

## Strategies for property rates debt management: Practical interventions for debt recovery

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**Abstract:** This study explored the strategies for property rates debt management and the practical interventions for debt recovery in South African local municipalities. The research objectives that guided this study include reviewing taxpayers' behavioral theories that can facilitate payment compliance, examining the property rates payment guidelines and debt collection policies of local municipalities in South Africa, outlining practical debt collection measures to enhance payment compliance, and highlighting the best practices in property rates debt collection. The study adopted a qualitative research approach where a literature review was used as the only source of data collection. Findings revealed practical debt collection measures such as early intervention strategies, engagement of third-party agencies, and legal actions against defaulters. The study also draws insights from best practices in Canada and OECD countries and emphasized the role of technology, effective communication, and stringent enforcement in ensuring compliance. Recommendations for both municipalities and residents are provided, focusing on transparency, community participation, and equitable service provision. The findings from the study underline the necessity of a reciprocal relationship between municipalities and residents to foster a culture of compliance and financial sustainability.

**Keywords:** *Communication dynamics, Debt management, Debt recovery, Municipal debt management, Property rates, Public debt strategies.*

### 1. Introduction

Property rates are a crucial source of revenue which enable municipalities to fund essential services and infrastructure development for the benefits of the residents to the grassroots level. However, effective management and collection of these rates can be challenging, with municipalities often facing significant debt accruals and delinquencies from leaseholders. Therefore, strategies for managing property rates debt are essential to ensure the financial sustainability and operational efficiency of local government municipalities. Enwereji and Kadama [1] affirm that proper management of property rates is necessary to avoid debt accruals and potential municipal bankruptcy. In this regard, municipalities are expected to implement sound administrative measures to ensure leaseholder compliance, which in turn supports substantial economic development and helps maintain their stable and credible financial position. The Republic of South Africa [2] uphold that effective implementation of property rates administrative and policy factors is crucial for achieving municipal goals such as debt minimisation and mobilisation. There is the need to improve property rate areas such as coverage, evaluation, billing, enforcement, collection, and appeals as poor implementation of any single factor can negatively impact the entire property rates system [3, 4].

Property rates debt management involves various practical strategies aimed at addressing arrears by the residential leaseholders to enhance collection rates and promote fiscal responsibility within municipalities [5]. These strategies include proactive communication, targeted enforcement measures,

innovative technology solutions, and community engagement initiatives. Municipal debt refers to the total amount owed over a specific period, while deficits occur when expenditures exceed revenue [6]. According to Schermerhorn, et al. [7] management involves achieving organisational goals efficiently and effectively through planning, organising, coordinating, directing, and leading. These points highlight that local municipalities should adopt sound administrative practices, innovative approaches and effective communication to minimise and recover debts from property rates. Local municipalities will be able to provide adequate services to residents and support various economic development programs by adopting adequate debt management practices.

This study aims to explore the practical interventions for managing property rates debt with a focus on effective strategies for debt recovery. Insights into property debt management were provided as well as recommendations for enhancing the financial performance of municipalities by examining the best practices in property rates debt management. A critical gap in the literature was addressed by investigating the theoretical lenses that motivate leaseholders to pay their rates. The study highlighted the factors that facilitate payment compliance and proposed recommendations to minimise payment default. The aim is to support municipalities in their efforts to improve financial sustainability, enhance service delivery, and promote responsible fiscal management. The study provides actionable insights into debt management for policymakers, municipal officials, and other stakeholders involved in local government finance and administration. This is in an endeavour to identify effective strategies and best practices for debt recover and to support municipalities in achieving their mandated financial sustainability, service delivery, and responsible fiscal management.

## 2. Context of the Study

In South Africa, property rates are one of the sources of municipal revenue [8]. However, municipalities in South Africa have been faced with significant financial challenges due to widespread non-payment for services by residents [9]. This non-payment issue has led to substantial debts for municipalities, which in turn affects their ability to provide equitable services [10]. The municipalities are indebted to various service provision agents such as water boards, Eskom, and road construction companies, presenting a severe credit risk to the nation.

In the local municipalities, the relationship between service provision and payment is strained while residents often refuse to pay their rates due to perceived inadequacies in municipal service delivery [11]. On the other hand, municipalities claim the lack of payment as a major barrier to improving services. This cycle of non-payment and poor service delivery has sparked numerous service provision protests. These protests have sometimes escalated to violent levels, resulting in fatalities and extensive damage to public property. The data reflects a concerning trend: in 2012, there were 173 protests, with fluctuations in subsequent years, peaking at 237 protests in 2018. Research by Marivate [12] and Khale [13] suggest that these protests stem from various issues, including poor service delivery, lack of performance monitoring, absence of appraisal systems, and mismanagement of municipal resources.

The entitlement mentality among residents, particularly in areas like Soweto, further complicates the issue. For example, Johnson [14] affirms that Soweto residents owe more than R18 billion to Eskom which poses a significant financial burden to South African economy. By June 2019, consumer debt had escalated to R165.5 billion, with households owing R118 billion, businesses R25 billion, and the government R10.3 billion. This study does not investigate the property rates payment of municipalities in South Africa but to propose how to collect and minimise debts by the leaseholders. This will enhance the provision of services to the residents. Given this background, the study was guided by the following research objectives:

- i) *To review taxpayers' behavioural theories that can facilitate payment compliance.*
- ii) *To examine the property rates payment guidelines and debt collection policies of local municipalities in South Africa.*
- iii) *To outline practical debt collection measures to enhance payment compliance.*
- iv) *To highlight the best practices in property rates debt collection.*

This study is positioned to provide insights to the municipal role players on the best measures to apply in property rates debt collection.

### 3. Research Methods

This study explored the strategies for property rates debt management and the practical interventions for debt recovery. A qualitative research approach was adopted to find solutions to the problems of the study. According to Nassaji [15] and Savin-Baden and Major [16] qualitative approach offers contextual insights by assisting the researcher to acquire a thorough understanding of the study by examining the phenomena within their natural settings. In this regard, this approach allows for a more versed understanding of the challenges faced by the local municipalities in their debt collection measures as it is acknowledged that different situations require diverse debt collecting approaches [17]. This study explored several concepts to understand the context of property rates, debts accrual and debts collection measures needed to minimise and collect debts as at when due.

A traditional literature review was conducted as the primary data collection method for this study, where secondary sources were reviewed to gain insights into the debt management measures that could be applied to minimise debts. The literature review was conducted through a search of relevant databases, academic journals and municipal policies and Acts. The search was conducted using a combination of keywords related to debt management, debt collection, property rates, and municipal revenue collection. The inclusion criteria for the review were relevant papers published between 2000 and 2024, and only those papers published in English were included. More so, some Acts and legislative precepts guiding the payment of rates in South African local municipalities were reviewed to provide a legal background of property rates. The study considered quantitative, qualitative and mixed methods studies, and other secondary literature review materials. A total of 250 papers were reviewed and content analysis were adopted as a data analytic technique. The analytical method involved identifying key themes and patterns in the data that addresses the research questions of the study. The recommendations of the study were made to both municipalities and the residents to facilitate rates payment and provide services to the grassroot level in South Africa.

### 4. Review of Property Rates Payment Guidelines and Payment Practice in South Africa

According to Khumalo [18] property rates debt recovery requires that municipal administrators should adopt fair and transparent property rates system to achieve compliance. In administering the property rates system in South Africa, the Republic of South Africa [2] outlines the procedures and necessary framework to guide municipalities. The prescripts of the MPRA include several key sections. Section 4 demands community participation, requiring administrators to send necessary information to residents at least 30 days in advance to gather their comments before adopting policies. Section 5 requires the review of property rates policies, while Section 6 posits that byelaws should be established to guide the municipality on property rates administration. Additionally, Section 8(2) postulates that rateable properties include residential, industrial, commercial, and business premises in the municipality areas.

Section 11 states that rates levied on properties must be in rand and at market value, which refers to the amount a willing seller would exchange the property for with a willing buyer. Section 15 indicates that the municipality may offer rebates to indigent residents on the rates payable on the property. Section 24 mandates that rates levied on leaseholders by the municipality must be paid when due. Furthermore, Section 27 specifies that the municipality must clearly inform residents of the amounts due for payment, the payment date, how the amount is calculated, the market worth of the valued property, discount terms (if applicable), and the amount due for additional rates. Section 45(2)(a) posits that a competent assessor should evaluate the property through physical inspection, computer-assisted mass appraisal (CAMA), aerial photography, geographical information systems (GIS), or other techniques to obtain a reliable evaluation. Lastly, Section 50 states that residents can lodge complaints or objections to valuations and billings with the municipality. These sections collectively ensure that

property rates administration in South African municipalities are conducted in a fair, transparent, and accountable manner, involving the community and adhering to strict guidelines and procedures.

### 5. Debt Collection Policy and Process in South African municipalities

Debt collection policy and process in South African municipalities are governed by various legislative provisions aimed at ensuring the effective and efficient recovery of unpaid debts owed by residents, commonly referred to as debtors. Under the Republic of South Africa [19] local municipalities are granted the authority to enforce financial obligations through the imposition of fees for services, rates on properties, levies, licenses, and other revenue-generating mechanisms authorized by legislation. This legislation, specifically outlined in Chapter 9, Sections 95-100 of the Municipal Systems Act, mandates municipalities to establish comprehensive debt collection policies and procedures. According to the MSA, municipalities are required to compile bills and issue reminders or demand payments from residents as prescribed by Section 6 (2) (c), (e), and (f) of the Act. In cases of default, municipalities are tasked with implementing enforcement mechanisms, which may include both in-house and external debt collection processes. In-house collection involves the establishment of units responsible for collecting debts outstanding for less than 90 days, while external debt collection entails engaging third-party debt collection agencies for accounts outstanding for over 90 days.

Furthermore, the Municipal Systems Act mandates municipalities to collect all revenues payable to them and to implement credit control policies and mechanisms to ensure compliance with debt collection procedures. Specific guidelines outlined in Sections 99 and 100 of the Act require municipalities to monitor the implementation and enforcement of credit control and debt collection policies. Sections 104 and 109 empower municipalities to terminate or restrict municipal services, seize property, and prosecute residents who contravene municipal bylaws or regulations. In South African municipalities, the enforcement of payment compliance is facilitated through the establishment of bylaws guiding rates collection from residential leaseholders. These bylaws are supported by legislative provisions such as Section 3 of the Republic of South Africa [2] Section 229 of the Republic of South Africa [20] and Section 4 (1) (c) of the Republic of South Africa [19]. They outline various regulations and procedures governing rates levying, billing, payment options, and enforcement measures for defaulters. Notably, municipalities are mandated to levy rates on all categories of land users, maintain property valuation rolls, and clearly communicate the amount due for payment, payment deadlines, and calculation methods to residents. Furthermore, provisions are made for annual rate increases, correction of billing errors, and notification of approved rates to residents in advance.

### 6. Revisiting Taxpayers' Behavioural Theories

In property rates administration, understanding the factors that influence residential leaseholders' attitudes towards paying their rates is crucial. Fjellstad, et al. [21] highlight that there are various taxpayer behavioural theories that enhance the payment compliance of taxpayers. The economic deterrence model proposed by Allingham and Sandmo [22] examines the correlation between tax payment and risk-taking [21]. According to this model, taxpayers are incentivized to make regular payments because the potential penalty incurred for non-compliance outweighs the benefits of avoiding payment. In the context of property rates administration, strategies for enforcement should align with this theory to ensure that basic legal actions are taken against defaulting leaseholders to foster a culture of consistent payments.

The social exchange theory posits that taxpayers are motivated to pay their rates when they perceive tangible benefits in the form of service provision by the government [21]. This theory emphasises the reciprocal relationship between residents and local municipalities, where payment of rates contributes to improved service delivery. However, the effectiveness of this approach hinges on the ability of the municipality to provide satisfactory services which highlights the importance of accountability and transparency in governance. The social exchange theory serves as a valuable

framework for promoting payment compliance and enhancing service delivery by facilitating mutual relationships and accountability between residents and local municipalities [10].

The Equity theory, rooted in the principles of fairness and impartiality, suggests that taxpayers are more inclined to pay their taxes if they perceive the government to be equitable in its provision of services to all residents within local municipalities [21]. Conversely, if the government displays partiality in service delivery, residents may become disheartened and less motivated to fulfil their rates obligations. This theory highlights the importance of promoting fairness and equity in governance practices, as it serves as a catalyst for encouraging payment compliance and fostering trust between residents and municipal authorities.

Lastly, the Social Influence model posits that the behaviour of individuals is significantly influenced by their social interactions within their neighbourhoods and broader environments [21]. In this regard, this theory emphasises that the payment behaviour of taxpayers is shaped by the actions and attitudes of their peers. If leaseholders observe others within their community avoiding rates payments without facing repercussions, they may feel disinclined to continue meeting their own obligations. In this context, the implementation of legal actions against defaulting leaseholders could serve as a form of social sanction, potentially influencing payment compliance among leaseholders. Thus, fostering a sense of social accountability and responsibility within communities may contribute to improving payment compliance rates.

## 7. Public Debt Management: Property Rates Perspective

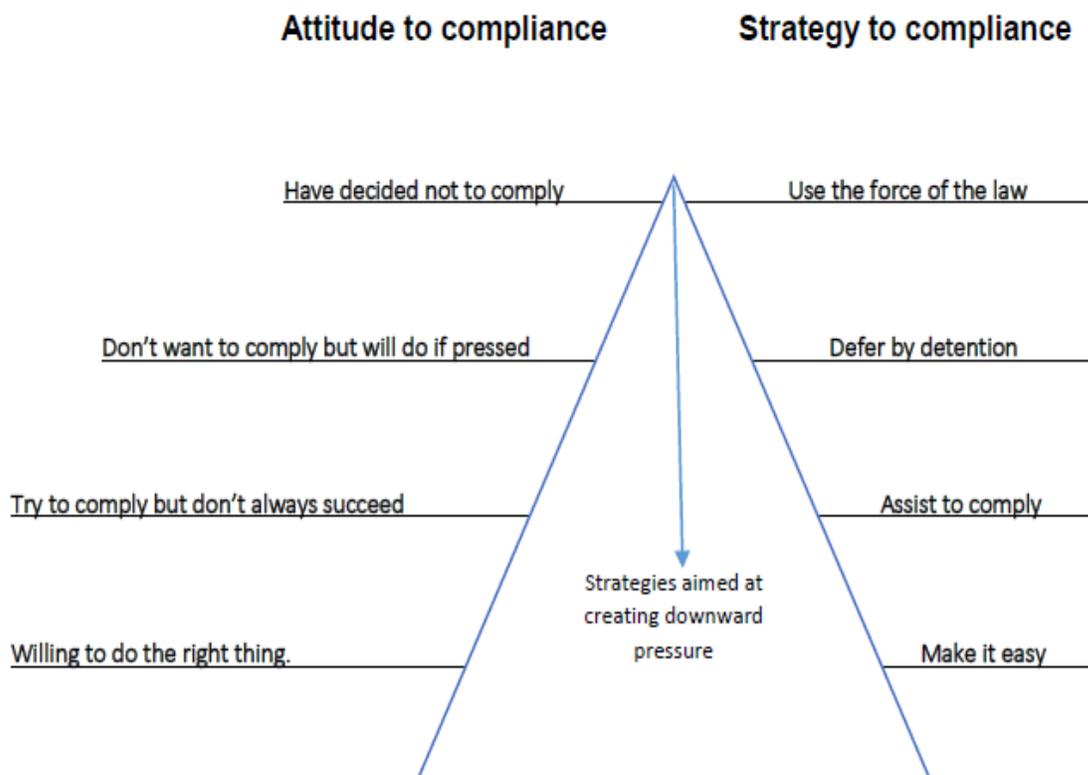
In the realm of public debt management within developing countries, there is a critical need for governments to mitigate high debt levels which often hinder economic growth and development Rahman, et al. [23]. Ahlborn and Schweickert [24] highlight the crucial role of public debt administrators in this process, highlighting their responsibility to devise strategies and make decisions that facilitate the attainment of developmental objectives of the government by raising necessary funds. Public debt management encompasses various measures aimed at acquiring funds at minimal costs and risks to meet governmental obligations [25]. Administrators are tasked with guiding debt collection, control, and recovery to ensure the provision of essential services to residents, with key strategies including policy standardisation, debt book analysis, debtor profiling, and indigent support [26].

In debt management, policy standardisation is crucial for promoting regulatory standards and competitiveness, as well as ensuring adherence to established rules and regulations [27]. Debt book analysis involves scrutinising public debt records to distinguish between recoverable and irrecoverable debts which enables administrators to identify frequent defaulters and devise effective recovery strategies [26]. Profiling debtors involves innovative approaches to categorising and segmenting debtor databases thus facilitating communication and devising recovery strategies based on earnings and default patterns [28]. Machine profiling, whether automated or non-automated, streamlines decision-making processes by minimising human intervention, thus enhancing efficiency in debt recovery efforts [28]. Also, indigent support initiatives target debtors unable to pay for government services and utilising either blanket or targeted approaches to extend assistance to those in need helps to recover debt [26]. Through these approaches, municipalities can manage property rates debt effectively while ensuring equitable access to essential services for all residents. The subsequent subsections present practical strategies for property rates debt recovery.

### 7.1. Taxpayers Attitude to Compliance and Key Strategies To Enhance Compliance

This section presents the taxpayers attitude to compliance and key strategies to enhance compliance. It highlights the importance for local municipalities to understand the specific factors that influences the leaseholders to make voluntary payment. Identifying both positive and negative factors impacting compliance will allow administrators to develop effective measures to promote timely payments. Therefore, the strategic planning by administrators should prioritise understanding and

addressing the behaviour and attitudes of leaseholders towards rate acceptance and payment. Figure 1 presents the attitude to compliance and the follow-up strategies towards compliance.



**Figure 1.**  
Attitude to compliance and compliance strategy.  
Source: United States Agency for International Development (USAID) [29].

The guidelines of the model as shown in Figure 1 indicate that factors negatively influencing the willingness of taxpayer to pay taxes must be closely monitored by administrators. It is their responsibility to assess the attitudes of leaseholders toward compliance and devise effective strategies to ensure timely payments. When selecting compliance strategies, administrators should focus on facilitating voluntary compliance, monitoring compliance, and enforcing compliance. To facilitate voluntary compliance, property rates administrators should support willing leaseholders by providing necessary tools for payment, such as communication, and education [29]. This can include offering electronic payment options and bank transfers, as well as communication channels such as e-mails, SMS reminders, and payment education through television. For monitoring compliance, administrators should apply different strategies to leaseholders who attempt to comply but occasionally fail [29] which include rigorous monitoring and audit practices to identify defaults timeously.

Effective debt management involves the implementation of various strategies by administrators to recover outstanding debts from residents. Key practices include understanding customer psychology, employing effective communication techniques, engaging in escalation procedures, identifying early warning signs, handling difficult debtors, and maintaining customer goodwill [30]. It is crucial to implement these strategies carefully to preserve positive customer relationships [31]. To understand customer psychology, debt administrators need to assess the attitudes and awareness of debtors

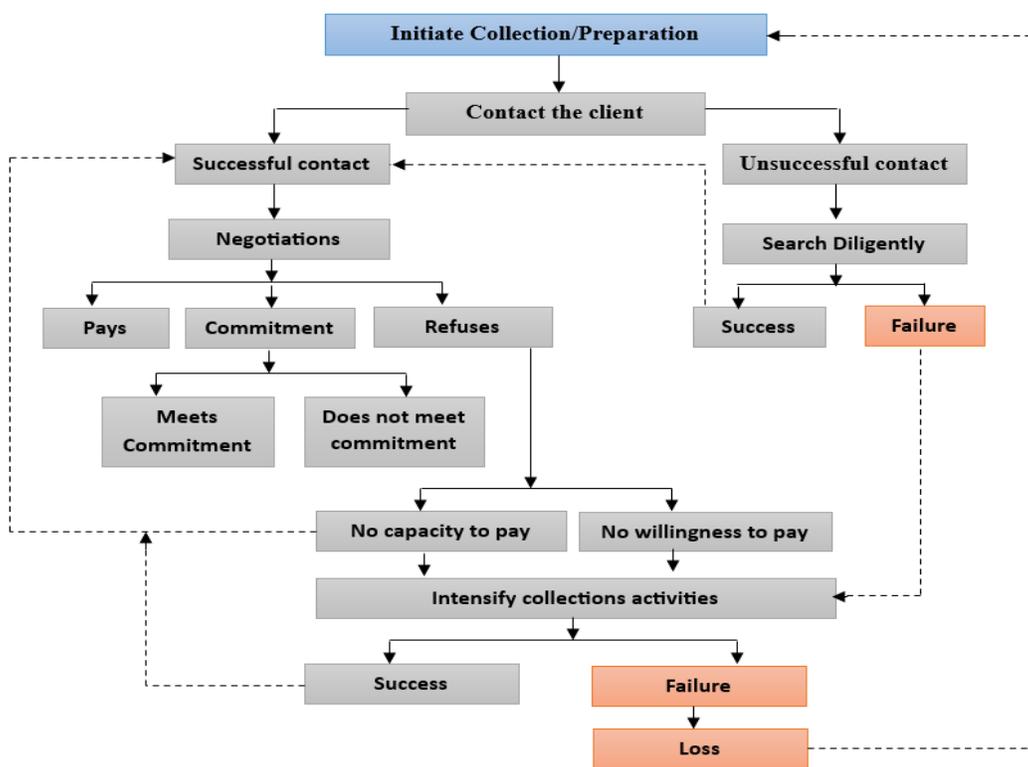
regarding payment. Often, debtors may be willing to pay but face circumstances that lead to default. In such cases, administrators should use diverse communication channels to understand the reasons behind payment defaults [30].

However, ‘for those leaseholders who have decided not to pay, the tax administrators should use the force of law; for those who want to comply but will do when pressed, deter by detention; for those who try to comply but don’t always succeed, assist to comply; and for those who are willing to do the right thing, motivate and make it easy for them’ [29].

The administrators should facilitate escalation procedures to recover debts and mitigate losses. This includes the application of innovative solutions, revenue protection mechanisms, and legislative measures to ensure successful debt collection [32]. Furthermore, administrators must identify early warning signs of default and take appropriate steps to address these issues. Dealing with difficult debtors may necessitate legal actions against defaulters, but maintaining goodwill between debt administrators and debtors remains paramount [30].

### 7.2. Strategies For Handling Delinquent Accounts

In precise terms, delinquent accounts refer to accounts that are not paid by the predetermined due dates or at the end of the grace period [33]. In the recovery of delinquent accounts, there are some options available to recover the outstanding debts. These may include debt selling, engaging attorneys, and using the existing debt collection policies. According to Wittlinger, et al. [34] debt collection measures are strategies stipulated to collect debts from clients appropriately and timeously. Wittlinger, et al. [34] conceived a debt collection process to enhance debt collection. Figure 2 presents the debt collection model.



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Debt collection process.  
**Source:** Wittlinger, et al. [34].

According to the prescripts of the model, Wittlinger, et al. [34] posit that organisations should undertake a series of steps to manage debt effectively. First, they should gather comprehensive information about the client, including their situation, loan conditions, delinquency period, and other relevant details. Once this information is collected, organisations need to contact and interview the client, determine their location, and review previous efforts made to recover the debt. Understanding why an account is delinquent and assessing the ability of the client to repay are crucial steps in this process.

Organisations should propose alternative payment options to help clear the debt and negotiate payment commitments with the client. Ensuring that these commitments are met is essential, and consistent monitoring of payment progress is necessary to maintain the adherence of the client to the repayment plan. Recording each debt collection effort helps establish a comprehensive payment database which remain vital for tracking progress and ensuring accountability.

Follow-up about the clients and their ability to pay timeously is also important. Furthermore, organisations should be prepared to suggest other solutions such as identifying specific debt terms and taking legal actions if necessary to recover the debts. Finally, they must consider potential losses when a client is unable to pay despite all recovery efforts. Municipalities can follow these structured steps as depicted by Wittlinger, et al. [34] model to enhance their debt management processes and improve recovery outcomes.

### 7.3. Debt Selling

Debt selling involves an arrangement where a creditor sells outstanding debts to a third party commonly known as a collecting agent. According to Stifler and Parrish [35] debt buying has emerged as one of the most significant recent changes in debt collection practices. This approach offers organisations a viable option to recover outstanding debts recorded in their accounts. Glasser and Wright [36] note that South African municipalities have faced unprecedented levels of outstanding debts since 1994. The accumulation of these debts can be attributed to various factors such as the inability or refusal to pay, unemployment, improper billing, inadequate service delivery, and poor credit control [37].

In situations of financial distress where an organization urgently needs funds, selling debts to a third party can provide the necessary financial relief to meet its obligations Enwereji and Kadama [1]. Tuite [38] and Sanghera and Satybaldieva [39] highlight the advantages of debt selling to include the immediate strengthening the financial position of the organisation and enabling it to fulfill its budgeted financial commitments. However, according to Tuite [38] organisations must ensure that certain conditions are met by the debt collecting agents. These conditions include verifying the debt buyers' experience in handling debts, confirming their service accounts and determining the details and value of the debt. It is essential that the organisation provides the necessary information to aid in debt recovery and ensure that the debt buyer adheres to the terms of the debt buying agreement. The organisation must also evaluate its cash flow requirements and time frame, clarify whether the account can be repurchased and ensure the availability of the debt buyer at the required locations

### 7.4. Engaging an Attorney

Municipalities are legally empowered to take legal action against defaulting residents. This authority is outlined in Sections 109 and 112 of the Republic of South Africa [19] which mandates municipalities to prosecute individuals who violate municipal bylaws. Section 113 of the same act allows municipalities to impose fines on defaulters as a means of debt recovery. When residents fail to pay these fines, it becomes necessary for the municipality to engage an attorney to impose legal proceedings and ensure the collection of outstanding debts.

Consulting an attorney for the recovery of property rates debts is a prudent strategy that should be prioritised by municipalities to recover debts. Attorneys bring specialised legal services and can facilitate debt recovery more effectively than municipal officials alone. They ensure that all legal protocols are followed which increases the chances to recover debt. Furthermore, the involvement of an

attorney can serve as a strong deterrent against future non-compliance as residents become aware of the serious legal consequences of defaulting on their obligations. Municipalities can enhance their enforcement efforts and improve their financial health through the engagement of attorneys in debt recovery.

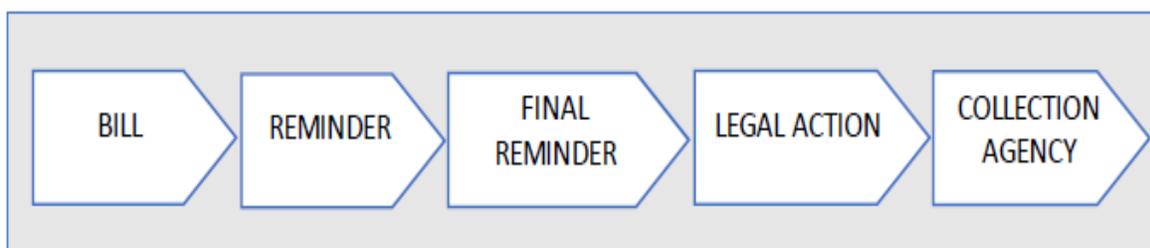
### 7.5. Property Rates Rebate in South African Municipalities

In South Africa, property rates administrators provide rebates to indigent residents who are unable to pay their monthly rates [40]. These rebates, which reduce the monthly rates for leaseholders are available to residents who meet specific criteria. According to Berg [41] eligible residents include indigent households, child-headed households, medically boarded persons, aged pensioners, disabled individuals, welfare organisations, government-protected areas, public schools, vacant and unimproved stands, and the municipalities themselves. Residents must apply for these rebates through their local municipalities and the applications are subject to municipal approval.

Berg [41] further outlines the average monthly earnings and corresponding rebates available in the City of Johannesburg. For residents earning between R0.00 and R2,520 (equivalent to two state pensions when amended), a 100% rebate on assessment rates is granted. Those earning between R2,520 and R4,900 receive an 85% rebate, while earnings between R4,900 and R6,400 qualify for a 70% rebate. Residents with monthly earnings between R6,400 and R7,900 are eligible for a 55% rebate, and those earning between R7,900 and R11,900 receive a 40% rebate. These structured rebates aim to alleviate the financial burden on those who are not able to afford their property rates.

### 7.6. Boone and Roberts Simplified Debt Collection Process

Debt collection in local municipalities is very vital because of the service provision obligation to the residents. Boone and Roberts [42] opine that the municipal debts may be collected using the simplified debt collection process. According to the prescripts of the simplified debt collection model as presented in Figure 3, the process of debt collection involves billing, reminder, final reminder and the involvement of the collection agency.



**Figure 3.**  
Simplified Debt Collection Process.  
**Source:** Boone and Roberts [42].

In the model presented above, it is suggested that the administrators should evaluate and calculate bills effectively [42]. The second process involves sending out bills adequately and timely through proper communication channels such as mobile phones, postal agencies and e-mails. The third process involves sending out another reminder which will serve as the final reminder before a legal action will be taken on the defaulters. The fourth process involves taking legal actions on payment default through the assistance of government law enforcement agencies. Finally, the rates are collected by collection agencies through several payment options.

This method of debt collection process should be adopted by municipalities and organisations to ensure that the debts will be recovered. The property rates administrators are expected to calculate the bills effectively and send them to the residential leaseholders through an appropriate communication

channel to ensure that all the relevant information needed to effect payment are communicated. Furthermore, this process advocates the implementation of legal action on default on payment by the government agencies and ensures that the property rates are collected by the agencies through the payment options that are provided by the municipality.

#### *7.7. Best Practices in Property Rates Payment: Insights from Canada and OECD Countries*

The best practices in property rates payment can be gleaned from the systems employed in Canada and the Organisation for Economic Co-operation and Development (OECD) countries. According to Prakash [43] property tax revenue in Canada from 2008 to 2010 constituted 11.8% of total tax revenues, a testament to its effective administrative system, a trend also observed among OECD countries which have maintained stable and efficient property tax systems. Jennings, et al. [44] attribute the success of property rates payment practices in these regions to the meticulous collection of cadaster information and accurate evaluations by the Municipal Property Assessment Corporation (MPAC). Cassidy [45] notes that the introduction of property rates by Canada followed a uniform rates base, or ad valorem system, which is fair and based on the market value of properties. Ad valorem refers to the financial worth of a property, representing the market price. This value is regulated by the government to ensure effective property rates payment [45]. The implementation of strategic procedures in property rates administration have placed Canada among the top countries in this domain. These procedures include solid legislative frameworks, efficient valuation processes, comprehensive data collection, the development of assessment methods, the preparation of assessment rolls and the effective dissemination of assessment notices to leaseholders via electronic means [45]. Furthermore, to ensure compliance, the Canadian government standardized assessments across municipalities, updated outdated systems, reduced administrative costs, increased debt collection and reduced appeal cases [46].

In OECD countries, Almy [47] highlights the use of electronic automation to gather information about leaseholders' properties. Effective coverage is achieved using Geographic Information Systems (GIS) and the computerisation of cadastre information into a competent database. Property evaluations in these countries are conducted by registered assessors, with property rates administrators required to be professionals with additional skills in statistical analysis. Administrators in these regions ensure leaseholders are adequately notified about payment due dates and the amounts owed. They promote payment convenience through various enhancements such as EFT, debit orders, stop orders, ATMs, and mobile transfers to minimise defaults and encourage timely payments [47]. Leaseholders can pay their bills via checks, banks, or any of the aforementioned payment options. Early and consistent payments are incentivized with attractive discounts, while stringent legal measures are employed against defaulters, including property confiscation, sale of property, bank account freezing, and in severe cases, imprisonment [47]. These strict enforcement measures ensure high compliance with property laws and effective property administration.

Almy [47] asserts that these administrative measures enhance payment compliance, minimise debts, and contribute to the economic development of nations. The successful collection of property rates in these countries can be attributed to adherence to underlying legislation, the provision of payment enhancements, composite billing, offering discounts, effective communication, and robust enforcement. Payment enhancements include all available options for rate payments, such as bank payments, electronic funds transfers, debit orders, and checks. Composite billing refers to issuing property rates bills alongside other utility bills. Offering discounts for early payments incentivizes prompt payment, while enforcement ensures the government can take legal action against defaulters. In summary, the factors contributing to best practices in property rates management in Canada and OECD countries include effective administration, robust policy implementation, efficient accounting procedures, and strong communication strategies. These elements collectively enhance the efficiency and effectiveness of property rates collection, ensuring sustained compliance and financial stability.

## 8. Discussions

The study highlighted the complexities of property rates payment and debt recovery in South Africa and expounded upon several key legislative frameworks and administrative practices. According to Enwereji and Kadama [1] effective property rates debt recovery necessitates a fair and transparent system which is enshrined in the Republic of South Africa [2]. Section 4-6 of the Act mandates community participation and regular review of rates policies and the establishment of byelaws and to guide municipal administration. It further specifies that rates must reflect market value and allows municipalities to offer rebates to indigent residents. Moreover, the Act outlines clear communication requirements and proper valuation methods which ensures a structured and community-inclusive approach to property rates administration. The study highlighted that debt collection in South African municipalities is governed by the Republic of South Africa [19] particularly Chapter 9, Sections 95-100. This legislative framework requires municipalities to establish robust debt collection policies and mechanisms. The Act empowers municipalities to enforce credit control, terminate services, seize property, and prosecute defaulters. The integration of legislative provisions, including the MPRA and the Constitution of South Africa, highlights a comprehensive approach to revenue collection, billing, and enforcement, aiming to sustain municipal financial health and service delivery.

The findings from the review revealed that effective public debt management is pivotal for municipalities, and this involves policy standardisation, debt book analysis, debtor profiling, and indigent support [26]. In the view of Ghee [30] practical debt collection strategies include understanding customer psychology, employing effective communication, early intervention and handling difficult debtors with legal actions if necessary. United States Agency for International Development (USAID) [29] model emphasises that facilitating voluntary compliance, monitoring compliance, and enforcing compliance through a structured approach enhances timely debt recovery and maintains positive customer relationships. According to Almy [47] insights from Canada and OECD countries reveal best practices in property rates payment and emphasised meticulous cadaster information collection and accurate property evaluations. These countries utilise advanced technologies like Geographic Information Systems (GIS) and computer-assisted mass appraisal (CAMA) to ensure precise property assessments. Payment enhancements, such as electronic funds transfers, early payment discounts, and robust enforcement mechanisms, contribute to high compliance rates [45]. These practices highlight the importance of effective administration, comprehensive data management, and stringent enforcement in maintaining financial stability and service efficiency in property rates management. Findings highlights the need for a transparent and community-inclusive approach to property rates administration and debt collection in South African municipalities. It stresses the importance of legislative frameworks, understanding taxpayer behaviour, and adopting best practices from international examples to enhance compliance and ensure financial stability. Implementing these strategies can significantly improve the efficiency and effectiveness of property rates collection, ultimately benefiting the municipalities and their residents.

## 9. Recommendations

Municipalities in South Africa should prioritise the establishment and maintenance of a transparent and community-inclusive property rates administration system. This includes regular reviews of rates policies and active engagement with community members to ensure that the rates are perceived as fair and justifiable. Municipalities should leverage advanced technologies such as Geographic Information Systems (GIS) and computer-assisted mass appraisal (CAMA) to enhance the accuracy of property valuations. Implementing robust debt collection policies, including early intervention strategies and clear communication channels, can significantly improve compliance. Offering rebates and support to indigent residents, as mandated by the Municipal Property Rates Act, will also ensure that the burden of property rates is equitably distributed. Finally, municipalities should adopt best practices from international models, focusing on effective public debt management and ensuring timely payment enforcement to foster a culture of compliance.

Leaseholders and residents should be proactive in understanding their obligations regarding property rates and take advantage of any rebates or support available to them. It is crucial for residents to engage in the community participation processes facilitated by municipalities which ensures that their voices are heard, and their needs are addressed. Timely payment of property rates should be adopted to avoid penalties and service disruptions. Residents should also remain informed about the services provided by their municipalities and hold them accountable for delivering equitable and efficient services. Leaseholders can contribute to the overall financial health and sustainability of their communities by fostering a reciprocal relationship with the municipalities, where both parties fulfil their responsibilities. Finally, adopting a culture of compliance and encouraging peers to do the same can create a supportive environment that benefits all residents.

## 10. Conclusion

This study investigated the strategies for property rates debt management and the practical interventions for debt recovery. Findings from the study reveals that effective administration of property rates in South African municipalities hinges on the implementation of transparent, fair, and community-inclusive policies, as outlined in the Municipal Property Rates Act. Understanding taxpayer behaviour and applying diverse compliance strategies which includes technology-driven valuation methods and robust debt collection practices can significantly enhance payment compliance. Lessons from international best practices indicate the importance of efficient administrative systems, comprehensive data collection and stringent enforcement measures. The study concludes that municipalities can ensure financial stability, equitable service provision and sustained economic development if they can adopt these strategies and foster reciprocal relationships with residents.

### Transparency:

The author confirms that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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