ORDINARY COUNCIL MEETING

OPEN

SUPPLEMENTARY

KOUGA local municipality

Service Excellence through Good Governance

DATE: 26 February 2026

TIME: 10:00

VENUE: Virtual

KOUGA MUNICIPALITY (EC108)	UMASIPALA I-KOUGA (EC108)	MUNISIPALITEIT KOUGA (OK108)
NOTICE CONVENING A MEETING	**ISAZISO NGENTLANGANISO**	**KENNISGEWING VAN VERGADERING**
NOTICE IS HEREBY GIVEN that in terms of Section 19 of the Local Government: Municipal Systems Act, 2000 (Act No.32 of 2000) that an Ordinary Council Meeting will be held virtually on	**ISAZISO** sikhutshiwe ukuba ngokwe Candelo-19 uMthetho weeNkqubo zikaMasipala, (uMthetho 32 ka-2000), ukuba kubanjwe intlanganiso ebonakalayo yesigqeba Ye khansile	**KENNIS GESKIED HIERMEE** dat ingevolge Artikel 19 van die Wet op Munisipale Stelsels, 2000 (Wet No.32 of 2000), dat 'n virtuele raadsvergadering gehou sal word op
DATE: 26 February 2026	**UMHLA: 26 eyoMdumba 2026**	**DATUM: 26 Februarie 2026**
TIME: 10:00	**IXESHA: 10:00**	**TYD: 10:00**
L. MAREE **SPEAKER**	**L. MAREE** **USOMLOMO**	**L. MAREE** **SPEAKER**

Councillors are required to comply with the Standing Rules and Orders of Council and all its Committees By-law as promulgated in the Provincial Gazette on 22 October 2018 No.4134 and applicable to this meeting of Council. Any person who willfully contravenes any provision of these rules shall be guilty of an offence and which contravention shall be dealt with in accordance with the disciplinary procedures for Councillors.

A G E N D A

1. **NOTICE OF MEETING**
2. **OPENING AND WELCOME**
3. **ABSENT WITH LEAVE**
4. **ABSENT WITHOUT LEAVE**
5. **PRESENTATIONS**

   None

6. **ACKNOWLEDGEMENTS, CONDOLENCES & CONGRATULATIONS**
7. **STATEMENTS OR COMMUNICATIONS BY THE SPEAKER**
8. **STATEMENTS OR COMMUNICATIONS BY THE EXECUTIVE MAYOR**

9. **DISCLOSURE OF INTEREST**

10. **STATUTORY MATTERS**

11. **REPORTS OF COMMITTEES OF COUNCIL**

11.1 **MUNICIPAL BY - LAWS AND POLICIES**

26/02/PB2 Customer Care, Credit Control and Debit Collection Policy

Pages: 6 - 41

12. **REPORTS BY THE OFFICE OF THE MUNICIPAL MANAGER**

26/02/MM2 Determination of The Upper Limits of Salaries, Allowances and Benefits of Different Members of a Municipal Council for 2025/2026 Financial Year

Pages: 43 - 63

13. **MATTERS DEALT WITH IN TERMS OF DELEGATED AUTHORITY BY THE EXECUTIVE MAYOR**

(The reports by the Executive Mayor, in terms of the provisions of Section 63 of the Local Government Municipal Systems Act, 32 of 2000, on matters dealt with by the Executive Mayor in terms of delegated authority as detailed in the Minutes to be noted).

14. **REPORTS BY THE PORTFOLIO COMMITTEE CHAIRPERSONS**

14.1 **REPORTS BY THE CHAIRPERSON: ELECTRO-MECHANICAL SERVICES**

26/02/EMS15 Report: Consideration of Electricity Tariffs for the period 1 July 2026 to 30 June 2027

Pages: 65 - 70

15. **CLOSURE**

Distribution list:

Executive Mayor
Deputy Executive Mayor
Speaker
All Councillors
Municipal Manager
All Directors
Relevant Managers
Committee Services

REPORTS OF COMMITTEES OF COUNCIL

KOUGA
local municipality
Service Excellence through Good Governance

MUNICIPAL BY – LAWS AND POLICIES

KOUGA
local municipality
Service Excellence through Good Governance

KOUGA MUNICIPALITY (EC 108)
ORDINARY COUNCIL MEETING
MUNICIPAL BY-LAWS & POLICY COMMITTEE
OPEN
DATE: 26 FEBRUARY 2026
ITEM NO: **26/02/PB2**

CUSTOMER CARE, CREDIT CONTROL AND DEBIT COLLECTION POLICY

1. **Introduction**

This item aims to present the proposed Customer Care, Credit Control and Debit Collection Policy to the Council for approval.

2. **Background**

The Customer Care, Credit Control and Debit Collection Policy was workshopped on 19 February 2026 and was reviewed by the Municipal By-Laws and Policy Committee on 23 February 2026, with a recommendation that the Customer Care, Credit Control and Debit Collection Policy be submitted to Council for approval.

3. **Discussion**

The Customer Care, Credit Control and Debit Collection Policy is attached as Annexure A.

4. **Financial Implications**

Completed by BTO -	N/A
Project Description	
Ukey no.	
Budgeted Amount	
Amount spent and committed to date	
Amount Available	
Comment	
BTO Signature	

5. **Applicable Legislation**

None

6. **Legal Implications**

No legal implications are foreseen.

7. **Other Implications**

No other implications are foreseen.

8. **Comments by Directorates**

8.1 **Chief Financial Officer:**

Report noted.

8.2 **Director: Planning & Development**

Not applicable

8.3 **Director: Civil & Water Services**

Not applicable

8.4 **Director: Electro-Mechanical Services**

Not applicable

8.5 **Director: Community Services**

Not applicable

8.6 **Deputy Municipal Manager**

Not applicable

8.7 **Municipal Manager**

Report Noted

9. **Delegated Authority**

Council

10. **Recommendations**

10.1 That Council approves the Customer Care, Credit Control and Debit Collection Policy.

10.2 That Customer Care, Credit Control and Debit Collection Policy be uploaded on the Kouga Website.

Item noted by the: Municipal By-Laws and Policy Chairperson

Annexure A:

CUSTOMER CARE, CREDIT CONTROL AND DEBT COLLECTION POLICY

Document Control

Policy Title:	Customer Care, Credit Control and Debt Collection Policy
Reference Number:	25/05/FED1
Previously Approved:	Yes
Directorate Responsible:	Finance and Economic Development
Department	Revenue
Status of the Document:	Approved
Review Date:	03 March 2025
Contact Details:	Ms. N Mate (Manager: Revenue)

Contents

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 the provision of services to communities in a sustainable manner;

And whereas section 153 (a) of the Constitution provides that a municipality must structure its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community;

And whereas section 195 (1) of the Constitution provides that public administration must be governed by the democratic values and principles enshrined in the Constitution, including the following principles:

- The promotion of the efficient, economic and effective use of resources;
- The provision of services impartially, fairly, equitably and without bias; and
- The fact that people's needs must be responded to.

And whereas section 4 (1) (c) of the Local Government: Municipal Systems Act No. 32 of 2000 (*'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 authorised 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 debtors, pay promptly services fees, surcharges on fees, rates on property and other taxes, levies and duties imposed by the municipality;

And whereas section 6 (2) (c), (e) and (f) of the Systems Act provides that the administration of a municipality must take measures to prevent corruption; give members of the local community full and accurate information about the level and standard of municipal services that they are entitled to receive; and inform the local community about how the municipality is managed, of the costs involved and the persons in charge;

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

Hereby is adopted the Customer Care, Credit Control and Debt Collection Policy of the Kouga Municipality.

DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

"***Act***" - The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.

"***Agent*" -** In relation to the owner of a property, means a person appointed by the owner of the property:

i) to collect income in respect of the property on behalf of the owner; or
ii) to effect payments in respect of the property on behalf of the owner

"Arrangement" - A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed to.

"Arrears" - Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

"Authorised Representative" - Person or institution legally appointed by the Council to act or to fulfil a duty on its behalf.

"***CFO***" - Person appointed as the Chief Financial Officer of the Municipality or his or her nominee.

"***Council***" - The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa, Act 108 of 1996, of the Kouga Municipality established by part 10 of provincial notice 110, dated 2 December 2000;

"***Credit Control***" - All the functions relating to the collection of monies owed by ratepayers and the users of municipal services.

"***Customer***" - Any owner/landlord or occupier of a property to which property the Municipality has agreed to supply services or already supplies services, and any customer of a property not receiving services but for which property services had been made available, and any person liable to the Municipality for taxes, rates or other charges.

"***Defaulter***" - Any person owing the Council arrear monies in respect of rates and / or service charges;

"***Engineer***" - The person in charge of the civil and/or electrical component of Council

"***Equipment***" - A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories.

"***Interest***" - A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies;

"***Municipal Account***" - An account rendered specifying charges for services Rendered specifying charges for services provided by the Municipality or any authorised and contracted service provider, and/or assessment rates levies.

"***Municipality***" - Includes a Municipality referred to in section 155 (6) of the Constitution;

"***Municipal Manager***" - The person appointed as Municipal Manager in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and include any person acting In that position or to whom authority was delegated;

"***Municipal Services***" - Those services provided by the municipality, such as, inter alia the supply of water and electricity, refuse removal, sewerage treatment, and for which services charges are levied;

"***Occupier***" - Any person who occupies any property or part thereof, without regard to the title under which he or she occupies the property.

"***Owner***" - *(a)* The person in whom from time to time is vested the legal title to the premises;

(b) In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;

(c) In a case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises with a building thereon;

(d) In the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;

(e) Regarding:-

i. A portion of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property; or

ii. A section as defined in such Act, the person in whose name such a section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;

(f) Any legal person including but not limited to-

A company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984) and a voluntary association;

i. Any State department;
ii. Any Council or Board established in terms of any legislation applicable to the Republic of South Africa; iii. Any Embassy or other foreign entity;

"***Premises***" (property) - Includes any piece of land, the external surface boundaries of which are delineated on-

i) A general plan or diagram registered in terms of the Land Survey Act, 1927 (9 of 1927), or in terms of the Deed Registry Act, 1937 (47 of 1937); or

ii) A sectional plan registered in terms of the Sectional Titles Act, 1986 (95 of 1986), which is situated within the area of jurisdiction of the Council;

"***Supervisory Authority***" - *Means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act.*

1. GENERAL OBJECTIVES

The objectives of this policy are to: -

1.1 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection;

1.2 ensure that all monies due and payable to the Municipality are collected and used to deliver services in the best interest of the community; residents and customers; and, in a financially sustainable manner;

1.3 provide a framework for customer care;

1.4 describe credit control measures;

1.5 outline debt collection procedures and mechanisms; and

1.6 set realistic targets for debt collection.

2. PRINCIPLES

In the execution of its Customer Care, Credit Control and Debt Collection Policy, the Municipality will apply the following principles:

2.1 The administrative integrity of the municipality must be maintained at all times. The Council is responsible for the approval of policies, while it is the responsibility of the Municipal Manager to implement these policies.

2.2 All customers must complete an official application form, formally requesting the municipality to connect them to the service supply lines. Existing customers may be required to complete new application forms from time to time, as determined by the Municipal Manager.

2.3 Only owners' accounts will be opened, whilst all tenant accounts will be phased out over time.

2.4 A copy of the application form, conditions of supply and extracts of the relevant Council's customer care, credit control and debt collection policy and by-laws must be handed to every customer upon request, and at such fees as may be prescribed by Council from time to time.

2.5 Billing should be accurate, timeous and understandable.

2.6 The customer is entitled to reasonable access to pay points and to a variety of reliable payment methods.

2.7 The customer is entitled to efficient, effective and reasonable responses to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

2.8 Enforcement of payment must be prompt, consistent and effective.

2.9 Unauthorised consumption, illegal connections and reconnections, the tampering with or theft of meters and service supply equipment, will lead to disconnections, penalties, loss of rights and criminal prosecutions.

2.10 Incentives and disincentives may be used in the collection process.

2.11 The collection process must be cost-effective.

2.12 Performance should be regularly reported by the Municipal Manager and the Executive Mayor.

2.13 Non-payment of accounts will serve to, inter alia, categorize customers according to their credit risk and also to determine the relevant levels of services and deposits required.

3. DUTIES AND FUNCTIONS

3.1 Duties and Functions of Council:

3.1.1 To consider and approve by-laws to give effect to the Council's policy.

3.1.2 To be a supervisory authority to monitor the performance of the Municipal Manager /Executive Mayor regarding customer care, credit control and debt collection.

3.2 DUTIES AND FUNCTIONS OF EXECUTIVE MAYOR

3.2.1 To monitor the performance of the Municipal Manager in implementing the policy and by-laws.

3.2.2 To review and evaluate the policy and by-laws in order to improve the efficiency of customer care, credit control and debt collection mechanisms, processes and procedures.

3.3 DUTIES AND FUNCTIONS OF THE MUNICIPAL MANAGER

3.3.1 To implement efficient customer care management systems.

3.3.2 To implement the customer care, credit control and debt collection policy.

3.3.3 To maintain an appropriate accounting system.

3.3.4 To bill customers.

3.3.5 To demand payment by due dates.

3.3.6 To raise penalties for defaulters.

3.3.7 To appropriate payments received.

3.3.8 To collect outstanding debt.

3.3.9 To provide different payment methods.

3.3.10 To determine customer care, credit control and debt collect measures.

3.3.11 To determine appropriate work procedures for, inter alia, public relations, reminders, final demands, arrangements, disconnections of services, summonses, attachments of assets, sales in execution, write-off of debts, sundry debtors and legal processes.

3.3.12 To instruct attorneys to proceed with the legal process (i.e. attachment and sale in execution of assets, emolument attachment orders etc.).

3.3.13 To monitor contracts with service providers in connection with credit control and debt collection.

3.4 DUTIES AND FUNCTIONS OF COMMUNITIES, RATEPAYERS AND RESIDENTS

3.4.1 To pay service fees, rates on property and other taxes, levies and duties imposed by the municipality, on or before due dates.

3.4.2 To allow municipal officials reasonable access to their properties to execute municipal functions at a time that is agreeable to both the consumer and municipal officials.

3.4.3 To comply with the policy and by-laws and other legislation related to customer care, credit control and debt collection.

3.4.4 To refrain from damaging and or tampering with municipal services and property.

3.4.5 To inform the Municipality in writing of any changes in address or contact details.

3.5 DUTIES AND FUNCTIONS OF COUNCILLORS

3.5.1 To adhere to the Code of Conduct for Councillors.

3.5.2 To pay amounts owing in respect of municipal rates, taxes and services and not to default on payments. The Municipality may deduct any outstanding amounts from a Councillor if the Councillor is in arrears for more than three (3) months.

3.5.5 The normal credit control procedures will apply to any arrear account of a Councillor.

3.5.6 To support the Municipal Manager to implement the policy and to report any breaches of by-laws detected to the Municipal Manager.

3.6 DUTIES AND RESPONSIBILITY OF MUNICIPAL STAFF MEMBERS

3.6.1 To always pay amounts that are owed in respect of municipal rates, taxes and services and not to default on payments.

3.6.2 The municipality may deduct any outstanding amounts from a staff member, if the staff member is in arrears for more than three (3) months.

3.6.3 The normal credit control procedures will apply to any arrear account of a municipal staff member.

3.6.4 Where the Municipality provides temporary employment to members of the community who are in arrears with payments for Municipal rates and services, they will be required to enter into an agreement, to pay 20% of their gross remuneration towards the arrear debts.

3.6.5 To support the Municipal Manager to implement the policy and to report any breaches of by-laws detected to the Municipal Manager.

4. AREA OF APPLICATION

This policy applies throughout the area of the Municipality.

5. CUSTOMER CARE POLICY

5.1 OBJECTIVES

The objectives of the Customer Care Policy are:

- to focus on the needs of the consumer in an accountable and pro-active manner, to improve the payment of service fees and
- to establish a positive and cooperative relationship between the persons responsible for payment for services and the municipality and, where applicable, the service provider.

5.2 APPLICATION FOR SERVICES

5.2.1 Consumers who require a service must enter into a written service agreement with the municipality.

5.2.2 The application process must occur ten (10) days prior to taking occupation of the premises, so that the Municipality can ensure that a meter reading is taken on the appropriate day and that the services are available when occupation is taken. Failure to adhere to this timeframe may result in customers not having the services available when occupation is taken.

5.2.3 The Municipality will render the first account after the first meter reading cycle to be billed following the date of signing the service agreement.

5.2.4 Consumers who illegally consume services without a service agreement, will be subject to punitive action.

5. 3 CUSTOMER SERVICE AGREEMENTS

5.3.1 Customer service agreements are those agreements that will be entered into from time to time between the customer and the municipality for the supply of municipal services.

5.3.2 The contents of the agreement include this policy, as well as:

An undertaking by customers:

- That they are liable for the costs of collection, including any administration fees, penalties for late payment, legal costs, interest, disconnection fees and reconnection fees;
- That any non-receipt of an account does not stop the collection process;

An undertaking by Council:

- That it will deliver accounts to customers.
- That it will inform customers that they are required to request statements if they do not receive an account.

5.3.3 Only owners' accounts will be opened, and all tenant accounts will be

phased out over time.

5.4 DEPOSITS

- Consumer Deposits

5.4.1 The deposits are payable when new customers sign-on and when existing customers move to a new supply address.

5.4.2 Customers must pay a deposit equivalent to an amount as determined by Council, from time to time.

5.4.3 The municipality may increase deposits to an amount equivalent to one month's billing.

5.4.4 Service deposits will be accepted in the form of cash and Electronic Funds Transfer (EFT) only.

- Building Deposits

5.4.4 Building deposits made by a customer is refundable, free of interest, on the award of an occupation certificate from the municipality, provided that no damage has been made to any of Council's property or infrastructure.

5.4.5 Deposits shall be forfeited to the Council if not claimed by the customer within 3 years of the occupation certificate issued to the customer.

5.4.6. The customer must notify the office of the Chief Financial Officer of any change of address in order to facilitate the refund of the deposit and submit proof of bank account in order for the refund to be effected.

5.4.7 All building deposits should be recorded in a suitable register to facilitatefuture claims against the amount and followed up, should the customer claim for a building deposit after the 3 year period of forfeiture, the claim will be paid on condition that sufficient proof can be provided.

5. 5 ACCOUNTS AND BILLING

5.5.1 Customers will receive one consolidated bill for all services to a property, which is situated within the boundaries of the municipality.

5.5.2 Accounts are produced in accordance with the meter reading cycles.

5.5.3 An account will be rendered each month in cycles of approximately 30 days.

5.5.4 The Municipality will undertake to have the accounts delivered to all consumers. However, non-receipt of an account does not prevent interest charges and debt collection procedures. In the event of the non-receipt of an account, the onus rests on the account holder to obtain a copy of the account at a prescribed fee, before the due date. The applicable fee might be waived exceptional circumstances.

5.5.5 Accounts must be paid on the due date as indicated on the account. Interest on arrears will accrue after due date if the account remains unpaid, irrespective of the reason for non-payment.

5.5.6 Payments for accounts must be received on or before the due date at a Municipal pay-point by the close of business. In the case of any electronic payments or payments via agents, the money must be received in the municipal bank account on or before the due date and not later than the close of business.

5.5.7 Where the Municipality provides temporary employment to members of the community who are in arrears with payments for Municipal rates and services, they will be required to enter into an agreement, to pay 20% of their gross remuneration towards the arrears of debts.

5.5.8 Where incorrect debits were raised on services, the accounts under query will be rectified with corrective billing up to a maximum period of 3 months.

5.5.9 Adjustments will be based on the consumption 6 months after the leakage took place or alternatively on the consumption 6 months before the leakage took place.

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5.5.10 Adjustments made to the customer's services account, where the adjustment is in the customer's favour will be made for the preceding three years from the date the dispute was registered.

5.5.11 Adjustments made to the customer's services account, where the adjustment is in the municipality's favour, will be made for a maximum period of 3 months.

5.5.12 Where the customer caused the adjustment, for example: the by-passing of meters or supplied incorrect metering information, then the punitive measure will be an adjustment made for the preceding three years.

5.5.13 In the case of multiple ownership, all owners are jointly and severally liable for the payment of the account.

5.5.14 Where an account is not settled in full, any lesser amount tendered and accepted shall not be deemed to be in full and final settlement of such an account.

5.5.15 Where any payment is made by a negotiable instrument and is later dishonoured by a bank, the Municipality or its authorised agent:-

- Must recover the bank charges related to the transaction against the account of the customer; and
- Shall regard such an event as a default on a payment.

5.5.16 The Municipality or its authorised agent must, if administratively possible, issue a free current statement to a customer on request, and any other duplicate statements or history details at a cost as determined by Council and the tariff listing.

- After a finalisation of a customer's municipal account, there is credit/debit balance on the account:
- The municipality may transfer such balance to any other existing account on a property owned by that customer, without authorisation of that customer. If no other account exists, then the credit will be refunded to the customer, only on receipt of bank confirmation details of the customer's bank account.

5.5.17 Consumers will be notified of their unpaid accounts prior to the commencement of the debt collection process.

5.5.18 Non-payment of the account will result in debt collection action in terms of this policy, and the customer will be responsible for costs of collection.

5.6. METERING OF CONSUMABLE SERVICES

5.6.1 The municipality may introduce various metering equipment and customers may be encouraged to convert to a system preferred by the municipality.

5.6.2 Customers who default (fail to pay by a due date) may be required by the municipality to convert to a pre-paid system. Installation costs will be for the account of the accountholder.

5.6.3 Prepayment metering is the preferred installation for all new domestic accounts and where applicable, business accounts.

5.6.4 Meters (conventional) will be read monthly in cycles of approximately 30 days. Should circumstances prevent reading, the Municipality is entitled to estimate a reading that is within reason, comparable to past consumption for a maximum of four (4) successive months.

5.6.5 A Customer is responsible to ensure access to metering equipment at a time that is agreeable to the consumer and the municipal officials and will accept any cost to ensure access (such as relocating the meter), if satisfactory access is not possible.

5.6.6 Voluntary/Self readings will be permitted provided that:

5.6.6.1 the readings are submitted monthly to the dedicated e-mail or municipal application, if available address accompanied by a clear picture of the meter number and reading.

5.6.6.2 the convenience of submitting voluntary/self readings will be cancelled automatically without notice if the customer fails to submit the readings as per 5.6.6.1 above for two consecutive months.

5.6.6.3 Routine or special maintenance of metering equipment will be communicated to the customer. The meter replacement advice will indicate the removal reading.

5.7. VALUATION

All properties within the boundaries of the Kouga Municipality are to be valued in terms of the legislation, applicable tothe valuation of properties for the purpose of levying property rates.

5.8 CUSTOMER ASSISTANCE PROGRAMMES

These are programmes that the Municipality has designed to assist customers to meet their obligations, such as:

5.8.1 WATER LEAK REBATE

Charges due to water leaks on the account of a domestic consumer will be reduced by 90% of the excess (above average consumption) in respect of water and sewerage provided that the following conditions are applied:

- If the leakage is on the customer’s side of the meter, the customer will be responsible for the payment of all water supplied to the property. This, however, does not apply to Indigent customers.
- That a certificate from a registered plumber or, in the event that the leak was repaired by someone other than a registered plumber, a sworn affidavit must reach the Municipality within twenty-one (21) days of the leak having been repaired with proof of the leak in the form of pictures etc. The technical department must firstly investigate and report on such instances.
- Excess will be calculated based on the consumption 6 months before the leakage took place.
- Relief on a water leak will only be considered once within a 12 month cycle, which is from 1 July to 30 June each year.
- If the customer experienced multiple leaks within the financial year the application will be sent to the Municipal Manager or The Chief Financial Officer for review.
- The customer has the responsibility to control and monitor his/her water consumption.

5.8.2 RATES REBATE

Rebates on rates may be granted by Council in terms of Council's approved Property Rates policy.

5.8.3 ARRANGEMENTS FOR SETTLEMENT

5.8.3.1 Arrangements are permissible for debtors who experience difficulties in paying their accounts, and they must agree to the conversion to a prepayment meter.

5.8.3.2 Where a prepayment meter is installed and there are defaults on payments, the arrears can be collected;

- monthly over an agreed period; or

- by adding the debt as a surcharge to the prepaid electricity cost, and be repaid by allocating an amount, as approved by council from time to time, of each purchase of prepaid electricity until the debt is fully recovered:

5.8.3.4 The Municipality reserves the right to raise the deposit requirements of customers who seek arrangements.

5.8.3.5 Where there is a tenant account, the municipality may consolidate that account with the owner's account.

5.8.3.6 The terms applicable for the settlement of arrear debt will be as approved

by Council from time to time.

5.9 PAYMENT OF RATES ANNUALLY

5.9.1 Owners may pay the property rates annually on or before the 30th of September each year but must apply in writing.

5.9.2 Interest shall accrue on all annually paid rates accounts if they are not paid by the due date as indicated on the account.

5.10 INDIGENT ASSISTANCE SCHEME (should be read in conjunction with the Indigent Policy)

An account holder may apply to the Municipality, in the prescribed manner, as per the approved Indigent Support Policy.

5.11 FREE BASIC SERVICES

Council will provide free basic services to indigent debtors, as determined in the Indigent Support Policy.

5.12 COMMUNICATION

5.12.1 The approved Customer Care, Credit Control and Debt Collection policy will be available to the community at all revenue enquiry offices, the municipal website and offices of the ward councillors.

5.12.2 Councillors may from time to time, address ward committees on the contents of the policy and any amendments thereto. Other platforms such as social media may also be utilized.

5.12.3 It is the responsibility of the consumer to ensure that his/her postal address and other contact details are correct.

5.13 PAYMENT FACILITIES AND METHODS

5.13.1 Municipal payment and enquiry facilities will be maintained subject

to acceptable levels of activity when compared to the operational costs. The Municipal Manager or his/she designate has the discretion to open and close offices as required. The decision to open or closing of any office must be reported to the ward councillors.

5.13.2 The consumer acknowledges that any agent used for transmitting payments to the Municipality is at the risk and cost of the consumer. in addition, the consumer must take into account the transfer time of the particular agent.

5.13.3 A range of payment methods are available and may be extended as required, subject to financial implications. The Municipality shall actively monitor the effectiveness of pay facilities, methods and convenience for consumers.

5.13.4 The Chief Financial Officer shall allocate payments according to pre-determined priorities with the aim to clear the oldest debt first.

5.14 ENQUIRIES, APPEALS AND DISPUTES

5.14.1 Any resident or consumer who may feel aggrieved concerning his/her account may address a grievance / appeal to the Municipal Manager or

Chief Financial Officer or visit any Customer Care Office provided by the municipality.

5.14.2 A customer who has lodged an enquiry is not relieved of the responsibility to maintain regular payment of the account. An interim payment similar to the average account must be paid by the due date, pending finalisation of the enquiry. Failure to make a payment will result in debt collection action being instituted against the customer.

5.14.3 Depending on the nature of the enquiry and the resources available, the enquiry must receive a response within 10 days.

5.14.4 If a customer has received a response and is still convinced that the account is not correct; the customer may approach the relevant Ward Councillor to assist with the enquiry.

5.14.5 As a last resort an accountholder may lodge a dispute, in writing, on the formal Section 102 Dispute Form available at the municipal offices upon request.

- No dispute will be registered verbally whether in person or over the telephone;
- The debtor must furnish full personal particulars including all their account numbers held with the Municipality, direct contact telephone

  numbers, fax numbers, postal and e-mail addresses and any other relevant particulars required by the Municipality;
- The full nature of the dispute must be described in the correspondence referred to above;
- A written acknowledgement of receipt of the dispute must be provided to the debtor.
- All disputes must be concluded by the Chief Financial Officer;
- The Chief Financial Officer's decision is final and will result in the immediate implementation of any debt collection and credit control measures after the debtor is provided with the outcome of the dispute; and the same debt will not be regarded as a matter of dispute.
- The outcome of the dispute must be communicated to the ward councillor.

5.14.6 A consumer may appeal against the finding of the municipality or its legal agent in terms of sub-paragraph 5.14.5.

5.14.7 An appeal and request in terms of sub-paragraph 5.14.6 must within twenty one (21) days after notification of the findings mentioned in sub-paragraph 5.14.5 be addressed to and submitted to the office of the municipal manager and must:

(a) set out the grounds for the appeal; and

(b) be accompanied of any security determined for the testing of the metering device, if applicable.

5.14.8 The appeal must be finalized within 14 working days of receipt of an appeal.

5.15 TENDERS FOR BUSINESS

The Procurement Policy and Tender Conditions of the Municipality will include the following:

5.15.1 When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtains from the municipality a certificate stating that all relevant municipal accounts owing by the tenderer and/or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of noncompliance) have been made for payment of any arrears.

5.15.2 No tender will be allocated to a person/contractor until a suitable arrangement for the repayment of arrears, has been made. No further debt may accrue during the contract period.

5.15.3 A condition allowing the municipality to deduct any moneys owing to the municipality from contract payments.

5.16 BUILDING PLANS

5.16.1 Building plan applications will be rejected if municipal accounts are in arrears, this includes arrears on payment arrangements.

5.16.2 No arrangements to settle the debt will be accepted after an application was declined.

6. CREDIT CONTROL

SECTION 6.1 OBJECTIVES

The objectives of the credit control section are to –

- Implement procedures that will arrest the escalation in arrear debt;
- Limiting financial risk, by implementing effective controls.

6.2 PERSONAL CONTACT

6.2.1 Within its affordability constrains, Council will endeavour to notify customers of their arrears situation by telephonic means, electronic contact or by delivering a final notice.

6.2.2 During the contact customers will be informed of their rights and obligations in terms of the Customer Care, Credit Control and Debt Collection Policy, including making arrangements and applying for indigent support.

6.2.3 Such contact is not a right and disconnection of services and other collection proceedings may continue, in the absence of such contact.

6.3 DISCONNECTION OF SERVICE(S)

6.3.1 Customers who are in arrears with their municipal account(s) and who have not made arrangements with the Municipality will have their supply of electricity and water, and other Municipal services, restricted or disconnected;

6.3.2 Pending indigents will not be subjected to credit control measures as per 6.3.1 above. Outstanding debt prior approval will be collected via auxiliary payments through pre-paid purchases on a 70:30 ratio.

6.3.3 The Municipality may disconnect municipal services after issuing a fourteen (14) day written notice to the Owner and providing the relevant ward Councillor with the property listing.

6.3.4 Council reserves the right to deny the sale of electricity or restrict the sale of water to customers who are in arrears with their rates or other municipal charges;

6.3.5 Upon the payment of all arrears, or the conclusion of acceptable arrangements and the disconnection/blocking and reconnection/unblocking fee the service will be reconnected as soon as conveniently possible;

6.3.6 All costs related to notices such as restrictions, disconnections reconnections and pre-paid blocks will be determined by the tariffs approved by the Municipal Council, and will be payable by the customer.

6.3.7 The deposit of any defaulter will be adjusted and brought into line with the policy and tariff structure of the Municipality.

6.3.8 No disconnections of services on a Friday

6.4 TERMINATION OF SERVICE(S)

6.4.1 It is the responsibility of the customer to notify the Municipality when the Municipal services are required or no longer required due to the sale/purchase of the property or other reasons.

6.4.2 The Municipality will not get involved in disputes between an owner and a tenant or occupier in respect of the disconnection of services. Services will only be disconnected in terms of the Credit Control Policy, and will be reconnected on payment of outstanding debt, by any party, irrespective of who the accountholder is. An owner may not disconnect services to evict a tenant or occupier.

6.4.3 Failure to comply with the conditions above renders the customer liable for all service charges and interest thereon accumulated from the date when the premises are vacated to the date when Council becomes aware of such vacation.

6.4.4 A customer may terminate an agreement for the supply of municipal services by giving at least 21(twenty-one) days written notice to the municipality of such termination.

6.4.5 The Municipality may terminate an agreement for the supply of municipal services by giving at least 21(twenty-one) days written notice to a customer where:

- Municipal services were utilised by such customer for a consecutive period of 2 months and without an agreement.

- Premises have been vacated by the customer concerned and no arrangement for the continuation of the agreement has been made with the Municipality provided that, in the event of the customer concerned not being the registered owner of the premises, a copy of the aforesaid notice shall also be served on such registered owner.

- The Municipality may terminate services to a property immediately when it receives notice or verified information that the customer has been placed under provisional sequestration, provisional liquidation, or deregistered or deceased, or execution of notice of sale, unless suitable arrangements have been made for the payment of services after the date of sequestration, liquidation, deregistration, death or date of sale.

6.5 RATES CLEARANCE

6.5.1 On the sale of any property in the Municipal jurisdiction, the Municipality will withhold the transfer until all rates, services and consumption charges and any other charges are paid, by withholding a rates clearance certificate as contemplated in section 118(1) of the Municipal Systems Act.

6.5.2 When a property is sold, the previous owner must terminate the services and the new owner must register the services in his/her own name and pay the required deposit.

6.5.3 The Municipality may hold both the accountholder and the new owner liable for services rendered to the property, if the above is not complied with.

6.5.4 An advance payment equal to 4 (four) months' rates, consumption and basic charges will be collected as part of the rates clearance processes. **No undertakings will be accepted in respect of payments prior issuing of clearance.**

6.5.5 Extension of clearances will not be allowed.

6.5.6 All tenant accounts will be closed on the registration date and all future charges will be the responsibility of the new owner upon application of services or termination of services by the seller.

6.6 RATES CLEARANCE CERTIFICATE

6.6.1 The municipality will not issue a rates clearance certificate in terms of Section 118(1) of the Local Government: Municipal Systems Act 2000 (Act no 32 of 2000), if the preceding two years' municipal services charged to the property, and any associated charges for interest and legal costs from the date of application has not been paid.

6.6.2 In terms of section 118 (3) of the Municipal Systems Act, an amount due for municipal service fees, surcharge on fees, property rates and other municipal rates 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.

6.6.3 All debt is deemed to be collectable by the municipality despite a Clearance Certificate issued in terms of section 118 (1)(b) of the Municipal Systems Act and remains charge against the property, which the municipality may collect by attaching the property.

6.6.4 Where an owner receiving an indigent subsidy sells his property within one year of receiving an indigent write-off, the amount payable in terms of Section 118(1) of the Municipal Systems Act will be determined by the municipality as all amounts levied in the preceding two years, irrespective of whether such amounts were written off as part of the indigent relief.

6.7 PRE-PAYMENT METER SYSTEM

6.7.1 The Municipality may use its pre-payment system to recover arrears in respect of accrued municipal taxes and other municipal levies, tariffs and duties in respect of services

6.7.2 No refund for pre-paid electricity tokens will be given to customers that move to another address, with a different prepaid electricity meter.

6.8 SOCIAL ASSESSMENTS

6.8.1 After all Internal Credit Control procedures have been followed, a social assessment investigation should be done to determine whether it is viable to hand the customer over, before legal action is instituted.

6.8.2 In cases where the assets of the customer are less than the outstanding debt an alternative action should be considered, such as applying for an indigent subsidy or, writing off a portion of the debt to enable the customer to make a suitable arrangement.

6.9 INCENTIVES FOR PROMPT PAYMENT

6.9.1 To encourage prompt payment and/or to reward regular payers, the Municipality may consider incentives for the prompt payment of accounts or payment by debit or stop orders.

6.9.2 If introduced, such an incentive scheme will be reflected in the operating budget as an additional expenditure.

6.10 INTEREST

6.10.1 Interest will be raised monthly as a charge on all accounts not paid by the due date in accordance with applicable legislation.

6.10.2 Interest on overdue accounts will be charged at prime rate plus 1 percent.

6.10.3 Interest charged on overdue accounts will be equivalent to a full month from the billing date each month, or part thereof that the account is overdue.

6.10.4 Irrespective of interest charged or any other penalty, the Municipality shall

have the right to restrict or discontinue the supply of services or to implement any other debt collection action necessary due to late or non-payment of accounts, relating to any customer, owner or property.

6.11 THEFT AND FRAUD

6.11.1 Any natural or juristic person found to:

- be illegally connected to municipal services;
- have tampered with meters, the reticulation network or any other supply equipment;
- have committed any unauthorised act associated with the supply of municipal services; and
- have been involved in theft and fraudulent activity, will be prosecuted and/or held liable for penalties as determined from time to time.

6.11.2 Any person that provides information with regards to any illegal

actions as set out in paragraph 6.11.1 above, and where such information when verified is found to be true in a court of law, will upon conviction of the guilty party and authorisation by the Municipal Manager be rewarded as determined by Council from time to time. The name of the informant and the information provided will at all times be kept confidential, so as to protect the informant against any retaliatory action.

6.11.3 Council will immediately terminate the supply of services to a customer should such conduct as outlined in paragraph 6.11.1, above be detected and conventional meters will immediately be converted to pre-paid. Installation costs will be for the account of the accountholder.

6.11.4 The total account owing, including penalties, assessment of unauthorised consumption, disconnection and reconnection fees, and increase deposits as determined by Council will be due and payable before any reconnection can be sanctioned.

6.11.5 The Municipality will maintain monitoring systems in order to identify customers who are undertaking illegal actions.

6.11.6 The Municipality reserves the right to lay criminal charges and/or to take any other legal action against both vandalism and theft.

6.11.7 The municipality will determine the consumption debt at the rates charged for electricity during the current financial period during which the theft or fraud was discovered or detected.

6.11.8 The responsibility for outstanding costs for meter tampering and penalties will be the responsibility of the owner of the property in cases where the occupier tampered with the prepaid meter.

7. DEBT COLLECTION

7.1 OBJECTIVE

The objectives of the debt collection section are to provide procedures and mechanisms to collect all the monies due and payable to the Municipality arising out of the supply of services and annual levies, to ensure financial sustainability and delivery of Municipal services in the interest of the community.

7.2 LEGAL PROCESSES/USE OF ATTORNEYS/USE OF CREDIT BUREAUS

7.2.1 The Municipality may, when all other credit control actions have been exhausted, commence legal process against customers, which processes could involve summonses, judgments and execution actions.

7.2.2 The Municipality will exercise strict control over this process and will require regular reports on progress from service providers.

7.2.3 The Municipality will establish procedures and codes of conduct with these outside parties.

7.2.4 All steps in the credit control and debt collection procedures will be recorded in the Municipality's records and for the information of the customer.

7.2.5 Individual customer account information will be protected.

7.2.6 The Municipality may release customer information to credit bureaus.

7.2.7 The Municipality may consider the cost effectiveness of the legal process, and will request reports on relevant matters, including cost effectiveness.

7.2.8 The Municipality may consider the use of agents as service providers and other debt collection methods.

7.2.9 Customers will be informed of the powers and duties of such agents or service providers and their responsibilities including their responsibility to observe agreed codes of conduct.

7.2.10 Any agreement concluded with a service provider shall include a clause whereby breaches of the code of conduct by the service provider will constitute a breach of the contract.

7.2.11 Where an owner is a company or close corporation, which has been deregistered by the Companies and Intellectual Property Commission, the municipality may make application to the High Court to reinstate the registration of the company or close corporation, and the owner will be liable for payment of these legal costs on the scale as between attorney and client.

7.3 COST OF COLLECTION

7.3.1 All costs associated with credit control and debt collection ,penalties, service discontinuation costs and legal costs are for the account of the customer and should reflect at least the cost of the particular action. No interest will be levied on handed over accounts.

7.3.2 All legal cost, including attorney and customer costs incurred in the recovery of arrears shall be debited against such customer's account.

7.3.3 The registered owner shall remain liable for all legal and the collection costs charged in collection of the municipal debt of an occupier.

7.4 ABANDONMENT OF CLAIMS

7.4.1 The Municipal Manager must ensure that all avenues are utilised to collect the Municipality's debt.

7.4.2 The valid termination of debt collection procedures as contemplated in section 109(2) of the Municipal Systems Act, may be considered under the following circumstances: -

- the insolvency of the customer, whose estate has insufficient funds;
- A balance being too small to recover, for economic reasons, considering the cost of recovery; and
- where the Municipality deems that a customer is unable to pay for services rendered.

7.4.3 The municipality must maintain audit trials in such instances, and document the reasons for the abandonment of the actions or claims in respect of the debt.

7.5 ARRANGEMENTS

7.5.1 If a consumer cannot pay his/her municipal account, the municipality can enter into an extended payment term whereby the consumer must:

7.5.1.1 sign an acknowledgement of debt agreement
7.5.1.2 sign permission to take judgment;
7.5.1.3 sign to be included on the municipal debit order run if employed
7.5.1.4 provide the latest proof of household income if employed

alternatively provide a three months bank statement if not employed or self-employed.

7.5.1.5 sign an admission that should the agreement not be adhered to, no further arrangements will be possible and that the disconnection of water and electricity, as well as legal proceedings, will immediately be implemented without notice;

7.5.1.6 accept liability for all costs; and
7.5.1.7 provide annually on 31 May new proof of income, which return, shall serve at the same time for purposes of indigent assistance.

7.5.2 When an account holder defaults on an arrangement the arrangement may be reinstated provided that all unpaid instalments as well as current amounts are paid in full.

7.5.3 No accountholder will be allowed to enter into a new arrangement if an arrangement was dishonoured unless the person agrees to install a prepaid electricity meter, at their own cost, where the accountholder does not have a prepaid meter installed. Where the accountholder has a prepaid meter installed, a new arrangement can only be entered into if approved by the Chief Financial Officer. Where, the Chief Financial Officer does not approve the new arrangement, the account will be handed over for collection to either an Attorney or a Debt Collection Agency appointed by the Municipality.

7.5.4 No interest will be levied on accounts with valid payment arrangements.

7.5.5 When disconnection and/or restriction of electricity and/or water supply takes place due to non-payment, the consumer's deposit will be adjusted to the current minimum.

7.5.6 When services are illegally restored, criminal action will be taken if Possible.

7.5.7 After a debtor has been handed over for collection, the case will not be withdrawn unless there was an oversight on the part of the Kouga Municipality;

7.5.8 All arrangements must be reported to the Portfolio committee monthly.

7.6 ARRANGEMENTS WILL BE CONCLUDED ON THE FOLLOWING BASIS BY CATEGORY TYPE:

7.6.1 Domestic Account Holders for first time defaulters:

Total gross household income per month	**Initial down- payment**	**Minimum payment per month**
R0 to amount equal to two state pensions (Indigents)	Minimum of R100	60 equal monthly instalments-plus current account
amount from two state pensions to R8 000	Minimum of R1000	48 equal monthly instalments plus current account
R8 001 to R12000	Minimum of R1500	36 equal monthly instalments plus current account
R12000 and above	Minimum of R2500	24 equal monthly instalments plus current Account

Arrangements will not be granted on outstanding debt less than the minimum down payment.

7.6.2 Business Account Holders

7.6.2.1 Business account holders (includes all types of commercial, hospitality and industrial activities and instances of multiple dwelling units) will only be given repayment terms if they pay the reassessed security deposit up front.

7.6.2.2 A down payment of at least 25% or such other higher percentage as the Chief Financial Officer (CFO) may approve, of the amount in arrears including any fees or penalties or other charges owing plus the current account;

7.6.2.3 A maximum repayment period of **12** months with a minimum monthly repayment of R1 000 per month plus payment of the current account; if approved by the CFO or the person acting in that position in the absence of the CFO.

7.6.2.4 All agreements entered into with this category of account holder will only be valid if approved by the CFO or the delegated official.

7.6.2.5 The account holder agreeing to set-off being applied to any amounts owing to the account holder by the municipality currently.

7.6.2.6 Arrangements will not be granted on outstanding debt less than the minimum down payment.

7.6.2.7 Where the account holder defaults on the arrangement entered into, the account will be handed over for collection to either an Attorney or a Debt Collection Agency appointed by the Municipality.

7.6.3 Churches, crèches, sports clubs, welfare and any other welfare or NGO's will be treated as follows:

7.6.3.1 This category of account holder will only be allowed to enter into an arrangement for the repayment of arrears after the up front payment of the reassessed security deposit ;

7.6.3.2 A minimum down payment of R1500.00 plus the current account;

7.6.3.3 Arrears to be paid within 24 equal instalments.

7.6.3.4 Arrangements will not be granted on outstanding debt less than the minimum down payment.

7.6.3.5 Where the account holder defaults on the arrangement entered into, the account will be handed over for collection to either an Attorney or a Debt Collection Agency appointed by the Municipality.

7.6.7. Where water and electricity accounts remain outstanding or unpaid for more than 2 (two) months, the account will be handed over to debt collectors for collection and/or for legal action by the attorneys. These debtors will have to make further arrangements at the attorney and/or debt collectors, for the arrear account. The current monthly account must be paid directly to the Kouga Municipality.

7.6.8. After a debtor has been handed over for collection, the case will not be withdrawn unless there was an oversight on the part of the Kouga Municipality.

Notwithstanding the provisions of Sections 7.5 and 7.6 of this Policy, the Municipal Manager is authorized, at their sole discretion, to approve deviations from the prescribed payment arrangements were justified by social, humanitarian, or affordability considerations. Such deviations must be based on a documented assessment of the customer's financial circumstances and social constraints, and must be reasonable, equitable, and aligned with the principles of fairness and sustainability. All approved deviations shall be recorded in writing, including the rationale for the decision, and retained for audit and governance purposes.

7.7. **Administrations:**

Where a person has been placed under administration the following procedures will apply:

7.7.1. The debt as at the date of the administration court order will be placed on hold, and be collected in terms of the court order by the administrator.

7.7.2. The administrator is to open a new account on behalf of the Customer, with a new deposit – No account is to be opened/ operated in the customer's name as the customer is not entitled to accumulate debt (refer section 74S of the Magistrates Courts Act 32 of 1994).

7.7.3 Until such time as this new account is opened, the customer is to be placed on limited services levels. The customer will be compelled to install a prepaid electricity meter, should one not already be installed.

7.7.4 The Municipality will be entitled to recover the cost of the basic services by means of purchases made on the prepaid electricity meter.

7.7.4. Should there be any default on the current account – the supply of services are to be limited or terminated, and the administrator handed over for the collection of this debt.

8. PERFORMANCE MANAGEMENT

The council must institute the necessary mechanisms to set and measure performance against targets with regard to debt collection, customer care and administrative performance and take corrective steps in order to promote credit control and debt collection.

8.1 Income Collection Targets

The council must set targets that include the following:

- The council wants to collect all monies owed to the municipality.
- The collection rate per annum.

8.2 Customer Care Targets

The council must set targets that include the following:

- response times with regard to enquiries by clients;
- the date on which the first account must be rendered to customers;
- the time frame for the reconnection of services; and
- The meter reading cycle

8.3 Administrative Performance

The council must set targets that include the following:

- cost effectiveness of debt collection;
- enquiry and appeal procedures; and
- Implementation mechanism relationships.

9. REPORTING

9.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to the Executive Mayor as supervisory authority, in terms of section 99 of the Municipal Systems Act, read with section 100(c).

9.2 The Executive Mayor as Supervisory Authority shall, at intervals of 3

months, report to Council as contemplated in section 99(c) of the Municipal Systems Act.

10. APPLICATION OF THE POLICY

10.1 The Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying the Policy.

10.2 Deviation from this policy can only be approved in terms of council's system of delegations; and

10.3 Deviations must be reported to council.

C DU PLESSIS
MUNICIPAL MANAGER

DATE

REPORTS BY THE OFFICE OF THE MUNICIPAL MANAGER

KOUGA
local municipality
Service Excellence through Good Governance

KOUGA MUNICIPALITY (EC 108)
OFFICE OF THE MUNICIPAL MANAGER
ORDINARY COUNCIL MEETING
OPEN
DATE: 26 FEBRUARY 2026
ITEM NO: **26/02/MM2**

DETERMINATION OF THE UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF A MUNICIPAL COUNCIL FOR 2025/2026 FINANCIAL YEAR

1. **Introduction**

The purpose of this item is to seek Council approval for the implementation of the upper limits of salaries, allowances, and benefits of different members of the Municipal Council for the 2025/26 financial year, and in line with the provisions of Gazette No. 54179.

2. **Background**

The Minister of Co-operative Governance and Traditional Affairs annually issues a Government Gazette which determines the upper limits of salaries, allowances, and benefits for different members of a Municipal Council as per the powers vested in him/her by the Remuneration of Public Office Bearers Act, 1998 (Act no.20 of 1998). On 20 February 2026, the Gazette was published, and is attached hereto and marked as Annexure A.

3. **Discussion**

It is a requirement of the Government Gazette that, prior to the implementation of the provisions of the upper limits, the municipal Council must seek concurrence from the MEC for Local Government. Refer to Annexure B, circular letter received from CoGTA.

4. **Financial Implications**

Completed by BTO -	
Project Description	Council Remuneration
Ukey no.	Various
Budgeted Amount	R15 987 760
Amount spent and committed to date	R8 692 000 (As at 31 January 2026)
Amount Available	R7 025 760
Comment	n/a

5. **Applicable Legislation**

The Remuneration of Public Officer Bearers Act No. 20 of 1998.

6. **Legal Implications**

The municipality is required to implement the upper limits in line with the provisions of the Remuneration of Public Office Bearers Act, 1998 (Act no.20 of 1998), and in line with the Determination of Upper Limits of Salaries, Allowances and Benefits as per the Government Gazette published on 20 February 2026, and subject to available budget and concurrence from the MEC CoGTA for such implementation. If the municipality suffered a loss as a result of such irregular expenditure, efforts must be made to recover such loss.

Failure to comply with the legislative provisions may result in any expenditure incurred herein, being considered Irregular expenditure, as defined in the Local Government: Municipal Finance Management Act No.56 of 2003.

7. **Other Implications**

None

8. **Comments by Directorates:**

8.1 **Chief Financial Officer:**

An amount of R15 987 760 has been budgeted in the 2025/26 financial year for the implementation of the Upper Limits in the 2025/26 financial year. The Councillors Remuneration was increased by 5% on the prior year budgeted amount. The budget is therefore sufficient to implement Gazette No. 54179.

8.2 **Municipal Manager**

Noted.

9. **Delegated Authority**

Council

10. **Recommendations**

10.1 That the report on the Determination of the Upper Limits of Salaries, Allowances and Benefits of different members of the Municipal Council for 2025/26 financial year be noted.

10.2 That Council approve the implementation of the Upper limits based on Gazette 54179 dated 20 February 2026, subject to the concurrence of the MEC CoGTA.

10.3 That the Municipal Manager prepares all the required information and documentation for submission to the MEC CoGTA for concurrence, and that concurrence of the MEC CoGTA also be sought for the implementation of the Tools of Trade as contained in Item 15 (4) of the Gazette 54179 dated 20 February 2026.

10.4 That upon concurrence by the MEC, the Upper Limits of Salaries, Allowances and Benefits of the Gazette be implemented with effect from 01 July 2025.

Item prepared by: The Municipal Manager

Item approved by: The Municipal Manager

Annexure A:

Government Gazette
Staatskoerant

REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA

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DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

NO. 7159 **20 February 2026**

REMUNERATION OF PUBLIC OFFICE BEARERS ACT, 1998
(ACT NO. 20 OF 1998)

DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS

Under the powers vested in me by sections 7(1), 8(5)(a) and 9(5)(a) of the *Remuneration of Public Office-bearers Act,* 1998 (Act No. 20 of 1998), I, Velenkosini Hlabisa, Minister of Cooperative Governance and Traditional Affairs, hereby –

(a) after consultation with the member of the Executive Council responsible for local government in each province; and

(b) after taking into consideration the matters listed in paragraphs (a) to (i) of section 7(1) of the Act,

determine the upper limits of the salaries, allowances and benefits of the different members of municipal councils as set out in the Schedule.

VELENKOSINI HLABISA, MP
MINISTER OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

SCHEDULE

PREAMBLE

The salary and allowances of a councillor is determined by that municipal council by resolution of a supporting vote of the majority of its members, in consultation with the member of the Executive Council responsible for local government in each province, having regard to the upper limits as set out hereunder, the financial year of a municipality and affordability of municipality to pay within the different grades of the remuneration of councillors, including the austerity measures as approved by national Cabinet.

For purposes of implementation of this Government Notice, "in consultation with" means that a municipal council must obtain concurrence of the MEC for local government prior to the implementation of the provisions of this Notice.

1. Definitions

In this Schedule, unless the context indicates otherwise, a word or phrase to which a meaning has been assigned in the *Remuneration of Public Office-bearers Act,* 1998 (Act No. 20 of 1998) (hereinafter referred to as "the Act") *and the Local Government: Municipal Structures Act,* 1998 (Act No. 117 of 1998) (hereinafter referred to as "the Structures Act"), has that meaning and –

"basic salary" means the salary component of a councillor that excludes a travel allowance as provided in item (9)(1), housing allowance as provided in item 9(2), the municipal contribution to a pension fund as provided in item 13(1) and municipal contribution to a medical aid scheme as provided in item 13(2);
"capacity building programmes" means training courses or programmes as provided for in the education, training and development policy of council, including training conducted by national departments, associated government agencies and SETAs, provincial departments, municipalities and organised local government through institutions of higher learning and Further Education and Training Colleges.
"full-time councillor" means a councillor who has been elected or appointed to an office which has been designated as full-time in terms of section 18(4) of the Structures Act;
"grade" in relation to this Notice means the grade of municipal council as determined in terms of item 4;
"MEC" means the member of the Executive Council of a province responsible for local government in the province;
"oversight committee" means a committee of the municipal council established in terms of section 79 or 79A of the Structures Act;
"part-time councillor" means a councillor other than a full-time councillor;
"pension fund" means any fund established and registered in terms of, and subject to, any law governing the registration and control of pension funds in the Republic of South

Africa and to which an office bearer contributes or any pension scheme approved by Parliament for such office bearers;

"SETAs" means the Sector Education and Training Authorities established in terms of section 9 of the *Skills Development Act*, 1998 (Act No. 97 of 1998);

"special risk cover" means an insurance cover, provided to a councillor by the municipality, which covers the loss of or damage to a councillor's personal immovable or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder;

"**tools of trade**" means the resources provided by a municipal council to a councillor to enable such councillor to discharge his or her duties in the most efficient and effective manner, and at all times remain the assets of the municipality concerned;

"total municipal income" means gross income in respect of a metropolitan, local or district municipality based on actual income received as stated in the statement of financial performance of the audited financial statements of that municipality for the 2024/ 2025 financial year. The gross income for the municipality will include the following:

- rates on property;
- fees for services rendered by the municipality, or on its behalf by a municipal entity;
- surcharges;
- other authorised taxes;
- levies and duties;
- income from fines for traffic offences and contravention of municipal by-laws or legislation assigned to the local sphere of government;
- regional services council replacement grant for district municipalities;
- interest earned on invested funds other than national and provincial conditional grants;
- rental for the use of municipal movable or immovable property; and
- amounts received as agent for other spheres of government.

The gross income excludes the following:

- transfers and / or grants from the national fiscus and provincial fiscus, with the exception of regional services council replacement grant for district municipalities; and
- all value added tax (VAT) refunds.

"total population" means the official statistics of the population residing in the area of jurisdiction of a metropolitan, district or local municipality, as determined by the Statistician-General for the 2022 Census, in terms of section 14(7) of the *Statistics Act,* 1999 (Act No. 6 of 1999)); and

"total remuneration package" means the total cost to a municipality of a basic salary component, a motor vehicle allowance as provided in item 9(1), housing allowance as provided in item 9(2), the municipal contribution to a pension, provident or retirement annuity fund as provided in item 13(1) and municipal contribution to a medical aid scheme as provided in item 13(2) to a councillor in a municipal financial year.

2. Allocation of number of points for total municipal income

The number of points allocated for the total municipal income of a municipality is as follows:

TOTAL MUNICIPAL INCOME			NUMBER OF POINTS
R0	-	R 11,407,991	8.33
R11, 407,992,	-	R57, 039,955	16.67
R57,039,956	-	R228,159,822	25.00
R228,159,823	-	R1,711,198,662	33.33
R1,711,198, 663	-	R2,281,598, 217	41.67
More than R 2,281,598,218			50.00

3. Allocation of number of points for total population

The number of points allocated for the total population within a municipality, is as follows:

TOTAL POPULATION			NUMBER OF POINTS
0	-	73 857	8.33
73 858	-	123 833	16.67
123 834	-	309 583	25.00
309 584	-	681 083	33.33
681 084	-	2 229 001	41.67
More than 2 229 001			50.00

4. Determination of grade of municipal council

(1) The sum of the number of points allocated to a municipal council in terms of items 2 and 3 of the Notice, determines the grade of such municipal council as follows:

GRADE OF MUNICIPAL COUNCIL	POINTS
1	0 to 16.66
2	16.67 to 33.33
3	33.34 to 50.00
4	50.01 to 66.67
5	66.68 to 83.35
6	83.36 and above

5. Upper limits of the annual total remuneration packages of full-time councillors

The upper limits of the annual total remuneration packages of full-time councillors are as follows:

GRADE	TOTAL REMUNERATION PACKAGE			
	EXECUTIVE MAYOR OR MAYOR	SPEAKER, DEPUTY EXECUTIVE MAYOR OR DEPUTY MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE, WHIP OR CHAIRPERSON OF A SUBCOUNCIL	CHAIRPERSON OF A SECTION 79 OR SECTION 79A COMMITTEE
6	R1,650,039	R1,332,597	R1,255,291	R1,218,468
5	R1,230,245	R984,192	R922,683	R895,618
4	R1,050,284	R840,233	R788,073	R764,612
3	R1,011,529	R809,224	R758,650	R743,407
2	R947,146	R757,718	R717,123	R696,089
1	R919,541	R742,644	R696,226	R675,804

6. Upper limit of annual total remuneration package or allowance in respect of appointed councillors

(1) A councillor appointed to a district council in terms of section 23(1)(b) of the Structures Act, may be paid the upper limit of the total remuneration package or allowance as follows:

(a) If a councillor is elected or appointed as speaker, mayor, executive mayor, member of a mayoral committee, member of an executive committee, chairperson of a section 79 committee or section 79A committee or part-time member of a district council, such councillor is entitled to an amount equal to the difference between the total remuneration package that a councillor receives as a member of the local council and the total remuneration package allocated to that office in the district council in terms of items 5, 6, 7, 8, 9, 10, 11 and 12, as the case may be.

(b) If the total remuneration package payable to a councillor as a member of the local council is equal to or higher than the total remuneration package that an appointed councillor to the district council receives, such a councillor is, in addition to the total remuneration package received at the local council, entitled to a sitting allowance not exceeding R1,296,31: Provided that this allowance is limited to R1,296,31 per day, regardless of the number of meetings of the district council or committees of that council that are attended by such councillor on a specific day.

(2) A district municipality is responsible for –

(a) the payment of the remuneration or the allowance referred to in sub-item (1);

(b) the reimbursement of travel expenses not exceeding the applicable tariffs prescribed by the national department responsible for transport for the use of privately-owned vehicles incurred by a councillor for the execution of official duties on behalf of that district municipality, in terms of that district council's policy; and

(c) the payment of cell phone expenses not exceeding 50% of the applicable allowances as prescribed under item 11 incurred by a part-time councillor for the execution of official duties on behalf of that district municipality, in terms of that district council's policy.

7. Upper limit of allowance in respect of councillors serving in the governance and intergovernmental structures of organised local government

(1) (a) A councillor designated by organised local government to serve in a governance structure of organised local government must, in addition to the total remuneration package applicable to that councillor, be paid an allowance not exceeding R1,296,31per sitting and actual attendance of any meeting: Provided that the allowance is limited to R1,296,31 per day, irrespective of the number of meetings attended by such councillor on a specific day.

(b) A councillor designated by organised local government to represent organised local government at any intergovernmental structure, including national and provincial executive authorities, must in addition to the total remuneration package applicable to that councillor, be paid an allowance not exceeding R1,296,31 per sitting and actual attendance of such structure: Provided that the allowance is limited to R1,296,31 per day, irrespective of the number of attendances by such councillor on a specific day.

(2) Organised local government is responsible for –

(a) the payment of the allowance referred to in sub-item (1);

(*b*) the payment of accommodation expenses incurred for attending a meeting of governance and intergovernmental structures in terms of applicable organised local government policy; and

(c) reimbursement of travel expenses, not exceeding the applicable tariffs prescribed by the national department responsible of transport for the use of privately-owned

vehicles, incurred by a councillor for attending a meeting of governance and intergovernmental structures.

8. Upper limits of the annual total remuneration packages of part-time councillors

The upper limits of the annual total remuneration packages of part-time councillors are as follows:

GRADE	TOTAL REMUNERATION PACKAGE				
	EXECUTIVE MAYOR OR MAYOR	SPEAKER, DEPUTY EXECUTIVE MAYOR OR DEPUTY MAYOR	MEMBER OF THE EXECUTIVE COMMITTEE OR MAYORAL COMMITTEE OR WHIP	CHAIRPERSON OF A SECTION 79 OR SECTION 79A COMMITTEE	OTHER PART-TIME MEMBERS
6	R924,909	R782,434	R700,289	R679,746	R617,948
5	R686,316	R549,054	R514,738	R499,635	R388,656
4	R585,927	R468,751	R439,445	R426,555	R332,380
3	R564,302	R451,403	R423,234	R410,810	R320,101
2	R528,382	R422,705	R396,289	R384,664	R299,738
1	R512,986	R410,387	R384,741	R372,678	R290,653

9. Upper limits of allowances of full-time and part-time councillors

The upper limits of allowances of full-time and part-time councillors, that constitute part of the annual total remuneration package, are as follows:

(1) Motor vehicle and travel allowance

(a) A councillor listed in item 5 and 8 of this Notice may, in line with applicable legislation, structure his or her basic salary to provide for motor vehicle allowance.

(b) If a councillor structures a vehicle allowance, the councillor must provide proof of ownership of a private vehicle to the municipality and have the vehicle available for official duties.

(c) A councillor who uses a privately-owned vehicle for execution of official duties on behalf of the municipality, may be reimbursed for official kilometres travelled, in addition to the total remuneration package of a councillor as determined in terms of items 5 and 8 of the Notice, not exceeding the applicable tariffs as prescribed by the national department responsible for transport and in terms of the municipal council's policy.

(d) A councillor who utilises a privately-owned vehicle for official purposes must, for purpose of claiming kilometres travelled, keep a travel logbook containing the following information relating to actual official and private kilometres travelled per month as may be determined from time to time by the South African Revenue Service:

(i) Date of travel;
(ii) Kilometres travelled; and
(iii) Travel details (i.e. reason for the trip, duration of trip and place from and place to).

(e) A councillor may, in exceptional circumstances and upon good cause shown, and with the approval of the Mayor or Speaker, utilise the municipal-owned vehicle for official purposes: Provided that the municipal council must, in line with applicable legislation and approved municipal council policy, exercise prudent financial management to ensure that the provision of motor vehicle does not undermine the need to prioritise service delivery and sustain a viable municipality.

(*f*) If a councillor uses a municipal-owned motor vehicle for official purposes, such councillor will not be reimbursed for kilometres travelled.

(2) Housing allowance

A councillor may structure his or her salary to provide for housing allowance as part of the total remuneration package.

10. Out of pocket expenses

A councillor may, in addition to the total remuneration package, be reimbursed for reasonable and actual out of pocket expenses incurred during the execution of official or ceremonial duties, in accordance with the applicable municipal council policy.

11. Upper limits of cell phone allowance for councillors

A councillor may, in addition to the annual total remuneration packages provided for in terms of items 5 and 8 respectively, be paid a cell phone allowance not exceeding R3600.00 per month in accordance with the applicable municipal council policy.

12. Upper limits of mobile data bundles for councillors

A councillor may, in addition to the annual total remuneration packages provided for in terms of items 5 and 8 respectively, be paid an allowance on the use of data bundles not exceeding R317 per month.

13. Upper limits of pension, provident or retirement annuity fund contributions and medical benefits of councillors

(1) Pension, provident or retirement annuity contributions

(a) A councillor may participate in a pension, provident or retirement annuity fund registered in terms of the Pension Fund Act, 1956 (Act No. 24 of 1956).

(b) If a councillor elects to participate in a pension, provident or retirement annuity fund, the municipal council must deduct from that councillor's salary, the monthly contributions and pay the contributions to a pension, provident or retirement annuity fund to which the councillor is a member in accordance with the rules of such pension, provident or retirement annuity fund. The contributions by the municipal council and the councillor are included in the total remuneration package as a total cost to the municipality.

(2) Medical Aid Scheme

(a) A councillor may participate in a medical aid scheme registered in terms of the Medical Schemes Act, 1998 (Act No. 131 of 1998).

(b) If a councillor elects to participate in a medical aid scheme, the municipal council must deduct from that councillor's salary, the monthly contributions and pay the contributions to a medical aid scheme to which the councillor is a member in accordance with the rules of such medical aid scheme. The contributions by the municipal council and the councillor are included in the total remuneration package as a total cost to the municipality.

14. Special risk cover

(1) A municipality must, in addition to the annual total remuneration packages as provided in items 5 and 8 respectively, take out risk insurance cover, to provide for an insurance cover, provided to a councillor by the municipality, which covers the loss of or damage to a councillor's personal immovable or moveable property and assets, excluding property used by such councillor for business purposes, as well as life and disability cover, for any loss or damage caused by riot, civil unrest, strike or public disorder. The special risk insurance on residential property will be limited to R1, 5 million while on vehicles it is limited to R750 000. The life and disability insurance cover is limited to 2 times the total remuneration package of a councillor.

(2) In the event where the residential property of a councillor was damaged or destroyed as a result of riot, civil unrest, strike or public disorder, the municipality may, subject to affordability, provide alternative accommodation to the affected councillor, for a period of 30 days from the date of such an incident.

(3) Notwithstanding sub-item (2), the municipal council may, on good cause shown, provide alternative accommodation for a further period not exceeding 30 days.

(4) A councillor is obliged to submit to the municipality details of property, assets and beneficiaries to be covered by the special risk insurance upon request. A councillor who fails to submit the required details referred to herein will forfeit the benefits associated with the special risk insurance cover.

(5) If a councillor already belongs to another special risk cover, such councillor must declare to the municipality the details of property, assets and beneficiaries to be covered by the special risk insurance.

15. Tools of trade

(1) A municipal council may extend the following tools of trade to a councillor:

	TOOLS OF TRADE	APPLICABLE TO:
(a)	Braille reader	All visually impaired councillors.
(b)	Office space and furniture; Parking bay; Business cards; Calculators; Letter-heads; Stationery; Toner cartridges; Diaries; Postage costs; Office telephone; and Appropriate mobile technology and multi-digital office (excluding cell phones and mobile data card as per item 11 and 12), including facsimile, printer, photocopier and scanner.	Full-time councillors, part-time executive mayors or mayor, part-time deputy executive mayors or deputy mayors, part-time speakers, part-time members of mayoral committee or members of executive committee, part-time chairpersons of section 79 committees, and whips.
(c)	Laptop or tablet	All councillors.
(d)	Official accommodation and furniture where it currently exists.	Full-time Executive Mayors or Mayors
(e)	Business cards; Calculators; Letter-heads; Stationery; and Diaries.	Part-time councillors and the usage must comply with policy directives of the municipality.
(f)	Postage costs; Office telephone; and Multi-digital office, facsimile, printer, photocopier and scanner.	Part-time councillors to have access to these tools of trade at the municipal offices.
(g)	Personal security	Executive Mayor, Mayor, Speaker, Deputy Executive Mayor, Deputy Mayor, Speaker and Whip are entitled to two bodyguards per shift of a two-shift system. Deviation from the norm may only be based on the

	TOOLS OF TRADE	APPLICABLE TO:
		recommendations of the South African Police Service. In the event that a written report is received concerning a threat and risk to the personal security of any of the office bearers referred to above, the municipal council must: (i) Determine whether such a threat and risk exist. (ii) Provide bodyguard in terms of this paragraph, if such threat and risk exist. (iii) Exercise financial prudence when providing personal security to any of the office bearers referred to above.
		All councillors, subject to a threat and risk analysis conducted by the South African Police Service.

(2) If a municipal council makes available tools of trade in terms of sub-item (1), such a municipal council must take into account accessibility, affordability and cost control, equity, flexibility, simplicity, transparency, accountability and value of tools of trade.

(3) The tools of trade must be insured by the council with the exception of sub-item (1)(g).

(4) The application of sub-item (1) is subject to concurrence by the MEC for local government in the province.

16. Capacity building

(1) Every council must develop and adopt a policy to provide for education, training and development of councillors.

(2) Council must make provision in its budget for education, training and development of councillors, which must remain valid for the tenure of office of that council.

(3) A training programme must take into consideration the capacity needs of a councillor to fulfil individual councillor's statutory obligations. Provided that the municipal council must, in line with applicable legislation and approved council policy, exercise prudent financial management to ensure that the provision of education, training and development of councillors does not undermine the need to prioritise service delivery and sustain a viable municipality.

17. Overpayment

(1) Any remuneration paid to a councillor of a municipality otherwise than in accordance with section 167(1) of the *Local Government: Municipal Finance Management Act*, 2003 (Act No. 56 of 2003) including any bonus, bursary, loan, advance or other benefit, is an irregular expenditure and a municipality –

(a) must recover that remuneration from the councillor concerned; and

(b) may not write-off any expenditure incurred by the municipality in paying or giving that remuneration.

(2) The MEC must report to the Minister –

(a) any transgression of subsection (1); and

(b) any non-compliance with this Notice.

18. Information to be submitted to the Minister

(1) A municipal council must submit to the MEC responsible for local government under whose jurisdiction it falls, within 60 days from the date of publication of this Notice on an official letterhead of the municipality, signed by the executive mayor or mayor, a report containing the following information in respect of its serving councillors for the 2025/ 26 financial year:

(a) Total number of councillors;
(b) Designation;
(c) Part-time or full-time;
(d) Name of incumbent;
(e) Gender;
(f) Total municipal income;
(g) Total population;
(h) Grading of municipal council;
(i) Date concurrence granted by the MEC;
(j) Total remuneration package;
(k) Total budget for personal security; and
(l) Any allowance(s) payable to a councillor.

(2) Upon receipt of the information referred to in sub-item 1, the MEC must analyse the information for correctness and completeness and submit a consolidated report to the Minister within 90 days from the date of publication of this Notice.

19. Transitional measures

(1) If a municipal council has no audited financial statements for 2024/ 25 financial year by the date of publication of this Notice, the audited financial statements for the 2023/ 24 financial year shall apply.

(2) If the grading of a municipal council is lower than the current grade of the municipal council as determined in terms of this Notice, a councillor –

(a) who is in office as at 30 June 2025, will be remunerated in terms of this Notice as per item 5 and 8 in accordance with the grade determined in terms of Government Notice No. 5446, Government Gazette No. 51419 of 21 October 2024, provided that the data used by the municipal council for determination of the grade of a municipal council is correct; and

(b) such councillor is entitled to the applicable cost of living adjustment: Provided that the data used by the municipal council for determination of the grade of a municipal council is correct.

(3) This Notice replaces Government Gazette No. 51419 of 21 October 2024.

20. Short title and commencement

This Notice is called the Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils and takes effect from 1 July 2025.

Annexure B:

Province of the
EASTERN CAPE
COOPERATIVE GOVERNANCE
& TRADITIONAL AFFAIRS

Office of the Member of Executive Council
Tyamzashe Building | Civic Square | Bhisho | 5605
P/Bag X0035 | Civic Square | Bhisho | 5605
Tel: +27 (0)40 609 57888 | Fax: +27 (0)40 639 0439

Enquiries: Mr. BG Duma **Tel No. 082 559 6284**

Ref. No: 13/2/R

THE EXECUTIVE MAYOR /MAYOR

ALL MUNICIPALITIES IN THE PROVINCE OF THE EASTERN CAPE

Dear Sir/ Madam

CIRCULAR LETTER ON THE DETERMINATION OF THE UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS

1. I would like to bring to your attention that Section 7 of the *Remuneration of Public Office Bearers Act,* 1998 empowers the Minister of Co-operative Governance and Traditional Affairs to determine the upper limits of salaries and allowances of the different members of municipal councils by notice in the gazette that is to be published.

2. The purpose of this circular letter therefore is to remind all municipalities that in terms of the soon to be published gazette, you are required to obtain the concurrence of the MEC for Local Government and Traditional Affairs **before** implementing the new salaries, allowances and benefits. You may only implement these salaries, allowances and benefits after having obtained concurrence of the Member of the Executive Council for Local Government and Traditional Affairs. The Gazette will be very specific in stating that "**in consultation with**" means that "all municipalities will require the concurrence of the Member of the Executive Council responsible for local government in the province concerned".

3. Any increases implemented without the concurrence of the MEC for Local Government and Traditional Affairs may be regarded as **unauthorized expenditure and may result in an audit query**. In order to avoid further grievous consequences

municipalities are urged to cooperate by obtaining such concurrence **prior** to implementing any of the proposed salaries, allowances and benefits.

4. In order to enable the MEC to make an informed decision, municipalities are kindly requested to supply the following information when seeking the approval of the MEC for the salaries, allowances and benefits they wish to pay:

(1) A certified copy of the council resolution approving the new salary, allowances and benefits of the members of the municipal council signed by both the Mayor and Municipal Manager. The resolution should also include a request for concurrence of the MEC to implement the item on the tools of trade. ***Item 15 (4) of the Gazette.***

(2) Appended to the council resolution must be a copy of the attendance register of the meeting containing the signatures of all the councillors who were present at the meeting at which the resolution was taken and an indication of which councillors voted for and against the proposed increase.

(3) Written confirmation signed by both the Municipal Manager as the Accounting Officer as well as the Chief Financial Officer that the municipality has budgeted for this expenditure in the 2025/26 Financial Year and will be able to sustain payment of the increased salaries, allowances and benefits throughout the course of the Financial Year.

5. It is also a request that the municipalities should provide the following additional information under the hand of the Municipal Manager and Chief Financial Officer as per the attached template:

(a) The audited financial statements (Statement of liquidity i.e., cash flow, financial performance and financial position statements) of the municipality for 2024/25.

(b) The grading of the council for the purposes of paying councillor salaries and allowances.

(c) How this grading was arrived at i.e. municipalities are to provide proof of their total population as well as their total municipal income (all income excluding transfers and/or grants from national fiscus and interests on invested funds).

(d) The percentage of the total budget comprised by the salaries, allowances and benefits of the municipal councillors.

(e) A table indicating the current salary, allowances and benefits of each category of municipal councillor e.g., Executive Mayor, Mayor, Speaker, Whip of Council, Full-time Councillor, Part-time Councillor etc. as well as the proposed salary, allowances and benefits for each of these categories.

CIRCULAR LETTER ON THE DETERMINATION OF THE UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS

6. All Municipal Managers **must ensure** that applications with all the documentation as mentioned above, and the template which must be fully populated and signed by both the Municipal Manager and Chief Financial Officer are forwarded to the Department with immediate effect to enable the Department to urgently attend to this matter.

7. Finally, the attention of municipalities is drawn to the fact that should it at any time emerge that councillors are being overpaid **such overpayments will be recovered from those concerned in terms of section 167 of Municipal Finance Management Act, (Act No. 56 of 2003) (which is referred to as "MFMA").**

Thanking you in anticipation.

Yours in cooperative governance.

MR. Z.A. WILLIAMS
MEMBER OF THE EXECUTIVE COUNCIL
COOPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS
DATE: 04.02.2026.

REPORTS BY THE CHAIRPERSON: ELECTRO-MECHANICAL SERVICES

KOUGA
local municipality
Service Excellence through Good Governance

KOUGA MUNICIPALITY (EC 108)
ORDINARY COUNCIL MEETING
ELECTRO-MECHANICAL SERVICES
OPEN
DATE: 26 FEBRUARY 2026
ITEM NO: **26/02/EMS15**

REPORT: CONSIDERATION OF ELECTRICITY TARIFFS FOR THE PERIOD 1 JULY 2026 TO 30 JUNE 2027

1. **Introduction**

The purpose of this report is to inform Council of the approval process of the electricity tariffs for the 2026/27 FY and the tariffs approval by the National Energy Regulator of South Africa (NERSA), as informed by NESRA in their communication attached and marked **Annexure A**.

2. **Background**

On 26 November 2025, the Kouga Municipality received communication from NERSA requesting the approval of the electricity tariffs. The communication also states that the application must undergo a public participation process before 13 January 2026.

Having considered the content of the communication from NERSA it is believed, and our submission that the timelines provided are unrealistic due to several factors:

1. **The impact of Eskom tariffs on municipalities which has not yet been communicated to the municipality, and**

2. **The cost of supply which has not been determined, and making it impossible to effectively and efficiently inform the public of the costs associated with the consumption of electricity, and**

3. **The timelines for public participation, as it is believed that public participation over the festive period will not be effective and efficient for the intended purposes.**

These factors directly impact the actual cost of electricity supply and, consequently, the setting of tariffs. We believe that more time and analysis are required to prepare tariffs that accurately reflect the costs incurred by the municipality and the impact on residents.

The communication further indicates that electricity tariffs to NERSA for approval is required to be submitted on or before 15 March each year.

Complying to the provisions stipulated in the communication from NERSA may affect the municipality's public participation requirements in respect of draft tariffs, as the time provided for the submission to NERSA is not sufficient to incorporate the impact of Eskom tariffs or the cost of supply calculation which is critical in the final draft tariff to be submitted for public participation.

Although the initial submission date of 12 December 2025 was moved to 13 January 2026, the same critical challenges remain valid, as the municipality has no informed proposed tariff to consult on with the Kouga Municipal customers.

The concerns regarding the deadlines for public participation were raised, and SALGA further engaged on the matter on behalf of municipalities. NERSA then brought an application, in line with the provisions of the High Court Order dated 4 December 2025, to deviate from the ordered timeframes for the municipal electricity tariff application.

Based on the aforementioned application by NERSA, the following provisional dates were proposed:

- *NERSA's provide ruling on ESKOM increase on or before 6 March 2026*
- *Municipal tariff application to NERSA including cost of supply be submitted on or before 31 March 2026*
- *Public participation to be concluded on or before 24 April 2026*
- *Tariff approval communication by NERSA to municipalities on or before 11 May 2026*

The Court order dated 4 December 2025 provides that every municipality that submits an electricity tariff application must take all reasonable steps to ensure that the public participation process NERSA chooses regarding municipal tariff applications is brought to the attention of the public within its jurisdiction.

3. **Financial Implications**

Completed by BTO -	Not applicable
Project Description	
Ukey no.	
Budgeted Amount	
Amount spent and committed to date	
Amount Available	
Comment	

4. **Applicable Legislation**

Electricity Regulation Act No.4 of 2006 (ERA)
Electricity Regulation Amendment Act, 38 of 2024
Local Government: Municipal Finance Management Act No.56 of 2003
Municipal Budget Circular for the 2026/27 MTREF – Circular No. 132

5. **Legal Implications**

The Municipality, as a licensee may only charge the electricity tariffs as approved by the National Energy Regulator of South Africa and failure to apply to NERSA for approval of tariffs is a breach of the license conditions and a contravention of the ERA provisions.

The Municipality may only apply new electricity tariffs upon receipt of the Letter of Approval and for the stipulated period specified in such a Letter of Approval from NERSA.

6. **Other Implications**

Conditions to be met in the application for tariff increase:

- The tariff application must be duly signed and authorised by the relevant delegated official.
- An affidavit confirming that the tariff proposal has been authorised by the Municipal Council.
- Evidence that customers were consulted on the proposed tariffs.
- Submission of audited regulatory financial information for the 2024/25 financial year.

7. **Comments by Directorates:**

8.1 **Chief Financial Officer:**

Item noted.

8.2 **Director: Planning & Development**

Noted

8.3 **Director: Civil & Water Services**

Supported.

8.4 **Director: Electro-Mechanical Services**

Item supported; the process became a compliance matter that requires council approval to make the consumers aware of the proposed increases.

8.5 **Director: Community Services**

Noted.

8.6 **Deputy Municipal Manager**

Noted.

8.7 **Municipal Manager**

Noted

9. **Delegated Authority**

Council

10. **Recommendations**

10.1 That the communication from NERSA be noted.

10.2 That Council authorizes the Accounting Officer to conduct a public participation process following the receipt of a formal communication from NERSA indicating the intended electricity tariff increase.

Item prepared by the: Manager: Electrical Services

Item approved by the: Director Electro-mechanical

Item endorsed by the Municipal Manager:

Item noted by Portfolio Chairperson:

Annexure A:

NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

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NERSA-1532172523-75727

To all Licensed Electricity Distributors

Dear Sir/Madam

COMPULSORY SUBMISSION OF ELECTRICITY TARIFF APPLICATIONS BY ALL LICENSED DISTRIBUTORS FOR THE 2026/27 FINANCIAL YEAR

1. The National Energy Regulator (NERSA) is an organ of state entrusted with the mandate to approve electricity tariffs in terms of the Electricity Regulation Act, 2006 (Act No. 4 of 2006) as amended of licensed distributors including municipalities.

2. The ERAA prescribes the principles guiding the setting and approval of electricity tariffs. These include the requirement that tariffs and revenues must enable an efficient licensee to recover the full cost of its licensed activities, including a reasonable margin or return. Furthermore, tariffs must provide end-users with appropriate information on the costs associated with their consumption.

3. In terms of section 43(2) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003), municipalities are required to submit their electricity tariffs to NERSA on or before 15 March of each year for approval, to enable implementation by 1 July of the same year. Tariff applications approved after 15 March cannot be implemented on 1 July.

4. It is a contravention of the ERAA and a breach of licence conditions for any licensee to charge customers a tariff that has not been approved by NERSA.

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5. The current tariffs applicable to all licensed distributors expire on 30 June 2026. There is no automatic extension of previously approved tariffs, as tariff approvals are issued on an annual basis. To ensure that NERSA is able to process applications timeously and issue decisions aligned with the ERAA and MFMA, licensees were previously instructed to submit FY2026/27 tariff applications by 12 December 2025.

6. Following engagements with sector stakeholders, and in consideration of the practical challenges raised, the Energy Regulator has extended the submission deadline to 13 January 2026. This extension is granted to allow distributors additional time to finalise their applications while still enabling NERSA to issue tariff decisions within the MFMA-prescribed timelines.

7. Licensees are reminded that the following conditions must be met for an application to be considered complete:

   - The tariff application must be duly signed and authorised by the relevant delegated official.
   - An affidavit confirming that the tariff proposal has been authorised by the Municipal Council.
   - Evidence that customers were consulted on the proposed tariffs.
   - Submission of audited regulatory financial information for the 2024/25 financial year.

8. Failure to submit a complete application by 13 January 2026 may result in delays in consideration of the tariff and could place both NERSA and the licensee at risk of avoidable legal challenge, which is undesirable.

9. For any further enquiries, please contact Mr. Rhulani Mathebula at the details provided above.

Yours sincerely

Adv Nomalanga Sithole
Chief Executive Officer

Date: 26/11/2025