



Credit Control / Debt Collection By-Laws



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Introduction

The purpose of these Credit Control / Debt Collection by-laws is to set guidelines or procedures for the collection of money that is due to the municipality.

Credit control measures for services

Current accounts and arrear accounts:

- Interest will be charged on the outstanding amount according to the prime interest rate as charged by the banks
- The supply of electricity of the defaulter shall be disconnected and / or the water supply shall be restricted
- The defaulter can enter into an arrangement with the municipality to pay the arrears and services will be restored, but before an arrangement can be agreed to, the defaulter must at least pay half or part of the balance
- The maximum period for the payment of arrears shall not exceed a period of 6 months.
- Debtors who enter into payment arrangements with the Municipality will sign an acknowledgement of debt
- Only debtors with positive proof of identity or an authorised agent with a power of attorney will be allowed to complete an acknowledgement of debt.
- Where a debtor complies with arrangements entered into with the Municipality, interest charges will still be levied on the account.
- If the debtor pays the account in full, no further action will be necessary against the debtor and the debtor's services will be restored

Credit control measures for assessment rates and taxes

When an account has not been paid by the due date the following procedures apply:

- The data per each debtor is captured per ward and a final notice is sent out via the post.



- ❑ The amount due must be paid within the number of days as specified on the notice.
- ❑ If a debtor cannot make a full payment, they can make an arrangement to pay. All arrangements must be recorded on the system, but the defaulter needs to pay part of the balance before an arrangement can be agreed upon
- ❑ A debt rescheduling arrangement requires the payment of 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 for a period not exceeding 12 months where possible.
- ❑ Where the debtor enters into arrangements with the municipality and defaults on the payments, the account shall be handed over to the lawyers for collection. The debtors account shall be debited with all collection costs, legal costs, interest and all other costs associated with the collection of the arrears.
- ❑ The Ward/PR 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 the period specified on the notice, 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 summons will then be issued from the lawyers' offices.
- ❑ The lawyers will then pass judgement against the debtor, after which they will send notice of attachment of the debtors property.
- ❑ The lawyers will proceed with sale and execution if feedback is not received from the debtor. In doing so the lawyer 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 into before any legal action may be stopped with the attorneys.

Power of entry and inspection

- ❑ A duly authorised representative of the Council may for any purpose relating to the implementation or enforcement of this by-law, at all



reasonable times or in an emergency at any time, enter premises, request information and carry out any inspection as they may deem necessary for purposes of installing or repairing any meter or service connection for reticulation, or to disconnect, stop or restrict the provision of any service.

- ❑ If the Municipality considers it necessary that work be performed to enable an officer to perform a function referred to above, properly and effectively, it may by written notice require the owner or occupier of the premises to do specified work within a specified period at their own expense.
- ❑ If the work referred to above is carried out for the sole purpose of establishing whether a contravention of this by-law has been committed and no contravention has taken place, the Municipality will bear the expenses incurred together with that of restoring of the premises to their former condition.

Unauthorized consumption of services, theft and damages

- ❑ Communities, ratepayers and residents have to refrain from tampering with Municipal services and property
- ❑ Council will investigate and will lay criminal charges where appropriate when it suspects illegal connections, unauthorized consumption or use of services, theft, or damage to equipment or property of the Council.
- ❑ Where damages are suffered, or losses incurred by Council because of consumption or use of a service without prior authorization or because of theft, damage to equipment or property of the Council, or because of illegal reconnection of disconnected services, the person responsible shall have their services disconnected and shall have to pay 50% of their current account plus arrears and the balance to be paid within 3 months before services are reinstated and the case will be handed over to the Lawyers.

Arrears of employees of the council

- ❑ If an employee of the Council is in arrears with his/her rates and taxes, and or service charges account to the Council, he/she will be dealt with according to this by-law. They may also enter into arrangements with the Council to pay their arrears in terms of this by-law.

Arrears of Councilors

- ❑ No Councillor must be in arrears with his/her rates and taxes and or services charges account to the Council.



Responsibilities of the Municipality

- ❑ The Council must ensure that all money that is due and payable to the Council is collected, subject to the provisions of any applicable legislation, including this by-law
- ❑ For this purpose, the Council must adopt, maintain and implement a credit control and debt collection policy
- ❑ The Council may differentiate in its credit control and debt collection policy between different categories of ratepayers, users of services, debtors, service standards and other matters as long as the differentiation does not amount to unfair discrimination

Appeals

- ❑ Any customer may appeal to the Council against the accuracy of an amount reflected in a particular account within one month after receiving the account
- ❑ Appeals are made by way of written representation or telephonically to the Council
- ❑ In the event of a customer alleging that any meter, measuring device or service connection is defective or inaccurate, the Council may arrange for the meter, measuring device or service connection to be inspected and tested. Should the meter, measuring device or service connection prove not to be defective or inaccurate by more than 5%, the costs of carrying out the inspection and test are paid by the customer who requested the inspection and test.
- ❑ Out of court settlement offers by debtors against whom legal action is pending can be considered after consultation with Councils legal representatives, if it is in the best financial interest of the Council