

Policies and Practices of the eThekweni Municipality Water and Sanitation Unit

Debt and Credit Management



Introduction

- The purpose of the policy is to:-
 - i) provide for a set of reasonable charges
 - ii) provide a set of procedures for the Council to limit, restrict or discontinue the provision of water services if there is a failure by the customer to comply with reasonable conditions set for the provision of such Services.
- The policy is to be read in conjunction with the Council's approved Credit Control and Debt Collection Policy.

Supply of Potable water

1. Residential Customers

a) The supply of potable water to all customers is metered. Different tariffs are charged for domestic customers based on the level of water supply –

- * A manually operated water dispenser/standpipe.
- * An individual household yard supply which supplies 300 litres per day (a ground tank, where the flow is regulated through an electronic bailiff unit or metered flow limiter device, or a yard tap where the flow is regulated via a metered flow limiter device).
- * A semi-pressure supply in which the household service is provided via a roof tank.
- * A full pressure supply.
- * A full pressure supply with a restrictor eg. flow limiter.

And the amount of water used in a 30 day period.

b) Two tariff schedules are published each financial year, the one dealing with the cost of the supply of water, the other report covering the costs of water related services such as new connections, moving and testing of water meters etc.

c) The current set of tariffs is available on the web site or may be requested from any of the Council offices.

Meter Reading

Currently eThekweni Water and Sanitation has Urban and Rural areas under its control with 497326 connections in the ground. In terms of productivity, in Urban areas 98.22% and Rural areas 83.75% of all meters read monthly are billed on an actual reading, with 1.78% and 16.25% being Estimated, respectively. In order to reduce the number of accounts being estimated, there is now a service level agreement between the meter reading, meter reading audit and the meter maintenance sections on the turn around times for the completion of field work. This ensures that the meter readers will be able to obtain readings the following month. This understanding is clearly reflective in the rural stats which has improved from about 65% to 83.75%.

Every 36 months, a meter reading tender is published and 14 contractors are selected to perform the meter reading task. There are 30 in house meter readers that verify exception readings via the meter reading audit process before billing takes place. They also verify contractor objections in terms of penalty deductions where EWS is not happy with contractor performance.

Estimated accounts

- i) Where it is not possible to read a meter in a month, an estimated account is raised.
- ii) An estimated account is determined by calculating a weighted average of the past six months consumption, giving most weight to the more recent consumption.
- iii) The amount appearing on the bill is shown as an estimate without any meter readings. This estimated charge is then reversed once an actual reading is taken the following month and the actual charge is then raised for the period between meter readings.

High accounts

High accounts result from four main causes:

- i) The meter is read incorrectly.
- ii) The water meter is faulty.
- iii) There is a leak on the property.
- iv) The water has been used

Leak Repair Policy

- i) When a customer who resides in a property with a rateable value of R250 000 which allows them to participate in the debt relief programme (to be discussed later) detects that there is a leak on a property, it can be repaired by the Council on payment of the tariff rate. This charge is fixed regardless of the cost to the Council of the repair work.
- ii) Where any domestic customer's water account is more than 60 days in arrears and where the average daily water consumption exceeds 1.5kl per day as a result of a water leak, repairs will be effected to the water installations on the property of the domestic customer and a charge at the tariff rate will be added to the customer's account.

Domestic Water Insurance

1. Domestic customers may insure themselves against undetected underground leaks by payment of a monthly premium, which is raised on the consolidated bill, and forwarded to a private insurance company. If the insurance company is satisfied that the leak was underground and was repaired correctly then it will process the customer's claim and pay directly to the Council to credit the customer's account. Customers are given 60 days after the leak has been repaired to submit a claim. Customers are referred to the actual Insurance Policy Document for a detailed explanation on the conditions of Indemnity/Basis for Cover.
2. The customer's account may be suspended for disconnections to water for a period of 60 days to facilitate the insurance process.
3. Accounts shall not be suspended where there are disputes with respect to the amount paid by the insurance company.
4. Disputes must be lodged, in writing, within 30 days of the claim being paid.
5. An adjustment, determined in accordance with the terms and conditions of the water loss insurance policy for individually metered dwelling units, will be made in respect of sewage disposal charges raised against any domestic or non-domestic customer where the sewage disposal charges arise from any underground water leaks which were repaired correctly and timeously.

Credit Control and Debt Collection Policy for Domestic Customers

1. Flow restrictors will be installed in the water connections of customers who have not paid the total charges for water services (ie. supply of potable water, and, where applicable, the disposal of sewage) for 60 days or more, and who owe the Municipality more than an amount determined by the Chief Financial Officer from time to time, for water used and sewage discharged and who have not responded to written notification from the Council to either pay the outstanding amount or meet with officials of the Council or make arrangements to settle the debt.
2. Flow limiters are installed on application and compliance with the conditions of 4.4.7 below.
3. On restriction of the water supply via a flow restrictor washer, customers have the following payment options:
 - a) Pay the outstanding arrear amount in respect of water services charges plus all relevant charges in full;
 - b) Apply for a flow limiter and sign a Credit Agreement and Consent to Judgement, subject to 4.4.6 below.
 - c) Sign a Credit Authority for the arrears.

4. Confirmation of tampering of a restricted supply on two occasions may result in the entire water connection being removed. Customers have two options to facilitate the re-instatement of the water supply:
 - a) Pay the outstanding debt in respect of water services charges in full (including all charges) plus the prevailing costs of a new water connection and penalty charges;
 - b) Apply for a flow limiter and sign an Acknowledgement Of Debt. The connection costs and penalty charges must be paid immediately.
5. If a customer has received a new connection and then tampers with it again then the connection will be removed and will not be replaced until all outstanding water debts have been paid.
6. All illegal connections that are found will be removed and owners and occupiers may be prosecuted by a court of law.
7. Customers whose water supply has been limited using a flow limiter device:
 - a) are obliged to attend a 15 minute training session;
 - b) must sign a Credit Agreement and Consent to Judgement.
 - c) must pay a minimum amount, as determined from time to time by the Chief Financial Officer, towards the Credit Agreement.

- d) The flow limiting device will be removed once the outstanding amount is paid in full and the charge to remove the device is paid.
 - e) The training programme is vital as it makes customers aware of how to manage within the free basic water quantity per day. The customer is also made aware that if the flow limiting device is tampered with in any way and the supply of water to the property increases above the free basic water per day and the tampering is detected by the Council before it has been reported to eThekweni Water and Sanitation Unit by the customer, then the supply of water to the property will be permanently disconnected until the amounts owing have been paid in full (including the cost of a new water connection). In this regard interest will again be due on the “frozen” amount from the date that the tampering is detected by the Council.
 - f) The Acknowledgement Of Debt shall be cancelled on application for a Revenue Clearance Certificate and all debts on the property shall become due, owing and payable.
- 8.** In the event of a funeral or other function associated with the death of a family member, or a family wedding, an application may be made for temporary relief whereby the flow limiter may be removed for a specific period of up to seven days only. The application is to be supported by a letter from the Ward/PR Councillor and the payment of a prescribed fee as per the approved schedule of tariffs, to be reviewed annually. The flow limiter will be reinstated after seven days.

Debt Relief Programme

1. Debt Relief Programme is aimed at assisting poor families who are in arrears for water services charges, for ninety days (90 days) or more. Customers eligible for the debt relief programme are those families:
 - a) who reside on a property with a ratable value as determined by Council from time to time (currently R 250 000).
 - b) or who, irrespective of the property value, are confirmed as being too poor to be able to afford their current water services debt in terms of the following criteria:-
 - i) a report by the Ward/PR Councillor.
 - ii) an assessment and report by the Municipal Social Worker who would formulate an opinion as to whether or not the family qualified for debt relief based on a site visit.
 - iii) a verification Report by the Water and Sanitation official.
 - iv) approval by the Deputy Head: Customer Services for municipal property values allowed for Property Rates Relief (currently R400 000,00).
 - v) approval by the Head: Water and Sanitation for Municipal Property values in excess of the values allowed for Property Rates Relief (currently R400 000,00).
2. The customer is obliged to sign a contract and have the conditions of the contract explained, whereafter the debt is written-off over a period of twenty months.

3. The outstanding arrears are “parked” in a suspended account that does not attract any interest or other penalties if the customer pays the current water services account in full by the due date for payment.
4. If the customer fails to pay the current monthly water account in full and by the due date, the customer is subject to having time added to his/her write-off period on a month for month basis e.g. twenty months could reach twenty four months, if the account is not paid for a period of four months. If the period over which the current account is not paid by the due date exceeds four consecutive months, then the contract will terminate on the first day of the fifth month.
5. The customer when s/he signs the debt relief contract will have a flow limiter installed thus limiting his/her consumption to an amount per day equal to the free basic water allowance as determined in the schedule of tariffs.
 - a) The effect of a flow limiter is that a customer will receive a nil account at the end of the month for water services i.e. for both water usage and sewage disposal, and still benefit from the monthly write-off of one twentieth of the outstanding water services debt.
6. Should a customer be caught tampering or be found to have tampered with the water connection to a property, while a debt relief contract is active and in effect, the contract will terminate immediately and the debt outstanding at the time the contract terminates will become payable in full, with the interest charges accruing as well as the cost of a new connection. If the customer reports any tampering before the Council detects it, then the contract will remain in effect.

Free Basic Services - Indigent Policy

1. Free Basic Water

All domestic residential customers with a ratable value of <R250 000 are provided with 9kl free basic water per month.

2. Service Subsidy - Water

a) Customers with full pressure connections whose consumption is greater than 9 kl per month, are charged a fixed charge in addition to the applicable tariff rate. This fixed charge is not levied on properties below a certain property value. (refer to tariff schedule for current property value)

b) An alternative level of water supply is also provided via a low pressure roof tank which has no fixed charge and a reduction on the standard tariff rate per kl of consumption.

c) i) The Head: Water and Sanitation is authorised to make water available to informal communities through the use of the standpipes that are approximately 200 meters away from any informal dwelling with the cost of these installations being met by the Water undertaking. Water supplied through these standpipes is free of charge. As and when such standpipes are installed to supply water to an informal community, all the illegal connections to such communities will be removed immediately after the standpipes have been installed.

ii) If it is found that illegal connections are made to these standpipes and not reported to the Council, the standpipe connection will be disconnected and removed.

iii) If any member of the informal community, served by standpipes, wishes to receive a higher level of service, the higher level of service may be provided on payment of the prescribed tariff charge.

iv) the consent of the private land owner may be sought before such a service can be provided. Such consent may not be unduly with-held.

QUESTIONS??????????



THANK YOU

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