

To : The Speaker
Cllr Stefani Lockman

REQUEST FOR APPROVAL FOR WATER DEBT WRITE OFF

1. Purpose

To obtain approval for Irrecoverable debt to be written off for water consumption under account number 1003144234 (stand number 400 221 00000054 00000 0000 0000), account name B O Solomon.

2. Background And Discussion

On the 29 August 2017 a judgement by the High Court was passed in the matter between Jordaan and Others v City of Tshwane Metropolitan Municipality and Others. The matter was in relation to the liability of the outstanding debt that survived the transfer of ownership.

The judgement declared that, *upon transfer of a property, a new owner is not liable for debts arising before transfer from the charge upon the property under section 118(3) of the Local Government: Municipal Systems Act 32 of 2000.*

3. Summary

On the 14th June 2022 directorate received a rates clearance application for the property mentioned above, Mangaung is purchasing the land for development of an informal settlement. Upon issuing of the clearance figures there was a total amount of **R 550 0732,62** issued 13/07/2022 for water consumption. Upon request of payment the owners of the registered indicated that they are not liable for the water debt because the water was utilized by the whole community via the agreement with the ward councillor.

The property owners submitted a confirmation of the water being utilized by the community and engineering services Water Demand verifying that the water consumption was not for a normal household consumption. As per section 118(3) of the Local Government: Municipal Systems Act 32 of 2000 all the debt owed upon transfer of a property needs to be paid in full before transfer. Therefor the property cannot be transferred before the debt is fully paid.

4. Delegations To Write Off Debt as Per the Municipality's Write Off Policy

4.1 The Chief Financial Officer will, after thorough review of any applications in terms of the write off policy, be delegated to write off any amounts to the maximum of: -

- ❖ In the case of a household consumer an amount of R10,000 (excluding interest and penalties) per submission; and
- ❖ In the case of a business consumer an amount of R20,000 (excluding interest and penalties) per submission.

Any amount in excess of the delegation provided for in paragraph 5.1 above must be submitted together with a recommendation to the Municipal Manager for consideration.

4.2 The Municipal Manager will, after thorough review of any recommendation by the Chief Financial Officer and in terms of the write off policy, be delegated to write off any amounts to the maximum of: -

- ❖ In the case of a household consumer an amount of R30,000 (excluding interest and penalties) per submission; and
- ❖ In the case of a business consumer an amount of R50,000 (excluding interest and penalties) per submission.

Any amount in excess of the delegation provided for in paragraph 5.2 above must be submitted together with a recommendation to Council for consideration.

5. Recommendation For Approval

Taking into account the above write off delegations it is therefore recommended that the water consumption debt as confirmed by the ward councillor be approved by council to be written off.

3. LEGAL IMPLICATIONS

Municipal Finance Management Act 56 of 2003

Local Government Municipal Systems Act 32 of 2000

Prescription Act 68 of 1969

4. Financial Implications

4.1 An amount of **R 447 258,44** to be written off.

5. Recommendations

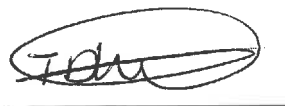
5.1 That Council approve the write off **R 447 258,44**.

Submitted by:



Mr T Sediti
Acting CFO

Recommended by:



Mr T Motlasphuping
Acting CM

Approved by:



Cllr M Siyonzana
Executive Mayor

Date: 19.10.2022

Date: 19/10/2022

Date: 19/10/2022

Our Ref: 1000550355

Your Ref:

Phone: 051 405 6656

Email: tshidiso.chaka@mangaung.co.za

Date: 07 October 2022

Ms. B. MOILOA
Acting GM: Revenue Management
Mangaung Metropolitan Municipality

Dear Madam

PLOT 54, GRASSLANDS AGRICULTURAL HOLDINGS, APPLICATION FOR WATER CHARGES WRITE-OFF

Account Number: 1003144234

Stand Number: 400 221 00000054 00000 0000 0000

Background

Engineering Services Department (ES) received a request from Finance Department (FD) via Rates Clearance application on the 14th of June 2022 to investigate the water meter at the abovementioned property. Engineering Services visited the property to locate the meter and met the client who explained that the old meter 800934 was removed by the Roads and Stormwater Division of Engineering Services Department of the Municipality when they were re-levelling (grading) the gravel road.

The Meter Installation Contractor was then instructed to install the replacement meter to facilitate the clearance figures. The meter XKL5751 was installed on the 13th of July 2022. Installation information was forwarded to FD and recommendations for amount of water to be levied for the period 2019/04/10 – 2022/07/12 when the meter was missing.

In the letter dated 04/08/2022 signed by the Councillor Mohatle it is mentioned that the Informal Settlement near to the property in question was established in 2008. The specific day or month when the community started accessing water from the property is not mentioned and being such a long time ago it would be difficult to remember. When ES Department went to search for the old meter they found that the settlement had its own individual meters.

Recommendations

To assist in determination of what could be considered as an amount of water that is more than the "normal" consumption for the client, the following observations are made. Paragraph 35 of the MMM Water Services By-laws states thus

Quantity of water supplied to consumer

35. (1) For purposes of assessing the quantity of water measured by a measuring device installed by the Municipality on the premises of a consumer or, where applicable, estimated or determined by the Municipality in terms of any provision of these By-laws, it will, for the purposes of these By-laws, be deemed, unless the contrary can be proved, that –
- (d) provided that if water is supplied to, or taken by, a consumer without its passing through a measuring device, the estimate by the Municipality of the quantity of such water shall be deemed to be correct.
- (2) Where water supplied by the Municipality to any premises is in any way taken by the consumer without such water passing through any measuring device provided by the Municipality, the Municipality may for the purpose of rendering an account estimate, in accordance with subsection (3), the quantity of water supplied to the consumer during the period from the last previous reading of the water meter until the date it is discovered that water is so taken by the consumer.
- (3) For the purposes of subsection (2), an estimate of the quantity of water supplied to a consumer shall be based on, as the Municipality may decide –
- (a) the average monthly consumption of water on the premises during any three consecutive measuring periods during the twelve months' period prior to the date on which the taking of water in the manner mentioned in subsection (2) was discovered; or
- (b) the average monthly consumption on the premises registered over three succeeding measuring periods after the date referred to in subsection (3)(a).

In terms of the records for this property there is no average daily consumption of the new meter and therefore we can rely on paragraph 35.(3)(b). the period that should be used for the average is 2017/06/01 to 2017/09/22.

Taken on	No of days	Reading	Consumption	Ave Daily Consumption (kl/day)
2017/09/22	113	35075	146	1.29
2017/06/01		34929		

The average daily consumption of 1.29kl should be used for the following periods:

- Period where the informal settlement was using the client's water: 2008/10/02 to 2016/01/04 and,
- Period when there was no meter: 2019/04/10 to 2022/07/13.

Reverse the charges for levied for clearances as per our initial recommendation for the period 2019/04/10 to 2022/07/13.

Should you require any further information please contact Mr Tshidiso Chaka at (051) 405 6656.

Hope you find the above in order.

Kind regards



L Ntabezo
GM: Water and Sanitation

Meter No: 800934 Meter Type:
 Metr.Book: MB0804 Route: WA0091
 Cable-Cut: Cable-Cut-Date:
 Inst-No: Inst-Type: Y

Taken on	No. of Days	Reading	Consumption	Ave Daily
2022/06/27	1174	38261.000		0.00
2019/04/10	247	38261.000	654.000	2.65
2018/08/06	152	37607.000	410.000	2.70
2018/03/07	36	37197.000	1285.000	35.69
2018/01/30	26	35912.000	436.000	16.77
2018/01/04	32	35476.000	237.000	7.41
2017/12/03	30	35239.000	79.000	2.63
2017/11/03	42	35160.000	85.000	2.02
2017/09/22	11	35075.000	17.000	1.55
2017/09/11	34	35058.000	39.000	1.15
2017/08/08	68	35019.000	90.000	1.32
2017/06/01	64	34929.000	583.000	9.11
2017/03/29	25	34346.000	155.000	6.20
2017/03/04	37	34191.000	68.000	1.84
2017/01/26	34	34123.000	40.000	1.18
2016/12/23	21	34083.000	46.000	2.19
2016/12/02	38	34037.000	64.000	1.68
2016/10/25	22	33973.000	34.000	1.55
2016/10/03	28	33939.000	32.000	1.14
2016/09/05	28	33907.000	36.000	1.29
2016/08/08	34	33871.000	34.000	1.00
2016/07/05	33	33837.000	32.000	0.97
2016/06/02	125	33805.000	249.000	1.99
2016/01/29	25	33556.000	49.000	1.96
2016/01/04	57	33507.000	156.000	2.74
2015/11/08	39	33351.000	80.000	2.05
2015/09/30	220	33271.000	639.000	2.90
2015/02/22	54	32632.000	111.000	2.06
2014/12/30	113	32521.000	250.000	2.21
2014/09/08	30	32271.000	58.000	1.93
2014/08/09	30	32213.000	98.000	3.27
2014/07/10	31	32115.000	92.000	2.97
2014/06/09	34	32023.000	74.000	2.18
2014/05/06	59	31949.000	102.000	1.73
2014/03/08	26	31847.000	72.000	2.77
2014/02/10	32	31775.000	287.000	8.97
2014/01/09	44	31488.000	277.000	6.30
2013/11/26	26	31211.000	131.000	5.04
2013/10/31	29	31080.000	107.000	3.69
2013/10/02	35	30973.000	279.000	7.97
2013/08/28	664	30694.000	5773.000	8.69
2011/11/03	36	24921.000	220.000	6.11
2011/09/28	264	24701.000	939.000	3.56
2011/01/07	101	23762.000	564.000	5.58
2010/09/28	29	23198.000	75.000	2.59
2010/08/30	33	23123.000	127.000	3.85
2010/07/28	30	22996.000	1025.000	34.17
2010/06/28	13	21971.000	1763.000	135.62
2010/06/15	46	20208.000	2571.000	55.89
2010/04/30	10	17637.000	1384.000	138.40
2010/04/20	111	16253.000	3885.000	35.00
2009/12/30	35	12368.000	888.000	25.37
2009/11/25	23	11480.000	432.000	18.78

No. of days	Consumption
113	146.00

2009/11/02	32	11048.000	399.00	12.47
2009/10/01	30	10649.000	341.00	11.37
2009/09/01	29	10308.000	271.00	9.34
2009/08/03	63	10037.000	593.00	9.41
2009/06/01	11	9444.000	83.00	7.55
2009/05/21	45	9361.000	393.00	8.73
2009/04/06	35	8968.000	1302.00	37.20
2009/03/02	28	7666.000	1419.00	50.68
2009/02/02	31	6247.000	935.00	30.16
2009/01/02	32	5312.000	252.00	7.88
2008/12/01	28	5060.000	142.00	5.07
2008/11/03	32	4918.000	77.00	2.41
2008/10/02	31	4841.000	49.000	1.58
2008/09/01	31	4792.000	36.000	1.16
2008/08/01	29	4756.000	19.000	0.66
2008/07/03	32	4737.000	22.000	0.69
2008/06/01	30	4715.000	19.000	0.63
2008/05/02	8	4696.000	4.000	0.50
2008/04/24	0	4692.000		C



ATTORNEY'S REPORT

Izandrei de Villiers Inc

Electronic Reference: 12214176

Sub Code	Erf	Portion	Suburb	Extent
	54	0	BLOEMFONTEIN	4.2827 Hectare
Stand Code	0			
Scheme Name			Unit number	
Scheme Reg.			Parent	

RCA No	1002707384	Annual Figures	
RATES ACC No	PLOT 54, GRASSLANDS AGRICULTURAL HOLDINGS, DISTRI	Property Value	R700 000,00
Physical Address	54 SAREL CILLIERS STREET, GRASSLANDS, BLOEMFONTEIN	Safe Price	R600 000.00
		Date Costs Issued	13/07/2022
		User Name	KARIEN THERON

TOTAL COSTS

Account No	Account Holder	Amount	Date Valid From	Date Valid To
1002707384	THERON & THERON BOERDERY CC	R43 000,44	13/07/2022	12/08/2022
1003144234	SOLOMON B O	R550 073,62	13/07/2022	12/08/2022
Total Payable		R593 074,06		

Amount Description	Account No	Account Holder	Amount	Debt Type	Date Valid From	Date Valid To
Interest	1002707384	THERON & THERON BOERDERY CC	R1 243,64	Debit	13/07/2022	12/08/2022
Assessment Rates	1002707384	THERON & THERON BOERDERY CC	R1 894,80	Debit	13/07/2022	12/08/2022
Arrears	1002707384	THERON & THERON BOERDERY CC	R39 862,00	Debit	13/07/2022	12/08/2022
Tenant	1003144234	SOLOMON B O	R550 073,62	Debit	13/07/2022	12/08/2022
Total			R593 074,06			

Seller Name	ID No	Phone No
THERON EN THERON CC	1998/055492/23	0827852640

Purchaser Name	ID No	Phone No
MANGAUNG METROPOLITAN MUNICIPALITY	N/A	0828249888

Notes:

- Where costs are outstanding for more than one debtors account, payments should be made separately using each debtors account number as reference.
- Payments and adjustments after this date were not taken into account.
- If payment is not made on or before 12 August 2022 a new clearance application should be made.
- To prevent unnecessary delays please attach this or duplicate thereof to your payment.
- The Seller on application will be reimbursed for estimated advanced credit payments beyond date of transfer after account has been finalised.
- Electronic transfers are acceptable for all Councils Clearance payments.

Council Banking Details:

Payment for the outstanding figures (excluding electricity) needs to be made to:

Account Holder: Mangaung Metro Municipality

Account Number: 1188198793

Bank Name: Nedbank Limited

Account Type: Current

Swift Code: NEDSZAJJ

Branch: Business Banking Free State

Branch Code: 198765



MANGAUNG
METRO MUNICIPALITY
METRO MUNISIPALITEIT
LEKGOTLA LA MOTSE



Our Ref: 1002707384//BMoiloa
22 September 2022

THERON & THERON BOERDERY CC
54 Grassland
Bloemspruit
BLOEMFONTEIN

By email: k.theron2@gmail.com

Dear Mev Theron

RE: COMMUNAL WATER CONSUMPTION FROM PRIVATE PROPERTY: ADDRESS: 54 GRASSLANDS

This letter services to confirm receipt of copy of clearance figures and affidavit disposed by a ward 17 councillor M Mohatle.

Considering the documents provided and further engagements with relevant parties it has been concluded that the appropriate amount shall be referred for write off approval to council.

At present the actual amount to be considered for write off has not been concluded. Once that is done, there shall be further communication.

Hope you find all in order.

Yours faithfully



Mr. Timothy Sediti
Acting Chief Financial Officer





MANGAUNG

METRO MUNICIPALITY
METRO MUNISIPALITEIT
LENGOTLA LA MOTSE



Ward Councillor

Ward Councillor: M.Mohatle

Our Ref: 083 4641 671

Ward No: 17

Date: 04 / 08 / 2022

To whom it concern,

This letter serves as proof of information that we had received from Mr Brandon Obed Solomon who live at Plot 54 Lake View Bloemfontein. This matter bears that from 2008 people from Khayelshu an informal settlement Mr Solomon was helping them with water, while it was no water connection when the square was established in 2008. Most of the people from Khayelshu were taking water from his plot of 54 Lake View and thus, take the water bill to become of R600 000,00 for water usage since the people from this location taking water from his plot (Plot Owner Mr. Brandon Obed Solomon ID 7810045927089)

Regards,

Ward Councillor

Mangaung Metro Municipality

Councillor M Mohatle

Ward 17

Cell: 083 464 1671

Date: 04/08/2022

PO Box 3704, Bloemfontein 9300 Room 702, 7th floor, Bram Fischer Building, Cnr Nelson Mandela & Markgraaf Street
Tel: +27 51 405 8667 Fax: +27 51 405 8676 E-Mail: thembeka.williams@mangaung.co.za Website:
www.mangaung.co.za

