



Date of implementation: 1 JULY 2015

<h2>INCENTIVE POLICY</h2>

1. PURPOSE

The purpose of the policy is to encourage the residents of EMALAHLENI to pay for services and also to promote the culture of payment amongst its citizens. The policy also aims to promote the municipal system 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 scheme to encourage prompt payment of debtor accounts.

2. POLICY STATEMENT

To outline the parameters, criteria and procedures within which identified debts of participants to the scheme is written off in exchange for prompt and timeous payment of future accounts rendered by the municipality.

3. INCENTIVE DEFINED

3.1 benefits derived by a participant to scheme

- One tenth of verified debt to be written -off every three months until debt is written off in totality upon the participant fully complying with the conditions of the scheme.
- Assist consumers in improving the status of their municipal account in two ways, namely; the decreasing of their existing debt through write off and assisting them in ensuring that their current accounts do not deteriorate to a similar state.
- Registered indigents must ensure that their monthly accounts are up to date if consumption has been more than the subsidy provided.
- The incentive Policy is applicable on debt relating to service chargers and property rates.

3.2 Benefit to Council

- Promotes substance and reliable revenue for the council for future years.
- Creates amongst consumer the awareness and principle of paying for services consumed.
- Limits the financial burden of bad debt on the municipal council in future years

4. CONDITIONS APPLICABLE TO THE SCHEME

- 4.1 Participant to promptly and times pay three consecutive months account rendered. The account must be paid before or on due date
- 4.2 Participant to honor the acknowledgment of debt agreement entered into for the debt not identified for written off, failing which it invalidates the application on the incentive Policy

5. WHOM MAY APPLY

- 5.1 All that have active accounts at date of application.
- 5.2 Only consumers that have outstanding debt as at the 30th June 2005 and the said debt or portion therefore is at date of application still outstanding.
- 5.3 All registered indigent consumers on 1 march 2008 automatically qualify.

6. WHO MAY NOT APPLY

- 6.1. Government Departments, which include schools and parastatals.

7. METHOD OF COMMUNICATION ON THE SCHEME

- 7.1. The incentive scheme will be advertised in different mediums, Newspapers, Road shows and through the monthly statements.
- 7.2. Consumer must then complete an application form.
- 7.3. A reconciliation of the account will then be performed to verify whether the applicants qualifies.

8 THE PROCEDURE APPLICABLE

- 8.1 Verified debt as at 30th June 2005 to be packed and written-off in installments as the conditions are met.
- 8.2 Verified debt accrued for the period 1st July 2005 to 31 March 2008 to be dealt with via an acknowledgment of debt by the participant.
- 8.3. Incentives to be applied with effect from the 1st April 2008 retrospectively and upon approval.

9. INCENTIVE CALCULATION

One tenth of applicable debt to be written off upon the participant promptly and timeously paying three consecutive months account rendered in addition to the acknowledgment of debt for the period 1st 2005 to 31 June 2008.

Example:

- Verified outstanding debts as at 30th June 2005 to 31 March 2008 =R5000.00
- Incentives portion written off each quarter :1/10th of debts as per (a) R500.00
- Verified outstanding debt for the period 1st July 05 to 31 March 2008 =R2400.00

- Monthly accounts rendered

account rendered for July 07	352.60
account rendered for August 07	201.49
account rendered for Sept 07	165.82
account rendered for Oct 07	199.61
account rendered for Nov.07	210.99
accounts rendered for Dec07	<u>332.84</u>
	<u>1463.35</u>

e) Acknowledgment of debt agreement; 66.67 p/m

Incentives calculation

The R5000.00 is parked thereby targeting it for write off.

- An agreement is entered into for the R2400 at R66.67 per month (R2400/36)
- For every 3 consecutive months that the participants current account (1463.35) and the arrangement of (400.02) must be paid up, an amount of R500.00 will be written-off from the parked debt.

10. PARTICIPANTS TO THE SCHEME THAT DEFAULT:

- 10.1 Participants, who default will not automatically be removed from the scheme, however their participation will be automatically suspended by the financial system that council is using should they be in default for by two months or more.

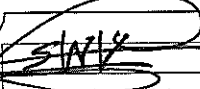
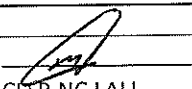
EMALAHLENI INCENTIVES POLICY

- 10.2 The participants in order to be reinstated on the incentives policy must pay all outstanding amounts from the last account which was paid.
- 10.3 The incentive portion will only be affected if the participant has fully complied with the said conditions referred to in section four of this scheme.
- 10.4 Participant who default on a regular basis will at management's discretion be removed from the scheme and normal credit control actions in terms of the by-laws will be instituted.

DATE ADOPTED: 28 MAY 2015

DATE REVISED: N/A

EFFECTIVE DATE: 1 JULY 2015

 DR SW VATALA MUNICIPAL MANAGER	23/06/2015 DATE	 CLLR NC LALI SPEAKER ELM	23/06/2015 DATE
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