



Credit Control Policy



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Introduction

The purpose of this document is to outline the revenue management principles to be adhered to in the Midvaal Local Municipality. The policy is aimed at ensuring that the following broad objectives are achieved:

- The maximisation of revenue collection;
- The preparation and collection of debtors' accounts timeously.

Legislative Framework

If a municipality decides to provide a municipal service through an internal mechanism, section 96 of the Local Government Municipal Systems Act 2000 (The Act) requires that:

- it must collect all money that is due and payable to it; and
- it must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies.



Credit Control Procedures

Rates and taxes

When an account has not been paid after **60 days** the following procedures apply:

- ❑ The data per each debtor is extract per ward and a final notice is sent out via the post.
- ❑ The amount due must be paid within **21 days**.
- ❑ If a debtor cannot make a payment, they can make an arrangement to pay. All arrangements must be recorded on the system.
- ❑ A debt rescheduling arrangement requires **an initial payment of 50% of the outstanding account, where after** the current account plus an acceptable but affordable amount towards the arrears each month. An arrangement may, subject to all conditions in terms of the policy being adhered to, be entered into to suspend the debt collection process/legal action.
- ❑ The Ward Councillor will be informed of defaulting debtors following the issuing of the statutory notice/judgement order for the occupant.
- ❑ If no payment or arrangement is made within **21 days**, the same data is captured and transferred to a handover account. The arrears will then reflect on this account and the normal monthly accounts will reflect in the current account.
- ❑ All arrears are handed over to lawyers and summonses will then be issued from the lawyers' offices.
- ❑ The lawyers will proceed with **judgement and then** sale in execution if timeous feedback is not received from the debtor. In doing so Council will notify the ward councillor of the action taken.
- ❑ The debtor is responsible for all legal costs and will have to pay such costs before any legal action may be stopped. An acceptable and enforceable debt rescheduling agreement must also be entered **with Council's Attorneys** before any legal action may be stopped.



Water and electricity

- ❑ Final notices are hand- delivered **at the gate of the default debtor** by a private firm, and the notices state that payment must be received within 7 days.
- ❑ If there is no payment or an arrangement made within 7 days, the electricity is disconnected and the water flow may be reduced, **or disconnected in certain cases.**
- ❑ **Once a final notice for disconnection is received, the total amount of the notice must be paid to avoid disconnection**

Arrangements to pay arrears accounts

- ❑ Debtors prepared to enter into arrears repayment arrangements must at least pay half of the arrears or as determined by the Chief Financial Officer and enter into an arrangement to pay the balance as follows:

Arrangements to pay arrears amounts are to be made in terms of the following guidelines. For any arrangement that falls outside of the guidelines, the approval of the Head of Revenue must be sought. The affixing of the signature of the Head of Revenue to the arrangement contract must evidence such approval.

Debtors entering into arrangements must in addition, pay the current accounts due or they will be considered to be in default of the arrangement.

Amount outstanding	Initial payment	Maximum payment period
Less than R2 000 OR less than six months	½ of outstanding balance	3 months
More than R2 000 and less than R5 000 OR greater than six months but less than 12 months	½ of outstanding balance	6 months
Greater than R5 000 OR greater than 12 months	½ of outstanding balance	12 months but may differ with particularly large and old amounts, e.g. 3



		years. The CFO and senior management may use discretion to decide on such accounts.
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Written confirmation of all arrangements will be obtained. Such confirmation will be on the standard form designed for this purpose and will list:

- The debtors details;
- The initial payment;
- The monthly amount to be paid and the length of the arrangement;
- Action to be taken if the debtor defaults against the arrangement;
- Arrangements to pay must be entered onto the debtors system to prevent further expense being incurred in additional, unnecessary follow-up action.