



# UMDONI MUNICIPALITY

## CREDIT CONTROL & DEBT COLLECTION BY-LAW

To give effect to the implementation of the Umdoni Municipality's Credit Control & Debt Collection Policy and to provide for matters incidental thereto.

### 1 Preamble

- 1.1 Section 229(1)(a) of the Constitution authorises a municipality to impose rates on property and surcharges on fees for services provided by or on behalf of the municipality.
- 1.2 In terms of section 98 of the Local Government: Municipal Systems Act a municipality must adopt by-laws to give effect to its credit control and debt collection policy, its implementation and enforcement.

BE IT THEREFORE ENACTED by the Council of the Umdoni Municipality, as follows:

### 2 Definitions

- 2.1 In this by-law any word or expression to which a meaning has been assigned in the Local Government: Municipal Systems Act, 2004 (Act 6 of 2004) shall bear the same meaning and unless the context indicates otherwise –
- 2.1.1 “**Act**” means the Local Government: Municipal Systems Act, 2004 (No.6 of 2004);
- 2.1.2 “**Council**” means the Council of the Umdoni Municipality; and
- 2.1.3 “**rate**” or “**rates**” means a municipal rate on property as envisaged in section 229 of the Constitution of the Republic of South Africa.

### 3 Adoption and implementation of the credit control & debt collection policy

- 3.1 The Council shall adopt and implement a credit control and debt collection policy consistent with the Act to provide for credit control procedures and mechanisms and debt collection procedures and mechanisms, the contents of which shall be in compliance with section 97 of the Act.
- 3.2 Umdoni Municipality shall not be entitled to implement credit control and debt collection procedures and mechanisms other than in terms of its credit control and debt collection policy.

#### **4 Contents of the credit control and debt collection policy**

4.1 The credit control and debt collection policy must provide for-

4.1.1 credit control procedures and mechanisms;

4.1.2 debt collection procedures and mechanisms;

4.1.3 provision for indigent debtors that is consistent with the Council's rates and tariff policies, its indigent policy and any national policy on indigents;

4.1.4 realistic targets consistent with –

4.1.4.1 general recognized accounting practices and collection ratios, and

4.1.4.2 the estimates of income set in the budget less an acceptable provision for bad debts;

4.1.5 interest on arrears, where appropriate;

4.1.6 extensions of time for payment of accounts;

4.1.7 termination of services or the restriction of the provision of services when payments are in arrears;

4.1.8 matters relating to unauthorized consumption of services, theft and damages; and

4.1.9 any other matters that may be prescribed by regulation in terms of section 104 of the Act.

4.2 A credit control and debt collection policy 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.

#### **5 Enforcement of credit control and debt collection policy**

The Council's credit control and debt collection policy shall be enforced through these bylaws read with any applicable legislation dealing with credit control and debt collection.

#### **6 Short title and commencement**

This by-law is the Credit Control and Debt Collection Policy By-law adopted by Council on **30 May 2018**.