



Dr. Beyers Naudé

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DR. BEYERS NAUDÉ LOCAL MUNICIPALITY

CREDIT CONTROL AND DEBT COLLECTION BY-LAW 2024/2025

**APPROVED & ADOPTED
BY COUNCIL ON 23rd
MAY 2024**

(RESOLUTION NO.
SCOUN-079.2/24)

TO BE REVIEWED:

30TH JUNE 2025.

**RESPONSIBLE
ADMINISTRATION UNIT:
REVENUE AND CREDIT
CONTROL
DIRECTORATE FINANCIAL
SERVICES**

**DR. E.M RANKWANA:
MUNICIPAL MANAGER**

DR BEYERS NAUDÉ MUNICIPALITY
CREDIT CONTROL AND DEBT COLLECTION BY-LAW

Under the provisions of section 156 of the Constitution of the Republic of South Africa, 1996, the Dr Beyers Naudé Municipality enacts as follows-

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CREDIT CONTROL AND DEBT COLLECTION POLICY

1. Definitions

In this by-law, any reference to the masculine gender includes the feminine and any corporate entity, the singular includes the plural and vice versa and, unless the context otherwise indicates -

"account" means a municipal account rendered specifying an amount or amounts available for rates, metered services, municipal charges, levies, fees, fines, taxes or any other amount or amounts payable arising from any other liability or obligation due to the municipality and "municipal account" has a corresponding meaning;

"account holder" means any person who is due to receive a municipal account, and includes a user of pre-paid electricity or water;

"Act" Act" means the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000)(Municipal Systems Act);

"applicant" means a person who applies for the supply of municipal services;

"arrangement" means a written agreement entered into between the municipality and the debtor where specific repayment parameters are agreed to;

"arrears" means any amount due and payable to the municipality and not paid by the due date and includes collection charges and interest in respect of the principal amount in arrears;

"authorised official" means any official or agent of the municipality who has been authorised by it or delegated by any other official holding such power to delegate, to administer, implement and enforce the provisions of the policy;

"availability charge" means a fixed monthly or annual charge levied against the account holder of immovable property, with or without improvements which is not connected to any municipal service, where such property can be reasonably so connected and which is based

on the cost of providing a municipal service to the premises of the account holder;

"billing" means invoicing on a municipal account to an account holder of an amount or amounts payable for rates, metered services, other municipal charges, levies, fees, fines, taxes, or any other amount or amounts payable arising from any other liability or obligation to the municipality;

"business premises" means premises utilised for purposes other than residential and excludes:

- hospitals, clinics and institutions for mentally ill persons which are operated not for gain;
- museums, art galleries, libraries and botanical gardens which are registered in the names of private persons and are open to the public, whether admission fees are charged or not;
- sports grounds used for the purpose of amateur sports and or any social activities which are connected with such sports;
- any property registered in the name of an institution or organisation which, in the opinion of the municipality, performs charitable work; and
- any property utilised for bona fide church or religious purposes

"consumer" means with effect from 1 July 2015 and with regard to property zoned for residential purposes, the owner of the property shall be regarded as the consumer, irrespective of who the tenant or occupier is, provided that where a lease agreement in respect of such property exists on 1 July 2015, the tenant or occupier shall still be regarded as the consumer until expiration of the agreement, subject to the provisions of paragraphs 4(3) and (4)(4) of the policy;

- a) with regard to any other property, the person who receives or uses municipal services or benefits from such services; and
- b) with regard to municipal property that is leased, the person who receives or uses municipal services or benefits from such services.

"Council" means the municipal council of Dr Beyers Naudé Municipality;

"credit control" means all the functions relating to the collection of revenue including, but not limited to the collection of monies owed to the municipality by ratepayers and the users

of municipal services;

"Credit Control and Debt Collection Policy" means the Credit Control and Debt Collection Policy adopted by council in terms of section 96 of the Local Government Municipal Systems Act No. 32 of 2000

"due date" means the date specified as such on a municipal account for any charges payable and which is the last day allowed for the payment of such charges;

"day / days" means calendar days inclusive of Saturdays, Sundays and public holidays;

"debt" means any monies owing to the municipality in respect of the rendering of municipal services, and includes monies owing in regard to property rates, housing, motor vehicle registration and licensing, terminated leases, and any other outstanding amounts, inclusive of any interest thereon, owing to the Municipality;

"debtor" means any person owing the municipality any amount of money;

"debt collection" means the activity to collect monies owed by a debtor;

"debt collection agent" means a debt collector or attorney appointed by the municipality to collect rates and service charges on its behalf;

"debt impairment allowance" means an irrecoverable amount, calculated on the billing debtors as at 30 June of the current financial year, by which the debtors' balance is reduced in the Annual Financial Statements;

"default"—

- (a) if, at the end of a financial year of the municipality, an owner owes the municipality any amount of money in respect of rates or availability charges; or
- (b) if, after 31 October of a year, an owner is in arrears with payment of rates; or
- (c) where an owner is in arrears for a period of 60 days or more with payments for availability charges;

“defaulter” means any person owing arrear monies to the municipality in respect of taxes and any services;

“due date” means the final date as shown on the municipal account, on which payment must be made and received by the municipality;

“estimated consumption” means the deemed consumption of a customer, that was not measured for the specific period, but estimated by taking into account factors that are considered relevant by the Municipality and which may include consumption data for a specific time in its possession and where applicable, having made due allowance where possible for seasonal or other variations which may affect consumption;

“financial year” means the period from 1st July until 30th June of each year;

“illegal practises” any practise or trade exercised on premises which is in contravention of any National or Provincial legislation or any by-laws or regulations of the Municipality;

“indigent ” means a person or household as contemplated in the Indigent Policy of Dr Beyers Naudé Municipality;

“indigent debtor” means:

- the head of an indigent household who applied for and has been registered as indigent for the provision of free basic services from the Municipality in terms of the Municipality's Indigent Policy; and
- orphaned minor children duly represented by their legal and/or de facto guardians.

“Indigent Policy” means the Indigent Policy adopted by the Council of the Municipality.

“interest” means a rate of interest equal to the prime rate as determined by the Reserve Bank of South Africa plus a percentage determined by council annually during the budget process;

“month” means one of 12 months of a calendar year;

"municipal account" means an account rendered on which is billed an amount or amounts payable to the municipality for rates, metered services, other municipal charges, levies, fees, fines, interest, taxes or any other amount or amounts payable arising from any other liability or obligation;

"Municipality" means the Municipality of Beyers Naudé and includes the Council, a committee, councillor, duly authorized agent thereof or any officer thereof acting in connection with this policy by virtue of a power vested in the municipality and delegated or sub-delegated to such committee, councillor, agent or officer;

"Municipal Manager" means the person appointed by the municipality in terms of Section 54A of the Act and includes any person:

- a) appointed by the municipal council to act as municipal manager; and
- b) to whom, in terms of the Delegations Register, the Municipal Manager has delegated any power, function or responsibility in as far as it concerns the execution of those powers, functions or duties;

"municipal services" means the services as defined in section 1 of the Act, and includes a function or a combination of functions listed in Schedules 4B and 5B of The Constitution of the Republic of South Africa, 1996, and any other service rendered by the municipality;

"occupier" means any person who occupies any premises or part thereof without regard to the title under which that person occupies, and includes -

- a) any person in actual occupation of such premises;
- b) any person legally entitled to occupy such premises;
- c) in the case of such premises being subdivided and let to lodgers or various tenants, the person receiving the rent payable by such lodgers or tenants whether for the person's own account or as agent for any person entitled thereto or interests therein;
- d) any person having the charge or management of such premises, and includes the agent of any such person when he is absent from the Republic or his whereabouts are unknown;
- e) the owner of such premises; and

f) the organ of state in relation to public service infrastructure.

"officer" means an employee of the municipality or any other person who is specifically authorized thereto by the municipality to perform any act, function or duty in terms of, or exercise any power under this policy;

"owner" means -

- a) a person in whom the legal title to a premises is vested;
- b) in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- c) in the case where the municipality is unable to determine the identity of the person in whom the legal title is vested, the person who is entitled to the benefit of such premises or a building thereon;
- d) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof;
- e) in relation to -
 - i. a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act 95 of 1986), and without restricting the above, the developer or the body corporate in respect of the common property; or
 - ii. a section as defined in such act, the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such a person;
- f) any legal person including, but not limited to -
 - i. a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a Closed Corporation registered in terms of the Closed Corporation's Act, 1984 (Act 69 of 1984), or a voluntary association;
 - ii. any organ of State;
 - iii. any Council or Board established in terms of any legislation applicable to the Republic of South Africa; and
 - iv. any Embassy or other foreign entity; and
- g) a lessee of municipal property, the person who enjoys the benefits of the property and who entered into a lease agreement with the municipality;
- h) any owner as defined in the Local Government: Municipal Property Rates Act, 2004;

"person" includes a natural and juristic person, any industrial or commercial undertaking and any organ of state;

"policy" means the Credit Control and Debt Collection Policy of the Municipality

"premises" means any portion of land within the area of jurisdiction of the municipality, the external surface boundaries of which are demarcated on -

- a) a general plan or diagram registered in terms of Land Survey, Act of 1927 (Act 9 of 1927) or in terms of the Deeds Registry Act of 1937 (Act 47 of 1937); or
- b) a sectional plan registered in terms of the Sectional Titles Act, 1986 (Act 95 of 1986) and which is situated within the area of jurisdiction of the municipality; and
- c) includes any other land and any building or structure above or below the surface of any land;

"prescribed debt" means debt that becomes extinguished by prescription in terms of Prescription Act No. 68 of 1969;

"property" means—

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure;

"rates" means any tax, duty or levy imposed on property by the Municipality, including but not limited to, the municipal property rates envisaged in section 229(1) of the Constitution of the Republic of South Africa, No. 108 of 1996;

"registered owner" means that person, natural or juristic, in whose name the property is registered in terms of the Deeds Registry Act, No. 47 of 1937.

"responsible person" means any person other than the registered owner of an immovable property who is legally responsible for the payment of municipal service charges.

"revenue" means all monies due to the municipality and to which the municipality has the right to exact and to enforce payment of, irrespective of the reason for or the origin of its factuality;

'services agreement' means a service agreement referred to in paragraph 9 of this policy;

"standard rate of interest" means a rate of interest equal to the prime rate as determined by the Reserve Bank of South Africa plus a percentage determined by council annually during the budget process;

"sundry debtors account" means accounts raised for miscellaneous charges for services provided by the Municipality or charges that was raised against a person as a result of an action by a person and which was raised in terms of Council's policies, by-laws and decisions;

"tariff" means any rate, tax, duty and levy or fee which may be imposed by the Municipality for services provided either by it or in terms of a service delivery agreement

"tariff policy" means the Tariff Policy adopted by the Council in terms of the Section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000;

"tampering" means any unauthorized interference with the municipality's supply, seals and metering equipment and **"tamper"** has a corresponding meaning;

"unreliable customer" includes an account holder, who according to his payment record, fails to settle his municipal account by the due date or who is in arrears with payments due to council or who tampers or interferes with metering equipment, seals or the supply of municipal services;

"user" means the owner or occupier of a property or account holder of an account in respect of which municipal services are being rendered;

"water demand management meter" means a meter designed to manage the water consumption or needs of a residential property.

“working day” means a calendar day, excluding Saturdays, Sundays and public holidays.

2. Duty to collect debts

All debt owing to the municipality must be collected in accordance with this by-law and the policy.

3. Provision of services

New applications for services and the provision of new services must be dealt with as prescribed in the policy.

4. Consumer services deposit

The municipality shall require the payment of a deposit for the provision of services and any adjustment to the basic deposit will be determined by the debtor's municipal payment record.

5. Interest charges

The Municipality must charge and recover interest in respect of any arrear debt, as prescribed by the policy.

6. Arrangements to pay arrears

6.1 The municipal manager may make arrangements with a consumer to pay any arrear debt under conditions as prescribed in terms of the policy.

6.2 Should any dispute arise as to the amount of the arrear debt, the consumer must nevertheless continue to make regular payments in terms of the arrangement until such time as the dispute has been resolved.

7. Agreement with employer

7.1 The municipal manager may—

- (a) with the consent of a consumer who is in arrears with payments, enter into an agreement with that person's employer to deduct from his or her salary or wages—
 - (i) any outstanding amounts due by the consumer to the municipality; or
 - (ii) regular monthly amounts as may be agreed; and

- (b) provide special incentives for (i) employers to enter into such agreements; and (ii) consumers who consent to such agreements.

8. Power to restrict or disconnect supply of services

8.1 The municipality may restrict or disconnect the supply of any service to any premises whenever such consumer—

- a) fails to make payment on the due date;
- b) fails to comply with an arrangement;
- c) fails to comply with a condition of supply imposed by the municipality;
- d) damages the infrastructure of the municipality for the supply of such service or tampers with any meter used regarding that service.

8.2 The municipality may re-connect the restricted or discontinued services only—

- a) after the arrear debt, and all costs as prescribed in the policy have been paid in full and any other conditions have been complied with; or
- b) after an arrangement with the consumer has been concluded for payment of the amounts contemplated in sub paragraph (a); and
- c) payment by the consumer of all levies as determined in the municipality's Tariff Policy with regard to tampering of damaging of metering equipment.

8.3 The municipality may restrict, disconnect or discontinue any service in respect of any debt in arrears.

9. Recovery of debt

9.1 Subject to section 7, the municipal manager must, with regard to rates, and may, with regard to debt—

- (a) by legal action recover any debt;
- (b) recover debt from any organ of state with due consideration of the provisions of Chapter 3 of The Constitution of the Republic of South Africa, 1996; and
- (c) may refer debt to third party debt collection agencies.

10. Recovery of costs

10.1 Where costs are incurred by or on behalf of the municipality in order to recover monies owed to it, the municipal manager may recover such costs, including but not limited to—

- (a) costs and administration fees where payments made to the municipality by negotiable instruments are dishonored by banks when presented for payment;
- (b) legal and administration costs, including attorney-and-client costs and tracing fees incurred in the recovery of debts;
- (c) restriction, disconnection and reconnection fees, where any service has been restricted or disconnected as a result of non-compliance with this by-law;
- (d) any losses the municipality may suffer as a result of tampering with municipal equipment or meters; and (e) any collection commission incurred.

11. Attachment

The municipal manager may, in order to recover debt, approach a competent court for an order to attach movable or immovable property of a consumer.

12. Full and final settlement payments

12.1 Any amount tendered in defrayment of a debt, shall be accepted at any cash receiving office of the municipality.

12.2 No offer of payment in full and final settlement of a debt, when such amount is less than the outstanding amount may be accepted, unless confirmed in writing by the municipal manager.

12.3 Notwithstanding paragraph 12.2, the payment so offered must nevertheless be credited against the consumer's account, without prejudice to the municipality's rights.

13. Consolidation of accounts and appropriation of payments

13.1 The following steps shall apply in accordance with Section 102 of the Act—

- (a) any separate accounts of persons liable for payments to the municipality may be consolidated at the sole discretion of the municipality;
- (b) a payment by such a person may be credited against any account of that person; and

- (c) any of the debt collection and credit control measures provided for in this policy may be implemented in relation to any arrears on any of the accounts of such a person.

13.2 Paragraph 13.1 shall not apply where there is a dispute between the municipality and a person referred to in those subsections concerning any specific amount claimed by the municipality from that person.

14. Indigent support

Financial assistance may be granted by the municipality to a person that meets the criteria as laid down in the Indigent Policy of the municipality.

15. Delegation

The municipal manager may delegate his or her powers in terms of this by-law to any official or service provider of the municipality.

16. Clearance certificates

On the sale of any property the municipality shall issue the required clearance certificates as prescribed in the policy.

17. Appeal

A person whose rights are affected by a decision of the municipality in terms of delegated powers, may appeal against that decision by giving written notice of the appeal and the reasons therefor in terms of section 62 of the Local Government: Municipal Systems Act, Act 32 of 2000 to the municipal manager within 21 days of the date of the notification of the decision.

18. Offences and penalties

18.1 A person who—

- (a) obstructs or hinders any councilor or official of the municipality in the execution of his or her duties under this by-law or the policy;
- (b) unlawfully uses or interferes with municipal equipment or consumption of services supplied;
- (c) tampers with any municipal equipment or breaks any seal on a meter or damages a meter;
- (d) fails to comply with a notice served in terms of this by-law or the policy;

(e) refuses an official of the municipality access to any premises; or

(f) gives false information regarding the supply of services or with regard to an application for assistance as an indigent;

shall be guilty of an offence and on conviction liable to the payment of a fine or imprisonment or to such imprisonment without the option of a fine or to both such fine and such imprisonment.

19. Repeal of by-laws

The provisions of any by-laws of the municipality (including the disestablished municipalities that now form part of the new Dr Beyers Naudé Municipality) relating to credit control and debt collection are hereby repealed insofar as they relate to matters provided for in these by-laws.

20. Short title and commencement

This by-law shall be known as the Credit Control and Debt Collection By-law and shall come into effect on the date of publication.

Policy to be attached as Schedule.