



## CONSUMER PAYMENT INCENTIVE POLICY (CPIP)

Date of implementation 01 July 2009  
Reviewed by Council 15/06/2010  
Reviewed by Council 20/04/2011  
Reviewed by Council 31/05/2012  
Reviewed by Council 29/05/2013  
Reviewed and amended by Council on 28/05/2014  
Reviewed and amended by Council on 27/05/2015  
Reviewed and amended by Council on 18/05/2016  
Reviewed and amended by Council on 30/05/2017

## 1. BACKGROUND

The Credit Control and Debt Collection Bylaws were reviewed and adopted by Council on the 28 May 2008. The purpose of the policy is to encourage the residents of Witzenberg to pay for 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 for payment of services. The main focus of the policy is to institute incentive schemes to encourage prompt payment of debtor accounts.

## 2. OBJECTIVE OF THE SCHEME

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 six month 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 only on debt relating to Service Charges excluding charges on Property Rates.

### 3.2 Benefit to Council

- Promotes sustainable and reliable revenue for the Council for future years.
- Creates amongst consumers 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 timorously pay six (6) consecutive months account rendered. The account must be paid before or on due date.
- 4.2 Participant to honour the acknowledgement of debt agreement entered into for the debt not identified for write-off, failing which it invalidates the application on the Incentive Policy.

#### **5. WHO MAY APPLY**

- 5.1 Only domestic consumers and educational schools and Hostels service accounts (Rates excluded) that have active accounts at date of application.
- 5.2 Only consumers that have outstanding debts as at the 30<sup>th</sup> June 2016 and the said debt or portion thereof is at date of application still outstanding.<sup>1</sup>

#### **6. WHO MAY NOT APPLY**

- 6.1 Registered indigent consumers.
- 6.2 Commercial and Industrial consumers.
- 6.3 Government Departments, which includes schools and Parastatals.
- 6.4 Consumers utilising domestic premises to operate businesses.

#### **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 A consumer must then complete an application form.
- 7.3 A reconciliation of the account will then be performed to verify whether the applicant qualifies.

#### **8. THE PROCEDURE APPLICABLE**

- 8.1 Verified debt as at 30<sup>th</sup> June 2016<sup>2</sup> to be "parked" and written-off in instalments as the conditions are met.
- 8.2 Verified debt accrued after 1<sup>st</sup> July 2016<sup>3</sup> to be dealt with via an acknowledgement of debt and arrangement for payment by the participant.
- 8.3 Incentive to be applied with effect from the 1<sup>st</sup> July 2010 retrospectively and upon approval.

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<sup>1</sup> Recommended for adjustment

<sup>2</sup> Recommended for adjustment

<sup>3</sup> Recommended for adjustment

## 9. INCENTIVE CALCULATION

One tenth of applicable debt to be written-off upon the participant promptly and timorously paying six (6) consecutive months account rendered in addition to the acknowledgement of debt accrued after 1st July 2016.<sup>4</sup>

### Example

(a)	Verified outstanding debt as at the 30 <sup>th</sup> June 2016 amounts to	R5 000-00
(b)	Incentive portion written off each quarter 1/10 <sup>th</sup> of debt as per (a)	R500-00
(c)	Verified outstanding debt for the period accrued after 1st July 2016	R2 400-00
(d)	Monthly accounts rendered	
	Account rendered for July 2017	R352-60
	Account rendered for August 2017	R201-49
	Account rendered for September 2017	R165-82
	Account rendered for October 2017	R199-61
	Account rendered for November 2017	R210-99
	Account rendered for December 2017	R332-84
		<u>R1 463-35</u>
(e)	Acknowledgement of debt agreement (2400/36)	R66-67 per month

### Incentive calculation

- The R5 000-00 is "parked thereby targeting it for write-off.
- An agreement is entered into for the R2 400 at R66-67 per month (2400/36)
- For every six consecutive months that the participants' current account and the arrangement of (66-67) 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.
- 10.2 The participants, in order to be reinstated on the Incentive 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 4 of this scheme.
- 10.4 Participants 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 bylaws will be instituted.

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<sup>4</sup> Recommended for adjustment