

**CITY OF EKURHULENI METROPOLITAN MUNICIPALITY  
ORDINARY COMMITTEE MEETING**

**2024.08.29**

**ITEM A-F (46-2024)**

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**FINANCE DEPARTMENT: DEBT REHABILITATION INCENTIVE AND PAYMENT INCENTIVE SCHEME**

**1. PURPOSE**

To request approval of the amended Debt Rehabilitation and Payment Incentive Scheme.

**2. STRATEGIC PRIORITY**

To reduce consolidated consumer debt, install culture of payment and increase collection rate to above required 90% on annual basis.

**3. WARD/S AFFECTED**

All wards are affected.

**4. LINKAGE TO IDP**

None.

**5. EXECUTIVE SUMMARY**

To ensure provision of sustainable basic services the City requires a strong and sound financial position that is backed by a culture of consistent payment for services rendered.

Informed by the current economic climate, other exogeneous economic factors that have negatively affected the residents of the City and the fact that regional economy is still on a recovery trajectory with residents still grappling to cope with the increasing cost of living, the amendments to the debt rehabilitation and payment incentive scheme is introduced to reduce the consolidated consumer debt, install the culture of payment and improve liquidity and ensure financial sustainability.

In order to accommodate wide range of customers, the following **Summary of Proposed amendments to Debt Rehabilitation Incentive –**

<b>RESIDENTIAL PROPERTIES</b>	
<b>CURRENT</b>	<b>AMENDED</b>
Qualifying Criteria <ul style="list-style-type: none"><li>• Residential Property value limit – R 1 500 000</li><li>• Arrear debt +12 months</li></ul>	Qualifying Criteria <ul style="list-style-type: none"><li>• Residential Property Value limit – R 3 000 000</li><li>• Arrear debt +12 months</li></ul>
Arrear Restructuring – <ul style="list-style-type: none"><li>• +12 Months Debt – 50% Initial Write-off</li><li>• +12 Months remaining debt (50%) – 36 months arrangement written off incrementally over period of 36 months.</li></ul>	Arrear Restructuring – <ul style="list-style-type: none"><li>• +12 months Debt – 70% Initial Write-off</li><li>• +12 Months remaining debt (30%) – 36 months arrangement written off incrementally over period of 36 months.</li></ul>

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<ul style="list-style-type: none"> <li>Remaining Debt excl current – 36 months normal Arrangement</li> </ul>	<ul style="list-style-type: none"> <li>Remaining Debt excl current – 36 months normal arrangement.</li> </ul>
Payment Conditions - Current Account plus Arrangement debt for period of 36 months. Suspensive Conditions <ul style="list-style-type: none"> <li>Early settlement of full consolidated arrangement – No reversal of initial write-off and write-off to date.</li> <li>Reversal of FULL write-off value, initial and incremental.</li> </ul>	Payment Conditions - Current account plus arrangement debt for period of 36 months. Suspensive Conditions. <ul style="list-style-type: none"> <li>Non-compliance with payment conditions - Reversal of write-off value on following basis –               <ul style="list-style-type: none"> <li>Conditions complied with +24 months = 15% of write-off value</li> <li>Conditions complied with +12 months = 40% of write-off value</li> <li>Conditions complied with 12 months or less = 100% of write-off value</li> </ul> </li> <li>Early settlement of full consolidated arrangement – No reversal of initial write-off and write-off to date.</li> <li>Maximum of one additional application after cancellation.</li> </ul>

<b>RESIDENTIAL PROPERTIES ABOVE R3 000 000</b>	
<b>CURRENT</b>	<b>AMENDED</b>
	Qualifying Criteria <ul style="list-style-type: none"> <li>Residential Property Value above - R 3 000 000</li> <li>Arrear debt +12 months.</li> </ul>
	Arrear Restructuring – <ul style="list-style-type: none"> <li>+12 months interest Debt – 100% Write-off incrementally over period of 12 months.</li> <li>Balance of account - Normal Debt repayment arrangement as per Credit Control Policy.</li> </ul>
	Payment Conditions - Current account plus arrangement debt for period of 12 months.
	Suspensive condition – <ul style="list-style-type: none"> <li>Non-payment of current or Arrangement – Cancellation of arrangement.</li> <li>100% reversal of interest write-off.</li> </ul>

<b>BUSINESS AND OTHER CATEGORIES OF PROPERTIES</b>	
<b>CURRENT</b>	<b>AMENDED</b>
	Qualifying Criteria <ul style="list-style-type: none"> <li>Business, industrial or any non-residential category of property as per published valuation roll – including Vacant land.</li> <li>Excludes National, Provincial or local government owned properties.</li> <li>Arrear debt +12 months.</li> </ul>
	Arrear Restructuring – <ul style="list-style-type: none"> <li>+12 months interest Debt – 100% Write-off incrementally over period of 12 months.</li> </ul>

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	<ul style="list-style-type: none"> <li>Balance of account - Normal Debt repayment arrangement as per Credit Control Policy.</li> </ul>
	Payment Conditions - Current account plus arrangement debt for period of 12 months.
	Suspensive condition – <ul style="list-style-type: none"> <li>Non-payment of current or Arrangement – Cancellation of arrangement.</li> <li>100% reversal of interest write-off.</li> </ul>

**Religious organizations, Public Benefit and Non-profit organizations**

<b>CURRENT</b>	<b>AMENDED</b>
<b>Qualifying Criteria</b> <ul style="list-style-type: none"> <li>Approved rebate or exclusion granted to property owner in terms of the following approved property rates tariff rebates as per Property Rates Policy –               <ul style="list-style-type: none"> <li>Religious organizations</li> <li>Sporting bodies</li> <li>Welfare organizations</li> <li>Public Benefit organizations</li> <li>Non-Governmental Organizations and Cultural Organizations</li> <li>Private Schools, Universities, Colleges and Crèches</li> </ul> </li> <li>Arrear debt +12 months</li> </ul>	<b>Qualifying Criteria</b> <ul style="list-style-type: none"> <li>Approved rebate or exclusion granted to property owner in terms of the following approved property rates tariff rebates as per Property Rates Policy –               <ul style="list-style-type: none"> <li>Religious organizations</li> <li>Sporting bodies</li> <li>Welfare organizations</li> <li>Public Benefit organizations</li> <li>Non-Governmental Organizations and Cultural Organizations</li> <li>Private Schools, Universities, Colleges and Crèches</li> </ul> </li> <li>Arrear debt +12 months</li> </ul>
<b>Arrear Restructuring –</b> <ul style="list-style-type: none"> <li>+12 Months Debt – 50% Initial Write-off</li> <li>+12 Months remaining debt (50%) – 36 months arrangement written off incrementally over period of 36 months.</li> <li>Remaining Debt excl current – 36 months normal Arrangement</li> </ul>	<b>Arrear Restructuring –</b> <ul style="list-style-type: none"> <li>+12 months Debt – 70% Initial Write-off</li> <li>+12 Months remaining debt (30%) – 36 months arrangement written off incrementally over period of 36 months.</li> <li>Remaining Debt excl current – 36 months normal arrangement.</li> </ul>
<b>Payment Conditions - Current Account plus Arrangement debt for period of 36 months.</b> <b>Suspensive Conditions</b> <ul style="list-style-type: none"> <li>Early settlement of full consolidated arrangement – No reversal of initial write-off and write-off to date.</li> <li>Reversal of FULL write-off value, initial and incremental.</li> </ul>	<b>Payment Conditions - Current account plus arrangement debt for period of 36 months.</b> <b>Suspensive Conditions.</b> <ul style="list-style-type: none"> <li>Non-compliance with payment conditions - Reversal of write-off value on following basis –               <ul style="list-style-type: none"> <li>Conditions complied with +24 months = 15% of write-off value</li> <li>Conditions complied with +12 months = 40% of write-off value</li> <li>Conditions complied with 12 months or less = 100% of write-off value</li> </ul> </li> <li>Early settlement of full consolidated arrangement – No reversal of initial write-off and write-off to date.</li> <li>Maximum of one additional application after cancellation.</li> </ul>

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<b>PAYMENT INCENTIVE</b>	
<b>CURRENT</b>	<b>AMENDED</b>
<ul style="list-style-type: none"> <li>• Payment incentive of 2% to all customers effecting payment of account on or before due date for period of 6 consecutive months.</li> <li>• Incentive credit based on current month billed value.</li> </ul>	<ul style="list-style-type: none"> <li>• Payment incentive of 2% to <u>all customers</u> effecting payment of account on or before due date for period of 12 consecutive months.</li> <li>• Incentive credit based on current month billed value.</li> <li>• Excludes customers with active debt rehabilitation incentive, hand-over or arrangement account.</li> </ul>

<b>METER READING INCENTIVE</b>	
<b>CURRENT</b>	<b>AMENDED</b>
	Qualifying Criteria <ul style="list-style-type: none"> <li>• Submission of conventional water and electricity meter reading within open reading period through CoE meter reading application.</li> <li>• Submitted reading accepted and billed to customer account.</li> <li>• Account balance not in arrears in excess of +90 days.</li> </ul> Reading incentive – R 240.00 per individual submission of 12 months readings

<b>BRIDGED/TAMPERED/BY-PASSED METERING</b>	
<b>CURRENT</b>	<b>AMENDED</b>
	<ul style="list-style-type: none"> <li>• Waiver of fine/penalties for resident that has bridged/tampered/ by-passed metering.</li> </ul> Qualifying Criteria <ul style="list-style-type: none"> <li>• The resident must approach to city, to be legally connected.</li> <li>• The waiver incentive is only valid for the period of 3 months, effective from the 1<sup>st</sup> of September 2024 to 30 November 2024.</li> </ul>

<b>VALIDITY PERIOD</b>	
<b>CURRENT</b>	<b>AMENDED</b>
31 October 2024	30 June 2026

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**6. BACKGROUND / MOTIVATION / DISCUSSION**

Council on 31 May 2022 – Item A-F 17-2022, approved the implementation of Residential Debt Rehabilitation incentive. The validity period was further extended until 31 October 2024 as per Item A-F 55-2023 dated 26 October 2023.

Status of applications as at end June 2024 can be summarized as follows :

Area	Number of Applications	Approved Applications	Number of active applications	Number of cancellations - Non compliance to payment terms	Rejected	Pending Applications
ALBERTON	172	158	93	65	11	3
BENONI	671	639	459	180	18	14
BOKSBURG	3 954	3 942	3 334	608	11	1
BRAKPAN	573	568	492	76	3	2
EDENVALE	373	359	319	40	14	0
GERMISTON	816	761	411	350	55	0
KEMPTON	1 958	1 926	1 810	116	23	9
NIGEL	105	83	60	23	18	4
SPRINGS	98	91	71	20	7	0
TEMBISA	2 537	2 495	1 981	514	26	16
	<b>11 257</b>	<b>11 022</b>	<b>9 030</b>	<b>1 992</b>	<b>186</b>	<b>49</b>

As per the above-mentioned, a total of 11 022 accounts approved to the scheme until 30 June 2024 of which 1 992 were cancelled due to non-compliance to the scheme payment conditions. A total of 9 030 active accounts within scheme as at end June 2024.

The total value of write-offs during the 2023/24 Financial Year in respect of qualifying accounts amounts to R 106,2 million.

In respect of Payment incentive, all customers receive 2% incentive on current account levy, in respect of accounts paid in full on 6 month rolling period. Incentive allocations during the 2023/24 Financial Year is as follows :

Description	Total Incentive
PAYMENT INCENTIVE Alberton	20 409 309.30
PAYMENT INCENTIVE Benoni	16 214 032.05
PAYMENT INCENTIVE Boksburg	32 734 535.18
PAYMENT INCENTIVE Brakpan	6 874 835.47
PAYMENT INCENTIVE Edenvale	468 148.28
PAYMENT INCENTIVE Germiston	58 371 571.90
PAYMENT INCENTIVE Kempton Park	44 999 820.60
PAYMENT INCENTIVE Nigel	4 781 558.66
PAYMENT INCENTIVE Springs	633 716.42
	<b>185 487 527.86</b>

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In order to enhance the Debt Rehabilitation scheme and increase access to scheme benefits across full customer data base, the following amended and additional categories of scheme enhancements are proposed –

- Debt Rehabilitation : Residential Property value : R 3 000 000,
- Debt Rehabilitation : Residential Property value in excess of R 3 000 000,
- Debt Rehabilitation : Business and other categories of property,
- Religious organizations, Public Benefit and Non-profit organizations,
- Payment Incentive,
- Meter reading Incentive.

Taking into account the number of customers in arrears and in order to further increase access to the scheme by defaulting customers, it is recommended that access to scheme be extended until **30 June 2026**.

This extension will enable the presentation of the scheme as debt settlement option to defaulting customers, enhance collection and credit control processes.

The updated qualification criteria, suspensive conditions and payment requirements per category have been detailed in the report.

**6.1 DEBT REHABILITATION INCENTIVE – RESIDENTIAL R 3 000 000**

**Incentive Process.**

- 70% write-off of debt in excess of 1 (One) year on date of application approval – inclusive of rates, service charges, interest and other costs.
- Balance of 1 (One) year debt on date of application approval – excluding debt less than 1 year overdue and after 70% write-off, to be placed in consolidated arrangement account to be written off incrementally over a period of three (3) years – on condition that all scheme provisions are being complied with during the period.
- Scheme will be available to qualifying applicants from **01 September 2022 until 30 June 2026**.
- Written application by account holder.
- Applicants to submit proof of linked water and electricity meter connection and readings on date of application.
- Applicants to confirm access of CoE meter readers to properties for the purpose of meter reading, device checks, and where applicable for the installation of a smart electricity prepaid or normalization of a current prepaid meter.
- Application by tenant to be supported by written acknowledgement by owner of property.
- All customer linked accounts will be consolidated inclusive of hand-over accounts and existing arrangement debt.
- **No** once-off or proportional payment required in respect of consolidated arrangement.

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- Consolidated arrangement account **excluded** from interest or other charges for duration of arrangement.
- Approved applicants enter into normal consolidated debt agreement to pay current account plus installment in full on or before due date for period of **36 months** from date of approval of application.
- Debt less than 1 year on date of application approval – normal Credit Control Policy provisions apply which includes entering into debt repayment arrangement.
- Early settlement of outstanding consolidated arrangement and other linked debt – benefits granted in terms of scheme, inclusive of initial 70% write-off and monthly incremental consolidated arrangement write-off, until date of settlement will remain ineffective and will not be reversed to account.
- Specific Conditions
  - Active Debt Rehabilitation Incentive account holders on date of implementation of revised scheme
    - Active account holders in terms of scheme approval A-F 55-2023 to be converted and aligned to revised scheme conditions.
    - Additional initial write-off granted and arrangement terms aligned.
  - Deceased Estates
    - Executor of Estate be allowed to enter into Debt Rehabilitation agreement.
    - Letter of Executorship by Master of High Court be submitted.
    - Early settlement of debt rehabilitation agreement and suspensive conditions apply.
  - Housing Rental Portfolio – Services Accounts
    - All properties within CoE Housing portfolio with linked services accounts – water, sewer, electricity and refuse – in name of tenant be included in scheme provisions.
    - Registered tenant to submit copy of formal rental agreement.
    - Monthly Housing rental fees excluded from Debt Rehabilitation Scheme.

**Qualifying Criteria**

**Residential Category of Properties**

- Residential category of properties as per updated general valuation roll with value of Less than **R 3 000 001**.
- Owner or Tenant on property. Application by tenant to be supported by written acknowledgement by owner of property.
- Written application by account holder – application form to be made available electronically.
- Consolidated account debt within one (1) year plus ageing group (Normal and Hand-over account) on date of application.
- Application received within validity period of scheme.
- Excludes Government, Provincial or Municipal account holders.

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**Suspensive Conditions**

- Failure to comply with monthly current account payment conditions for period in excess of 60 days will result in immediate cancellation of Consolidated Debt Agreement and reversal of write-off, initial and incremental, to date of cancellation on the following basis –
  - Scheme payment conditions complied with for the period in excess of 24 months,: 15% of write-off, initial and incremental reversal.
  - Scheme payment conditions complied with for period in excess of 12 months: 40% of write-off, initial and incremental reversal.
  - Scheme payment conditions complied with for period of 12 months or less : 100% of write-off, initial and incremental reversal.
- Defaulting customers may be allowed one additional application to access benefits of scheme during the validity period of scheme.
- Cancellation of Consolidated Debt Agreement will result in consolidated debt being handed over for legal collection and disconnection of all services to the property in terms of Credit Control Policy.

**6.2 DEBT REHABILITATION INCENTIVE – RESIDENTIAL ABOVE R 3 000 000**

**Incentive Process.**

- 100% write-off of Interest debt in excess of 1 (One) year on date of application approval. Interest debt to be placed in consolidated arrangement account to be written off incrementally over a period of 12 months – on condition that all scheme provisions are being complied with during period.
- Balance of account, excluding current account, to be placed in normal arrangement account with maximum installment period of 36 months as per Credit Control Policy Provisions.
- The scheme will be available to qualifying applicants from date of approval **until 30 June 2026**.
- Written application by account holder.
- Applicants to submit proof of linked water and electricity meter connection and readings on date of application.
- Applicants to confirm access of CoE meter readers to properties for the purpose of meter reading, device checks, and where applicable for the installation of a smart electricity prepaid or normalization of a current prepaid meter.
- Application by tenant to be supported by written acknowledgement by owner of property.
- All customer linked accounts will be consolidated inclusive of hand-over accounts and existing arrangement debt.
- **No** once-off or proportional payment required in respect of consolidated arrangement.

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- Consolidated arrangement account **excluded** from interest or other charges for duration of arrangement.
- Early settlement of outstanding consolidated arrangement and other linked debt – benefits granted in terms of the scheme, inclusive of monthly incremental consolidated arrangement write-off, until date of settlement will remain effective and will not be reversed to account.
- Specific Conditions
  - Deceased Estates
    - Executor of Estate be allowed to enter into Debt Rehabilitation agreement.
    - Letter of Executorship by Master of High Court be submitted.
    - Early settlement of debt rehabilitation agreement and suspensive conditions apply.

**Qualifying Criteria**

**Residential Category of Properties**

- Residential category of properties as per updated general valuation roll with a value of MORE than **R 3 000 000**.
- Owner or Tenant on property. Application by tenant to be supported by written acknowledgement by the owner of the property.
- Written application by the account holder – application form to be made available electronically.
- Consolidated account debt within one (1) year plus ageing group (Normal and Hand-over account) on date of application.
- Application received within validity period of the scheme.
- Excludes Government, Provincial or Municipal account holders.

**Suspensive Conditions**

- Failure to comply with monthly current account payment conditions for period in excess of 60 days will result in immediate cancellation of Consolidated Debt Agreement and reversal of write-off, initial and incremental, to date of cancellation on the following basis –
  - Scheme payment conditions complied with for a period in excess of 24 months,: 15% of write-off, initial and incremental.
  - Scheme payment conditions complied with for a period in excess of 12 months : 40% of write-off, initial and incremental.
  - Scheme payment conditions complied with for a period of 12 months or less : 100% of write-off, initial and incremental.
- Defaulting customers may be allowed one additional application to access benefits of scheme during validity period of the scheme.
- Cancellation of Consolidated Debt Agreement will result in consolidated debt being handed over for legal collection and disconnection of all services to the property in terms of the Credit Control Policy.

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**6.3 DEBT REHABILITATION INCENTIVE – BUSINESS AND OTHER CATEGORIES OF PROPERTIES**

**Incentive Process.**

- 100% write-off of Interest debt in excess of 1 (One) year on date of application approval. Interest debt to be placed in consolidated arrangement account to be written off incrementally over a period of 12 months – on condition that all scheme provisions are being complied with during period.
- Balance of account, excluding current account, to be placed in a normal arrangement account with a maximum installment period of 36 months as per Credit Control Policy Provisions.
- The scheme will be available to qualifying applicants from date of approval **until 30 June 2026**.
- Written application by account holder.
- Applicants to submit proof of linked water and electricity meter connection and readings on date of application.
- Applicants to confirm access of CoE meter readers to properties for the purpose of meter reading, device checks, and where applicable for the installation of a smart electricity prepaid or normalization of a current prepaid meter.
- Application by tenant to be supported by written acknowledgement by the owner of the property.
- All customer linked accounts will be consolidated inclusive of hand-over accounts and existing arrangement debt.
- **No** once-off or proportional payment required in respect of consolidated arrangement.
- Consolidated arrangement account **excluded** from interest or other charges for the duration of the arrangement.
- Early settlement of outstanding consolidated arrangement and other linked debt – benefits granted in terms of scheme, inclusive of monthly incremental consolidated arrangement write-off, until date of settlement will remain effective and will not be reversed to account.

**Qualifying Criteria**

**Business and Other Categories of properties**

- Business and other categories of properties – excluding Residential as per updated general valuation roll.
- Owner or Tenant on property. Application by tenant to be supported by written acknowledgement by the owner of the property.
- Written application by the account holder – application form to be made available electronically.
- Consolidated account debt within one (1) year plus ageing group (Normal and Hand-over account) on date of the application.
- Application received within validity period of the scheme.

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- Excludes Government, Provincial or Municipal account holders.

**Suspensive Conditions**

- Failure to comply with monthly current account payment conditions for a period in excess of 60 days will result in immediate cancellation of the Consolidated Debt Agreement and reversal of write-off, initial and incremental, to date of cancellation on the following basis –
  - Scheme payment conditions complied with for a period in excess of 24 months,: 15% of write-off, initial and incremental.
  - Scheme payment conditions complied with for a period in excess of 12 months : 40% of write-off, initial and incremental.
  - Scheme payment conditions complied with for a period of 12 months or less : 100% of write-off, initial and incremental
- Defaulting customers may be allowed one additional application to access benefits of the scheme during the validity period of the scheme.
- Cancellation of Consolidated Debt Agreement will result in consolidated debt being handed over for legal collection and disconnection of all services to the property in terms of Credit Control Policy.

**6.4 DEBT REHABILITATION INCENTIVE – Religious organizations, Public Benefit and Non-profit organization**

**Incentive Process.**

- 70% write-off of debt in excess of 1 (One) year on date of application approval – inclusive of rates, service charges, interest and other costs.
- Balance of 1 (One) year debt on date of application approval – excluding debt less than 1 year overdue and after 70% write-off, to be placed in consolidated arrangement account to be written off incrementally over a period of three (3) years – on condition that all scheme provisions are being complied with during the period.
- Scheme will be available to qualifying applicants from **01 September 2022 until 30 June 2026.**
- Written application by the account holder.
- Applicants to submit proof of linked water and electricity meter connection and readings on date of the application.
- Applicants to confirm access of CoE meter readers to properties for the purpose of meter reading, device checks, and where applicable for the installation of a smart electricity prepaid or normalization of a current prepaid meter.
- Application by tenant to be supported by written acknowledgement by the owner of the property.
- All customer linked accounts will be consolidated inclusive of hand-over accounts and existing arrangement debt.
- **No** once-off or proportional payment required in respect of consolidated arrangement.

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- Consolidated arrangement account **excluded** from interest or other charges for the duration of the arrangement.
- Approved applicants enter into normal consolidated debt agreement to pay current account plus installment in full on or before the due date for a period of **36 months** from date of approval of the application.
- Debt less than 1 year on date of application approval – normal Credit Control Policy provisions apply which includes entering into debt repayment arrangement.
- Early settlement of outstanding consolidated arrangement and other linked debt – benefits granted in terms of the scheme, inclusive of the initial 70% write-off and monthly incremental consolidated arrangement write-off, until date of settlement will remain effective and will not be reversed to account.

**Qualifying Criteria**

**Religious organizations, Public Benefit and Non-profit organizations**

- Approved rebate or exclusion granted to the property owner in terms of the following approved property rates tariff rebates as per Property Rates Policy –
  - Religious organizations – Exempted
  - Sporting bodies
  - Welfare organizations
  - Public Benefit organizations
  - Non-Governmental Organizations and Cultural Organizations
  - Private Schools, Universities, Colleges and Crèches
- Owner or Tenant on the property. Application by tenant to be supported by written acknowledgement by the owner of the property.
- Written application by the account holder – application form to be made available electronically.
- Consolidated account debt within one (1) year plus ageing group (Normal and Hand-over account) on date of application.
- Application received within the validity period of the scheme.
- Excludes Government, Provincial or Municipal account holders.

**Suspensive Conditions**

- Failure to comply with the monthly current account payment conditions for a period in excess of 60 days will result in immediate cancellation of Consolidated Debt Agreement and reversal of write-off, initial and incremental, to date of cancellation on the following basis –
  - Scheme payment conditions complied with for a period in excess of 24 months,: 15% of write-off, initial and incremental reversal.
  - Scheme payment conditions complied with for a period in excess of 12 months : 40% of write-off, initial and incremental reversal.
  - Scheme payment conditions complied with for a period of 12 months or less : 100% of write-off, initial and incremental reversal.

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- Defaulting customers may be allowed one additional application to access benefits of the scheme during the validity period of the scheme.
- Cancellation of Consolidated Debt Agreement will result in consolidated debt being handed over for legal collection and disconnection of all services to the property in terms of the Credit Control Policy.

**6.5 PAYMENT INCENTIVE SCHEME**

**Incentive Process.**

- Incentive granted to the account holder retrospectively based on previous months net service charges raised in respect of -
  - Property Rates
  - Refuse services
  - Waste Water Service
  - Water Service
  - Electricity Service
- Incentive of **2%** (Two) granted to qualifying account holders on a monthly basis.
- No application required – based on the consumer rolling 12 month payment history.
- The scheme will be available until suspended by Council.
- Account due date determination – System due date +5 to allow for processing time.
- Available to all account holders excluding Municipal or Government account types and active accounts qualified in terms of Debt Rehabilitation Incentive, active debt repayment arrangement or debt hand-over.

**Qualifying Criteria**

- Account paid in full on or before the account due date in respect of the preceding rolling 12 months.
- No active linked child accounts in respect of Debt rehabilitation incentive, Debt repayment arrangement or debt hand-over.
- Owner or Tenant on property.
- Excludes Municipal OR Government account holders.
- Excludes Qualifying Debt Rehabilitation account holders.

**6.6 METER READING INCENTIVE.**

**Qualifying Criteria**

- Submission of conventional water and electricity meter reading within open reading period through CoE meter reading application.
- Submitted reading accepted and billed to customer account.
- Account not in arrears in excess of +90 days.

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- No normal debt hand-over, payment incentive or debt repayment arrangement linked to account.
- No application required – based meter reading submission.
- The scheme will be available until suspended by Council.
- Reading incentive – R 20.00 per individual reading.

**6.7 BRIDGED/TAMPERED/BY-PASSED METERING**

- Waiver of fine/penalties for resident that has bridged/tampered/ by-passed metering.

**Qualifying Criteria**

- The resident must approach to City, to be legally connected.  
The waiver incentive is only valid for a period of 6 months, effective from the 1st of September 2024 to 28 February 2025.

**6.8 INCENTIVE IMPLEMENTATION.**

Significant billing system developments required to seamlessly implement and manage the Incentive Program. In order to allow for system development and testing, implementation to be effected two months after date of approval of the Revised Incentive Scheme.

**FINANCIAL IMPLICATION**

Debt in excess of 1 (one) year fully funded through the bad debt impairment provision.

The program will ease the debt burden for qualifying customers and will provide a basis for the rehabilitation of debtors over the next three years and further enhance revenue collections and liquidity.

Payment incentive costs included as part of the Annual Operational Budget.

**LEGAL AND CONSTITUTIONAL IMPLICATION**

Section 96 of the Local Government Municipal System Act, 32 of 2000, provides that a Municipality must collect all monies that are due and payable to it, subject to the provision of that Act and other applicable legislation.

Section 97 of the Local Government Municipal Systems Act, 32 of 2000 does make provision for bad debts where circumstances arise which may make the recovery of certain debts impossible, impractical, or financially unfeasible, and such debts may have to be written off in order to improve efficiency of its Credit Control and Debt Collection Mechanisms.

**7. COMMENTS FROM OTHER DEPARTMENTS**

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None.

**8. LIST OF ANNEXURE/S**

None.

**9. RECOMMENDATION**

1. **That** the contents of the report requesting approval of the amended Debt Rehabilitation and Payment Incentive Scheme, **BE NOTED**.
2. **That** amended Debt Rehabilitation Incentive program as per 6.1 - 6.7 of the report, **BE APPROVED**.
3. That the amended Debt Rehabilitation Incentive scheme **BE EXTENDED** until **30 June 2026**.
4. That progress with regards to implementation and success of the total Debt Rehabilitation Program, be **REPORTED** to Council on Quarterly basis.