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Legal Research Report: Termination of Prepaid24 in Mossel Bay

1. Factual Verification

The termination of Prepaid24 as a payment option for prepaid electricity in Mossel Bay is a verified fact. On 15 May 2026, Prepaid24 issued a communication to its clients stating that from midnight, their service would no longer be available for Mossel Bay residents [1]. Prepaid24 explicitly stated that this decision was instructed by the service provider contracted to the municipality, that they were not consulted, and that they did not agree with the decision [1].

Corroborating this, the Mossel Bay Municipality published an "Important Notice" on its official Facebook page on the same day at 19:45 [2]. The municipality confirmed that changes were affecting "one vending service provider from tonight onwards" and that a "previously used vending platform is being phased out" [2]. The municipality did not mention Prepaid24 by name, nor did it explain the reasons for the termination.

The contracted service provider responsible for the vending system is Ontec Systems (Pty) Ltd. According to the Service Level Agreement (SLA) between Mossel Bay Municipality and Ontec Systems, Ontec was appointed to render pre-paid vending systems and services for a five-year period from 1 October 2024 to 30 June 2029 [3]. The SLA confirms that vending is undertaken through municipal cashier points, direct vendors, and "additional 3rd party vending channels" on the service provider's national aggregator network [3]. Prepaid24 operated as one of these third-party channels.

2. Official Municipal Notifications

A thorough search of the official Mossel Bay Municipality website (www.mosselbay.gov.za), including the "Notices" and "News" sections, revealed no formal press release or official notice regarding the termination of Prepaid24 [4]. The only official communication from the municipality was the Facebook post published on the evening of the termination [2].

This lack of formal notification on the municipality's primary official platform, combined with the same-day notice on social media, indicates a significant failure in public communication regarding a critical municipal service.

3. Legal Procedure for Terminating Municipal Services

Under South African law, the termination or alteration of municipal services is governed by strict procedural requirements, primarily rooted in administrative law and constitutional rights.

Administrative Action and Procedural Fairness

The termination of a payment channel for electricity constitutes "administrative action" under the Promotion of Administrative Justice Act 3 of 2000 (PAJA) [5]. Section 3(1) of PAJA requires that administrative action which materially and adversely affects the rights or legitimate expectations of any person must be procedurally fair [5].

The landmark Constitutional Court case of *Joseph and Others v City of Johannesburg* [2009] ZACC 30 established the definitive legal standard for electricity service disruptions [6]. The Court held that municipalities have a public duty to provide electricity, and residents have a corresponding public law right to receive it [6]. Consequently, any decision affecting this right must comply with procedural fairness, which the Court defined as requiring at least 14 days' written pre-termination notice [6]. This notice must contain all relevant information, including the reason for the action and the opportunity to make representations [6].

Contractual Obligations

The SLA between Mossel Bay Municipality and Ontec Systems contains specific provisions regarding service transitions. Clause 6.1 mandates that the system must be commissioned "without having a period when consumers cannot purchase any electricity" [3]. Furthermore, Clause 6.2 requires that no work be carried out unless a procedure is agreed upon, and municipal staff must be advised at least two weeks in advance [3]. The overnight termination of Prepaid24 appears to violate the spirit, if not the letter, of these contractual transition requirements.

4. Laws Potentially Violated by Overnight Termination

The overnight termination of Prepaid24 without adequate notice potentially violates several South African laws and legal principles:

Violation of the Constitution and PAJA

By failing to provide adequate notice to consumers, the municipality and its service provider likely violated Section 33 of the Constitution (the right to just administrative action) and Section 3 of PAJA [5]. The *Joseph* judgment makes it clear that a same-day notice via Facebook is legally insufficient [6]. Consumers were denied their right to procedural fairness, specifically the right to adequate notice and the opportunity to make representations before the service was altered.

Violation of the Municipal Systems Act

The Local Government: Municipal Systems Act 32 of 2000 (MSA) imposes duties on municipalities regarding service delivery. Section 4(2)(e) requires municipalities to consult the local community

about the level, quality, range, and impact of municipal services [7]. The sudden removal of a widely used payment platform without consultation contravenes this statutory duty.

Delegation of Constitutional Duties

While the municipality claims the decision was made by its contracted service provider (Ontec), a municipality cannot contract out of its constitutional and statutory obligations. The municipality remains the organ of state responsible for service delivery and is ultimately liable for the administrative actions taken by its service providers in the execution of municipal functions.

Consumer Protection Act Implications

The Consumer Protection Act 68 of 2008 (CPA) requires fair and honest dealing and adequate notice for the termination of fixed-term agreements [8]. While the relationship between a consumer and a prepaid vending platform may not be a traditional fixed-term contract, the CPA's overarching principles of consumer rights and fair notice are relevant to the sudden withdrawal of a service upon which consumers rely.

Conclusion

The overnight termination of Prepaid24 in Mossel Bay was executed without the legally required procedural fairness. The failure to provide at least 14 days' advance notice to consumers violates the standards established by the Constitutional Court in *Joseph v City of Johannesburg* and the requirements of PAJA. While the municipality may have delegated the operation of the vending system to Ontec Systems, it cannot delegate its constitutional responsibility to ensure that administrative actions affecting residents' access to basic services are lawful, reasonable, and procedurally fair.

References

- [1] Facebook Group Post: Wat gaan aan Mosselbaai / Whats up Mossel Bay. (2026, May 15). Statement from Prepaid24.
- [2] Mossel Bay Municipality. (2026, May 15). IMPORTANT NOTICE: PRE-PAID ELECTRICITY VENDING OPTIONS AVAILABLE. Facebook. <https://www.facebook.com/mosselbaymun/posts/1764832652355063/> [3] Mossel Bay Municipality. Service Level Agreement with Ontec Systems (Pty) Ltd. <https://www.mosselbay.gov.za/storage/documents/36f295cfd1729e7aaa2a2057b2ff09b5.pdf> [4] Mossel Bay Municipality Official Website. Notices and News Sections. <https://www.mosselbay.gov.za> [5] Promotion of Administrative Justice Act 3 of 2000. https://www.saflii.org/za/legis/consol_act/poaja2000396/ [6] *Joseph and Others v City of Johannesburg and Others* [2009] ZACC 30; 2010 (4) SA 55 (CC). <https://www.saflii.org/za/cases/ZACC/2009/30.html> [7] Local Government: Municipal Systems Act 32 of 2000.
- [8] Consumer Protection Act 68 of 2008.