



CREDIT CONTROL AND DEBT COLLECTION POLICY

2026/27

PREAMBLE

Whereas sections 152(1)(b), 153(a) and 195(1) of the Constitution of the Republic of South Africa require local government to ensure the provision of services to communities in a sustainable manner whilst promoting the social and economic development of the community and in doing this, it must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community. The Municipality has an obligation to do this by observing the constitutional values enshrined in the Constitution by providing for the efficient, economic and effective use of the resources and providing services in an impartial, fair and equitable manner without bias.

A municipality may impose rates on property and surcharges on fees for services provided by or on behalf of the municipality. Further, in terms of sections 4(1), 5(1)(g) read with subsection (2)(b) and Chapter 9 of the Local Government: Municipal Systems Act the local community has the right to have access to services provided by the Municipality provided that the fees, tariffs, surcharges on fees, other taxes and levies imposed by the Municipality for such services are paid promptly. In ensuring that these fees, taxes and levies are paid promptly, the Municipality has a customer care and debt collection responsibility.

PURPOSE

The purpose of this Policy is to:

- 1.This Policy aims to establish a framework for the Municipality's credit control procedures and mechanisms and debt collection procedures and mechanism, which is consistent with the Act, The Municipal Systems Act (especially section 97) and other applicable legislation.
- 2.Ensure that all money that is due and payable to the Municipality is collected and utilized to deliver municipal services in a financially sustainable manner to the best advantage of the community, residents and ratepayers, as prescribed in the Municipal Systems Act, 2000.
- 3.Ensure that the Municipality develops credit control procedures and mechanisms which are consistent, fair and effective for all its owners.

REGULATORY FRAMEWORK

This Policy is guided by the following legislative framework:

1 The Local Government: Municipal Finance Management Act 56 of 2003 (and applicable Regulations)

2 The Local Government: Municipal Systems Act 32 of 2000 (and applicable Regulations)

3 Local Government: Municipal Property Rates Act 6 of 2004 (and applicable Regulations)

4 The Constitution of the Republic of South Africa, 1996

5 The Municipality's other policies such as the procurement, indigent and budget policies.

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1 Definitions

In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and:

1.1 "Account" means a written statement of account for the provision of municipal services, rates, sundry charges and other charges, addressed to a person liable for payment thereof;

1.2 "Act" means the Local Government: Municipal Finance Management Act 56 of 2003;

1.3 "Accounting Officer" means the Municipal Manager of the Municipality appointed in terms of section 82 of the Municipal Structures Act and the head of administration and accounting in terms of section 55 of the Municipal Structures Act;

1.4 "Arrears" means any amount which is due, owing and payable and which remains unpaid by due date;

1.5 "Chief Financial Officer or his delegate" means an officer of the Municipality, designated by the Accounting Officer to be administratively in charge of the financial affairs of the Municipality;

1.6 "Consolidated account" means the one combined account that is rendered for all municipal services provided by the Municipality reflecting municipal service fees, charges, surcharges on fees, property rates, sundry charges and other municipal taxes, levies and duties and all consolidations in terms of section 102 of the Act;

1.7 "Council" means the Municipal Council of the Municipality;

1.8 "Cost" means the amount of cash or cash equivalents paid, including any directly attributable costs of bringing the asset to working condition for its intended use or its fair value, at the date an asset is acquired, contributed or gifted;

1.9 "Credit authority" means any arrangement recorded in writing and signed by an authorised official of the Municipality and a customer for the payment of any arrears in instalments;

1.10 "Credit control" means all the functions with regard to the collection of money owed in respect of municipal services, rates and basic fees payable by the owner;

1.11 "Debt" means a monetary liability or obligation created by a financing agreement, bond or overdraft, or by the issuance of municipal debt instruments; or a contingent liability such as that created by guaranteeing a monetary liability;

1.12 "Deemed owner" means the occupant of a property previously governed by the repealed Administration of Black Estates Act, where the estate has not been finalised. Such occupant will be regarded as the deemed owner for the purposes of payment of a consolidated municipal account for that property. "Deemed ownership" does not confer any rights on the occupant other than the liability to pay the account and the possibility of a benefit from the Municipality's programmes to assist the poor;

- 1.13 “Defaulter” means any customer whose account with the Municipality is in arrears;
- 1.14 “Depreciable amount” means the cost of an asset or other amount substituted for cost in the financial statements, less its residual value;
- 1.15 “Due date” means the date on which an account becomes payable and in the absence of a written agreement between the Municipality and the owner in respect of the due date, it is the date indicated on the consolidated account determined as the last date on which the account must be paid;
- 1.16 “Emoluments attachment order” means an order of a court of competent jurisdiction to deduct a certain amount from an owner’s salary;
- 1.17 “Financial year” means the period that commences 01 July -30 June
- 1.18 “Implementing Authority” means the Accounting Officer or his nominee acting in terms of section 100 of the Municipal Systems Act.
- 1.19 “Interest” means the prime rate of interest charged by the Municipality’s bankers on its primary bank account, as amended from time to time, plus 1%;
- 1.20 “Municipal entity” has the meaning assigned to it in section 1 of the Municipal Systems Act;
- 1.21 “Municipality” means Uzumbe Local Municipality.
- 1.22 “Municipal services” means any services delivered by the Municipality or an authorised service provider, which are available or which must be applied for or which are supplied or for which provision has been made, and in respect of which the Municipality is entitled to charge a fee or tariff, which is payable by the owner – “service” will have the corresponding effect.
- 1.23 “Municipal Structures Act” means the Local Government: Municipal Structures Act 32 of 2000;
- 1.24 “Municipal Systems Act” means the Local Government: Municipal Systems Act 32 of 2000;
- 1.25 “Official” means an employee of the Municipality;
- 1.26 “Overdue account” means any money overdue and payable by an owner in respect of an account, which has not been paid in full by due date;
- 1.27 “Owner” means
- (1) any natural person, including but not restricted to a legal entity, a registered company registered in terms of the Companies Act 61 of 1973, a trust, closed corporation registered in terms of the Closed Corporations Act 69 of 1984, any government department, council established in terms of South African legislation, an embassy or any foreign entity in whose name the title deed to the property is registered with the Registrar of Deeds.
- (2) an owner in a Sectional Title Scheme who owns in addition to the residential unit, a garage, parking, granny flat or storage room, on separate Title, is deemed to be the owner of one property;

- (3) an owner of two or more properties which are notarially tied to each other, is deemed to be the owner of one property;
 - (4) the administrator of the body corporate of the sectional title scheme where the common property of a sectional title scheme is at issue and there are no elected trustees of the body corporate;
 - (5) the administrator, where the owner of the building is a mental health care user as defined in section 1 of the Mental Health Act 17 of 2002;
 - (6) the business rescue practitioner, where the owner of the building has been placed under business rescue;
 - (7) the managing agent, where the owner of the building is absent from the Republic of South Africa or where the Municipality has, after reasonable attempts, not been able to determine his or her whereabouts;
- 1.(28) every person who is entitled to occupy or use a building, or who does occupy or use a building, where:
- (a) the owner of the building is absent from the Republic of South Africa;
 - (b) the Municipality has, after reasonable attempts, not been able to determine the whereabouts of the owner of the building; and
 - (c) there is no managing agent
 - (d) trustees and beneficiaries jointly, in the case of property in a trust;
 - (e) an executor or administrator, in the case of property in a deceased estate.
- (f) trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
 - (g) a judicial manager, in the case of a property in the estate of a person under judicial management
 - (h) a curator, in the case of property in the estate of a person under curatorship;
 - (i) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude, as joint owner together with the registered owner;
 - (j) a lessee, in the case of a property that is registered in the name of the Municipality and is leased by it; or
 - (k) a buyer or a developer, in the case of a property that was sold by the Municipality and of which possession was given pending registration of ownership in the name of the buyer, beneficiary, or a developer;
 - (l) a fideicommissary as joint owner together with the fiduciary;
 - (m) Ingonyama Trust, in respect of the land vested in the Ingonyama Trust by virtue of the Ingonyama Trust Act of 1994;

(n) the National Government of the Republic of South Africa, in the case of a property that is registered in the name of a deregistered company or close corporation and where ownership thereof has accrued to the state by operation of law (bona vacantia); and

(o) an owner of the property in the name of any other juristic person not mentioned in this definition of an owner.

“Premises” means any portion of the land, surface boundaries of which have been registered by means of a general plan or diagram in terms of the Land Survey Act 9 of 1927 or the Deeds Registries Act 47 of 1937, or a sectional title plan registered in term of the Sectional Titles Act 95 of 1986 and situated within the Municipality’s area of jurisdiction;

1.29 “**Rates**” means the rates levied on a in terms of the Municipal Rates Act, expressed as cents in the rand;

1.30 “**Revenue Clearance Certificate**” means a certificate of the kind referred to in Section 118(1) of the Municipal Systems Act;

1.31 “**Sundry charge**” means an amount charged to a customer which is not directly linked to a property and includes but is not limited to–

- (1) charges arising from damage to municipal property and equipment;
- (2) monies owed for municipal services other than rates, water, electricity and sanitation;
- (3) monies awarded to the Municipality through court orders and judgments; and
- (4) fines,

1.32 “Supervisory authority” means the executive committee, or if the Municipality does not have an executive committee, the executive mayor or, if the Municipality does not have an executive committee or executive mayor, the Council itself or a committee appointed by it, as the supervisory authority as defined in section 99 of the Municipal Systems Act;

2 Introduction

2.1 The Municipality will be able to develop the local economy and deliver services of an acceptable standard to its community only if the services that are rendered by the Municipality are fully paid for.

2.2 This Policy must be read with the Municipality’s Indigent, Tariff and Rates Policy. The implementation of this Policy shall be subject to and consistent with the Municipality’s provision or indigent debtors in its Indigent Policy as well as its rates and tariff policies and any national policy on indigents.

2.3 In terms of section 98 of the Municipal Systems Act the Municipality has to adopt by-laws to give effect to this Policy, its implementation and enforcement. By-laws may differentiate between different categories of ratepayers, users of services, debtors, taxes, services, service standards and other matters as long as the differentiation does not amount to unfair discrimination.

3 Role and responsibilities of Accounting Officer

3.1 In terms of section 62(1)(f)(iv) of the Act and section 100 of the Municipal Systems Act the Accounting Officer shall be responsible for the implementation of this Policy and therefore also for the following:

- (1) ensuring that an effective accounting system is maintained;
- (2) ensuring that the Municipality has an effective revenue collections system consistent with section 95 of the Municipal Systems Act and this Policy;
- (3) that accounts for municipal tax and charges for municipal services are prepared on a monthly basis and issued to the owners;
- (4) payment of accounts claims on due date;
- (5) allocation of payments received;
- (6) collection of overdue money;
- (7) ensuring that all revenue received by the Municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis;
- (8) provision of alternative payment methods;
- (9) determining credit control and debt collection measures;
- (10) determining all relevant procedures of work, inter alia for instalment arrangements, issuing of summonses, attachment of assets, in execution, writing-off debts, diverse debtors and legal proceedings.
- (11) instructing attorneys to proceed with legal proceedings;
- (12) appointment of personnel to give effect to the Policy and by-law;
- (13) ensuring that the Municipality has and maintains an internal control measures in respect of debtors;
- (14) monitoring contracts with service-providers in respect of credit control and debt collection; and
- (15) immediately informing the National Treasury of any payments due by an organ of state to the Municipality in respect of municipal tax or for municipal services, if such payments are regularly in arrears for periods of more than 30 days.

- 3.2 The Accounting Officer may delegate any of these responsibilities to the Chief Financial Officer. Delegations do not absolve the Accounting Officer from his responsibility for the implementation of the Policy
- 3.3 The Accounting Officer must report monthly to Council on the steps that have been taken in terms of the Policy.
- 3.4 Although the Accounting Officer shall be responsible for the implementation of the Policy, all Officials are co-responsible for supporting and promoting the Policy.

4 Role and responsibility of the supervisory authority

- 4.1 The supervisory authority shall be responsible to
 - (1) oversee and monitor:
 - (a) the implementation and enforcement of the Policy and any by-laws enacted in terms of section 98 of the Municipal Systems Act; and
 - (b) the performance of the Accounting Officer in implementing the Policy and any by-laws
 - (2) when necessary, evaluate or review the Policy and any by-laws, or the implementation of the Policy and any such by-laws, in order to improve efficiency of its credit control and debt collection mechanisms, processes and procedures; and
 - (3) 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 supervisory authority.

5 Role and responsibilities of Councilors

- 5.1 The role and responsibilities of Councilors in respect of the Policy shall be to:
 - (1) approve budgets in accordance with the needs of the communities, ratepayers and residents;
 - (2) determine rates, service tariffs, levies, fees, fines in order to finance the budget
 - (3) devote sufficient funds to give to poor households' access to basic services in accordance with the Municipality's Indigent Policy
 - (4) provide for uncollectable debt that is in proportion to the recovery percentage of money payable and owing to the Municipality;
 - (5) approve the format of reporting on credit control and debt collection to the Municipality;
 - (6) set realistic goals for debt collection every year in consultation with the Accounting Officer;
 - (7) consider and approve by-laws to give effect to the Municipality's Policy;

- (8) review and adjust the budget, if collection objectives are not met;
- (9) approve a list of suitably qualified service-providers who can act on behalf of the Municipality in the collection of debt and the legal aspects arising from it;
- (10) make available sufficient capacity for credit control and debt collection in the Municipality's Financial Directorate, or alternatively appoint service-providers for this purpose;
- (11) assist the Accounting Officer in the performance of his duties when requested to do so;
- (12) devote sufficient funds for the appointment and training of credit control personnel;
- (13) monitor the enforcement of the Policy in terms of section 99 of the Municipal Systems Act.

5.2 To ensure the credibility of the Municipality in the enforcement of this Policy, Councilors shall on approval of this Policy undertake not to allow their own municipal accounts to become overdue.

6 Duties and functions of Councilors

- 6.1 The duties and functions of Councilors in respect of the Policy shall be to:
- 6.2 support the Municipality's policies and to inform residents and ratepayers of policies
- 6.3 support and respect the Code of Conduct for Councilors;
- 6.4 operate ward committees in terms of the roles and functions as approved by the Municipality.
- 6.5 encourage ward committees to promote this Policy and at the same time, to ensure that the Municipality's customer care service is of an acceptable standard.

7 Duties and functions of communities, ratepayers and residents

- 7 The duties and functions of communities, ratepayers and residents shall be to
- (7.1) fulfil their responsibilities arising from the privilege and right to make use of public facilities and municipal services;
- (7.2) in terms of section 118 (3) of the Municipal Systems Act an amount due for municipal service fees, surcharge on fees, property rates and other municipal taxes, levies and duties is a charge upon the property in connection with which the amount is owing and enjoys preference over any mortgage bond registered against the property;

- (7.3) accordingly, all such municipal debts shall be payable without prejudice to any claim which the Municipality may have;
- (7.4) where the property is owned by more than one person, each such person shall be liable jointly and severally, the one paying the other to be absolved, for all municipal debts charged on the property;
- (7.5) all services shall form part of the property debt, payable by the owner of the property.
- (7.6) pay the service fees, property rates, levies and charges imposed by the Municipality on or before the due date;
- (7.7) comply with the Municipality's mechanisms and processes in the exercising of their rights;
- (7.8) allow municipal officials on their premises in the performance of their duties;
- (7.9) refrain from tampering with municipal services and property;
- (7.10) obey the Municipality's by-laws and other legislation.

8 Expected debtors' payment levels

8.1 The Municipality shall attempt to ensure that a 100% payment level is achieved and maintained for the current and future financial years in respect of money owing to the Municipality, excluding the balance of monthly accounts payable by indigent cases.

8.2 The longer-term objective shall be **a 30 days' debtor turnover**, which means that debtors shall be expected to pay their accounts by last working day of the month in the accounts being rendered.

9 Enforcement of this policy

9.1 This Policy shall be applicable in the whole area of jurisdiction of the Municipality.

9.2 The Municipality shall reserve the right to differentiate between different categories of owners, services and service standards in the enforcement of this Policy, provided that the differentiation does not amount to unfair discrimination.

9.3 The Municipality shall at all times procure an undertaking by owner as follows:

(9.31) that the owner shall be liable for all collection costs, including administration fees, fines for late payment, legal costs, and

(9.3.2) that non-receipt of accounts shall not exempt the owner from his liability for payment of the account or the introduction of credit control processes.

10 Accounts, invoicing and payments

10.1 The Municipality may consolidate any separate accounts of persons liable for payments to the Municipality;

10.2 The Municipality must provide an owner of a property in its jurisdiction with copies of accounts sent to the occupier of the property for municipal services supplied to such a property if the owner requests such accounts in writing from the Municipality concerned.

10.3 Every month and annually on the first working day of the month, the Municipality shall render one consolidated account to owners for services rendered or available and for rates levied on the property. If the rates are not consolidated for any reason whatsoever, a separate rates account shall be issued.

10.4 The following particulars shall appear on the account:

- (1) owner's name;
- (2) owner's account number;
- (3) owner's postal address;
- (4) particulars of the erf where the services are rendered;
- (5) the monthly/yearly amount owing in respect of rates;
- (6) the property valuation;
- (7) the amount owing in respect of other service charges;
- (8) the total amount owing and payable;
- (9) the amount overdue, if any;
- (10) the final date on which payment should take place (due date);
- (11) the names of the municipal offices and authorized agents where payments can be made.

10.5 The Municipality shall undertake to mail consolidated accounts to the address specified by the owner. As stated in paragraph 8.2, should an owner not receive an account then the onus shall be on the owner to obtain a copy of the latest account before the due date, according to the tariff as determined. The failure to receive an account does not absolve the owner from liability.

10.6 The owner must notify the Municipality of any change in his address in writing, including an e-mail address and contact details. Notwithstanding the fact that an owner may not have received an account as a result of a failure to notify the Municipality of his

change of address, then such owner shall remain responsible for payment of the account before the due date. A change of address comes into effect from the date on which the notification is received by the Municipality and an acknowledgement of receipt is issued.

10.7 Accounts must be paid in full on or before the due date as indicated on the account. Failure to comply with this clause shall result in debt collection steps being taken against the owner.

10.8 Accounts must be paid at municipal pay points before closing time for the receipt of money on the due date. Electronic transfers must be received in Council's bank account on the last working day of a month. Easy Pay payments must be made by the 25th of a month. Payments are only deemed as received once they have been receipted on Council's Financial System.

10.9 The following payment methods and pay points may be used:

- (1) cash and bank negotiable instrument payments made at the Municipality's offices,
- (2) Easy Pay outlets
- (3) electronic transfers directly into the Municipality's bank account;

10.10 The Accounting officer shall allocate all payments and partial payments as prescribed in clause 15.

10.11 Where any payment made to the Municipality, or its authorized agent, by negotiable instrument or direct debit, is later dishonored by the bank, the Municipality or its authorized agent:

- (1) will recover the Municipality's fee for dishonored negotiable instruments (as set out in the Municipality's tariff of charges) against the account of the customer;
- (2) may regard such an event as default on payment and the account shall be dealt with as an arrear account;
- (3) reserves the right to take legal action on the negotiable instrument or for recovery of arrears.

11 Property valuation

11.1 All properties shall be valued in terms of the Municipal Rates Act with the purpose of levying rates on the property.

12 Rates

- 12.1 Rates shall be levied as prescribed in Municipality's Rates Policy and shall be indicated on the monthly and annual consolidated account or the separate rates account, where applicable.

12.2 Refuse Removal

Refuse removal shall form part of the property debt payable by the owner of the property.

13 Agreement and arrangements for payment of overdue accounts

- 13.1 Debtors may enter into an arrangement to pay arrear debt by signing an acknowledgment of debt where legal proceedings have been implemented against such debtor.
- 13.2 The overdue amount shall be immediately owing and payable if the debtor breaches the acknowledgement of debt.
- 13.3 A debtor who breaches the acknowledgement of debt shall not be permitted to again enter into an acknowledgement of debt or similar agreement with the Municipality.
- 13.4 An acknowledgement of debt shall contain all arrangements for paying off the overdue money. A copy of the acknowledgement of debt must be handed to the

debtor. The original acknowledgement of debt shall be held by the Accounting officer for record purposes.

- 13.5 If the owner is permanently employed, a voluntary emoluments attachments order may be obtained against his salary in terms of section 103 of the Municipal Systems Act provided the owner gives his or her consent. This shall be done in written agreement with that owner's employer.
- 13.6 In the event of a section 118 application for a rates clearance certificate, the arrear outstanding amounts must be secured by a bank guarantee from the seller; if not, an interdict for the recovery of arrears will be lodged by the municipality against the sale of the property.

13.7 Conditions for arrangements- residential customers

In cases where residential debtors wish to make payment arrangements, the following conditions will apply:

- (i) Current charges must be paid in full.
- (ii) The debtor may be required to prove levels of income and must agree to a monthly payment towards arrears based on such debtor's ability to pay or based on such debtor's total liquidity if the Municipality so requires.
- (iii) All negotiations with the debtor should strive to result in an agreement that is in the interests of both parties and is sustainable.
- (iv) Debtors who default on three occasions in respect of arrangements made will be denied the privilege of making further arrangements and the full amount becomes payable.
- (v) All arrangements may be subject to periodic review.
- (vi) Legal action may be taken against debtors referred to in sub-item (v) and such debt may be referred to third party debt collectors, for recovery

13.8 Conditions for Non-residential Debtors

In cases where non-residential debtors wish to arrangements to settle their arrears, the following criteria, inter alia, will apply:

- (i) debtors may be required to furnish the Municipality with their latest audited financial statements and other supporting documentation relevant to their financial position in order to negotiate a settlement arrangement acceptable to the Municipality.
- (ii) all negotiations with debtors should strive to result in an agreement that is in the Municipality's best interests and is sustainable;
- (iii) all arrangements may be subject to periodic review;
- (iv) the final decision to make these arrangements will rest with the Municipal Manager or his delegated official
- (v) Should the debtor default on any arrangement, any agreements may be terminated, and legal action may be taken and such debt may be referred to a third

party for recovery.

13.9 Special Conditions Regarding Arrangements

13.9.1 Where any residential or non-residential debtor has entered into an arrangement with the Municipality in respect of the arrears on a property, the prescribed certificate as referred to in Section 118, of the Systems Act, will not be issued until such time as the full outstanding amount is paid.

13.9.2 The conditions contained in the Municipality's arrangement document, as amended from time to time, will be deemed to form part of the arrangement criteria contained in this Policy.

13.9.3 All debtors entering into arrangements shall provide their banking details, and those who have the facility to sign a debit order with their financial institutions shall do so

Credit Authorities

13.9.4 Customers requiring to pay arrears on their bills over an extended period will be assisted wherever possible. Negotiations will be entered into on an individual case basis once the amount of the initial down-payment and the extension period has been accepted by both parties, an agreement is entered into.

13.9.5 Although each request is treated on its individual merits, minimum guidelines should be compiled and approved.

First Time Request -

Arrear Amount R	Down Payment	Payment Period (Months)
Less than 2000	Full amount	0
2000 to 4000	50% and arrange for balance	3
More than 4000	50% and arrange for balance	6

13.9.6 Requests for consideration beyond these guidelines are to be referred to the Revenue Manager/Chief Financial officer for consideration and approval. The Chief Financial officer on considering the merits of individual cases may act in his/her discretion regarding the writing off or settlement of an account.

13.9.7 Agreement negotiated with companies requires the agreement to be signed by a duly authorised director of same and personal sureties to the value of the debt are also required.

14 Allocation of payments or partial payments

14.1 In accordance with section 102 of the Municipal Systems Act, the Municipality may:

- (1) consolidate any separate accounts of persons liable for payments to the Municipality.
- (2) credit a payment by such a person against any account of that person; and
- (3) implement any of the debt collection and credit control measures provided for in this Policy in relation to any arrears on any of the accounts of such a person.

14.2 Receipt of the full amount owing shall be allocated to the credit of an account in its entirety. If an owner makes a partial payment only on his account, the Accounting officer shall allocate the payment in the under mentioned order:

- (1) sundry debtors / other e.g.: sundry costs, plot clearing etc
- (2) house rent and instalments;
- (3) refuse removal;
- (4) sewerage;
- (5) rates.

14.3 The Municipality's allocation of payment is not negotiable and the debtor may not choose the order of payment in which arrear payments are to be allocated.

15 Dishonoured negotiable instruments

15.1 If an owner presents two dishonored negotiable instrument in any twelve-month period, he shall no longer be allowed to pay by any negotiable instrument, unless it is a bank-guaranteed.

16 Debt collection procedures and mechanisms

16.1 The Municipality shall approve an extension of time for payment of an account only with the approval of the Accounting Officer or his delegated Official. Such extensions shall be permitted only if good cause is shown by the debtor.

16.2 As soon as an amount is due by a debtor, the Municipality shall issue a notice to a debtor stating as follows:

- (1) the amount in arrears that is due;
- (2) requesting the debtor to pay the outstanding amount within 14 days of receiving the notice and a further 14 days of receiving the final notice.
- (3) that the debtor may exercise one of the following options in order to develop and agree on a payment plan that is acceptable to both the debtor and the Municipality:
 - (a) attend at the Municipality's offices;
 - (b) refer the matter to a debt counsellor
 - (c) refer the matter to an alternative dispute resolution agent;
 - (d) refer the matter to the Consumer Court;
 - (e) refer the matter to the Ombuds with jurisdictions in the matter.
- (4) that should acceptable arrangements not be made or should the Municipality receive no response, then the Municipality may file the details of the debtor's default and its enforcement actions with the credit bureau within 20 days of the notice
- (5) the prejudice that could be suffered as a result of that and possible debt review namely that it may negatively impact on the debtor's credit record and ability to enter into further arrangements with any entity.

16.3 The Municipality may send a sms or email to a debtor, provided the Municipality has such details of the debtor, advising him or her to make payment and referring to the first notice. Should the Municipality not have the debtor's contact number or email address then the Municipality shall attempt other reasonable means to bring the first notice to the debtor's attention.

16.4 Should there be no response to the final notice then the Municipality shall send a final demand, advising the debtor to make payment within 14 days failing which legal action will be implemented.

16.5 The institution of legal proceedings is undertaken with due consideration of all legal requirements and in compliance with the applicable regulations and procedural rules.

16.6 The debtor shall be liable for all costs that are incurred in the legal processes to recover the money overdue. Legal cost will be debited to the relevant debtors account.

16.7 The legal processes shall be terminated if the overdue amount plus costs are paid in full.

16.8 The Accounting Officer may request:

16.8.1 The attachment of rental in lieu of outstanding rates and services.

16.8.2 No contract to be entered into with any service provider with arrear municipal account

16.8.3 With hold any payments due to the service provider in settlement of municipal debt.

16.8.4 The building plans may not be approved for property owners who have outstanding municipal accounts.

16.8.5 The business licenses may not be granted to those who have arrear accounts outstanding with the municipal.

16.9 The Accounting Officer may request an emoluments attachment order against a debtor who is employed.

16.10 When all the legal remedies and procedures described above have been exhausted, or when it becomes uneconomical to recover the money overdue, it shall be regarded as uncollectable and written-off subject to council's approval.

16.11 The Accounting officer must submit a report on uncollectable debt to Council for write-off purposes.

16.12 The executive committee, or if the Municipality does not have an executive committee, the executive mayor or, if the Municipality does not have an executive committee or executive mayor, the Council itself or a committee appointed by it, as the supervisory authority as defined in section 99 of the Municipal Systems Act, may in terms of its delegated powers approve the writing-off of uncollectable debt, after which a report shall be submitted to the full Council.

17 Rates clearance certificates

17.1 Subject to Sections 118(1) and (1A) of the Systems Act, the following shall apply to the issue of a revenue clearance certificate for the purpose of effecting transfer of a property to a new owner.

Assessments–

a) an application shall be made by a conveyancer, in the prescribed form.

b) The Municipality does not accept responsibility for errors on manual applications. The Conveyancer must check that all details on the application, assessment and the revenue clearance certificate are correct.

c) Assessed figures are calculated in advance based on the period determined by the CFO.

d) Where an assessment is requested and there is Section 118(1) debt, and other outstanding amounts that have arisen during ownership of a property ("Section 118(3) debt"), the Municipality shall notify the Conveyancer, in writing and request an indication of the manner in which the whole of the debt will be settled. The Conveyancer must inform both the seller and the purchaser of the outstanding debt due to the Municipality.

e) The only acceptable modes of settlement of Section 118(3) debt, other than in the case of insolvency, are: (1) full payment or (2) the furnishing of a Financial Guarantee in favour of the Municipality for the Section 118(3) debt payable on date of registration of transfer of the property.

f) The Conveyancer must indicate to the Municipality in writing, which of the two settlement modes referred to in Clause 18.1(e) will be used in order to settle the Section 118(3) debt.

g) an assessment in terms of Section 118 (1) of the Systems Act will only be issued on request by a Conveyancer.

h) The Municipality shall exercise its rights to recover such debt as guided by the law on the application of Section 118 of the Systems Act.

(i) The onus is on the Conveyancer to advise the seller of the provisions of the Clauses above

j) Payment of the assessment must be made in cash, EFT payments, direct debit, bank transfers, or other instruments accepted by the CFO from time to time.

k) The certificate shall be valid for a period of sixty (60) days from date of issue.

l) The Municipality reserves the right to follow any of the legal mechanisms available to it in order to recover the balance of the debt, including, lodging an urgent application to interdict the sale of the property until the debt is paid in full.

m) the assessment shall remain valid for a period of thirty (30) days from the issue date. If payment has not been received within this period, a reassessment may be required

n) Any subdivision still held under the title of the parent property, must be valued by the Municipal Valuer and entered on the valuation roll prior to the issue of a revenue clearance certificate so the rates and other Municipal charges incurred in connection with that subdivision can be determined and paid.

o) Any amounts paid shall be appropriated to the oldest debt first.

p) All Collection Charges incurred in pursuing recovery of arrears, shall be levied against the debtor's account.

17.2 The Municipality shall attempt to issue a clearance certificate within 21 working days of receiving the application.

18.1 There shall be no refunds on the cancellation of the sale.

18.2 The new title holder will accept all financial implications of any disputes or objections, or any interim valuation not yet applied to the account.

18.3 Unconditional Bank Guarantees will be accepted

18.4 Subject to the application of the law, where, subsequent to the transfer of ownership of a property, the Municipality becomes aware of any Municipal Charges that ought to have been raised in terms of any Legislation (e.g. the MPRA) or this Policy against a predecessor in title to the property, the Municipality will be entitled to hold such predecessor in title liable for such Municipal charges. If, by law, the Municipality is entitled to continue raising such Municipal charges post transfer, the new owner will only become liable for those Municipal charges that become due and payable with effect from the date of transfer.

(a) An example will be the levying of adjusted rates in terms of Section 78 of the MPRA on account of an event on the property (e.g., illegal building works) or a change of category (e.g. an illegal use of the property) that occurred prior to transfer and continues post transfer.

18.5 Clearance certificates will not be issued unless all returnable documents are submitted

19 Municipal Employees

19.1 The account of a municipal staff may not be overdue for a period of more than three (3) months. After such a period the Municipality may deduct any overdue money from the salary of the Official or in terms of the provisions of the appropriate codes of conduct as set out in the Municipal Systems Act.

19.2 The Municipality shall liaise with the relevant staff on repayment of their arrears.

19.3 No special treatment shall be afforded to municipal staff members whose accounts are arrears.

19.4 A notice will be sent to staff in arrears advising that they have 21 days to settle the debt failing which an automatic salary deduction will be implemented.

20 Reporting and performance measurement

20.1 The Chief Financial Officer shall report to the Accounting Officer on a monthly basis in an appropriate format to enable the Accounting Officer to report to the executive committee, or if the Municipality does not have an executive committee, the executive mayor or, if the Municipality does not have an executive committee or executive mayor, the Council itself or a committee appointed by it, as the supervisory authority as defined in section 99 of the Municipal Systems Act.

If the Chief Financial Officer is of the opinion that the expected income as included in the approved budget will not be realised; the Accounting officer must submit a report together with a full motivation to the Accounting Officer. The Accounting Officer shall immediately request a budget review.

The executive committee, or if the Municipality does not have an executive committee, the executive mayor or, if the Municipality does not have an executive committee or executive mayor, the Council itself or a committee appointed by it, as the supervisory authority as defined in section 99 of the Municipal Systems Act, shall report to Council on a quarterly basis as prescribed in section 99 of the Municipal Systems Act.

21 Credit bureau

21.1 The Municipality shall be entitled to obtain credit report information from any credit bureau from time to time in respect of any debtor for the purposes of implementing this Policy.

22 Full and final settlement

22.1 Where the exact amount due and payable has not been paid in full, any lesser amount tendered and receipted, except when duly accepted in terms of delegation of power, shall not be in full and final settlement of such an account.

22.2 The provision above shall prevail notwithstanding the fact that such lesser payment was tendered and/or receipted in full settlement.

22.3 The Chief Financial Officer or his delegate must be consulted on any settlement, out of court or otherwise, that have a financial implication on the Municipality.

23 Incentive Scheme

23.1 Council may consider an incentive scheme each year to incentivize payment and improve debt collection

23.2 The Umzumbe Local Municipality Incentive Program aims to assist defaulting customers to bring their outstanding municipal accounts up to date. Qualifying customers will receive a penalty write off on full settlement of all arrear debt

Residential customers, businesses, faith-based organisations or places of worship, and non-profit organisations may apply on condition that they comply with the qualifying criteria.

EXCLUSIONS

- All debts associated with applications received under the provisions of section 118(b) of the Local Government: Municipal Systems Act (No 32 of 2000).
- All debts associated with Organs of State, Public Entities and State-Owned Properties.
- All staff employed by the Umzumbe Local Municipality.
- All full time and part time Councillors.

Full and final settlement of debt in 1 instalment	50 % write off on penalty
Full and final settlement of debt in 2 instalments	35 % write off on penalty
Full and final settlement of debt in 3 instalments	30% write off on penalty
Full and final settlement of debt in 4 instalments	20% write off on penalty
Full and final settlement of debt in 5 instalments	15% write off on penalty
Full and final settlement of debt in 6 instalments	10% write off on penalty

Businesses, places of worship and non-profit organization will be required to provide the latest audited annual financial statements with turnover not exceeding R3 000 000.

In the event of a defended/ litigated matter, should the defendant wish to take advantage of this amnesty they may do so however the defendant will be liable for all legal costs which must be paid in full to qualify

24 Disputes/complaints on accounts

- 24.1 The owner can lodge a complaint/dispute at the Customer Service Unit of the municipality
- 24.2 The Customer Service Unit will handle the complaint/dispute in terms of its procedures until the complaint/dispute is concluded.
- 24.3 Any amount dispute/complaint will not preclude the owner from withholding/nonpayment. The amount in dispute will be adjusted retrospectively should the dispute be in favour of the owner.

25 Publication of the Policy

- 25.1 The Municipality shall publish this Policy on its website for general notification purposes.

Date of adoption:

This Policy has been considered and approved by the Council of the Umzumbe Local Municipality as follows:

- Resolution No:
- Approval Date:

APPROVED:

