



**MUNICIPAL SERVICES' ACCOUNTS**  
**ADMINISTRATION AND BILLING POLICY**

## Table of Contents

|   |    |
|---|----|
| 1. Objectives .....   | 5  |
| 2. Legislative Framework .....                              | 5  |
| 3. Principles .....   | 5  |
| 4. Application for municipal services .....                 | 6  |
| 5. Termination of account .....                             | 7  |
| 6. Theft and fraud .....                                    | 8  |
| 7. Tariff charges and changes of tariffs in the system..... | 8  |
| 8. Change of Client details.....                            | 8  |
| 9. Processing bills .....                                   | 9  |
| 10. Deposits and guarantees.....                            | 9  |
| 11. Accounts' administration .....                          | 9  |
| 12. Final accounts .....                                    | 10 |
| 13. Account Queries .....                                   | 11 |
| 14. Disputes as to the amount owing.....                    | 11 |
| 15. Interest Charges.....                                   | 12 |
| 16. Account Due Date.....                                   | 13 |
| 17. Leases.....   | 13 |
| 18. Approval of the policy .....                            | 14 |

## DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise:

**“Account”**: Account in the name of a customer held with uThukela District Municipality (UDM).

**“Account Statement”**: formal notification by means of a statement of account to persons liable for fees, charges, surcharges on fees, taxes and other municipal taxes and services, levies, penalties and duties, indicating the net accumulated balance of account;

**“Accounting Officer”**: means the person appointed by the Municipality as the Municipal Manager of UDM in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), responsible and accountable in terms of Section 55(2) of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) and includes any person acting in such position to whom the Municipal Manager has delegated a power, function or duty;

**“Act”**: means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time;

**“Arrears”**: means amount due, owing and payable in respect of fees, charges, surcharges on fees, property taxes and services, levies, penalties and duties and not paid by the due date;

**“Authorised Officer”**: means any official of the municipality who has been authorised by it to administer, implement and enforce the provisions of this policy;

**“By-law”**: means a by-law adopted by the Municipality;

**“Chief Financial Officer”**: means the person appointed by the municipality as Chief Financial Officer of UDM in terms of Section 56 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)<sup>3</sup>

**“Municipal Manager”**: means the person appointed by the Municipality as the Municipal Manager of UKDM in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person acting in such position and to whom the Municipal Manager has delegated a power, or function or duty;

**“Collection charges”**: means collection charges which may be recovered by the Municipality in terms of Section 75A of the Act, and includes the cost:

- (a) to remind debtors of arrears;
- (b) for the termination and reconnection of services; and

(c) all legal costs, including attorney and own client costs incurred in the recovery of arrear amounts;

**“Council”**: means the Council of UDM

**“Customer”**: means any occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if there is no occupier, the owner of the premises and or recipient and or consumer of various services rendered by the municipality. A customer will therefore be deemed a customer by virtue of receiving, consuming and or utilising any facility, equipment, service rendered by the municipality and or a municipal entity or agent as appointed by the municipality;

**“Defaulter”**: any customer in arrears;

**“Illegal connection”**: a connection to any system through which municipal services are provided, which is not authorised or approved by the municipality or its authorised agent;

**“Indigent”**: means a person referred to in the Indigent Support Policy of the Municipality;

**“Occupier”**: means any person who occupies any premises or part thereof, without any regard to the title under which he or she so occupies;

**“Owner”**: means a person in whose name ownership of the property is registered or person in whose name the right is registered.

**“Policy”**: means the Municipal Services’ Account Administration and Billing Policy adopted by the Municipality;

**“Property”**: (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title registered in the name of a person;

(b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;

(c) a land tenure registered in the name of a person or granted to a person in terms of legislation; or

(d) public service infrastructure;

**“Registered Property”**: Property registered in the Deeds Office;

**“Stakeholder”**: means all natural and non-natural customers of the municipality and or prospective customers and or single or group of people who consume services from the municipality;

## 1. Objectives

The objectives of the policy are to:

- 1.1 Lay down rights, responsibilities, duties and obligations of both the municipality and customers in as far as collection of outstanding monies are concerned;
- 1.2 Provide a framework within which the municipal council can exercise its executive and legislative authority regarding billing, and credit control and debt collection;
- 1.3 Set out business rules in the process of collecting all monies due and payable to the municipality;
- 1.4 Assist in setting realistic targets for debt collection.

## 2. Legislative Framework

The Policy is based on the following legislation:

- The Constitution of the Republic of South Africa Act, Act No. 108 of 1996 (Section 27)
- Municipal Systems Act, Act No. 32 of 2000.
- Municipal Finance Management Act, Act No. 56 of 2003

## 3. Principles

- 3.1 The administrative integrity of the municipality's billing, and credit control and debt collection must be maintained.
- 3.2 Billing is to be accurate, timeous and understandable.
- 3.3 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 3.4 The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- 3.5 Enforcement of payment must be prompt, consistent and effective.
- 3.6 Fraud/criminality will lead to loss of rights and heavy penalties and/or public prosecution.
- 3.7 Incentives and disincentives may be used in collection procedures.

- 3.8 The collection process will be cost-effective.
- 3.9 Collection 'Best Practices' will be pursued.
- 3.10 Results will be regularly and efficiently reported.
- 3.11 There must be legal cause between the municipality and its customer; and customer debt must arise out of a legal framework and must be legally collectable.

## 4. Application for municipal services

- 4.1 No services may be provided unless applied for or there is some form of official and legal engagement and documentation between the beneficiaries and the municipalities. Traditional authorities may represent people they serve in the case of rural communities. The application must include, but not limited to, the following information:
  - Name of the applicant, and identification of the applicant.
  - The person/ organisation responsible for the connection/ account, and the identification of that person/ organisation. If not the owner a contract or letter of authority from the owner or other.
  - The property at which the service will be connected/ consumed:
    - a) Erf No. of the property (Where available);
    - b) The physical address of the property;
    - c) GPS coordinates where practical;
    - d) Zoning of the property/ land;
    - e) Use of the property/ land.
  - Postal address.
  - Alternative address (Work address)
  - Email address (Where available).
  - Telephone number and alternative address.
  - The purpose for which the service is consumed (e.g. domestic; business; other service etc)
- 4.2 The general rule is that no application for services may be processed:
  - If the customer is connected illegally to the system. Illegal connections must be removed first, then a new application is made and charges for illegal connections paid.
  - Unless the property to which services are linked can be identified, or is registered or there is credible information that the property to which services are linked is in the process of registration or there are other credible means of identifying the property/ area to which services are linked.

- Unless the owner or tenant or someone approved/ authorised to use the particular property or agent, completes an application on a prescribed form. All required information/ documentation must be submitted, or a credible arrangement is made to submit required information.
  - Unless an internal department applies, with all required documents attached.
- 4.3 No application for municipal services may be processed and account created unless the following documents are attached:
- A certified copy of an ID document or a copy that is not certified but made by the municipality on its premises. In the case of foreigners, a foreign passport, official work permit and official residence papers or refugee papers;
  - Ownership documents or lease contract or letter from the owner of the property authorising the tenant/ person occupying the property to open an account in his/ her name (Title Deed or Deed of transfer or Permission to Occupy or Any document from Authority); or
  - A letter from the Conveyancer of the applicant confirming that the property is in the process of being registered, accompanied by proof of purchase of the property or inheritance etc; or
  - Documents by the internal department showing that the person or organisation has leased the property or the person/ organisation is the beneficiary of the property concerned;
  - A motivation has been attached by the Municipal Manager/ CFO/ Revenue Manager detailing reasons for relaxing the above requirements.
- 4.4 No new application may be processed if an applicant has debts that are still unpaid. The applicant must settle the debt or enter into a credible arrangement to pay the debt.
- 4.5 No services can be supplied if there is no approved application for services or other approved documents from a customer/ community.

## 5. Termination of account

- 5.1 An account can be closed/ terminated when a person who has authority to do so applies for closure or termination on a prescribed form, and all required documents are attached.
- 5.2 No account can be closed/ terminated if there is a balance outstanding.
- 5.3 An account with a balance can be suspended for a certain period by the CFO/ Revenue Manager where there's reason to suspend the account.
- 5.4 Accounts will be suspended or closed immediately where a customer has:
- Illegally connected to the municipal services;

- Tempered with metres, the reticulation network or any supply equipment;
- Committed any unauthorised act associated with the supply of municipal services; and
- Provided false information.

5.5 Where an account is closed, the service must be terminated immediately.

5.6 Where an account is suspended due to illegal actions of the customer, i.e. theft, fraud and/ or corruption, the services may be terminated. The service may not be terminated where the Municipal Manager sees it fit not to terminate the service.

## **6. Theft and fraud**

6.1 In the case of suspected/ proven fraud, theft or corruption by the customer, the Council/ municipality will take one or a combination of the following actions:

- Discontinue services (temporarily or permanently, depending on circumstances) to the customer.
- Lodge an investigation immediately into the matter.
- Demand payment of:
  - a) All money owing, including: penalties; assessment of unauthorised consumption; disconnection fee.
- Register the incident internally and to the police.
- Consider laying criminal or civil charges.
- Continuously monitor the particular clients, giving reports to the Municipal Manager until it is not necessary.

## **7. Tariff charges and changes of tariffs in the system**

7.1 Only tariffs approved by the Council may be loaded in the system and charged to clients.

7.2 Changes of tariffs may only be made with changes to tariffs approved by the Council.

7.3 Once new tariffs are approved, they must be loaded in the system within 30 days after official communication to the public is complete.

## **8. Change of Client details**

8.1 A form "Change of client details" must be completed.

8.2 The client changing details must positively identify himself/ herself by attaching a copy of Identity Document.



- 8.3 No client details may be changed until all debts are paid or an arrangement has been entered into by the client to pay.

## **9. Processing bills**

- 9.1 Bills must be processed and delivered once a month; except for customers where special arrangement has been made and authorised by the CFO/ Revenue Manager.
- 9.2 Meters shall be read every month for the purposes of billing.
- 9.3 Where readings could not be read, an average of the past 3 – 6 months may be used. Average billing cannot be done for more than 3 months.

## **10. Deposits and guarantees**

- 10.1 At the time of registration as a customer, a deposit may be required in terms of the criteria set by the Council from time to time.
- 10.2 The Chief Financial Officer may, accept an irrevocable bank guarantee in lieu of a deposit on application for the provision of municipal services;
- 10.3 Existing customers moving to a new address are required to pay the prescribed customer deposit on application for the provision of municipal services at the new address;
- 10.4 No arrangements shall be entered into for the payment of the deposit;
- 10.5 On termination of the supply of services the amount of the deposit less any payment due to the municipality will be refunded;
- 10.6 No interest will be paid on any deposit held by the Council;
- 10.7 Review of the deposits is as follows:
- The deposit shall be reviewed and may be increased annually with the review of the tariffs.
  - If the customer poses a credit risk, the value of the original deposit paid or a guarantee held may be doubled by the Chief Financial Officer as he/ she sees fit.

## **11. Accounts' administration**

- 11.1 Accounts must be rendered and administered in accordance with the requirements of this framework;

- 11.2 Failure by the Council to render an account or non-receipt of an account by a customer does not relieve a customer of the obligation to pay any amount that is due and payable;
- 11.3 The Council may, in accordance with the provisions of Section 102 of the Municipal Systems Act:
- (i) Consolidate any separate accounts of customers liable for payments to the Council;
  - (ii) Credit any payment by such customer against any account of that customer;
  - (iii) Implement any of the debt collection and credit control measures provided for in the Council's policies and by-laws, in relation to any arrears on any accounts of such a customer.
- 11.4 The amount due and payable by a customer constitutes a consolidated debt, and any payment made by a customer of an amount less than the amount due will be allocated in relation to the consolidated debt in the order determined by the Council;
- 11.5 Accounts will only be opened in the name of the registered property owner and no tenant accounts will be opened unless authorised by the registered owner or has a lease agreement. Any other exceptions must be approved by the Chief Financial Officer;
- 11.6 Accounts may be rendered using any one, or a combination of the following methods:
- Conventional postal services; or
  - Hand delivery at the premises; or
  - By means of an email; or
  - By means of an SMS; or
  - By means of WhatsApp; or
  - By means of multimedia system (MMS).
- 11.7 **Important:** It is the prerogative of the Council to use more than one method for a single customer.

## 12. Final accounts

- 12.1 Upon receipt of a customer's application for termination of municipal services, the Municipality shall;
- Take final readings in respect of metered municipal services;
  - Prepare to render a final account;
  - Appropriate the customer deposit for the reduction or settlement of any outstanding amount owed by the customer; and

- Refund the consumer deposit to the customer in the event that no amount is owed to the Municipality.
- 12.2 The owner must approach the municipality to sign the customer service agreement and pay the required deposit once the property has been transferred to his/her name;
- 12.3 Should the consumer not comply with paragraph 12.2 above, the municipality shall transfer the meter to the registered owner and the owner shall be responsible for the consumption if any.

## **13. Account Queries**

- 13.1 Account query refers to the instance when a customer queries any specific amount or any content of any account as rendered by the municipality;
- 13.2 Queries can be raised verbally or in writing at any of the offices of the municipality;
- 13.3 Customers should furnish their full particulars including means of identification, contact details and account number in respect of which the query is raised;
- 13.4 Customers may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment;
- 13.5 Pending the outcome of the query, customer may apply for temporary payment extension in terms of the provisions of Credit and Debt Management policy;
- 13.6 The customer shall, pending the resolution and outcome of the query, continue to make regular payments as per the account statement (part payment based on the average monthly consumption of the previous twelve months);
- 13.7 Should a customer not be satisfied with the outcome of the query, an appeal may be lodged in terms of Section 62, as read with Section 95(f), of the Systems Act.

## **14. Disputes as to the amount owing**

- 14.1 A customer may lodge an appeal in terms of Section 62 as read with Section 95(f), of the Local Government: Municipal Systems Act 32 of 2000;
- 14.2 Customers must furnish full personal particulars including means of identification, contact details and account number in respect of which amount is disputed;
- 14.3 The dispute must be recorded in a dispute register;
- 14.4 Only disputes lodged by registered account holders will be considered;
- 14.5 Customers may be represented by a duly appointed nominee or agent, and such nominee or agent shall upon request produce sufficient proof of such appointment;

- 14.6 Should any written dispute arise as to the amount owing on the account in respect of all services by a customer, the customer shall, pending the resolution and outcome of that dispute, continue to make regular minimum payments based on the average charges for the preceding three months prior to the arising of the dispute, plus interest, until the resolution of that dispute;

Should any written dispute arise as to the amount owing on part of the account or service by a customer, the customer shall, pending the resolution and outcome of that dispute, continue to make regular payments that are not in dispute plus the average charges for the preceding twelve months prior to the arising of the dispute in respect of the remaining part or disputed service until the resolution of that dispute;

- 14.7 The dispute must be resolved within a period of three months after being lodged;
- 14.8 All disputes must be concluded by the Municipal Manager or a delegated official;
- 14.9 The Municipal Manager's or the delegated official's decision is final and will result in the immediate implementation of any debt collection and credit control measures of the municipality after the debtor is provided with the outcome of the appeal;
- 14.10 The same debt will no longer be defined as a dispute in terms this policy and will not be reconsidered as the subject of a dispute;
- 14.11 Should the debtor not be satisfied with the outcome of the dispute, the debtor may lodge an appeal in terms of Section 62 of the Systems Act and the appeal will be dealt with by the municipality in terms of the said legislation.

## 15. Interest Charges

- 15.1 Accounts are due and payable on account due date as shown in the statement/invoice;
- 15.2 Interest will be levied on all arrears longer than 30 days at a rate prescribed by the Council from time to time;
- 15.3 Specific categories of customers, services and debtor groups as determined by the Council from time to time, may be excluded from interest charges;
- 15.4 If a customer enters into an arrangement to settle his/her debt, all interest will be waived as a payment incentive. All interest will be written off on entering into a debt repayment arrangement, but if the arrangement is not honoured, all interest written off will be re-instated on the customer's account;
- 15.5 Interest will be reversed where the debt giving rise to the interest was levied in error by the municipality.

## 16. Account Due Date

- 16.1 Monthly account due date represents the date on which the customer's account becomes due and payable, the due date shall be as determined by the Council from time to time, but not exceeding 30 days;
- 16.2 Where the customer has entered into an arrangement with the Council to pay charges annually, the due date shall be as determined by the Council from time to time;
- 16.3 The account due date will be reflected on the customer account statement;
- 16.4 Only payments receipted through the Council's financial system on or before account due date will be deemed to have been duly received;
- 16.5 Payments by customers through third party vendors will only be deemed to have been received when receipted through the Council's financial information system.

## 17. Leases

- 17.1 The provisions of this policy exclude accounts from leasing agreements.
- 17.2 Accounts relating to leases will be administered in terms of the lease agreement.
- 17.3 The terms of the lease agreement supersede the provisions of this policy.

## 18. Approval of the policy

.....

**Municipal Manager**

**uThukela District Municipality**

.....

**Date**

.....

**Executive Mayor**

**uThukela District Municipality**

.....

**Date**

**COUNCIL RESOLUTION NUMBER** \_\_\_\_\_