



**DRAFT**  
**BILLING POLICY**

**2024/2025**

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## 1. DEFINITIONS

**“Accounting Officer”** means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act.

**“Actual Consumption”** means the measured consumption from a metered service consumed by a customer.

**“Applicable Charges”** means the rate, charges, tariffs or levies determined by council.

**“Annually”** means once every financial year.

**“Arrears”** means those property rates (rates) and service charges that have not been paid by the due date.

**“Authorized Representative”** means a person or delegated person legally appointed by the Municipality to act or to fulfill a duty on its behalf.

**“Availability Charges”** means a fixed monthly or annual charge levied against the account holder which is based on the cost for providing a municipal service to the premises of the account holder.

**“Basic Municipal Services”** shall mean a municipal service necessary to ensure an acceptable and reasonable quality of life, which service – if not provided – would endanger public health or safety or the environment.

**“Billing”** refers to the process of charging for rates and taxes and issuing of accounts.

**“Billing Date”** means the date upon which the monthly statement is generated and debited to the customer's account.

**“By-law”** shall mean legislation passed by the council of the Municipality, and which shall be binding on the Municipality and on the persons and institutions to which it applies.

**"Chief Financial Officer"** means the person appointed as the Chief Financial Officer or the person appointed to act in the position of Chief Financial Officer of the Municipality.

**"Consolidated Account"** means an account which is a consolidation of any separate accounts of a person who is liable for payment to the Municipality.

**"Council"** means the Council of the Polokwane Municipality

**"Councilor"** shall mean a member of the Council of Polokwane Municipality.

**"Connection"** means the point at which a customer gains access to municipal services.

**"Customer"** means the occupier of any premises to which the Municipality has agreed to supply or is supplying municipal services to, or if no occupier can be identified or located, then the owner of the premises.

**"Consumer"**

**"Due Date"** in relation to rates and taxes -

(a) rates due in respect of any immovable property, means: -

(i) the date for payment indicated on the account,

(ii) in the case where rates and services are levied on a monthly basis, the due date shall always be the 25<sup>th</sup> of each month.

(iii)

**"Electricity Charges"** means service charges in respect of the provision of electricity.

**"Financial Year"** shall mean the period starting from 1 July in any year and ending on 30 June of the following year.

**"Indigent Customer"** means the approved indigent household in term of council's indigent policy

**“Illegal Connection”** means a connection to any system through which a municipal service is provided and that is not authorized or approved by the municipality.

**"Interest"** means a charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time.

**“Municipal Tariff”** shall mean a tariff for services which the Municipality may set for the provision of a service to the local community and may include a surcharge on such service.

**“Service Delivery Agreement”** means an agreement between the Municipality and an institution or persons mentioned in section 76(b) of the Local Government: Municipal Systems Act 32 of 2000.

**“Tampering and bypassing”** means unauthorized reconnection of a supply that has been disconnected for non-payment or interference with the supply mains or bypassing of the metering equipment to obtain unmetered service.

## **2. ABBREVIATIONS**

AO Accounting Officer

CFO Chief Financial Officer

MFMA Municipal Finance Management Act 56 of 2003 (as amended)

MPRA Municipal Property Rates Act 6 of 2004 (as amended)

MSA Municipal Systems Act 32 of 2000 (as amended)

NCA National Credit Act 34 of 2005 (as amended)

VAT Value Added Tax Act 89 of 1991 (as amended)

IBT Inclining Block Tariff

### 3. PREAMBLE

**Whereas** section 152 (1) (b) of the Constitution of the Republic of South Africa Act 108 of 1996 (*the Constitution*) provides that one of the objects of local government is to ensure that the provision of services to communities occurs in a sustainable manner;

**And whereas** section 4 (1) (c) of the Local Government: Municipal Systems Act 32 of 2000, as amended (*the Systems Act*) provides that the Council of a Municipality has the right to finance the affairs of the Municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorized by national legislation, other taxes, levies and duties;

**And whereas** section 5 (1) (g), read with subsection (2) (b) of the Systems Act provides that members of the local community have the right to have access to municipal services which the municipality provides, provided that, where applicable and subject to the policy for indigent customers, pay promptly for services charges levied, surcharges on fees, other taxes, levies and duties imposed by the municipality;

**And whereas** Chapter 9, sections 95, 96, 97, 98, 99 and 100, of the Systems Act provides for Customer Care Management, and the responsibility for Debt Collection of the Municipality, contents of the policy, by-laws that give effect to the policy, Supervisory authority and Implementing authority, respectively.

**Now therefore** the Municipal Council of Polokwane Municipality adopts the following policy regarding Billing of Services to Customers.

### 4. OBJECTIVE OF THE POLICY

Section 95 of the Local Government: Municipal Systems Act, 32 of 2000 (hereinafter referred to as the MSA) requires the Municipality to:

- 4.1 establish a sound customer management system;
- 4.2 establish mechanisms for users of services and ratepayers to give feedback to the municipality regarding the quality of services;

- 4.3 take reasonable steps to ensure that users of services are informed of the costs of service provision, the reason for the payment of service fees, and the manner in which monies are utilized;
- 4.4 take reasonable steps to ensure the accurate measurement of consumption of services;
- 4.5 ensure the receipt by persons liable for payments of regular and accurate accounts that indicate the basis for calculating the amounts due;
- 4.6 provide accessible mechanisms for those persons to query or verify accounts and metered consumption, and appeal procedures which allow for prompt redress for inaccurate accounts;
- 4.7 provide accessible mechanisms for dealing with complaints, prompt replies and corrective action;
- 4.8 provide mechanisms to monitor response times to such complaints;
- 4.9 Provide accessible pay points and other mechanisms for settling accounts or for making pre-payments for services.

## **5. UNDERLYING PRINCIPLES OF THIS POLICY**

The principles of Billing in the Municipality are: -

- 5.1 The administrative integrity of the Municipality must be maintained at all times.
- 5.2 This policy must be approved by Council.
- 5.3 The policy must be made accessible.
- 5.4 A person liable for property rates and consumption levies must furnish the municipality with an address where correspondence can be directed to and remains his / her



responsibility to enquire with the municipality if the account is not rendered

- 5.5 Customers must receive regular and accurate accounts that indicate the basis for calculating the amounts due. The customer is entitled to have the details of the account explained upon request.
- 5.6 Customers must pay their accounts regularly on or before the due date.
- 5.7 Customers are entitled to reasonable access to pay points and to a variety of reliable payment methods.
- 5.8 Customers are entitled to an efficient, effective, and reasonable response to queries dispute and appeals, and should not suffer any disadvantage during the processing of a reasonable appeal.
- 5.9 All tariffs to calculate Property Rates, Electricity and Water consumption, Sewer and Refuse collection charges are determined annually, approved by Council, and contained in the Tariff booklet produced by the Municipality.

## **6. LEGISLATIVE FRAMEWORK**

The legal framework central to Billing and the functioning of municipalities is contained in various pieces of legislation, some of which is briefly outlined in the section to follow.

### **6.1 Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)**

The Constitution of the Republic of South Africa, 1996, (Act 108 of 1996), is the supreme law of the Republic, any law or conduct inconsistent with it is invalid, and the obligations imposed by it must be fulfilled. The right to sufficient water and appropriate assistance where one is unable to support them, and their dependents is enshrined in the Constitution. In this instance the state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of these rights.

The objectives of local government are set out in Section 152 of the Constitution and include:

- 6.1.1 providing a democratic and accountable government for local communities.
- 6.1.2 provision of services to communities in a sustainable manner.
- 6.1.3 promoting social and economic development.
- 6.1.4 promoting a safe and healthy environment; and
- 6.1.5 encouraging the involvement of communities and community organizations in the matters of local government.

Furthermore, a municipality must achieve these objectives within its financial and administrative capacity. It is therefore within the powers and functions of a municipality to impose rates on property and surcharges on fees for services provided by or on behalf of a municipality as it aims to achieve its objective of providing services to communities in a sustainable manner.

## **6.2 Electricity Regulation Act, 2006 (4 of 2006)**

The Electricity Regulation Act, 2006 (4 of 2006) prohibits a municipality (licensee) from reducing or terminating the supply of electricity unless.

- 6.2.1 the customer is insolvent,
- 6.2.2 the customer has failed to honor, or rejects to enter into, an agreement for the supply of electricity; or
- 6.2.3 the customer has contravened the payment conditions of that licensee.

As such, the municipality must ensure that it enters into service agreements with its customers for the supply of services, including electricity, and that these agreements clearly spell out the service and payment terms and conditions which the customer will be subject to.

## **6.3 Water Services Act, 1997 (Act 108 of 1997)**

The main objective of this Act is to provide for the right of access to “basic water supply” and “basic sanitation” necessary to ensure sufficient water and an environment not harmful to

health or well-being. The responsibility lies on the municipality as a water services authority to take reasonable measures to realize these rights.

Basic water supply refers to the prescribed minimum standard of water supply services necessary to support life and personal hygiene. A municipality cannot deny any person access to basic water services due to non-payment, where that person proves, to the satisfaction of the municipality, that they are unable to afford to pay for basic services. The implication for municipalities is that they cannot disconnect or discontinue services beyond the basic water supply as defined but may limit/restrict the flow of water to a property. Limit to trickle flow up to 200 liters per day. (6kl per month).

#### **6.4 Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)**

The Municipal Finance Management Act (Act 56 of 2000) places responsibility on the Municipal Manager as the Accounting Officer to ensure that a municipality has and implements a Credit Control and Debt Collection Policy. As an Accounting Officer, the Municipal Manager is also responsible for the management of the revenue of the municipality and is under obligation to take all reasonable steps to ensure that the municipality has effective revenue collection systems consistent with Section 95 of the Municipal Systems Act and the municipality's Credit Control and Debt Collection Policy. Further that the municipality charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies.

#### **6.5 Local Government: Municipal Structures Amendment Act, (Act 117 of 1998 as amended)**

The Municipal Structures Act 117 of 1998 sets out the powers and function of municipalities where District Municipalities were tasked with the supply of potable water, bulk electricity, sewerage and waste disposal. With the **Municipal Structures Amendment Act, 2000 (Act 33 of 2000)**, these functions are now performed by both the District and Local Municipalities based on the locality of the municipality.

#### **6.6 Local Government: Municipal Property Rates Act, (Act 6 of 2004) as amended**

The Act aims to regulate the powers of municipalities to impose rates on property. As required by the Act, the council of a municipality must adopt a rates policy and pass bylaws to enable the municipality to levy rates on all rate-able properties in its area as required.

The owner of a property is liable for the payment of a rate levied by a municipality on the property, subject to the municipality's Credit Control and Debt Collection Policy. The municipality may recover any unpaid rates on the property from the tenant, occupier or agent of the owner after serving them with a written notice. This is irrespective of any contractual obligation that might exist with the owner and is limited to the rent or money due and payable.

### **6.7 Municipal By-laws**

Section 160(4) of the Constitution provides that no bylaw may be passed by a Municipal Council unless all the members of the Council have been given reasonable notice; and the proposed bylaw has been published for public comment.

Only once the by law has been published in the official gazette of the relevant province can it be enforceable.

Where there no changes to the bylaws, there is no need for it to be published in the official gazette of the relevant province.

Further, Section 90 of the Municipal Systems Act requires municipalities to adopt credit control and debt collection bylaws in order to give effect to the policy and to give the municipality legislative powers to enforce the policy. These bylaws may differentiate between categories of ratepayers, user of service, debtors, taxes, services, service standards and other matters, the differentiation must not amount to unfair discrimination.

### **6.8 Local Government: Municipal Systems Act (Act 32 of 2000)**

The Act requires a municipality to collect all money due and payable to it, and in so doing a municipality must adopt, maintain, and implement a credit control and debt collection policy. A municipality is empowered by the Act to levy and recover fees, charges, or tariffs in respect of any function or service of the municipality; and to recover collection charges and interest on any outstanding amount subject to the provisions of the National Credit Act. The Act further outlines the contents required of a municipal credit control and debt collection policy.

## **7. SUPERVISORY AUTHORITY**

7.1 As provided by section 99 of the Systems Act, the Executive Mayor of the municipality is responsible for overseeing and monitoring:

7.1.1 The implementation and enforcement of this policy; and

7.1.2 The performance of the Municipal Manager in implementing this

7.2 The Executive Mayor shall at least once a year cause an evaluation or review of this policy and the by-law to be performed, in order to improve the efficiency of the municipality's Billing processes and procedures, as well as the implementation of this policy.

## **8. IMPLEMENTING AUTHORITY**

8.1 As contemplated in Section 100 of the Systems Act, the Municipal Manager: -

8.1.1 Implements and enforces the Billing policy.

8.1.2 Must establish effective administration mechanisms, processes and procedures to bill amounts that are due and payable to the Municipality.

8.1.3 Establish effective communication between the Municipality and account holders with the aim of keeping account holders abreast of all decisions by Council that may affect account holders.

8.1.4 Establish customer service centers, located in such communities as determined by the Municipal Manager.

## **9. APPLICATION FOR THE PROVISION OF MUNICIPAL SERVICES**

- 9.1 A customer who requires the provision of municipal services must apply for the service from the Municipality. The application must be made on the prescribed form.
- 9.2 The application for the provision of municipal services must be made by the registered owner of immovable property. An applicant can apply for the connection of services (water and electricity) without approved building plans. Except for:
- 9.2.1 Individuals and Businesses with lease agreements to lease properties from the Municipality;
- 9.2.2 Government Departments.
- 9.2.3 Body Corporates who take the responsibility for the payment of basic water, basic sewer and refuse removal services on behalf of the individual sectional title owners; and
- 9.2.4 Approved Indigent Customers for the purposes of registering and allocating the applicable subsidy to qualified indigent customers who will be allowed to open an account in the name of the lessee of the property.
- 9.3 In case of existing arrangements where tenants have existing accounts, and the tenant is guilty of non-payment, the owner will be liable for the outstanding debt, except where the property concerned is owned by the Municipality.
- 9.4 In terms of section 102(3) of the Municipal Systems Act the Municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to such a property if the owner requests such accounts in writing from the Municipality.
- 9.5 An agent may with a proxy open an account in the name of the owner.

9.6 Once you become the owner of the property or recipient of municipal services you are bind by the following: -

9.6.1 will be liable for collection costs including administration fees, interest, disconnection and reconnection costs, and any other legal costs occasioned by his or her failure to settle accounts by the due date on the attorney and client scale;

9.6.2 that accounts will become due and payable by the due date notwithstanding the fact that the owner did not receive the account;

9.6.3 That the onus will be on the owner to ensure that he or she is in possession of an account before the due date; and

9.7 On receipt of the application for provision of municipal services, the Municipality will obtain the reading of metered services linked to the property to be taken on the working day after the application.

9.8 The first account for services charges will be rendered after the first meter reading cycle to be billed following the date of signing the service agreement.

9.9 In case of new buildings being erected and a connection is made for the first time to the main service lines the metering and levying of services actually consumed or received will take place as follow: -

9.9.1 All basic services will be billed to the registered owner on the billing date.

## **10. ACCOUNTS AND BILLING**

10.1 Accounts will be rendered using either one of the following channels;

10.1.1 By means of an email or website if so requested by the customer; or

10.1.2 By means of Multimedia system (MMS) if the account holder is registered for such a service

## **11. PROPERTY RATES**

- 11.1 Property Rates shall be billed monthly,
- 11.2 Property rates which are billed and recovered annually shall be billed in the July account of each year.

## **12. ELECTRICITY**

- 12.1 Service charges in respect of electricity shall be determined in accordance with metered consumption.
- 12.2 Monthly accounts shall be rendered for electricity consumption and the customer shall effect payment thereof by the due date.

## **13. WATER CHARGES**

- 13.1 The provisions of this policy, in respect of the supply of water to a customer, shall constitute the payment conditions of the Municipality as water services authority and water services provider, contemplated in sections 4 and 21 of the Water Services Act 108 of 1997.
- 13.2 Service charges in respect of water shall be determined in accordance with metered consumption.
- 13.3 Monthly accounts shall be rendered for water consumption and the customer shall affect payment thereof by the due date.

## **14. REFUSE AND SEWER CHARGES**

- 14.1 Monthly accounts shall be rendered for Refuse and Sewer charges



## **15. SUNDRY CUSTOMER ACCOUNTS**

- 15.1 Sundry customer accounts may be rendered by the Municipality from time to time.
- 15.2 Any sundry customer account may be included in the monthly consolidated account produced by the Municipality in terms of section 102 of the Municipal Systems Act, 32 of 2000,

## **16. FINAL ACCOUNTS**

- 16.1 Upon receipt of a customer's application for the termination of municipal services, the Municipality shall: -
  - 16.1.1 Take final readings in respect of metered municipal services.
  - 16.1.2 Prepare and render a final account.
  - 16.1.3 Appropriate the customer deposit towards the reduction or settlement of any outstanding amount owed by the customer; and
  - 16.1.4 Return the customer deposit to the customer in the event that all amounts owing to the municipality have been settled in full.
  - 16.1.5 The water and / or electricity services will be disconnected with a final reading taken until such time the new owner signs a new services agreement.

## **17. METERING OF MUNICIPAL SERVICES**

- 17.1 The Municipality may introduce various types of metering equipment and options, and may encourage customers to convert to a system which is preferred by the Council when Council considers this to be beneficial to its functioning and operations.
- 17.2 Electricity and water consumption are measured with conventional and prepayment meters.

- 17.3 Where a customer has successfully applied for indigent status the conventional meter for electricity will be changed to a prepayment electricity meter at the cost of the Council.
- 17.4 The following applies to the reading of conventional meters: -
- 17.4.1 Conventional electricity and water meters are read at in cycles of approximately 30 days. The period must not be less than 28 days and not longer than 32 days.
- 17.4.2 If for any reason the conventional electricity and water meters cannot be read, the Municipality will render an account based on fix estimations, as approved by a resolution taken in Council. CR/42/10/20. The interim amount can also be based on the average daily consumption. Periods of /estimations cannot be more than 180 days.
- 17.4.3 The amount based on interim consumption will be adjusted in a subsequent account/based on the actual consumption.
- 17.4.4 The customer is responsible to ensure unhindered access to metering equipment for the purposes of obtaining the meter readings for billing purposes.
- 17.4.5 Customers can, for reasons of non-accessibility to their properties by meter readers, provide the Municipality with monthly meter readings for billing purposes. Customers can phone in or email the above information to billing personnel with their readings and a photo will be compulsory with the meter number and the reading clearly visible.
- 17.4.6 If any calculation, reading or metering error is discovered, or an actual meter reading is obtained in cases where the Municipality did not have access to the meter, in respect of any account rendered to a customer: -

- 18.5.7.1 The error shall be corrected or the adjustment made in the subsequent account;
- 18.5.7.2 Any such correction / adjustment in favour of Council must apply in respect of an account from a date no more than 3 years for municipal services from the date on which the error on the account was discovered or the adjustment were done. All interims levied during this period will be reversed.
- 18.5.7.3 any such correction / adjustment in favour of the customer must apply in respect of an account from a date no more than 3 years for municipal services from the date on which the error on the account was discovered or the adjustment were done.
- 18.5.7.4 Subsection 18.5.7.2 and 18.5.7.3 is in line with the Electricity and Water and Sanitation By-Laws.
- 18.5.7.5 The correction shall be based on the tariffs applicable during the period in which the error occurred.
- 17.4.7 Any water leakage within the property of the customer (consumer's side of the meter) will be the responsibility of the owner and the owner will be liable for the payment of the water that has leaked. Refer to section 40 of the Water and Sanitation By-Law.
- 17.5 The following applies to prepayment metering: -
- 17.5.1 Prepayment electricity and water is purchased at prepayment vending points for consumption after the date of purchase.
- 17.5.2 Amounts tendered for the purchase of prepayment electricity and water will not be refunded, except where the admin fee is paid for uploading and clearing of the voucher by the Municipal Official.
- 17.5.3 On request of the customer, copies of the previous prepayment meter vouchers will be provided.
- 17.5.4 Credits remaining in the prepayment meter will not be refunded when the premises

are vacated by a customer.

17.5.5 The Municipality shall not be liable for the reinstatement of credit in a prepayment meter due to tampering with, or the incorrect use or abuse, of prepayment meters.

17.5.6 The Municipality will apply all the debt collection functions available on the prepayment system to collect all arrear debt on the account of the customer.

## **18. PAYMENT OF ACCOUNTS**

18.1 The municipality reserves the right to allocate a portion of the prepayment amount towards any other arrears/consumption that remains owing to the municipality.

18.2 Account balances which remain unpaid after 30 days from the due date shall attract interest on arrears irrespective of the reason for non-payment.

18.3 All accounts are payable by the due date regardless of the fact that the customer may not have received the account; the onus being on the customer to obtain a copy or the balance on the account before the due date.

18.4 Payments received in respect of rates and service charges will be allocated by the Polokwane Municipality entirely within its discretion, on the account of the customer.

## **19. INTEREST ON ARREAR DEBT**

19.1 Interest charges will be raised on all amounts that remain unpaid for longer than 30 days from the due date.

19.2 The interest rate is determined by the Municipality and is reviewed annually with the review of budget. Interest shall accrue for each completed month in respect of any amounts unpaid after 30 days of the due date. A part of a month shall be deemed to be a completed month.

## **20. DISPUTES AND APPEALS**

- 20.1 A customer may lodge a dispute with the Municipality within 30 days of receiving the account.
- 20.2 A customer who is not satisfied with the outcome of the dispute may lodge an appeal in terms of section 62 of the Municipal Systems act.

## **21. POWER OF ENTRY AND INSPECTION**

- 21.1 For any purpose related to the implementation or enforcement of this policy, and at all reasonable times, or in an emergency, a duly authorized representative of the Municipality may enter premises, request information and carry out such inspection or examination, as he or she may deem necessary: -
  - 21.1.1 Regarding the installation or repair of any meter or service connection or reticulation; or
  - 21.1.2 To limit, discontinue, disconnect, or reconnect the provision of any service.
- 21.2 If the Municipality considers it necessary that work be performed to enable the afore stated authorized representative to perform a function referred to in subsection (1) properly and effectively, then it may: -
  - 21.2.1 By written notice require the owner or occupier of the premises, at his or her own expense, to do specific work within a specified period; or
  - 21.2.2 If, in its reasonable opinion, the situation is a matter of urgency, then the Municipality may do such work, or cause it to be done, at the expense of the owner or occupier, and without written notice.
- 21.3 If the work referred to in subsection (2)(b) above is carried out for the sole purpose of establishing whether a contravention of this policy has been committed, and no such contravention has taken place, then the Municipality shall bear the expense connected therewith, together with the expense of restoring the premises to its former condition.

## **22. IMPLEMENTATION AND REVIEW OF THIS POLICY**

This policy shall be implemented on 1<sup>st</sup> July 2024 and shall be reviewed on an annual basis to ensure that is in line with the municipality's strategic objectives and with legislation.

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