



MANGAUNG

LOCAL MUNICIPALITY
PLAASLIKE MUNISIPALITEIT
LEKGOTLA LA MOTSE

CREDIT CONTROL POLICY

Approved by Council on 27 November 2003 under item 51A5

CREDIT CONTROL POLICY

1. The Council must ensure that all money, which is due and payable to the Council, is collected and for this purpose, must adopt, maintain and implement a credit control and debt collection policy consistent with its tariff policy and complying with the provisions of the relevant legislation.

2. Credit Control Procedures

(a) Metering

- Credit control and the establishment of collectable debt originates and is critically dependent upon the accurate metering of services consumed and the accurate and timeous billing for such consumption.
- Service metering is the determination of the amount of service rendered to each consumer. This may vary from a pre-determined amount such as sanitary fees or rent, to a variable amount for metered consumption of water and electricity.

(b) Billing

Consumers are presented each month with an account specifying metered consumption of services for the previous month, the amount due in terms of this consumption and the amount due for property tax, rent or any other non-metered service.

(c) Consumers shall deposit with the Municipality an amount equal to the value of expected consumption of services for a two-month period. The Executive Director Finance may, at any time when the deposit is found to be inadequate, require a consumer to increase the deposit to no more than four months' maximum consumption.

(d) Accounts in arrears

If the amount due by a consumer is not paid by the date of payment namely the 15th of each month with regard to the accounts for water, electricity, rates, sanitary fees, or the 7th of each month with regard to the accounts for rent, then the accounts shall be in arrears.

Right to appeal

An appeal in respect of an arrear account must be made in writing and must be addressed to the Executive Director Finance or should be made in person at any paypoint prior to the date of payment of the contested amount.

The obligation of the customer to pay that portion of the arrear account as represented by the items appealed against is suspended until the appeal has been finalized. The customer must however immediately pay the balance of the account together with an amount representing the average cost of the item appealed against, over the preceding three months or an amount determined by the Executive Director Finance.

The customer will however remain due and liable for all other amounts falling due during the period of adjudication of the appeal.

If the appeal is in respect of an item where consumption is measured by a meter, the meter must be tested after payment of the prescribed testing fees. The customer shall be informed in writing of the outcome of the test and his/her account shall be rectified accordingly, if necessary.

(e) Payments in instalments

An arrangement for payment of an arrear amount in instalments will only be entered into if –

the customer is prepared to pay the full amount of the current account and an additional amount towards the arrears;

If a customer defaults in terms of an arrangement made, further arrangements in respect of arrears will be entered into at the discretion of the Executive Director Finance;

(f) Additional measures to facilitate credit control

Community involvement and support by members of Ward Committees to Councillors to inculcate a culture of payment for services.

Consultation with employees and businesses for the implementation of stop order or debit order facilities in the event that customers are employed.

(g) Debt Collection Procedures

(h) While the above-mentioned credit control procedure covers the initial stages of a service account, a debt collection procedure is covering the period thereafter until the arrears have been collected or the debt has been written off.

In respect of persons that are currently in arrear with payment for their service accounts, the following procedure has been approved by Council and has been implemented –

Debtors in arrears are given an option to pay the arrears in instalments payable within a period of 60 months by arrangement with the Council preferably as well as with attorneys acting on behalf of the Council;

A down payment on outstanding debts before instalments are accepted, should be an option and not compulsory;

Payment for the current water and electricity accounts would not be affected by the above-mentioned arrangement and in cases where debtors' electricity supply has been disconnected or the water supply limited (disced), the disconnection or limitation shall remain until the full current account has been paid for three successive months to the Council or its attorneys;

The above-mentioned procedure shall also apply to all debtors;

The pro poor policy will address households that are indigent;

An educational process led by Ward Councillors and official to educate debtors and sensitize them to the instillment of the culture of payment, must be embarked upon on a continuous basis agency;

That the situation be monitored on a continuous basis by the Council and be reviewed from time to time.

Additional measures to facilitate debt collection

- RD cheques
- A payment by cheques which is returned by any financial institution due to a lack of funds, is regarded as non-payment and the supply of services to such a client is discontinued until the amount in arrears is paid in cash together with a reconnecting fee of R61-56 (VAT included) at present.

- Interest
- At present interest is levied only on rates accounts at a rate prescribed in the Local Government Ordinance, 1962.
- Compound interest will be levied on all arrear rates accounts.
- Black Listing
- A black listing procedure must be introduced to prevent the awarding of tenders of goods and services to persons or businesses until all debts owing to Council have been liquidated.
- Sequestration
- Sequestration proceedings should be commenced with in cases where businesses and related consumers committed statutory acts of insolvency.
- Special arrangements for payment of accounts in arrears for businesses or non-residential consumers should be entered into. The foregoing arrangements are in the discretion of the Executive Director Finance. If necessary their deposits should be assessed after disconnection/restriction of services.
- The Council may consolidate any separate accounts of persons liable for payments to the Council, may debit a payment of such a person against any account of that person and may implement any of the credit control and debt collection measures provided for in this policy in relation to any arrears on any of the accounts of such a person.
- The Council may, with the consent of the person liable for payment of rates or other taxes, or charges for municipal services to the Council, conclude an agreement with the employer of that person to deduct any outstanding amounts due by that person, or regular monthly amounts as may be agreed upon, from the salary or wages of that person to deduct any outstanding amounts due by that person, or regular monthly amounts as may be agreed upon, from the salary or wages of that person, In this regard the Council may provide special incentives for employers to enter into such agreements with the Council.
- In terms of this policy debtors are differentiated as follows:
 - Rates and Sanitation
 - Sundry debtors
 - Rental debtors
 - Services debtors
 - **Rates and sanitation**
 - Business and bonded properties
 - Freehold residential properties of high value
 - Freehold residential properties of low value
 - Permit residential properties
 - Sectional title schemes
 - **Sundry debtors**
 - **Rental debtors**
 - **Services debtors**
 - Water

- Electricity
- **Municipal employees**
- **Councillors**
- **National and provincial governments**