

8.4	TREASURY CIRCULAR MUN NO. 4/2026: CONSISTENT ENFORCEMENT OF DEBT COLLECTION AND CREDIT CONTROL MEASURES FOR COUNCILLORS AND EMPLOYEES
-----	--

Collaborator No: 8/1
 BUDGET KPA Ref No: Good Governance and Compliance
 Meeting Date: 21 October 2026

1. SUBJECT: TREASURY CIRCULAR MUN NO. 4/2026: CONSISTENT ENFORCEMENT OF DEBT COLLECTION AND CREDIT CONTROL MEASURES FOR COUNCILLORS AND EMPLOYEES

2. PURPOSE

To inform Council of the provisions of the Treasury Circular Mun No 4/2026 that was issued by the Western Cape Government: Provincial Treasury regarding the consistent enforcement debt collection and credit control measures for councillors and employees.

3. DELEGATED AUTHORITY

Council

4. EXECUTIVE SUMMARY

The Western Cape Government: Provincial Treasury issued Treasury Circular Mun No 4/2026 to emphasize the importance of the consistent enforcement of debt collection and credit control measures to councillors and employees.

The circular highlights the following risks if the municipality does not comply with its prescripts:

- Financial instability due to revenue losses, cash flow constraints and an increase in irrecoverable debt.
- Inconsistent application of the policy could be regarded as a breach in the statutory duty of the municipality, which could negatively impact the audit outcome.
- Erosion of Public Confidence in the municipality if the policy is not applied consistently.

The prescripts of the circular are applicable to:

- Outgoing Councillors.
- Newly elected Councillors.
- Municipal Employees that are in Arrears.
- Newly appointed Employees.

5. RECOMMENDATIONS

- (a) that Council takes note of the content of Treasury Circular Mun No. 4/2026: regarding the consistent enforcement of debt collection and credit control measures for councillors and employees; and
- (b) that Council supports the continued strict and consistent implementation of the Municipality's Credit Control and Debt Collection Policy.

6. DISCUSSION / CONTENTS

The municipality's mandate is to deliver quality services, foster economic development, and ensure good governance. One of the important objectives is to ensure that all monies due to the municipality are collected and used to deliver services in a financially sustainable manner.

Section 96 of the Local Government: Municipal Systems Act no.32 of 2000 requires a municipality to adopt, maintain, and implement a credit control, customer care, and debt collection policy. Stellenbosch Municipality has an approved Credit Control and Debt Collection Policy which is in line with the requirements in Section 96 of the Systems Act, this policy is reviewed annually.

The Municipality's Credit Control and Debt Collection Policy give guidelines as to how the municipality must manage its revenue while still taking the needs of the community into consideration. It sets out clear steps for reading meters, sending out accurate bills, and offering different ways to pay municipal accounts. The policy includes steps such as blocking services, the installation of prepaid meters and acceptable payment plans to assist consumers to pay their accounts. The main goal is to keep the municipality's finances healthy while making sure that the policy is consistent and fair to all the different consumers.

6.1 Background/Legislative Framework

The legislation applicable are sections 96, 98, 99 and 100 of the Municipal System Act, Act 32 of 2000.

6.2 Discussion

None

6.3 Legal Implication

None

6.4 Staff Implications:

None

6.5 Previous / Relevant Council Resolutions:

39TH COUNCIL MEETING: 2026-03-31: ITEM 12.2

6.6 Risk Implications

None

6.7 Comments from Senior Management:

None

6.7.1 Municipal Manager

Supports the recommendation

FOR FURTHER DETAILS CONTACT:

NAME	Henry Mitchell
POSITION	Senior Manager: Revenue and Expenditure
DIRECTORATE	Finance
CONTACT NUMBERS	021 808 8016
E-MAIL ADDRESS	Henry.Mitchell@ Stellenbosch.gov.za
REPORT DATE	8 October 2026

APPENDIX



Reference number: RCS/C.5

 Private Bag X9165
 CAPE TOWN
 8000

TREASURY CIRCULAR MUN NO. 4/2026

THE MAYOR, CITY OF CAPE TOWN
 THE MAYOR, WEST COAST DISTRICT MUNICIPALITY
 THE MAYOR, MATZIKAMA MUNICIPALITY
 THE MAYOR, CEDERBERG MUNICIPALITY
 THE MAYOR, BERGRIVIER MUNICIPALITY
 THE MAYOR, SALDANHA BAY MUNICIPALITY
 THE MAYOR, SWARTLAND MUNICIPALITY
 THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY
 THE MAYOR, WITZENBERG MUNICIPALITY
 THE MAYOR, DRAKENSTEIN MUNICIPALITY
 THE MAYOR, STELLENBOSCH MUNICIPALITY
 THE MAYOR, BREEDE VALLEY MUNICIPALITY
 THE MAYOR, LANGEBERG MUNICIPALITY
 THE MAYOR, OVERBERG DISTRICT MUNICIPALITY
 THE MAYOR, THEEWATERSKLOOF MUNICIPALITY
 THE MAYOR, OVERSTRAND MUNICIPALITY
 THE MAYOR, CAPE AGULHAS MUNICIPALITY
 THE MAYOR, SWELLENDAAM MUNICIPALITY
 THE MAYOR, GARDEN ROUTE DISTRICT MUNICIPALITY
 THE MAYOR, KANNALAND MUNICIPALITY
 THE MAYOR, HESSEQUA MUNICIPALITY
 THE MAYOR, MOSSEL BAY MUNICIPALITY
 THE MAYOR, GEORGE MUNICIPALITY
 THE MAYOR, OUDTSHOORN MUNICIPALITY
 THE MAYOR, BITOU MUNICIPALITY
 THE MAYOR, KNYSNA MUNICIPALITY
 THE MAYOR, CENTRAL KAROO DISTRICT
 THE MAYOR, LAINGSBURG MUNICIPALITY
 THE MAYOR, PRINCE ALBERT MUNICIPALITY
 THE MAYOR, BEAUFORT WEST MUNICIPALITY

For information

THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR L MBANDAZAYO
 THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR D JOUBERT
 THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR L PHILLIPS
 THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE
 THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: ADV. H LINDE
 THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR H METTLER
 THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ
 THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR H PRINS
 THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON
 THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR J LEIBBRANDT
 THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MS G METTLER
 THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS
 THE MUNICIPAL MANAGER, LANGEBERG MUNICIPALITY: MR D LUBBE
 THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR E PHILLIPS (ACTING)
 THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR W HENDRICKS
 THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: MR E JANTJIES (ACTING)
 THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR W RABBETS
 THE MUNICIPAL MANAGER, SWELLENDAAM MUNICIPALITY: MS A VORSTER
 THE MUNICIPAL MANAGER, GARDEN ROUTE DISTRICT MUNICIPALITY: MS N RAISA-MLANDU (ACTING)
 THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: ADV. D SEREO
 THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR A DE KLERK
 THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: MR C PUREN
 THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: DR D O'NEILL (ACTING)
 THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR M YEKANI
 THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR F WILLIAMS (ACTING)
 THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MR B NGUBO (ACTING)
 THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MS B KOOPMAN (ACTING)
 THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR J BOOYSEN
 THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: ADV. T GILIOME
 THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR G ESAU (ACTING)

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR K JACOBY
 THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR H NIEHAUS
 THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR E ALFRED
 THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR J BOOYSEN
 THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR P ERASMUS
 THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR S VORSTER
 THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR M BOLTON
 THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MS F DU RAAN-GROENEWALD
 THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR C KRITZINGER
 THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR B BROWN
 THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR K CAROLUS
 THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR R ONTONG
 THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR A MATI
 THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR S STANLEY
 THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR A RIDDLES (ACTING)
 THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR D LOUW
 THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR W JONKER
 THE CHIEF FINANCIAL OFFICER, SWELLENBAM MUNICIPALITY: MS E WASSERMANN
 THE CHIEF FINANCIAL OFFICER, GARDEN ROUTE DISTRICT MUNICIPALITY: MR R BOSHOF
 THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR L STEENKAMP
 THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MR G GOLIATH
 THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR S THYS
 THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: MR R DU PLESSIS
 THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR G DE JAGER
 THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR C MAPEYI
 THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MS B LUBELWANA (ACTING)
 THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MS K MAKALIMA
 THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS L MOKGOJE
 THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR B METEMBO
 THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR B JACOBS

THE HEAD OFFICIAL: PROVINCIAL TREASURY (MS J GANTANA)
 THE DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES (MR V SENNA)
 THE DEPUTY DIRECTOR-GENERAL: GOVERNANCE AND ASSET MANAGEMENT (MR I SMITH)
 THE CHIEF DIRECTOR: PUBLIC POLICY SERVICES (MR O WILLCOX)
 THE CHIEF DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MS A PICK)
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT PUBLIC FINANCE (MR S KENYON)
 THE CHIEF DIRECTOR: ASSET MANAGEMENT (MS N EBRAHIM)
 THE CHIEF DIRECTOR: FINANCIAL GOVERNANCE (MR A HARDIEN)
 THE CHIEF FINANCIAL OFFICER (MS A SMIT)
 THE HEAD OF MINISTRY (MS C VARNEY)
 THE DIRECTOR: BUSINESS INFORMATION AND DATA MANAGEMENT (MS T BOSSER) (ACTING)
 THE DIRECTOR: CORPORATE GOVERNANCE (MS M VAN NIEKERK)
 THE DIRECTOR: FISCAL POLICY (MS C HORTON) (ACTING)
 THE DIRECTOR: INFRASTRUCTURE (MR Z MAJLET)
 THE DIRECTOR: LOCAL GOVERNMENT ACCOUNTING (MR F SALIE)
 THE DIRECTOR: LOCAL GOVERNMENT BUDGET OFFICE (DR M BOOYSEN)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP ONE) (MS K NEETHLING)
 THE DIRECTOR: LOCAL GOVERNMENT REVENUE AND EXPENDITURE (GROUP TWO) (MR I TSIE)
 THE DIRECTOR: LOCAL GOVERNMENT MFMA COORDINATION (MR D CRONJE)
 THE DIRECTOR: LOCAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS S ROY)
 THE DIRECTOR: PROVINCIAL GOVERNMENT ACCOUNTING (MS T MFAMANA)
 THE DIRECTOR: PROVINCIAL GOVERNMENT BUDGET OFFICE (MR P PRINSLOO) (ACTING)
 THE DIRECTOR: PROVINCIAL GOVERNMENT PUBLIC FINANCE (MR S ARNOLD) (ACTING)
 THE DIRECTOR: PROVINCIAL GOVERNMENT SUPPLY CHAIN MANAGEMENT (MS L CUPIDO) (ACTING)
 THE DIRECTOR: STRATEGIC AND OPERATIONAL MANAGEMENT SUPPORT (MS N ISMAIL)
 THE DIRECTOR: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR B GORDON)

THE PROVINCIAL AUDITOR

MASTER RECORDS OFFICIAL: BUSINESS INFORMATION AND DATA MANAGEMENT

THE DEPUTY DIRECTOR-GENERAL: CORPORATE ASSURANCE, DEPARTMENT OF THE PREMIER (MS H ROBSON)

THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT

THE CHIEF DIRECTOR: INTEGRATED SERVICE DELIVERY – DEPARTMENT OF LOCAL GOVERNMENT

THE CHIEF DIRECTOR: MUNICIPAL PERFORMANCE MONITORING AND SUPPORT – DEPARTMENT OF LOCAL GOVERNMENT

THE CHIEF DIRECTOR: DISASTER MANAGEMENT AND FIRE BRIGADE SERVICES – DEPARTMENT OF LOCAL GOVERNMENT

RE: CONSISTENT ENFORCEMENT OF DEBT COLLECTION AND CREDIT CONTROL MEASURES FOR COUNCILLORS AND EMPLOYEES

1. PURPOSE

- 1.1 The purpose of this circular is to remind municipalities of their statutory obligations to ensure strict compliance with the Code of Conduct for Councillors (Schedule 7 of the Municipal Structures Act), the Code of Conduct for Councillors Regulations (GN 3538, GG 48786, published on 14 June 2023), and all other applicable legislation regulating the financial obligations of municipal councillors and employees.
- 1.2 This circular further seeks to strengthen the implementation and enforcement of municipal credit control and debt collection measures in respect of serving councillors, outgoing councillors, and municipal employees. It serves to reinforce the responsibility of all councillors and employees to maintain their municipal accounts in good standing and to settle all municipal charges when due.
- 1.3 Additionally, this circular serves as a critical reminder of PT Circular 12 of 2025, which underscores the necessity of consistently applying credit control and debt collection measures throughout the year, including during the festive season. Consistently enforcing credit control protections safeguards municipal revenue, prevents selective enforcement, ensures the sustainable delivery of public services, and complies with the constitutional principle of equality before the law.

2. LEGAL CONTEXT AND STATUTORY FRAMEWORK

- 2.1 The duty of municipalities to collect revenues for services rendered is firmly established in municipal legislation. The relevant statutory provisions governing this mandate include:
 - 2.1.1 Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) [MSA]: Section 96 obligates a municipality to collect all money due and payable to it. To give effect to this duty, Section 98 requires the Municipality to adopt, maintain, and implement a credit control and debt collection policy consistent with its rates and tariff policies, which must be given legal effect through municipal by-laws.
 - 2.1.2 Code of Conduct for Councillors (Schedule 7, Municipal Structures Act): Item 14 explicitly prohibits a councillor from being in arrears to the Municipality for rates and service charges for a period longer than three (3) months. Failure to comply constitutes a breach of the Code of Conduct.
 - 2.1.3 Code of Conduct for Councillors Regulations, 2023 (GN 3538): These regulations provide procedural steps for managing councillor arrears. The Municipal Manager must notify a councillor in writing when their account is in arrears for more than two (2) months and request settlement. If arrears exceed three (3) months, the Municipal Manager must immediately refer the matter to the Speaker, who is legally required to ensure the outstanding debt is recovered. This procedure applies uniformly, including to newly elected councillors.
 - 2.1.4 Staff Arrears (Schedule 2, Section 10 of the MSA): Municipal staff members are prohibited from being in arrears on their municipal accounts for more than three (3) months. The Municipality is empowered to automatically deduct any outstanding amounts from the staff member's salary after this period.
 - 2.1.5 Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) [MFMA]: Compels the implementation of effective revenue management systems. This duty requires the Municipal Manager and delegated officials to actively implement credit control procedures to recover arrear amounts from both staff and councillors.

- 2.1.6 **Policy Interference:** In terms of Section 173(5)(a) of the MFMA, any councillor or municipal official who interferes with the implementation of a municipality's approved credit control policy commits an offence. Upon conviction, such interference carries a statutory penalty of a fine or imprisonment for up to five (5) years.
- 2.1.7 **Financial Misconduct:** In terms of Section 171 of the MFMA, the failure by an official to properly implement the approved credit control policy constitutes financial misconduct. The Municipality is legally obligated to investigate such failures and, where necessary, institute formal disciplinary proceedings.

3. KEY FINANCIAL AND GOVERNANCE RISKS

- 3.1 Failing to enforce credit control measures against councillors and employees creates severe operational and governance risks. Municipalities must actively mitigate the following vulnerabilities:
- 3.1.1. **Financial Instability:** Failing to recover debt owed by public officials results in immediate revenue losses, cash flow constraints, and an increase in irrecoverable debt, which directly threatens the financial sustainability of the Municipality and service delivery.
- 3.1.2. **Regulatory Non-Compliance:** Inconsistent application of credit control policies represents a breach of statutory duties, resulting in adverse municipal audit findings, weak internal governance controls, and heightened regulatory scrutiny.
- 3.1.3. **Erosion of Public Confidence:** Applying rules to ordinary citizens while exempting public officials undermines public confidence, weakens the broader societal payment culture, and exposes the Municipality to significant reputational and legal risks.

4. REQUIRED ADMINISTRATIVE AND CREDIT CONTROL ACTIONS

- 4.1. To ensure compliance with the legislative framework, municipal administrations are requested to assist in implementing the following credit control and administrative actions:

TARGET GROUP	CREDIT CONTROL ACTION TO BE IMPLEMENTED	APPLICABLE LEGISLATIVE AUTHORITY
Outgoing Councillors	Immediately implement measures to recover all outstanding debt prior to the expiration of their term. Municipalities must deduct any outstanding balances from final remuneration, allowances, gratuities, or other monies due to them, in accordance with local policies and in compliance with applicable legislation.	<i>Schedule 7 (Item 14) of Municipal Structures Act.</i>
Incoming/Newly Elected Councillors	Ensure that any incoming councillor whose municipal accounts are in arrears enters into a formal, binding repayment agreement immediately upon taking office, which must include provisions for automatic salary and allowance deductions to bring their accounts up to date.	<i>Schedule 7 (Item 14) of Municipal Structures Act.</i>

TARGET GROUP	CREDIT CONTROL ACTION TO BE IMPLEMENTED	APPLICABLE LEGISLATIVE AUTHORITY
Municipal Employees in Arrears	Actively enforce debt recovery processes against staff members whose accounts are in arrears for more than three (3) months. Implement direct salary deductions to recover outstanding amounts in accordance with the credit control policy and collective agreements and in compliance with applicable legislation.	<i>Schedule 2 (Section 10) of MSA.</i>
Newly Appointed Employees	Ensure that newly appointed employees with outstanding municipal debt enter into formal, binding repayment agreements upon appointment, incorporating automatic salary deduction clauses to clear the outstanding balances.	<i>Municipal Credit Control Policy.</i>

4.2. COUNCIL TABLING AND SUBMISSION REQUEST

4.2.1. To ensure high-level awareness and formal compliance, municipalities are requested to do the following:

4.2.1.1. **Council Tabling:** This circular must be tabled as an official agenda item at the next available council meeting. This is to ensure that all serving councillors, as well as executive officials, are fully apprised of their personal and statutory financial obligations.

4.2.1.2. **Submission of Proof:** Once tabled, municipalities must immediately submit a copy of the formal council agenda item and the relevant council resolution demonstrating compliance to the Provincial Treasury via email at: mfma.mfma@westerncape.gov.za

5. Municipalities are reminded that revenue collection is the lifeblood of municipal survival. Failing to enforce our credit control policies uniformly not only violates our statutory obligations under the Municipal Systems Act, but it also compromises the constitutional principle of equality before the law.

VICTOR SENNA

DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES

DATE: