ELM

Elundini Local Municipality

Nqanqarhu I Ugie I Tlokoeng

Debt/ Consumer Payment Incentive Policy

2026/2027 FINANCIAL YEAR

1. BACKGROUND

- The domestic/ household debt has been growing at an alarming rate despite the implementation of the credit control and debt management policy.
- The municipality is still to attach the properties for non-payment of debt in line with the municipality's bylaws.
- Some consumers have defaulted on their arrangements; as such, the normal agreements are not effective, hence the need to introduce the incentive schemes.
- The Policy also aims to promote Municipal Systems Act 32 of 2000, Sec 97(F), which relates to the extension of time for payment of services.
- The main focus of the policy is to institute incentive schemes to encourage prompt payment of debtor accounts.

2. OBJECTIVES OF THE SCHEME

- To outline the parameters, criteria, and procedures within which arrear debts of the participants to the scheme are written off in exchange for prompt and timeous payment of future accounts rendered by the municipality.
- The purpose of the policy is to encourage the residents of Elundini to pay for rates and services, and also to promote the culture of payment amongst its citizens.
- The policy also aims to promote the Municipal Systems Act 32 of 2000, sec 97(F), which relates to the extension of time of payment.
- The main focus of the policy is to institute incentive schemes to encourage prompt payment of debtors' accounts.

3. SETTLEMENT DISCOUNTS ON ARREAR AMOUNTS

3.1 SETTLEMENT OF ARREAR AMOUNTS

- 5% discount upon payment of 25% of the outstanding debt.
- 10% discount upon payment of 50% of the outstanding debt.
- 15% discount upon payment of 75% of the outstanding debt.
- 20% discount upon payment of 100% of the outstanding debt.
- 5% discount is to be allowed for early settlement of the current.
- 50% discount at the discretion of the council.

ALL DISCOUNTS ARE APPLICABLE FOR A PERIOD OF 12 MONTHS (JANUARY – DECEMBER) EACH YEAR

3.2 QUALIFICATION CRITERIA

- Settlement discount applies to domestic debtors.
- The debtor is to honour/pay the current account to ensure the debt does not increase.
- The debtor is not to default on the arrangement

3.3 DISQUALIFICATION

- Transfer of properties (clearance of accounts before transfer)
- Commercial/business debtors do not qualify
- Institutions and government debtors do not qualify
- Consumers utilizing domestic premises to operate businesses. Dominant use versus zoning)
- Consumers are in the process of selling their properties and are applying for a rates clearance certificate.

4. BENEFIT TO COUNCIL

- The arrear debt that has been growing over many years will decrease significantly
- Improved cash flows will improve the liquidity of the municipality, and thereby allow the municipality to finance service delivery projects.
- The municipality could increase reserves for asset replacement and budget for repairs and maintenance.
- Promote sustainable and reliable revenue for the council for future years.

5. CONDITIONS APPLICABLE TO THE SCHEME

- Participant to promptly and timeously pay the six (6) consecutive months' account rendered. The account must be paid before or on the due date.
- Participant to honour the acknowledgement of debt entered into for the debt not identified for write off, failing which it invalidates the application for the incentive policy

6. PUBLICATION OF THE INCENTIVE SCHEME

- The incentive scheme will be advertised in different media- newspapers, road shows, and monthly statements.

7. PARTICIPANTS TO THE SCHEME THAT DEFAULT

7.1 Participants who default will not automatically be removed from the scheme; however, the participation will be automatically suspended by the financial system that the council is using should they be at fault for two months or more.

7.2 The participants, to be reinstated on the Incentive Policy, must pay all outstanding amounts from the last account that was paid.

7.3 The incentive portion will only be affected if the participant has fully complied with the said conditions referred to in section 4 of the scheme.

7.4 Participants who default regularly will, at management's discretion, be removed from the scheme, and normal credit control actions in terms of the bylaws will be instituted.

8. REVIEW

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and regulations.