

The Star

JOBURG

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WITH ANNA COX

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MetroWatch is a service by *The Star* for ratepayers whose complaints about bad service or treatment from local government agencies and departments have fallen on deaf ears.

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Old debt liability: court set to rule

The Star Late Edition 31 Mar 2017 +1 more

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MILESTONE: Joburg mayor Herman Mashaba, opened the new Alex Mall in Alexandra.

THE burning issue of new owners being held liable for previous owners' municipal debts and municipalities withholding services to new owners for the old debts are to be heard by the Constitutional Court in May.

This landmark case will have far-reaching consequences for millions of residential and business property owners, the property industry and the municipalities.

New Ventures Consulting and Services (NVC), also known as the Municipal Debt Specialist, has been driving the litigation against Ekurhuleni and Tshwane to ensure the correct interpretation and implementation of section 118 of the Municipal Systems Act.

NVC launched and funded these ap-



plications on behalf of its clients as these municipalities had interpreted section 118 in a manner that allowed them to "visit the sins of a predecessor in title upon innocent third parties".

In effect, they attempted to hold the new owner of a property liable for the previous owner's municipal debt.

In November last year, the high court in Pretoria held that the conduct of Ekurhuleni and Tshwane was unlawful

and declared that it was constitutionally invalid for these municipalities to hold the new owner of a property liable for the previous owners' municipal debts on that property – and thereafter to refuse to supply or suspend municipal services or refuse to enter into consumer agreements with the new owner.

In compliance with the constitution, this matter was referred to the Constitutional Court for confirmation. There-

after, the municipalities filed appeals.

The confirmation application and the appeal applications are now set down to be heard in that court on May 23.

"Our ground-breaking case has been closely followed by various interested parties as it has potentially far-reaching effects upon every municipality, every property