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DRAFT CREDIT CONTROL AND DEBT COLLECTION POLICY

The approval of the Credit Control and Debt Collection Policy is required to enable the policy document to support the annual budget for 2025/2026 financial year, when it is tabled in terms of Section 16 of the Local Government: Municipal Financial Management Act, 2003 (Act 56 of 2003). The draft policy is approved by the Council in principle, allowing the public to provide their comment on the proposed changes as outlined below:

PROPOSED AMENDMENTS TO THE POLICY

Proposed new and/or amended changes to the Policy, are reflected in **bold** as set out below:

A. Clause 7. Payment in full and final settlement

<u>Current 2024/2025</u>	<u>Revised 2025/2026</u>
<p>7.3 An offer of negotiated payment of debt in full and final settlement, when such payment is less than the outstanding debt will only be accepted upon a written confirmation by the CFO or authorised official. This may only occur upon receiving and assessing the written representation from the debtor and full affordability assessment conducted.</p>	<p>7.3 An offer of negotiated payment of debt in full and final settlement, when such payment is less than the outstanding debt will only be accepted upon a written confirmation by the CFO in consultation with the Head: Revenue Management Unit. This may only occur upon receiving and assessing</p>

<p>7.5 The CFO must be consulted on any settlement, out of court or otherwise, that has a budgetary implication on the Municipality.</p>	<p>the written representation from the debtor and full affordability assessment conducted.</p> <p>7.5 The CFO or delegated official must be consulted on any settlement, out of court or otherwise, that has a budgetary implication on the Municipality.</p>
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B. Clause 10. Procurement of goods and services and payments in terms of contracts

<p><u>Current 2024/2025</u></p> <p>10.4 Before awarding a tender, the Municipal debts of the tenderer and of each director, member, owner, partner or trustee of the tenderer must be paid in full.</p>	<p><u>Current 2025/2026</u></p> <p>10.4 Before awarding a tender, the Municipal debts of the tenderer and of each director, member, owner, partner or trustee of the tenderer must be paid in full or necessary payment arrangements be concluded and credit agreement entered into between the tenderer and the Municipality.</p>
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C. Clause 12. Staff, Councillors and Ward Committees in arrears

<p><u>Current 2024/2025</u></p> <p>New clause</p>	<p><u>Current 2025/2026</u></p> <p>12.15 The Municipality may deduct or allow staff members to encash their non-statutory annual leave days to liquidate their municipal debt.</p>
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D. Clause 16. Domestic water insurance and water loss

<u>Current 2024/2025</u>	<u>Current 2025/2026</u>
New clause	16.6 Notwithstanding the provision in clause 16.1, as an alternative option, the Municipality may implement a water loss mitigation levy on residential water utility customers to generate funds to support customers whose water meters had leaks over a period not exceeding 60 days.

E. Clause 19. Meter reading and estimates

<u>Current 2024/2025</u>	<u>Revised 2025/2026</u>
New clause	19.4 In case where the customer submits his or her meter reading using platforms provided by the Municipality, the Municipal meter reader will still require access to read the meter at least every third month to ascertain the condition of the meter.
New clause	19.5 Failure to provide access to conduct meter reading, as contemplated in clause 19.4, may result in levying higher estimated charges, increase the Deposit of the Customer, restrict or disconnect services to the property. Once the reading is obtained, the account will be adjusted accordingly, to reflect the customer's actual consumption.
New clause	19.6 Where a water or electricity meter is found to be faulty or reversing due to an installation and use of an alternative supply by the customer, the customer will be liable for all related charges of repairing such meter.

F. Clause 20. Debt recovery using the pre-payment metering system (residential customer only)

<u>Current 2023/2024</u>	<u>Revised 2024/2025</u>
<p>20.2 (b) A Customer must be indebted to the Municipality in respect of Municipal services exceeding the sum of R1000.</p>	<p>20.2(b) A Customer must be indebted to the Municipality in respect of Municipal services and rates exceeding the sum of R1000 and the account be in arrears for the minimum period of ninety (90) days and above.</p>
<p>20.8 Child - Headed Households must meet the requirements as set out in the Municipality's Rates Policy and an application must be made with the consent of the Social Worker appointed by the Municipality.</p>	<p>20.8 The prepayment debt recovery deduction is solely for the historical debt, which has been accumulated by the account holder over a period, provided that the debt has not prescribed. Additionally, the customer is required to continue paying for the current consumption of Municipal services and rates.</p>
<p>20.8 Child - Headed Households must meet the requirements as set out in the Municipality's Rates Policy and an application must be made with the consent of the Social Worker appointed by the Municipality.</p>	<p>20.9 Child - Headed Households must meet the requirements as set out in the Municipality's Rates Policy and an application must be made with the consent of the legal guardian, appointed to manage the affairs of the minor or the Social Worker appointed by the Municipality or the Department of Social Development.</p>
<p>20.11 Municipal staff and Councillors do not qualify for a pre-payment debt recovery facility.</p>	<p>Removed</p>

20.12 The CFO will not grant pre-payment debt recovery facility to any customer, other than residential customers.	20.12 The CFO will not grant pre-payment debt recovery facility to any other category of customers, other than those categorised as residential customers.
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All comments must be submitted in writing to the Manager: Policy and Compliance (Revenue). For email correspondence comments can be sent to Fikile.Mangele@durban.gov.za or hand delivered to 2nd Floor Florence Mkhize Building, 251 Anton Lembede Street, Durban, 4000. Any queries, you can phone 031-311 1850 during office hours.