

Lesedi, South Africa

Credit Control and Debt Collection

Legislation as at 17 October 2018

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Lesedi South Africa

Credit Control and Debt Collection By-law, 2018

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and includes any amendments published up to 4 April 2024.]*

The Municipal Manager of Lesedi Local Municipality hereby publishes in terms of Section 13 of the Local Government Municipal Systems Act, 2000 ([Act 32 of 2000](#)) read with Section 162 of the [Constitution of the Republic of South Africa, 1996](#) ([Act 108 of 1996](#)) the Lesedi Local Municipality Credit Control By-Law (reviewed).

2. Credit control measures

To ensure that all money due and payable to the Municipality in respect to rates, fees of services, surcharges on such fees, charges, tariffs, interest which was accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly, the Lesedi Local Municipality put in place the credit control measures.

The Municipality officials will always embrace the spirit of batho Pele and treat all debtors with dignity and respect all the times. The municipality staff will execute their duties in an honest and transparent manner whilst protecting the confidentiality of information in accordance with access to information act.

6.

6.1 Reminder/demand letter for payment

A letter of reminder/demand will be generated and send to the debtor advising him/her that his/her municipal account has not been paid on the due date. The reminder/demand letter gets delivered to the postal address of the debtor or hand-delivered to the physical address. This letter will clearly states that if the amount is not settled within fourteen (14) days or proper payment arrangement not entered into, the services to the debtors premise will be restricted and/or terminated. The account of such debtor gets debited with the cost of such letter at an approved tariff of the municipality. A permanent foot note will be included in the statement that the credit control measures will be implemented on all accounts in arrears.

If prepayment of meters for the vending of services have been installed, further vending of those services will be blocked to consumers whose municipal account/s are in arrears. The reason for such blocking will be given to the individual consumer at the municipal vending station or payment point.

The municipality also reserves the right to install a prepayment meter if there have been three defaults on arrear payment arrangement. The cost of the installation will be borne by the consumer and will be debited on the bill of the customers.

6.2 Electricity disconnection and water restriction

Should a debtor not respond within the specific period stated in the reminder/demand letter, the electricity supply to the premise of the debtor or consumer will be discontinued and the reason for the discontinuation will be supplied to the debtor/consumer. The account of the debtor is then debited with the cost of the disconnection at an approved tariff of the municipality.

Should there be no response within the 14 days as stipulated in the reminder/demand letter, and the debtor has an account for water consumption levies but no electricity, water is disconnected

(restricted for residential consumers) at the consumption address after 14 days, and notice to that effect is left at the premise. The account of the debtor is debited with the cost of this action at the approved tariff of the municipality.

If the amount for rates and taxes owed by the owner of the property is not paid after the specific date, the Municipality may recover the amount in whole or in part from a tenant or occupier of the property, to the extent as provided for section 28 of the Property Rates Act. The municipality may recover an amount only after it has served a written notice on the tenant or occupier. The services of such a property will be disconnected or restricted as provided by law.

In the further absence of a response to electricity cut-off, the cut-off is inspected randomly to ensure that the service is still disconnected. If there is an illegal connection, it is disconnected immediately without notification, and penalty fees must be paid in full before reconnection. The account of the debtor is debited with the higher cost of the cut-off at an approved tariff of the municipality, and the security deposit is raised to an amount equal to two (2) months consumption of services. The difference between the current deposit and recalculated amount will be debited against the consumers' account if it is higher than the currently held deposit. The Accounting Officer may also instruct that a prepaid electricity meter be installed at the cost of the consumer and electricity supply be restricted and vending of prepaid services blocked until requirements of the Municipality are met.

If the debtor has a consolidated account that includes water consumption levies, the water supply is also disconnected (restricted for residential consumers), as the case may be, cut-off inspection is done and a notice to that effect is left at the premises. The account of the debtors is debited with the cost of this action at the approved tariff of the municipality.

6.3 Recovery of rates in arrears from tenants or occupiers

Section 28 of Property Rates Act makes provision for the following actions in case on non-payment of rates and taxes:

- (I) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined in terms of section 26(2), a municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on the tenant or occupier.
- (II) The amount a municipality may recover from the tenant or occupier of the property in terms of subsection (1) is limited to the amount of the rent or other money due and payable, but not yet paid, by the tenant or occupier to the owner of the property.
- (III) Any amount a municipality recovers from the tenant or occupier of the property must be set off by the tenant or occupier against any money owed by the tenant or occupier to the owner.
- (IV) The tenant or occupier of a property must, on request by a municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner.

Action will also be instituted against illegal reconnections, tempering and transgressions of the Electricity By-Law and Water Supply By-Law

6.4 Illegal reconnection of, or tampering with, electricity

If conservative follow-up actions due to a continuous lack of response by the consumer/debtor reveal that illegal consumption of service occurred or a disconnection has been tampered with, the service connection is removed (meter and underground). The municipality may open a criminal case with SAPS.

6.4.1 Faulty meters

In cases where a meter is by-passed because it is faulty, the customer will be back billed with estimation for the period when the faulty meter was by-passed.

6.5 Illegal reconnection of, or tampering with water

If the municipality discover tampering with water meter or service connection or interference with restriction of water service of non-residential consumers will lead to the removal of service connection.

6.6 Credit control measures on accounts for prepaid electricity and installation of prepaid electricity

If a property has a prepaid electricity meter and the other municipal services and taxes/taxes are in arrears, the prepaid electricity meter will be disconnected and buying of electricity will be blocked. A notice will be issued for blocking of pre-paid electricity. 60/40 approach will be used as the credit control mechanism to recoup arrears in other services owed to the municipality. 60% represents the outstanding debt and 40% represents the purchases of pre-paid electricity, provided the current account is paid in full on a monthly basis.

6.7 Disconnection procedures

Electricity

That the order procedure of disconnection of electricity to defaulters be as follows:

- (i) Switch off the circuit breaker and seal it [if the method fails - (ii) applies]; (defaulters).
- (ii) The removal of the circuit breaker. [If the method fails - (iii) applies]; (defaulters).
- (iii) The removal of a meter and underground supply cable. [If method (i) and (ii) fails – method (iii) applies. (Illegal connection)]
- (iv) if all above fails and the customer persist to ignore the above, the municipality may open a criminal case with SAPS.

6.8 The municipality may install prepaid electricity meter from conventional meter on accounts which are in arrears for residential properties where all avenues to collect services have been exhausted at the cost of the consumer (non-indigent)

Effective date

This Credit Control and Debt Collection By-Law shall be effective from 1 July 2018.