



LESEDI LOCAL MUNICIPALITY

FREQUENTLY ASKED QUESTIONS (FAQ) ON CREDIT CONTROL AND DEBT COLLECTION MANAGEMENT

ALL YOU NEED TO KNOW ABOUT THE MUNICIPAL ACCOUNT (CREDIT CONTROL AND DEBT COLLECTION MEASURES AND INDIGENT MANAGEMENT ON ALL RATE PAYER AND CUSTOMER ACCOUNTS.)

1. Question: What is credit control?

Answer: Credit control is a process used by the municipality to collect all monies owed to the municipality by the rate payers and users of municipal services.

2. Question: Why does the municipality implement credit control?

Answer: Section 96 of the Municipal Systems Act (Act No. 32 of 2000) stipulates that a municipality must collect all money that is due and payable to it, subject to the Act (Act 32 of 2000) and Section 64(1)(a) of the Municipal Finance Management Act (Act No. 56 of 2003). The municipality must adopt, maintain and implement a credit control and debt collection policy which is consistent with its rates and tariff policies and complies with the Municipal Systems Act (Act 32 of 2000).

If the balance of your latest account shows an overdue amount, you have already been scheduled for a cut-off because your account has not been paid by the due date and is 30 days or more overdue.

If the services have been disconnected, you will have to settle the amount or make payments arrangements in terms of the Credit Control Policy and pay reconnection fees before services can be reinstated.

3. Question: Why should I pay for services?

Answer: Municipalities are expected to be self-funded, raising most of their revenue from three key sources: Assessment rates, electricity and water supplies. In return, the revenue from assessment

rates and service charges are channeled towards service delivery in terms of the municipality's IDP and SDBIP.

4. Question: How am I billed for municipal services and rates?

Answer:

- You will be sent a monthly statement that details charges. The due date for payment is clearly indicated on the statement.
- Water and electricity charges are based on actual consumption. In the case of conventional meters, consumption is determined by readings taken from the meters. In the case of pre-paid meters, the meter will be loaded with units once a purchase has been made.
- Charges for refuse removal depend on the usage of a property. Businesses, such as restaurants and supermarkets, are charged a higher fee than domestic consumers because of the nature and volume of the refuse to be collected.
- Assessment rates are determined in terms of the market value of the property.

5. Question: When is my account due?

Answer: Due date for all accounts is the 15th of each month.

6. Question: When is my statement posted or emailed?

Answer:

- Emailed statements are sent out between the 25th -30th of each month.
- Posted statements are sent out not later than the 3rd of every month.

7. Question: I do not receive the statement from the municipality, how can the municipality expect me to pay if I am not billed?

Answer: The onus is on the property owner to ensure that he/she receives a statement from the municipality. Section 27(2) of the Municipal Property Rates Act states that a person is liable for payment of a rate / service whether or not that person has received a written account. If a person has not received a written account, that person must make the necessary inquiries from the municipality.

The property owner should ensure that the correct details are given to the municipality by calling Customer Service Centre / Service User Support Office or visiting the municipality.

8. Question: Should I settle my current account even if I receive my statement late?

Answer: Yes, it is advisable, to prevent the municipality from disconnecting your services.

9. Question: I am not able to pay my account on the due date, what do I need to do?

Answer:

- You can apply for payment extension which is applicable to current accounts and valid for 15 days if approved;
- You should be the registered owner of the property as well as the consumer for the property which you are applying for;
- You need to ensure that your application is submitted on or before the due date of the current account as stipulated in the municipal account; and
- You will be informed by the municipality if your application was declined.

10. Question: How do I settle an overdue account after the services have been cut off?

Answer: You will need to contact the Credit Control Office or you will need to go in person to the rates hall where you will need to pay both the overdue account and a reconnection fee.

11. Question: What if I cannot pay the full amount for my rates and service charges?

Answer:

- If you cannot pay the full amount you must make an arrangement to pay the amount off over time in line with the credit control policy. You must then come in person to the credit control office to make arrangements.
- You must pay 10% of the arrear amount for residential property and 20% for businesses and other, plus current account including the reconnection fee before arrangements could be made for payment of arrears and before services could be re-instated.
- Arrangements for the payment of arrears together with the current accounts will not exceed the maximum of 12 months; and
- If you have dishonored the first agreement, you will not be allowed to enter into the second agreement.

12. Question: I want to settle my account in full, what incentives can the municipality provide?

Answer:

- An incentive scheme is applied in a form of interest reversal and extension of payment period;
- The threshold for incentives is R3,000.00 and more for amounts in arrears;
- The 24 months interest raised on arrears and written back on full settlement of outstanding debt;
- The incentive is applicable to a consumer once in 24 month period;

- Interest reversal will not be applied on clearance applications; and
- Extension of payment period to 24 months upon down payment of 30% of the outstanding debt

13. Question: What is the reconnection fee?

Answer: It is an administration fee which is levied on the account of a debtor who has defaulted to pay for services. The reconnection fee amounts to R570.

14. Question: What measures will the Municipality implement on illegal connections or meters tampered with and how much do I need to pay if I have tampered with my meter or illegal connected my meter?

Answer:

- Your meter or your cable will be removed;
- You must pay the full amount of the administration fee (meter or cable) and penalty fees before reconnection can take place.
- A formula will be applied to determine a penalty fee;
- Administration fee where a cable or a meter is removed is applied as follows:-
 - If a cable is removed – R2 168.28
 - If a pre-paid meter is removed – R1 928.88
 - If a single phase meter is removed – R1 885.56
 - If a three phased meter is removed – R3 262.68

15. Question: How is the penalty fee calculated for illegal connections / meters tampered with?

Answer: The formula is applied to calculate the penalty fee = cost of estimated electricity over a period X 200%.

16. Question: How long does it take to reconnect services?

Answer:

- If services have been disconnected due to non-payment, the municipality will reconnect the services within 48 hours after the payment has been made;
- If services have been disconnected due to illegal connection or tampering of the meter, the municipality will reconnect the services within three (3) maximum working days after the payment (including penalty and administration fees) is made; and
- If services were disconnected due to non-payment or illegal connection, only cash, bank guaranteed cheque and EFT will be accepted to re-instate the services. **NO CHEQUE PAYMENT WILL BE ACCEPTED.**

17. Question: I am the owner of the property and want to change my conventional meter to pre-paid meter - what do I need to do?

Answer:

- You must pay all arrears in full before the meter could be changed;
- A letter will be sent to Electrical Department by Finance Department to confirm that your account is paid in full; and
- Then Electrical Department will work out the cost for new reconnection that you must pay before a conventional meter can be changed to a pre-paid meter.

18. Question: When will I be handed over to a debt collector / lawyers?

Answer: You will be handed over for collection to a debt collector where your account remains outstanding or unpaid for more than 3 months.

19. Question: Why are there legal fees on my account?

Answer: Your account has been handed over for legal action for collection of debt.

20. Question: When will my electricity be disconnected?

Answer: If your account is not paid after the due date (15th each month) and if there are no arrangements made prior the due date.

21. Question: If my electricity has been disconnected or blocked who should I contact?

Answer: You should visit municipal offices (rates hall) or contact the credit control office at the following number – (016) 340-4530/4426/4422/4505.

22. Question: I am a registered indigent household and receive the subsidy from the municipality; does Credit Control Policy also apply on me?

Answer: Yes, the Credit Control Policy will apply on you if the excess portion of your account is not paid in full.

23. Question: I would like to receive a subsidy from the municipality, how do I apply for indigent subsidy scheme?

Answer:

- You need to consult the municipal offices (Community Services) and the Social Workers will assist with the process of completing the application form;
- Assessment to detect if you qualify for indigent subsidy will be done by the Screening Committee;
- Communication to you will be made whether you qualify or not by the Screening Committee;

- Indigent subsidy is only provided to households which have a total household income of 2 times pensioners' salary or less.

24. Question: I would like to apply for indigent subsidy scheme as I am not able to pay for municipal services but the property is registered in name of my parents who have passed on; can I still apply and if so what do I need to do to apply?

Answer:

- Yes, the indigent policy has a provision that caters for child headed and youth headed families;
- You need to get a letter of authority in this regard;
- In order to get a letter of authority; you need to get a valuation certificate from the municipality for a value of **R35.00** (2013/2014) which you will then take it to court with other relevant documentation; and
- The process of screening your application will still be made by the screening Committee.

25. Question: What is the difference between tariff code 03 and tariff code 01 for pre-paid electricity?

Answer:

- Tariff code 03 is the tariff applicable to indigent households where a subsidy of 50kWh electricity is provided; and
- Tariff code 01 is the tariff applicable to normal households and no subsidy of 50kWh is provided.

26. Question: My tariff code has changed from tariff code 03 to tariff code 01, what does this mean and what is the implication?

Answer:

- This means that you are no longer registered as indigent / your term for indigence has expired;
- No free 50kWh of electricity will be provided;
- No free 6kl of water will be provided;
- No subsidy for basic charges will be provided;
- If your indigent status has not changed, you can re-apply for the indigent subsidy scheme; and
- You will also receive a letter / notice from the municipality to inform you about the expiry date of your indigence.

27. Question: I have purchased pre-paid electricity but I am not able to punch in my recharge voucher / units onto my key pad; what does this mean and what do I need to do?

Answer:

- This means that your tariff code has changed from either tariff code 03 to tariff code 01 or from tariff code 01 to tariff code 03;
- You need to receive a key pad change voucher to be punched in onto your key pad machine before you can punch in your purchased units;
- If you are still experiencing some challenges in this regard, kindly contact Credit Control Office on (016) 340-4530/4426/4422/4505.

28. Question: Why am I not getting same units of electricity when I purchase more than 1 pre-paid electricity in the same month?

Answer:

- The tariff structure for electricity is based on a sliding scale:

Description of the tariff	Tariff rate	Units
0- 50kwh (free for indigents)	R0.7105	50 units
51 - 350 kwh	R0.8746	300 units
351 - 600 kwh	R1.170	250 units
600kwh >	R1.380	

- **Example of pre-paid electricity purchase for an amount of R300 throughout the same month and once per month:-**

1 st purchase of R100	2 nd purchase of R100	3 rd purchase of R100	R300 once off purchase
$R100 / 114 \times 100$ $=R87.72$ $(0-50)=50 \times$ $0.7105=R35.53$ $R87.72-R35.53$ $=R52.19$ $R52.19/0.8746$ $= 59.67$ units Total units for R100(50+59.67)= 109.67	$R100 / 114 \times 100$ $=R87.72$ $R87.72 / 0.8746 =$ 100.30 units	$R100 / 114 \times 100$ $=R87.72$ $R87.72 / 0.8746 =$ 100.30 units Therefore:- Overall total units (109.67+100.30+100.30) =310.27	$R300 / 114 \times 100$ $= R263.16$ $(0-50)=50 \times$ $0.7105=R35.53$ $R263.16-35.53$ $= R227.63$ $R227.63 / 0.8746$ $=260.27$ units Total units for R300 purchase (50+260.27) = 310.27

- Other example of pre-paid electricity purchase for an amount of R800 throughout the same month and once for the month -:

<u>1st Purchase of R200</u>	<u>2nd Purchase of R200</u>	<u>3rd Purchase of R200</u>	<u>4th Purchase of R200</u>	<u>R800 once off purchase</u>
$R200 / 114 \times 100 = R175.44$ $(0-50) = 50 \times 7.105 = R35.53$ $R175.44 - R35.53 = R139.91$ $R139.91 / 8.746 = 159.98 \text{ units}$ (Units left for tariff block 2 is: 300-159.98 = 140.02 Units) <u>NB! For R200 - units = 209.98 (50+159.98)</u>	$R200 / 114 \times 100 = R175.44$ $140.02 \text{ units} \times 8.746 = R122.44$ $R175.44 - R122.44 = R53.00$ $R53.00 / 1.17 = 45.29 \text{ units}$ (Units left for tariff block 3 is: 250-45.29 = 204.71 Units) <u>NB! For R200 - unit = 185.31 (140.02+45.29)</u>	$R200 / 114 \times 100 = R175.44$ $R175.44 / 1.17 = 149.94 \text{ Units}$ (Units left for tariff block 3 is: 204.71-149.94 = 54.77 Units) <u>NB! For R200 - unit = 149.94</u>	$R200 / 114 \times 100 = R175.44$ $54.77 \text{ units} \times 1.17 = R64.08$ (Units for tariff block 3 used all up) $R175.44 - R64.08 = R111.36$ $R111.36 / 1.38 = 80.69 \text{ Unit}$ (Units used for tariff block 4 so far is only 80.69 Units) <u>NB! For R200 - unit = 135.46 (54.77+80.69)</u> Therefore:- $209.98 + 185.31 + 149.94 + 135.46 = 680.70 \text{ units}$	$R800 / 114 \times 100 = R701.75$ $(0-50) = 50 \times 7.105 = R35.53$ $(51-350) = 300 \times 8.746 = R262.38$ $(351-600) = 250 \times 1.17 = R292.50$ Total R590.40 $R701.75 - R590.40 = R111.35$ $R111.35 / 1.38 = 80.68 \text{ units}$ NB! R800 = 680.70 units

29. Question: What methods of payment can I use to pay for services?

- Bank deposit.
- Electronic payment.
- Direct payment at the nearest municipal office.
- Debit order.
- Cheque made in the name of Lesedi Local Municipality.
- If services were disconnected due to non-payment, only cash, bank guaranteed cheque and EFT will be accepted to re-instated the services. **NO CHEQUE PAYMENTS WILL BE ACCEPTED.**

30. Question: How do I make a payment in person?

Answer: Ensure that you have your account or a copy of the account with you. Visit your nearest municipal enquiry office. Make sure that the cashier counts the money in front of you. Do not accept any receipt other than the one printed from the computer. Check your change in front of the cashier. If you leave before checking your change, you are implying that you are satisfied with the transaction. Any error will be much more difficult to resolve at a later stage. Make sure that your account number is printed on the receipt and that the amount is correct.

31. Question: Why is my direct deposit payment not reflected on my account?

Answer: Check that you used the correct account number as a reference. Make sure that your payment was made before the account was issued. Remember that this type of payment will only appear on your account a few days after the payment was made. If your payment is still not reflected, contact your nearest municipal office.

Please note that Lesedi uses ABSA BANK, if an account is paid at ABSA it will reflect the following day and if another bank is used it will take between two to four days to reflect on the account.

32. Question: Why am I being charged estimate readings instead of actual readings taken from my meter?

Answer: If the municipality has not received a reading by the time that the billing process starts, the system automatically estimates an average consumption based on 3 previous months.

33. Question: Who is responsible for fixing water leaks on private property?

Answer: If there is a leak after the meter inside the property it is the responsibility of the owner to fix the leak.

34. Question: How do I claim a refund once I have closed my account and credit balance remains?

Answer: On the back of the disconnection form we are requesting your banking details, if you have not receive a refund within 4 weeks after your account was closed, contact the municipality so that the official can have a look what is the delay. If the refund was not yet done the official will request your banking details again in order to provide that to the official responsible for the refunds to do it as soon as possible.

35. Question: I want to sell my property, how do I apply for clearances and how long does it take?

Answer:

- The process starts with the conveyancer (transferring attorneys), the application to issue clearance figures will be received by the municipality from the conveyancer;
- Clearance figures will be issued for the period of not less than 4 months (120 days);
- All the monies stipulated on the figures must be paid before the clearance certificate is issued.

36. Question: how long does it take to open up an account of the rightful owner for a property that has been transferred at the deeds office?

Answer: It takes about 2 to 3 days after the receiving deeds transfers from the deeds office.

A MAKHANYA

MUNICIPAL MANAGER