



CREDIT CONTROL AND DEBT COLLECTION POLICY

2022/23

FINANCIAL YEAR

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PART 1: OBJECTIVE CONSTITUTIONAL OBLIGATION

The council of the municipality in adopting this policy on credit control and debt collection recognizes its constitutional obligation to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfil these constitutional obligations unless it exacts payments for the services which it provides and for the taxes it legitimately levies.

1. ASSESSMENT RATES

The assessment rates levied per annum are payable in equal monthly instalments over nine (9) months commencing from at the latest 01 September each year or earlier if convenient for the ratepayer. Interest will be levied on all assessment rates not paid at the due date or in regular instalments. An assessment rates account is opened for each property separately registered according to the information received from the Deeds Office as well as information received from the Department Property Valuation Services.

2. NON-PAYMENT OF ACCOUNTS IN ARREARS

2.1. Consumer Accounts in Arrears

Consumer accounts

- **Reading of meters** - all meters must be read within the first 10 working days of each month.
- **Distribution of accounts** - all accounts must be sent out to consumers during the last 5 working days of every month.
- **Due date for payments** - accounts are payable when levied and the final payment date will be as reflected on the account issued.
- **Amounts in arrears** - all amounts if not received on the final payment date will be reckoned as to be in arrears.
- **Amounts not paid on due date** - all accounts not paid on the due date and for which no arrangements for extensions have been made services will be terminated or restricted as per process set out.
- **Process for restriction of water** - instructions to Technical Department to restrict the water will be given monthly, and will average 50 per month.
- **Final Notice and Legal Action**

Should an active account, which has been restricted as set out above, remain outstanding for a period longer than thirty (30) days a final notice will be sent to the consumer/ratepayer wherein they will be given another period of thirty (30) days to pay the outstanding amount or make acceptable arrangements for settling the account. At the discretion of the revenue manager a final notice can also be served where services are not restricted.

- **Handing Over of Accounts to Debt Collectors**

After thirty (30) days the account will be handed over.

- **Handing Over of Accounts to Attorneys**

When the thirty (30) day period has lapsed and no or insufficient response was received, the account should be withdrawn from the debt collectors and handed over to the attorneys. Where no debt collectors have been appointed, arrear accounts will be handed over directly to the council's attorneys. All accounts where the necessary arrangements have not been complied with are also handed over to the attorneys. The attorneys will exhaust all legal processes until the property is attached and sold at a sale in execution.

2.2. SUNDRY DEBTORS ACCOUNTS IN ARREARS

Sundry Debtors Accounts

This includes all sundry levies for services not contained under a specific trade or economic service of the municipality and is mostly regulated by a separately entered into agreement.

- **Due date for payments** - credit control measures must follow the stipulations as per the individual agreements with the various debtors
- **Final notices** - where services are not specifically governed by agreements and applicable by-laws do not stipulate collection procedures, final notices should be issued thirty (30) days from due date for payments, and if no response was received after thirty (30) days from then, debts must be handed over to the municipality's attorneys for collection

2.3. CONSUMERS AND LESSEES OF COUNCIL PROPERTY

Payment of rental and assessment rates is controlled by the specific lease agreement entered into. The total amount for the previous months must be paid in full. A formal repayment agreement and an acknowledgement of debt, only in relation to consumer services, in the prescribed format, must be completed and signed. The current account plus any arrangement must be paid monthly.

PART 2: EXPECTED FUTURE PAYMENT LEVELS

In terms of the budget approved by the council and in accordance with commonly accepted best practice this municipality will have to strive to its utmost to insure that payment levels for the present and future financial years in respect of all amounts legitimately owing to the municipality - that is inclusive of the balance of the monthly accounts payable by registered indigents - are maintained at an annual average of at least 10% greater than the prior year.

It is generally accepted by this council that the present payment levels averaging below are untenable and are a certain forerunner of financial disaster for this municipality. The only solution to the on-going problem of non-payment by residents who can afford their monthly commitments to the municipality is to introduce a two-fold approach: to promulgate credit control and debt collection by-laws which deal stringently with defaulters, but at the same time - through the formal political structures of the municipality, and in the administration's general dealings with the public

- to make the community aware of its legal obligations towards the municipality and to emphasize the negative consequences for all if non- payment continues. The municipality's ward committees are particularly charged with this responsibility.

A maximum amount equals to thirty percent (30%) will be deducted from electricity purchases to settle municipal accounts in arrears for all debtors as set out in the service level agreement with CENTLEC, as a way of endorsing revenue enhancement initiatives.

PART 3: NOTICE OF DEFAULT AND TERMINATION OF RESTRICTION OF SERVICES

After due dates or as soon as possible thereafter the Credit Control Section will start with the termination or restriction of water services at all premises where the municipal account is in arrears. During this process a letter to this effect will be delivered at the relevant premises.

PART 4: RECONNECTION OR REINSTATEMENT OF TERMINATED OR RESTRICTED SERVICES

Services to defaulting accountholders terminated or restricted in terms of part 3 above shall be reconnected or reinstated by the Municipal Manager only when all the following conditions have been met: -

- the arrear accounts has been paid in full, including the interest raised on such account; or
- an acceptable arrangement has been made with the Municipal Manager for the payment of the arrear account, including interest raised on such an account
- the charge(s) for the notice sent in terms of Part 3 and for the reconnection or reinstatement of the terminated or restricted service(s) as determined by the council from time to time, have been paid in full
- a service contract has been entered into with the municipality as contemplated in part 10 below; and
- a cash deposit has been lodged with the Municipal Manager in compliance with part 11 such deposits to be newly determined on the basis of currently prevailing consumption and usage of services in respect of the property concerned or, if insufficient data is available in regard to such consumption of the currently prevailing consumption and usage of services in respect of a comparable property.

PART 5: PERIOD FOR RECONNECTIONS OR REINSTATEMENTS

The Municipal Manager shall reconnect or reinstate terminated or restricted services within 3 (three) working days after the date on which the conditions set out in Part 4 have been met unless the he / she is unable to do so because of circumstances beyond the control of the municipality. In the latter event the municipal he / she shall promptly inform the mayor of such circumstances and of any actions required to overcome the circumstances concerned

PART 6: ILLEGAL RECONNECTIONS

The Municipal Manager shall as soon as it comes to his / her notice that any terminated or restricted services has been irregularly reconnected or reinstated, report such action to the South African Police Service, disconnect or restrict such service(s) and not reconnecting or reinstate such service(s) until the arrear account including the interest raised on such account, the charges for the notice sent in terms of Part 3 and the chargers for both the original and subsequent reconnection or reinstatement of the services and the revised deposit have been paid in full together with such penalty as may be determined by the Council from time to time.

In addition, all metered consumption since the date of the illegal reconnection, or the estimated consumption if a reliable meter reading is not possible, shall also be paid in full before any reconnection or reinstatement is considered

PART 7: RESTRICTION OF SERVICES

If the Municipal Manager is of the opinion that the termination of services in the case of a particular property in respect of which the account is in arrear, is not in the best interest of the community - specifically because of the potential endangerments of the life of any person whether resident in or outside the property concerned - the he / she may appropriately restrict rather than terminate the services in question.

PART 8: SERVICES NOT RECONNECTED OR REINSTATED AFTER FOUR WEEKS

If services have been terminated or restricted in the case of a property in respect of which the account is in arrear, and the account holder has not paid such arrears, including the interest raised on such an account or made an acceptable arrangement with the Municipal Manager for payment of the arrear account including the interest raised on such an account, within a period of 28 (twenty eight) calendar days after the date of termination or restriction of the service(s) concerned, the Municipal Manager shall forthwith hand such account over for collection and such further action as is deemed necessary to the municipality attorneys or any debt collecting agency appointed by the Council. Such further action shall include arrear property rates and service charges (if the account holder is also the owner of the property). All legal expenses incurred by the municipality shall be for the account of the defaulting account holder.

PART 9: ARRANGEMENTS FOR PAYMENTS OF ARREAR ACCOUNTS

Allowing defaulting account holders to make arrangements for payment of arrear accounts shall be at the discretion of the Municipal Manager. Accounts that are outstanding for longer than 60 days from billing date will be regarded as long-outstanding. Each defaulting account holder shall be allowed a maximum period of 12 (twelve) months within which to pay an arrear account, together with the interest raised on such an account and it shall be a condition for the conclusion of any arrangement that the account holder is bound to pay every current municipal account in full and on time during the period over which such arrangements extends.

The municipality may implement incentives to recover outstanding debts. The council withholds the right to pay incentive schemes. The municipality may consider offers to repay the outstanding debt in full if the debtor receives a discount. The Municipal Manager and Chief Financial Officer may approve such offers. If an account holder breaches any material term of an arrangement the balance of the arrear account together with the balance of interest raised on such an account shall immediately become due and payable to the municipality and if the account holder defaults on such payment the Municipal Manager shall terminate or restrict services to the property in question and shall forthwith hand such account over for collection as envisaged in part 8.

An account holder who has breached an arrangement as set out above shall not be allowed to make any further arrangements for payment of arrear accounts but shall be proceeded after the dispatch of the initial notice of default as envisaged in part 3 and failure by the account holder to pay the arrear account together with interest raised on such arrear as required in terms of such notice as though such account holder breached a material term of an arrangement.

PART 10: SERVICE CONTRACT

A service contract shall henceforth be entered into with the municipality for each property to which the municipality is expected to provide all or any of the following services:

- Water
- Refuse collection
- Sewerage

Such contract shall set out the conditions on which services are provided and shall require the signatory to note the contents of the municipality's Credit Control and Debt Collection policy, a copy of which shall be provided to such signatory, as well as the provision of the Municipal System Act in regard to the municipality's right of access to property.

Where the signatory is not the owner of the property to which the services are to be provided, a property executed letter from such owner indicating that the signatory is the lawful occupant of the property shall be attached to the service contract. Current consumers and users of the municipality 's service who have not entered in a service contract as envisaged above must do so within 2 years from the date on which the by-laws to implement the present policy are published and failure to do so shall be considered as a default equivalent to non-payment in terms of part 3 above.

PART 11: PAYMENTS OF DEPOSITS

Whenever a service contract is entered into in terms of part 10, the signatory shall lodge a cash deposit with the municipality such deposit to be determined as per the Budget Tariff List approved annually by Council.

PART 12: ALLOCATION OF PART-PAYMENT

If an accountholder pays only part of any municipal account due, the Municipal Manager shall allocate such payment as follows:

- Firstly, to any unpaid charges levied by the municipality in respect of unacceptable cheques, notice, legal expenses and reconnections or reinstatements of services in respect of the account or property concerned
- Secondly to any unpaid **refuse** charges
- Thirdly to any unpaid **sewerage** collection charges
- Fourthly to any unpaid **water** charges; and
- Lastly to any unpaid **rates** charges

This sequence of allocation shall be followed notwithstanding any instructions to the contrary given by the accountholder.

PART 13: QUERIES BY ACCOUNTHOLDERS

Any consumer/ratepayer has an obligation to query an account within a period of ninety (90) days from receiving such an account. Any query received after a ninety (90) day period is not going to be entertained and the ratepayer/consumer shall be liable to pay.

In the event of an accountholder reasonably querying any item or items on the monthly municipal account no action shall be taken against the accountholder as contemplated in part 3 provided the accountholder has paid by due date an amount equal to the monthly average monetary value of the three most recent un-queried accounts in respect of the service under query as well as all un-queried balances on such account and provided further such query is made on behalf of the accountholder on or before the due date for the payment of the relevant account. Any query raised by an accountholder in the circumstance contemplated in part 14 below shall not constitute a reasonable query for the purposes of the present paragraph

PART 14: INABILITY TO READ METERS

If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible through any act or omission of the accountholder or owner of the property concerned, the municipal manager shall render an estimate account calculated with the below formula.

The MUNSOF parameters entered in order to inform the water estimates are as follows:

Meter Indicators	
Meter Levy	* Basic Charge
Meter daily Average	* 6
Daily average calculated over a number of months	
Reading File Format	* Fixed
Basic Charge x Units	

The MUNSOF formula used to determine the water estimates for the particular month and any underlying assumptions used by formula to determine the estimate:

Meter Daily Average x 30 days / 6 months

Any codes if applicable, used by MUNSOF system in order to inform the system of the estimate to be made for the particular month.

The system looks at the reading - if zero (0) the system sees the meter as 'unread'. Averaging is done on 'not read' meters indicated by an 'N'

PART 15: DISHONoured AND OTHER UNACCEPTABLE CHEQUES

If an accountholder tenders a cheque which is subsequently dishonoured by or is found to be unacceptable to the accountholder's bankers the municipal manager shall- in addition to taking the steps contemplated in this policy against defaulting accountholders – charge such accountholder the penalty charge for unacceptable cheques, as determined by the council from time to time, and such charge shall rank equally within the costs and expenses incurred by the municipality for purposes of determining the sequence of allocations and appropriations contemplated in part 12

PART 16: DELEGATION OF RESPONSIBILITIES BY THE MUNICIPAL MANAGER

The municipal manager including any person acting in such capacity shall be responsible to the council for the implementation of this policy and its attendant by-laws but- without in so doing being divested of such responsibility – may delegate in writing all or any of the duties and

responsibilities referred to in these by-laws to any other official or officials of the municipality and may from time to time in writing amend or withdraw such delegation(s)

PART 17: ROLE OF THE MUNICIPAL MANAGER

Section 100 of the Municipal System Act 2000 (see part 24 below) clearly assigns the legal responsibility for implementing the credit control and debt collection policies and by-laws to the municipal manager.

In practice however the municipal manager will inevitably delegate some or many of the responsibility's specifically assigned to this office in the by-laws as it will be administratively impossible for the municipal manager to perform the numerous other functions of this office as well as attend to frequently recurring administrative responsibilities. However, such delegations do not absolve the municipal manager from final accountability in this regard and the municipal manager will therefore have to ensure that a proper internal reporting structure is established and consistently implemented so that the day-to-day actions of and results from the credit control and debt collection programme are properly monitored and supervised.

It is also an integral feature of the present policy that the municipal manager shall report monthly to the mayor as the case may be and quarterly to the council on the actions taken in terms of the by-laws, and on the payment levels for the periods concerned. Such reports shall as soon as practically possible provide the required information both in aggregate and by municipal ward.

In addition, such monthly report shall indicate any administrative shortcomings, the measures taken or recommended to address such shortcomings and any actions by council which reasonably be interpreted as consulting interference in the application of the by-laws.

Notwithstanding all the foregoing references to the accountability of the municipal manager in regard to these by-laws it is incumbent on all the officials of the municipality, certainly all those who are at management level as well as more junior and the municipality's general customer relations to promote and support both this credit control and debt collection policy and the application of the attendant by-laws. The responsibilities of all officials include reporting to the municipal manager any evident breaches of these by-laws whether by members of the community and other officials or councillors of the municipality

PART 18: ROLES OF COUNCILLORS

Section 99 of the Municipal System Act, No. 32 of 2000, places the important legal responsibility on the executive mayor or executive committee as the case may be of monitoring and supervising the application of the present policy and the attendant by-laws and of reporting to the council on the extent and success of credit control action. The present policy further recommends that the municipality's ward committees be actively involved in implementing the credit control and debt collection programme and should therefore receive monthly reports on the status of the municipal manager's credit control actions. The ward committees must also actively promote the present policy and ensure at the same time that the municipality's customer relations are of standard aggregate to the community. The Council withholds the right to pay incentives. In order to maintain the credibility of the municipality in the implementation of the present policy and the attendant by-laws it is essential that councillors should lead by example.

PART 19: INTEREST ON ARREARS AND OTHER PENALTY CHARGES

One percent (1%) monthly interest shall be charged on all arrear accounts. For purposes of determining arrear amounts all amounts unpaid excluding interest previously raised and penalty charges, but including value added tax, shall be taken into account. Accounts handed over to the attorney will not be charged further interest, until the account is up to date, when interest will be charged as set out above.

PART 20: INDIGENCE MANAGEMENT

In regard to the payments expected from registered indigents and the credit control and debt collection action contemplated in respect of such residents, this policy must be read in conjunction with the municipality's approved policy on the indigence management.

PART 21: UNCOLLECTABLE ARREARS

The effective implementation of the present policy also implies a realistic review of the municipality's debtor's book at the conclusion of each financial year. A report will be prepared which indicates the accounts in arrears or accounts referred by attorneys as uncollectable. The municipal manager shall on a regular basis but not later than after 30 June each year present to the council a report indicating the amount of the arrears which it is believed is uncollectable together with the reasons for this conclusion.

The council shall then approve the write-off of such arrears if it is satisfied with the reasons provided, however the municipal manager and the chief financial officer may approve trivial outstanding amounts to be written-off, if deemed that it's not cost-effective to take steps to try to recover the amounts.

PART 22: ARREARS WHICH HAVE ARISEN PRIOR TO THE ADOPTION OF THE PRESENT POLICY

The council shall separately consider arrears which arose prior to the adoption of the present policy, and shall advise accountholders of their respective obligations. The council shall have regard to the quantum of such arrears to the period over which the default occurred and to whether the accountholder concerned has registered as an indigent in terms of the municipality's policy on indigence management.

PART 23: BY-LAWS TO BE ADOPTED

By-laws shall be adopted to give effect to the council's credit control and debt collection policy. These by-laws deal severely with defaulters and their applications requires a considerable degree of commitment from the municipal manager and his or her administration as well as from the municipality's political structures. For these to ensure the avoidance of financial misfortunes for the municipality and to lead to sustained financial stability their application will have to receive the constant attention of all the municipality's key role-players and decision makers. If these by-laws are not constantly and consistently applied from month and from year to year, the municipality's political and administrative credibility will be severely impaired and it may not be able to avert financial collapse in the long run.

Although these by-laws envisage even termination of basic services for defaulting accountholders this will not in itself – no matter how harsh it may seem to those councillors and officials who are disposed to greater leniency prevent the accumulation of arrears. The monthly billing for property rates, sewerage charges and refuse removal fees will continue in respect of defaulting

accountholders even though their consumption of water may have been terminated or restricted. The termination or restriction of services must therefore be seen merely as a vital first step in the credit control programme and the commitment by the municipality to follow up such actions with the full force of the law at the municipality's disposal is an essential further step if the accumulation of debts is to be meaningfully curtailed.

The by-laws comply with the requirements of the Municipal System Act 2000, The Water Services Act 1997 and the Municipal Finance Management Act 2003. The by-laws also deal with the determination and payment of consumer deposit and in accordance with part 11 of the present policy effectively differentiate in this respect between accountholders who are both the owners and occupiers of the fixed property concerned on the one hand and accountholders who are tenants of such properties on the other. The differentiation is essential if the municipality wishes to protect its interest in so far as tenants are concerned but in any event it is believed that a degree of differentiation imposes an unreasonable financial burden on such tenants (effectively the deposit required from owners/occupiers represents one month average consumption whereas the deposit in the case of tenants represents two months consumption). It is not proposed that accountholders who have currently not lodged the deposits should be required to do so forth with but only within a two-year period but that accountholders who are default at any future date should immediately be obliged both to sign proper service contracts and to lodge the deposits required in terms of both such contracts and the by-laws.

PART 24: LEGAL REQUIREMENTS

It is essential for the protection of the municipality's interest that the provisions of particularly the Municipal Systems Act 2000 and the Property Rates Act 2004 in so far as they provide additional debt collection mechanisms for the municipalities be diligent enforced. At the same time both the council and administration must note the obligations which the municipality has towards the community in respect of customer care and relations.

For ease of reference paragraph of the relevant extracts from the Municipal System Act specifically, Section 95 to 103 and Section 118 are therefore appended to this policy as are Sections 28 and 29 of the Property Rates Act. The immediate relevant extracts from the Water Service Act 1997 and the Municipal Finance Management Act are also included in the annexure.

PART 25: NON-ROUTINE JOURNALS

All non-routine journals shall be prepared and reviewed as per the delegations. A delegated official shall review the journals before it is captured on the financial system.

ANNEXURE A: CHECKLIST

The following checklist represents a basis summary of the key controls which the municipality should perform:

Monthly report to CFO

No	Description:	Comments
1	Deposits must be paid by the consumer before the services are connected.	
2	The municipality shall maintain a register of all connections, disconnections and reconnections for the year under review. The register shall be updated and reviewed on a timely basis by delegated officials.	
3	Notice letters must be sent to all long-outstanding debtors.	
4	If no arrangement is made or payment received (within the prescribed time-frames) after the notice the municipality shall cut-off the services of the debtor.	
5	After disconnection, if no payment is received the debtor shall be handed over for legal action.	

ANNEXURE B: LEGISLATIVE REQUIREMENTS

SECTION I: WATER SERVICE ACT 108 OF 1997

SECTION 21: BY-LAWS

The Act requires a municipality on its capacity as a water services authority to make by-laws which contract conditions for the provision of water services and which provide for the following inter-alia

- the standard of the services
- the technical conditions of supply including quality standards units or standards of measurements,
- the verification of meters' acceptable limits of error and procedures for the arbitration of disputes relating to the measurement of water services provided
- the determination and structure of tariffs
- the payment and collection of monies due for the water services consumed
- the circumstances under which water services may be limited or discontinued and
- the procedure for such limitation or discontinuation; and
- the prevention of unlawful connections to water services works and the unlawful or wasteful use of water

SECTION II: LOCAL GOVERNMENT: MUNICIPAL SYSTEMS ACT NO. 32 OF 2000

SECTION 95: CUSTOMER CARE AND MANAGEMENT

A municipality must in relation to the levying of rates and other taxes and the charging of fees for municipal services within its financial and administrative capacity do the following -

- establish a sound customer management system which aims to create a positive and reciprocal relationship between persons liable for these payments and the municipality itself or (where applicable) a service provider
- establish mechanisms for user of service and ratepayers to give feedback to the municipality or other service provider with regard to the quality of the services and the performance of the service provider
- take reasonable steps to ensure that users of services are informed of the costs involved in service provision, the reasons for the payment of the service fees and the manner in which monies raised from the service are utilized where the consumption of service is measured take reasonable steps to ensure that the consumption by individual consumers of services is measured through accurately and verifiable metering services ensure that persons liable for payments receive regular and accurate accounts which indicates the basis for calculation the amounts due provide accessible mechanisms for those persons to query or verify accounts and metered consumption as well as appeal procedures which allow such persons to receive prompt redress for in accurate accounts provide accessible mechanisms for dealing with complaints from such persons together with prompt replies and corrective action by the municipality
- provide mechanisms to monitor the response time and efficiency in complying with the aforementioned requirements; and provide accessible pay points and other mechanisms for settling accounts for making prepayments for services.

SECTION 96: DEBT COLLECTION RESPONSIBILITY OF MUNICIPALITIES

A municipality: -

must collect all money that are due and payable to it subject to the requirements of this Act and any other applicable legislation; and for this purpose, must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariffs policies and which complies with the provisions of this Act.

SECTION 97: CONTENTS OF POLICY

The municipality's credit control and debt collection policy must provide for –

- credit control procedures and mechanisms
- debt collection procedures and mechanisms
- provision for indigent debtors in a manner consistent with its rates and tariff policies and any national policy on indigents;
- realistic targets consistent with generally recognized accounting practices and collection ratios and the estimated of income state in the budget less an acceptable provision for bad debts
- interest on arrears (where appropriate)
- extensions of time for payment of accounts
- termination of services or the restriction of the provision of services when payments are in arrears matters relating to unauthorized consumption of services theft and damages; and any other matters that may be prescribed by regulation in terms of the present Act.

SECTION 98: BY-LAWS TO GIVE EFFECT TO POLICY

The municipality within its discretionary powers may differentiate in its credit control and debt collection policy between different categories of ratepayers, users of services, debtors, taxes, services standards and other matters and if so must ensure that such differentiation does not amount to unfair discrimination.

SECTION 99: SUPERVISORY AUTHORITY

A municipality's executive mayor or executive committee as the case may be or if the council of the municipality does not have an executive committee or executive mayor the council of the municipality must: -

- oversee and monitor the implementation and enforcement of the municipality's credit control and debt collection policies and any by-laws enacted in terms of the foregoing requirements and the performance of the municipal manager in implementing the policies and by-laws
- where necessary evaluate or review the policies and by-laws and the implementation of such policies and by-laws in order to improve the efficiency of its credit control and debt collection mechanisms, processes and procedures; and
- at such intervals as may be determined by the council report to a meeting of the council except when the council itself performs the duties of the supervisory authority

SECTION 100: IMPLEMENTING AUTHORITY

The municipal manager, or where applicable the service provider must - implement and enforce the municipality credit control and debt collection policies and by-laws enacted in terms of foregoing requirements in accordance with the credit control and debt collection policy and any by-laws establish effective administrative mechanisms, processes and procedures to collect money due and payable to the municipality; and at such intervals as may be determined by the council report the prescribed particulars to a meeting of the supervisory authority referred to previously.

SECTION 101: MUNICIPALITY'S RIGHT OF ACCESS TO PREMISES

The occupier of premises in a municipality must give an authorized representative of the municipality or of a service provider access at all reasonable times to the premises in order to read inspect install or repair any meter or service connection for reticulation or to disconnect or the provision of any service.

SECTION 102: ACCOUNTS

Except where there is a dispute between the municipality and the person from whom the municipality has claimed any specific amount a municipality may - consolidate any separate account of such person credit a payment by such a person against any account of that person and implement any of the debt collection and credit control measure provided for in relation to any arrears on any of the accounts of such a person.

SECTION 103: AGREEMENT WITH EMPLOYEES

A municipality may within its discretionary powers but with the consent of any person liable to the municipality for the payment of rates or other taxes or fees for municipal services enter into an agreement with such person's employer to deduct from the salary or wages of such person any outstanding amounts due by such person to the municipality of such regular monthly amounts as may be agreed to. The municipality may further within its discretionary powers provide special incentives for employers to enter into such agreements and for employees to consent to such agreements.

SECTION 118: RESTRAINT ON TRANSFER OF PROPERTY

The registrar of deeds or any other registration officer of immovable property may not register the transfer of any property other than on the production to such registration officer of a prescribed certificate issued by the municipality in which such property is situated and which certifies that all amounts due in connection with such property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties during the two years preceding the date of application for the certificate have been fully paid. A municipality may recover as far as is practicable all amounts due to it for municipal service fees, surcharges on fees, property rates and other municipal taxes, levies and duties in preference to any mortgage bonds registered against any property which is to be transferred.

CODE OF CONDUCT FOR THE MUNICIPAL STAFF MEMBERS

Paragraph 10 of this code of conduct stipulates that if any staff member of a municipality is in arrears to the municipality for rates and services charges for a period longer than 3 months the

municipality may deduct any outstanding amounts from such staff member's salary after this period.

CODE OF CONDUCT FOR COUNCILLORS

Section 6A of this code reduces councillors to pay all rates tariffs rents and other moneys due to the municipality promptly and diligently. The municipal manager is further required to notify the speaker of the council and the MEC for local government in writing whenever a councillor has been in arrears with any of these payments for a period exceeding 30 days.

SECTION III: LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003

SECTION 64: REVENUE MANAGEMENT

The accounting officer of the municipality is responsible for the municipality revenues and must for this purpose take all reasonable steps to ensure –

- that the municipality has effective revenue collection systems consistent with Section 95 of the Municipal System Act and the municipality's credit control and debt collection policy that revenue due to the municipality is calculated on a monthly basis
- that accounts for municipal taxes and charges for municipal services are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical
- that all money received is promptly deposited in accordance with the requirements of this Act into the municipality's primary and other bank accounts
- that the municipality has maintains a management, accounting and information system which recognizes revenue when it is earned, accounts for debtors and accounts for receipt of revenue
- that the municipality has and maintains a system of internal control in respect of debtors and revenues as may be prescribed
- that the municipal charges interest on arrears, except where the council has granted exemptions in accordance with its budget-related policies and within a prescribed framework; and
- that all revenue received by the municipality including revenues received by any collecting agent on its behalf is reconciled at least on a weekly basis.

The accounting officer must immediately inform the National Treasury of any payments due by an organ of state to the municipality in respect of municipal taxes or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

NOTE: SECTION 164: FORBIDDEN ACTIVITIES

Section 164(1) (c) lists as a forbidden activity by a municipality activity of loans to councillors or officials of a municipality and directors or officials of any municipality entity and members of the public. It has been assumed for purposes of compiling the credit control and debt collection policy that allowing any party to pay off arrears of rates and municipal services charges is not tantamount to the making of a loan in terms of Section 164.

SECTION IV: LOCAL GOVERNMENT: MUNICIPAL PROPERTY RATES ACT NO. 6 OF 2004

SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS

If the rates owed by a property owner are unpaid by due date the municipality may recover such rates either in whole or in part from any tenant or occupier of the property concerned. However, the tenant or occupier of the property must first be given written notice of the municipality's intentions and the amount which the municipality may recover is limited to the amount of rent and other moneys due and unpaid by the tenant or occupier to the property owner concerned.

SECTION 29: RECOVERY OF RATES FROM AGENTS

If it is more convenient for the municipality to do so it may recover the rates due on a property either in whole or in part from the agent of the property owner concerned. However, the agent must first be given written notice of the municipality's intention and the amount the municipality may recover is limited to the amount any rent and other moneys received by the agent on behalf of such property owner less any commission due to the agent.