

**PIXLEY KA SEME
DISTRICT MUNICIPALITY**



**CREDIT CONTROL AND DEBT
COLLECTION POLICY**

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Adoption : 2026/03/26

Review : 2026/03/23

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1. DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise and means the following:

“Act” The Local Government Systems Act, 2000 (Act No. 32 of 2000) as amended from time to time.

“Arrangement” A written agreement entered into between the Council and the debtor where specific repayment parameters are agreed to.

“Arrears” Means those rates and service charges that have not been paid by the due date and for which no arrangement has been made.

“Authorised Representative” Person or instance legally appointed by the Council to act or to fulfill a duty on its behalf.

“CFO” Person appointed as the Chief Financial Officer of the Municipality, or his or her nominee.

“Council” The municipal council, as referred to in section 157 of the Constitution of the Republic of South Africa, Act 108 of 1996.

“Credit Control” Functions relating to the collection of monies owed by the users of municipal services.

“Customer” Any debtor of the municipality.

“Defaulter” Any person or instance owing the Council arrear monies in respect of service charges.

“Debtors” Those persons or institutions owing money to Council.

“Equipment” A building or other structure, pipe, pump, wire, cable, meter, engine or any accessories.

“Implementing Authority” Means the Municipal Manager or his or her nominee, acting in terms of section 100 of the Systems Act.

“Interest” A charge levied with the same legal priority as service fees and calculated at a rate determined by council from time to time on all arrear monies.

“Municipal account” An account rendered specifying charges for services provided by the municipality, or any authorized and contracted service provider.

“Municipality” Means the Pixley Ka Seme District Municipality.

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“Municipal Manager” The person appointed as Manager in terms of section 82 of the Local Government Structures Act, 1998, (Act 117 of 1998) and includes any person acting in that position or to whom authority was delegated.

“Supervisory Authority” Means the Executive Mayor of the Municipality or his or her nominee, acting in terms of Section 99 of the Systems Act.

2. PURPOSE OF THE POLICY

The primary objective of sound municipal debtor's management, or credit control, is to ensure that all monies owed to the municipality are collected in a reasonable period and all debtors owing money to the municipality are treated in a fair and equitable manner.

This Credit control and debt collection policy are mechanisms designed to assist the municipality in collecting outstanding debts and improve the municipality's cash flow.

3. LEGAL FRAMEWORK

This policy will be implemented within the legal framework of the constitution and relevant national legislation outlined hereunder.

- Constitution of the RSA, (Act 108 Of 1996)
Section 152 of the Constitution of the RSA, (Act 108 of 1996) sets out the objectives of local government. One of which is for a municipality to ensure that services are provided to communities in a sustainable manner.
- The Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000)
Chapter 9 of this Act deals with debt collection and credit control. It requires that a municipality must:
 - *collect all moneys that is due and payable to it, subject to this Act and any other applicable legislation; and*
 - *adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the provisions of this Act.*
- The Municipal Structures Act, 1998 (Act 117 of 1998)
In Section 84 of this Act it deals with the division of powers between a district municipality and a local municipality and the imposition and collection of taxes and levies by the municipalities.
- The Municipal Finance Management Act, 2003 (Act 56 of 2003)

4. POLICY PHILISOPHY & PRINCIPLES

To strive towards sound financial management principles, taking into consideration the needs of all consumers.



5. DEFINITIONS OF DEBTORS

Debtors are defined as those persons or institutions owing money to Council for:

- ❑ Contributions made to medical aid funds on behalf of ex-employees in terms of benefits conferred by their conditions of service; or
- ❑ Expenditure incurred on behalf of third parties which relates to services provided by Council and which expenses, plus administrative levies, are to be recovered from such beneficiaries.

6. SPECIFIC EXCLUSION

Any *agreements* entered into between Council and organ of State will be dealt with in terms of said agreements, which agreements are specifically excluded from this policy.

7. REFERENCE PROTOCOL

References to relevant legislation include the use of abbreviations or partial titles which occur in the common usage of such legislation. All reference to and/or quotations from legislation are accepted as having the same intention and implications contemplated in such legislation.

These references include the use of terminology inherent in or ascribable to the source legislation, such as "regional services council levies" incorporating the establishment levy the services levy payable (in terms of Act 109 of 1985) to the successors-in-law of the former regional services councils.

8. APPLIED PRINCIPLES OF CREDIT CONTROL

In terms of the Municipal Systems Act, 2000 (Act No.32 of 2000), debtors should be treated with due consideration, having regard to the following:

- ❑ A consumer management system aimed at creating positive, reciprocal relations between the parties;
- ❑ An effective accounting system that produces timeous, clear and understandable accounts for consumers;
- ❑ A mechanism for clarifying queries by providing access to the authority and ensuring speedy response to such queries;
- ❑ Provision of payment facilities which ease the process for consumers;
- ❑ The requirement to adopt and apply a credit control policy and ensure all debts are collected;
- ❑ Reasonable terms for collection, payment of arrears and imposition of penalties;
- ❑ The introduction of by-laws to regulate consumer charges on a non-discriminatory basis;

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- ❑ Oversight of the credit control and debt collection policy by the executive mayor, with regard to application by the municipal manager;
- ❑ Implementation of the policy by the municipal manager;
- ❑ Remedies applicable to accessing property, agreements to recover debt and asset attachment or other legal steps available to enforce collection of due debts.

9. APPLICATION FRAMEWORK

Credit Control measures shall be applied in the context of the type of debt owing to Council and in accordance with the principles stated above, with specific regard to:

- ❑ Provident fund contributions - Credit control measures providing for enquiries, merit assessment, suspension and ultimate termination; and
- ❑ Expenditure incurred on behalf of third parties – a combination of legal remedies following enquiries and clarification of possible disputes arising from such debt.

Credit control, unless indicated otherwise, is vested in the Department of Finance.

10. SERVICE CATEGORIES

Application of credit control measures is guided by the nature of the service being rendered and the consequential conditions affecting such service.

10.1 Post-Service Medical Aid Benefits

Retired personnel who qualify for extended medical aid benefits are required to contribute a fixed percentage of the monthly premium to Council. Beneficiaries of this arrangement shall keep their contributions up to date.

Council recognizes its moral obligation to protect the interests of the beneficiaries, having regard to the circumstances and the merits of each individual case.

Should a beneficiary fall into arrears, credit control measures will be instituted as follows:

- ❑ First contact, to ensure that beneficiaries are aware of being in arrears, within 15 (fifteen) days of such arrear's situation arising;
- ❑ Second contact within 30 (thirty) days of unresolved arrears situations having arisen.
- ❑ Notice of intention to suspend medical aid premium payments and medical aid fund benefits if arrears have not been rectified within 45 (forty-five) days;

- ❑ Suspension of medical aid premium payments and medical aid coverage at 60 (sixty) days from date of arrears;
- ❑ Termination of membership of the medical aid fund and cessation of all benefits at 75 (seventy-five) days from date arrears.

Council accepts the risk of incurring potentially irrecoverable debts while bearing burden of a beneficiary's medical aid contributions for the 60 (sixty) day period preceding suspension. Authorization of such debt and the imposition of the above sanctions is vested in the Council or its delegated functionary.

10.2 Sundry payments

Recovery of sundry payments shall be dealt with in accordance with applicable rules and regulations. The person or body authorizing such disbursement is responsible for the recovery of that disbursement.

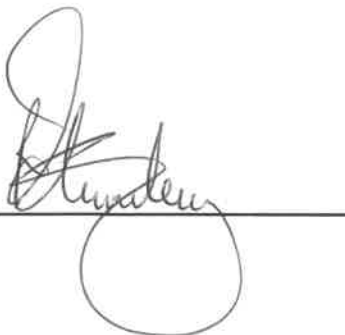
11. APPLICATION OF THE POLICY

Council reserves the right to differentiate between different categories of consumers, debtors, services or service standards when applying the Policy. The Council will on application of the credit control policy avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

12. COMMENCEMENT

This Policy takes effect on **01 July 2026**.

EXECUTIVE MAYOR:



DATE REVISED:

23 MARCH 2026

DATE APPROVED:

28 MAY 2026

RESOLUTION:

R2026-05-28 (19.3)

