

BA-PHALABORWA MUNICIPALITY



**Draft _CREDIT CONTROL & DEBT COLLECTION BY-
LAW**

2025/26

1. Definitions

(1) In this By-law, unless the context indicates **“arrangement”** means a written agreement entered into between the Municipal Manager and a debtor where specific terms and conditions for the payment of a debt are agreed to; **“arrears”** means any amount due and payable to the Municipality and not paid by the due date; **“Municipal Manager”** means the person appointed by the Council as the municipal manager in terms of section 82 of the Local Government: Municipal Structures Act, No. 117 of 1998, and who also is the accounting officer in terms of the Local Government: Municipal Finance Management Act, No 56 of 2003, or any other official delegated by him or her; **“Council”** means the council of the Municipality; **“Councillor”** means a member of the Council; **“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, Regional Services Levies, 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 who owes a debt to the Municipality; **“due date”** means the final date on which a payment, as shown on the debtor's municipal account, is due and payable; **“indigent debtor”** means a debtor who meets certain criteria, as determined by the Municipality from time to time; **“interest”** means a rate of interest, charged on overdue accounts, which is one percent higher than the prime rate, which is obtainable from any commercial bank on request, unless determined otherwise by the Municipality, on capital, based on a full month and part of a month must be deemed to be a full month; **“Municipality”** means the Municipality of Ba-Phalaborwa Local Municipality and includes any municipal entity established by such municipality; **“municipal entity”** means any municipal entity as defined in section 1 of the Municipal Systems Act, No. 32 of 2000; **“official”** means an "official" as defined in section 1 of the Local Government: Municipal Finance Management Act No. 56 of 2003; **“policy”** means the Municipality's credit control and debt collection policy; **“service”** means "municipal service" as defined in section 1 of the Systems Act, and includes a function listed in Schedules 4B and 5B of the Constitution of the Republic of South Africa, 1996 and any other service rendered by the Municipality; **“Systems Act”** means the Local Government: Municipal Systems Act, No 32 of 2000; **“third party debt collector”** means any person or persons authorised to collect monies or institute legal proceedings against debtors, on -behalf of the Municipality; **“this By-law”** includes the Credit Control and Debt Collection Policy; **“total household income”** or "household income" means the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based; and **“user”** means a person who has applied for and entered into an agreement with the Municipality for the supply of a service.

2. Duty to collect debt

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 this By-law and the policy.

4. Service agreement

Except as otherwise determined in terms of this By-law and the policy, no services may be supplied until an agreement has been entered into between the Municipality and the user for the supply of a service.

5. Deposits

The Municipality may require the payment of deposits for the provision of new services and the reconnection of services, or may adjust the amount of any existing deposit, as prescribed in this By-law and the policy.

6. Interest charges

The Municipality may charge and recover interest in respect of any arrear debt, as prescribed in this By-law and the policy.

7. Arrangements to pay arrears

(1) The Municipal Manager may make arrangements with a debtor to pay any arrear debt under conditions as prescribed in terms of this By-law and the policy. (2) Should any dispute arise as to the amount of the arrear debt, the debtor must nevertheless continue to make regular payments, in terms of the arrangement, until such time as the dispute has been resolved.

8. Agreements with a debtor's employer

The Municipal Manager may-(a)with the consent of a debtor, enter into an agreement with that person's employer to deduct from the salary or wages of that debtor-(i)any outstanding amounts due by the debtor to the Municipality; or(ii)regular amounts as may be agreed; and(b)provide

special incentives for-(i)employers to enter into such agreements; and(ii)debtors to consent to such agreements.

9. Power to restrict, disconnect or discontinue supply of service

(1)The Municipal Manager may restrict, disconnect or discontinue the supply of any service (Water &/or Electricity) to the premises of any user or debtor whenever such user or debtor of a service-(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; or(d)tenders a negotiable instrument which is dishonoured by the bank, when presented for payment.

(2)The Municipal Manager may reconnect and restore full levels of supply of any of the restricted, disconnected or discontinued services only-(a)after the arrear debt, including the costs of disconnection or reconnection, if any, have been paid in full and any other conditions has been complied with; or(b)after an arrangement with the debtor has been concluded.

(3)The Municipal Manager may restrict, disconnect or discontinue the supply of any service to the premises of any debtor or user in respect of any arrear debt or any non-compliance with any service conditions or applicable legislation.

10. Recovery of debt

(1)The Municipal Manager may restrict, disconnect or discontinue any service in respect of any arrear debt.

(2)Irrespective of the Municipal Manager exercising any powers in sections 9 and 10(1), the Municipal Manager, must, with regards to rates, and may, with regards to other debt-(a)by legal action recover any debt from any person; and(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 may refer a debtor to third party debt collection agencies and have such debtor placed on the National Credit Rating list.

(3)Notwithstanding subsections (1) and (2) the Municipal Manager may refer a debtor to third party debt collection agencies and have such debtor placed on the National Credit Rating list.

11. Recovery of costs

The Municipal Manager may recover the following costs, in instances where such costs are incurred by or on behalf of the Municipality:(a)costs and administration fees where payments made to the Municipality by negotiable instruments are dishonoured 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.

12. Attachment

The Municipal Manager may, in order to recover debt, and as a last resort, approach a competent court for an order to attach a debtor's movable or immovable property.

13. Claim on rental for outstanding debt

The Municipal Manager may, in terms of section 28, of the Municipal Property Rates Act, No. 6 of 2004, attach any rent, due in respect of any rateable property, to cover in part or in full any amount in respect of outstanding rates after the due date.

14. Full and final settlement payments

(1) Any amount tendered in defrayment of a debt, will be accepted at any cash receiving office of the Municipality. (2) No offer of payment in full and final settlement of a debt, when such amount is less than the outstanding amount, must be accepted, unless confirmed in writing by the Municipal Manager. (3) Notwithstanding subsection (2), the payment so offered must nevertheless be credited against the debtor's account, without prejudice to the Municipality's rights.

15. Consolidation of a debtor's accounts

(1)The Municipal Manager may-(a)consolidate any separate accounts of a debtor;(b)credit a payment by a debtor against any account of that debtor; and(c)implement any of the measures provided for in this By-law and the policy, in relation to any arrears on any of the accounts of such debtor.(2)Subsection (1) does not apply where there is a dispute between the Municipality and a debtor referred to in that subsection concerning any specific amount claimed by the Municipality from that person.

16. Indigents

A debtor, who can prove indigence, will be dealt with as prescribed in the policy.

17. Delegation

The Municipal Manager may delegate any of his or her powers in terms of this By-law or the policy to any employee or official of the Municipality and to any board member of a municipal entity subject to applicable legislation.

18. Offences and penalties

Any 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;(d)contravenes or fails to comply with the provisions of this By-law or the policy; or(e)fails to comply with a notice served in terms of this By-law or the policy, is guilty of an offence and liable on conviction to a penalty.

19. Right of Access

Municipal officials have the legal right of access to any property occupied by a consumer for the purposes of reading or inspecting meters or connections or to disconnect, discontinue or restrict supply of service and for the evaluation of the property.

20. Right of Appeal

An appeal must be submitted in writing to the Municipal Manager prior to the final due date for payment of the contested amount, and must contain details of the specific items on the account which are the subject of appeal, with full reasons. The debtor's obligation to pay that portion of the total amount due represented by the items appealed against, is suspended until the appeal has been finalised. The debtor 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 Municipal Manager.

Whilst the appeal of the debtor is being dealt with, any further amounts accruing for services rendered to the debtor, shall be payable on due date. If the appeal is in respect of a metered consumption amount, the meter must be tested within 14 days of lodgment of appeal, or as soon as possible thereafter, in order to establish the accuracy.

The debtor must be informed in writing of the results of the test of the meter, and of any adjustment to the amount due by him as a result of the meter having been found NOT to be faulty together with the cost of testing the meter. If the meter is found to be faulty, the municipality shall make the necessary adjustments to the debtors account based on the average usage for the past three months prior to the malfunctioning of the meter and shall bear the cost incurred in having the meter tested. If no error is found with the meter, the debtor will be liable for the cost of testing the meter.

21. Unauthorised Consumption, Theft, or Willful damage to Municipal Property

The following shall constitute UNAUTHORISED consumption, theft or damage:

21.1 Any connection to, or consumption from, an electricity line that has not been provided to the consumer by the Council;

21.2 Any consumption of water from, or connected to, a municipal pipeline that has not been provided to the consumer by the Council;

21.3 Any damage to, or adjustment of any metering instrument which may result in inaccurate data being obtained by the Council or which may lead to a reduced charge being payable by the consumer;

21.4 Any removal of any metering instrumentation by any person other than a municipal officer or authorised agent;

21.5 Any tampering with or wilful or malicious damage to any component or any reticulation or metering system as installed by Council.

Where any such illegal activity is detected, the municipal supply shall be immediately suspended. The debtor shall be held responsible for payment of all deemed or calculated consumption on the basis determined by Council as well as for penalties determined by Council from time to time. Such penalties shall be in addition to any penalties imposed by a court of law arising from criminal prosecution for offences committed. For the purposes of this policy, the penalties as stipulated by the Council, from financial year to financial year, shall apply. The municipality shall have the right to review these penalties at its discretion.

22. Responsibility For Credit Control

In terms of Chapter 6, section 29 (d) (1) of the Municipal Finance Management Act No: 56 of 2003, the Municipal Manager must take effective and appropriate steps to collect all moneys due to the municipality.

23. Arrear Accounts for Municipal Employees and Councillors

The code of conduct in the Municipal Systems Act No. 32 of 2000, for municipal employees and councillors requires municipal employees and councillors not to have arrear municipal accounts for a period in excess of 90 days. The Municipal Manager is permitted to deduct such arrears, without any warning from the affected party.

Also, Section 124(b) of the Municipal Finance Management Act No. 56 of 2003 requires the municipality to disclose in the financial statements councillors whose accounts were in arrears for a period in excess of 90 days, during the financial year under review.

24. Political Support

It is clear that without good administrative processes, good communication and an earnest attempt to change the culture of non-payment and very importantly, total “buy in” from all politicians, no credit control policy will be effective.

23. How will this By-Law be Successfully Communicated?

The success of this By-Law will depend on various key stakeholders that exist within the Ba-Phalaborwa Municipal area of jurisdiction, including the following: -

23.1. Political Leadership (e.g. Mayor, Councillors and Ward Committee Members),

23.2. Administrative Leadership (e.g. Municipal Manager and Directors of various Directorates or Business Units),

23.3. All Employees of Council have the responsibility of being the mouthpiece of the municipality or their employer, in as far as informing the members of the public about their benefits resulting from this policy,

Lastly, this By-Law must be communicated to the communities residing at Ba-Phalaborwa Municipal area of jurisdiction through community newspapers, notices in the notice boards, municipal websites, municipal accounts, booklets, and any other means of communication deemed to be effective.

24. Short title

This By-law is called the Ba-Phalaborwa Local Municipality: Credit Control and Debt Collection By-law, 2025/26