reserves its rights to resume its credit control measures in line with its obligations under the Systems Act.

THIS POLICY, ON ITS ADOPTION BY THE CITY, WILL SUPERSEDE ANY PREVIOUS CREDIT CONTROL AND DEBT COLLECTION POLICY.

ANNEXURE A — SDBIP KPI: COLLECTION RATE

Technical Indicator Description (TID)

Indicator title	Collection rate (percentage of billed revenue collected within the period)
Purpose/justification	Sustain municipal cash flow to fund service delivery, aligned to MFMA s 64 revenue management and the approved budget.
Definition	Percentage of total billed revenue collected during the period, expressed as $(\text{Cash receipts from customers} \div \text{Total billings for the period}) \times 100$. Excludes once-off equity adjustments and prior-period corrections.
Baseline (prior year actual)	<Insert audited/Section 71 YTD baseline>
Annual target (MTREF)	<Council-approved percentage target>
Type/Calculation	Outcome; Non-cumulative for monthly & quarterly reporting; Cumulative for annual.
Disaggregation	Customer class: Residential; Business/Commercial; Government/Org; Other/Prepaid sub-segment.
Data sources	Billing ledger (GL interface), sub-ledgers by customer class, bank receipts register, suspense account reconciliations.
Method of calculation	$\text{Sum of period cash receipts (per bank/GL)} \div \text{Sum of period billings (tax invoices issued)}$.
Assumptions & limitations	Complete and timely meter reads; accurate tariff application; clean suspense allocations; excludes write-offs and indigent relief credited.
Frequency & reporting	Monthly (Section 71); Quarterly (SDBIP); Annual (AFS/Audit).
Desired performance	On or above target; no adverse audit findings on data integrity.
Indicator responsibility	Group Finance — Revenue Shared Services Centre (Credit Management)
Means of verification	Reconciled billing and receipts reports; ledger extracts; signed CFO variance analysis; Section 71 submission pack.

COJ CREDIT CONTROL & DEBT COLLECTION POLICY REVIEW: JUNE 2022

Quarterly targets and class disaggregation

Customer class	Baseline	Q1 target	Q2 target	Q3 target	Q4 target
Residential	<%>	<%>	<%>	<%>	<%>
Business/Commercial	<%>	<%>	<%>	<%>	<%>
Government/Org	<%>	<%>	<%>	<%>	<%>
Other / Prepaid	<%>	<%>	<%>	<%>	<%>

Tolerance bands and triggers (variance management)

Band	Variance	Immediate action	Escalation path
Green	≥ Target	Maintain measures; monitor debtor days; confirm ESP protections intact.	Dashboard only
Amber	Target –1 to –3 pp	Activate arrears campaigns; escalate top-100 debtors; reinforce AOD compliance.	CFO weekly review
Red	< Target –3+ pp	Freeze non-essential spend; intensify collections/legal steps; urgent vendor-block protocol.	MM & Executive Mayor

Compliance anchors: MSA ss 96–98; MSA s 102; MFMA s 64; MBRR; NT MFMA Circular 71; latest MTREF Budget Circular; Section 71 publications.