

AGANANG MUNICIPALITY



“Mmogo retla kgona”

**CREDIT CONTROL AND DEBT
COLLECTION BY-LAW**

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1. INTRODUCTION

- Aganang Local Municipality would like to introduce the credit control and debt collection by-law as per Municipal Finance Management Act.
- This particular by-law shall only apply to money due and payable in regard to rates and services.

- The key focus areas in regard to credit control are as per supply chain management of the municipality.
- The municipality shall make use of the debt collection procedures in order to ensure that all ratepayers adhere to their accounts.
- The major charges shall be in respect of property rates, water provision and electricity as major income generation areas.

2. DEFINITIONS

- “Collection charges” means collection charges which may be recovered by the municipality in terms of the Local Government Laws Amendment Act, 2000.
- “Law” includes a by-law
- “Rateable property” means property on which the municipality is empowered to impose rates.
- “Special cases” means indigent as refer to in the Systems Act and annexure B.
- “ALM” refers to Aganang Local Municipality.

3. OBJECTIVES

- Ensure that all money due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.
- Provide for credit control procedures and mechanisms and debt collection procedures and mechanisms.

- provide for indigent debtors.
- Provide for the setting of realistic targets consistent with generally recognised practices and collection ratios and also the estimates of income set in the annual budget of the municipality less an acceptable provision for bad debts.
- provide for interest on overdue amounts.
- Provide for collection charges on the payment of any overdue Amount.
- Provide for extension of time for the payment of overdue amounts.
- Provide for the termination of services or for restrictions on the provision of services when payments are overdue.
- Provide for matters relating to the unauthorized consumption of services, theft and damages.

4. APPLICATION

- This by-law shall be implemented by those officials whose duties relate to the rendering of accounts and the collection of money due and payable to the municipality in respect of rates and services.
- The Mayor shall be the supervisory authority in ensuring that there is implementation and enforcement in regard to the by-law and report to council in the meeting.
- The municipal manager must be the implementing authority and ensure compliance of the policy and by-law and also ensure that he reports in the monthly meetings of the supervising authority.

- All the officials shall embrace the spirit of Batho Pele and treat debtors with dignity and respect at all times. They should also execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance with Access to Information Act.
- The municipality shall have a database of all the debtors with all details for the purpose of billing.
- The municipality must ensure that accounts in respect of debtors are rendered on monthly basis and ensure that credit control and debt collection measures are followed where needs be.
- Accurate bills in respect of water and /or electricity consumptions are rendered to customers in the correct time.
- Where no readings are obtained, estimates (interim readings) can be used.
- Adequate pay facilities should be made available for customers to be able to make payments.
- The municipality or its appointed agents may, in addition to normal civil legal procedures to secure payment of accounts that are in arrears.
- There may be termination of provision of services should the above point is defied.
- Credit control methods will include the following:

Evaluation of Application

Reference Checking

Credit bureau, Deeds Office, Registrar Stands

Securities

Deposits

Binding Consumer Agreements

Monthly Statements

Statement Messages

Telephone Calls

Final Notices

Termination or Restriction of Services

Letter of Demand

Legal Action

- Interest will be charged on overdue accounts.
- All related costs in terms of reminders through telephone, fax, cost of termination etc will be levied against the debtor.
- Should the debtor fail to make full payment on the due date or even fail to make arrangements for payments then the municipality reserves all the powers to terminate the supply of services.
- The designated official shall authorize the reconnection of services or reinstatement of service delivery after satisfactory payment or arrangements has been made.
- Where a lesser amount is made by the debtor, it must be to the satisfaction of the designated official in terms of powers vested in him to decide whether the debtor should pay more before connecting back the services.
- A debtor may enter into a written agreement with the municipality to repay over the due amount.

- The municipality may appoint agents, attorneys and other collection agents and agree on certain terms and conditions to make collections on their behalf and agree.
- Legal related fees shall be levied to the debtors accounts
- The municipality shall at its discretion be entitled to withhold the supply water or electricity to a debtor who is found guilty of fraud, theft or any other criminal action relating to the supply of water and electricity, or if it is evident that fraud, theft or any other criminal action has occurred relating to such supply, until the total costs, penalties, other fees, tariffs and rates due to the municipality have been paid in full.

5. CREDIT CONTROL AND DEBT COLLECTION PROCEDURES FOR WATER AND ELECTRICITY

- Where debtors fail to pay their water and electricity account on/or before the due date as indicated on the statement.
- Final demands/statements may be delivered or posted after the due date. The final notice/statement will advise that the client may arrange to pay the outstanding balance. The final notice/statement shall constitute a final notice and failure to settle the account on the due date will lead to disconnection of services at any date thereafter, without further notice.
- An acknowledgement of debt must be completed and all arrangements for paying off arrear accounts must comply with the format set out on Annexure A of the policy. Copies must be handed to the debtor.
- Debit orders/stop orders shall be completed for the monthly

repayment of the agreed amount. If the arrangement is dishonored, the full balance will immediately become payable.

- Only account holders with positive proof of identity or an authorized agent with a Power of Attorney will be allowed to complete an Acknowledgement of Debt.
- Where cheques are dishonored after an arrangement has been made the full balance will immediately become payable. Electricity and/or water supply to such clients will immediately be disconnected without notice until the full amount is paid in cash, per bank cheque, credit card or debit card at municipality.
- No person will be allowed to enter into a second agreement if the first agreement was dishonored, except in merit cases.
- Merit cases, where special circumstances prevail, must be treated individually and could amongst others include the following categories:

Deceased estates

Liquidated companies

Private persons under administration

Outstanding enquiries on accounts, for example, misallocated payments, water leaks, journals, incorrect levies, etc.

Pensioners

Any other case not mentioned which can be regarded as merit cases due to the circumstances pertaining to such case.

- Payment of arrears in respect of merit cases shall not exceed 6 months

- When disconnection of electricity and/or water supply takes place due to non-payment, the debtor will be required to provide additional security to the satisfaction of the designated official.
- Where the consumer has not entered into a service agreement with the municipality, water and/or electricity may be disconnected until such time as a service agreement has been signed, the applicable deposits paid, the account billed to date of occupation and arrears paid in full.
- Where services are illegally restored criminal action will be taken.
- Where water and electricity amounts are not paid on or before the due date, without response, services will be terminated, deposits will be appropriated, securities will be applied and accounts will be handed over for legal action. In such an event, the relevant debtors will have to make further arrangements at the attorneys for payment of the arrear amounts. The current monthly accounts must be paid directly to the municipality.
- An account handed over for collection may be withdrawn at the municipality's discretion.
- After installation of a prepaid meter, water and/or electricity will not be sold to debtors, unless an agreement for the arrears has been concluded.

6. CREDIT CONTROL AND DEBT COLLECTION PROCEDURES FOR ASSESSMENT RATES, REFUSE, SEWERAGE AND SUNDRY DEBTORS AND UNMETERED PROPERTIES.

- Where consumers fail to pay their accounts by the due date of every month as indicated on the statement, the following actions will be taken:

- Final notices/statements may be posted or delivered where accounts are in arrear. The final demand/statement will advise that the client may arrange to pay the outstanding balance in terms of paragraph 16. The final notice/statement shall constitute a final notice and failure to settle the account on the due date will lead to disconnection of services at any date thereafter, without further notice.
- If no response has been received in response to the final demand those accounts still outstanding will be handed over for collection and/or legal action to the attorneys and may be listed at a credit bureau.
- Where an account remains unpaid on a property that is Unmetered the municipality will apply the *mutatis mutandis*.

7. Effective date

- All procedures sated above shall apply with effect from 01 July 2008.