

## CUSTOMER CARE AND MANAGEMENT POLICY

### 1. DEFINITIONS

For the purpose of this policy the following definitions will apply and any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this Policy, unless the context indicates otherwise-

- i **Act:** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), as amended from time to time,
- ii **apparatus:** includes a building, structure, pipe, pump, wire, cable, meter, machine or any fitting,
- iii **billing:** means proper formal notification on an account to persons liable for payment of amounts levied for assessment rates and other taxes by die municipality and the charges of the fees for municipal services and indicating the net accumulated balance of the account,
- iv **council:** the municipal council of the Municipality of EMTHANJENI,
- v **credit control and debt collection:** means the functions relating to the collection of all money that is due and payable to the municipality,
- vi **customer:** means any occupier of any premises to which the municipality has agreed to supply or is actually supplying services, or if there is no occupier, then the owner of the premises,
- vii **customer management:** means focusing on the client's needs in a responsive and reciprocal relationship between persons liable for these payments and the municipality, and when applicable, a service provider, thereby limiting the need for enforcement,
- viii **defaulter:** means a person owing the municipality money in respect of taxes and/or municipal service charges not paid on the due date for payment,
- ix **engineer:** means a person in charge of the civil or electrical departments of the municipality,

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- x **interest:** constitutes a levy equal in legal priority to service levies and is equivalent to the prime banking rate applicable from time to time.
- xi **municipal account:** shall include levies or charges in respect of the following services and taxes:
- electricity consumption
  - water consumption
  - refuse removal
  - sewerage services
  - rates and taxes
  - interest, and
  - miscellaneous and sundry charges.
- xi **municipal manager:** means the person appointed by the Municipal Council as the Municipal Manager of the municipality in terms of Section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) and includes any person
- acting in such position, and
  - to whom the Municipal Manager has delegated a power, function or duty in respect of such delegated power, function or duty,
- xii **municipal services:** those services, rates and taxes reflected on the municipal account for which payment is required by the municipality,
- xiii **municipal treasurer:** means a person appointed by the Council to manage the Council's financial administration,
- xiv **occupier:** means any person who occupies any premises or part thereof, without regard to the title under which he or she occupies,

xv **owner:** means

- the person in whom the legal title to the premises is vested,
- in a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative,
- in any case where the Council is unable to determine the identity of such person, a person who is entitled to the benefit of such premises or a building thereon,
- in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof,
- in relation to
  - a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property, or
  - a section as defined in such Act, the person in whose name such section is registered under sectional title deed and includes the lawfully appointed agent of such a person,
- any legal person including but not limited to
  - a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), a Voluntary Association.
  - any Department of State.
  - any Council or Board established in terms of any legislation applicable to the Republic of South Africa
  - any Embassy or other foreign entity.

- xvi ***policy document***: means the approved customer care, credit control and debt collection policies of the Municipal Council and as amended from time to time,
- xvii ***premises***: includes any piece of land, the external surface boundaries of which are delineated on
- a general plan or diagram registered in terms of the Land Survey Act, 9 of 1927) or in terms of the Deeds Registry Act, 47 of 1937, or
  - a sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, which is situated within the area of jurisdiction of the Council.

## **2. GENERAL OBJECTIVES**

The objectives of this policy are to:

- 2.1 provide a framework for customer care
- 2.2 provide a framework within which the Municipality can exercise its executive and legislative authority with regard to credit control and debt collection
- 2.3 ensure that all monies due and payable to the Municipality are collected and used to deliver services in the best interest of the community, residents and consumers and in financially sustainable manner
- 2.4 describe credit control measures and sequence of events
- 2.5 outline debt collection procedures and mechanisms: and
- 2.6 set realistic targets for debt collection

## **3. PRINCIPLES THAT UNDERPIN A CUSTOMER CARE AND MANAGEMENT AND DEBT COLLECTION POLICY**

The following principles are applied in the policy:

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- 3.1 Customer Care and Management and Debt Collection are entirely interrelated issues – debt collection is part of customer management.
- 3.2 Administrative integrity must be maintained at all costs – policy and execution are legally separate and must also be practically separate.
- 3.3 Communication of policies, rights and responsibilities, and systems of appeal, must be understandable, effective and regular.
- 3.4 There must be legal causes between the Municipality and its customer, and customer debt must arise out of a legal framework and must be legally collectable.
- 3.5 Billing is to be accurate, timely and understandable.
- 3.6 The customer is entitled to efficient, effective and reasonable access to pay points and to a variety of reliable payment methods.
- 3.7 The customer is entitled to an efficient, effective and reasonable response to appeals, and to suffer no disadvantage during the process of a reasonable appeal.
- 3.8 Indigent households are to be identified and supported with appropriate policies and practices.
- 3.9 Enforcement of payment will be prompt, consistent, effective and humane.
- 3.10 Fraud and criminality will lead to loss of rights and severe penalties.
- 3.11 Incentives and disincentives can be used in collection procedures.
- 3.12 The collection process must be cost effective.
- 3.13 Collection best practices will be pursued.
- 3.14 Targets for performance in both customer service and debt collection will be set and strived for.
- 3.15 Results will be regularly and efficiently reported.

3.16 Policies for Customer Care and Management and Debt Collection will be agreed by Council and Management, and supported thereafter by these parties.

#### **4 RESPONSIBILITIES AND DELEGATED AUTHORITY**

4.1 Council:

4.1.1 Council must create, evaluate, review and adapt the Customer Care and Management and Debt Collection Policies and related by-laws.

4.1.2 This political structure must oversee and monitor the implementation and enforcement of the Municipality's policies in this regard.

4.1.3 To maintain the credibility in the implementation of the policy and the attendant by-laws, Councillors should lead by example by ensuring that their own accounts will not fall into arrears.

4.1.4 Ward committees, through their ward councillor, be involved in communicating the credit control and debt collection programme and ensure that customer relations are of an acceptable standard to the community.

4.2 Accounting Officer:

4.2.1 The Municipal Manager (MM), as accounting officer, must implement and enforce this policy and any relevant by-laws.

4.2.2 The Municipal Manager must establish and control the administration necessary to fulfil this policy, and report efficiently and regularly to the Mayor and Executive Committee in this regard.

4.2.3 The Municipal Manager must collect all money that is due and payable to the Municipality.

4.2.4 The Municipal Manager may delegate authority in this regard to the Chief Financial Officer.

## **5 CUSTOMER CARE AND MANAGEMENT POLICY**

### **5.1 COMMUNICATION AND FEEDBACK**

- 5.1.1 Council's Customer Care and Management and Debt Collection Policies must be available in suitable formats, including all locally used languages, and must be made available by general publication and on specific request, and will also be available at Council's cash collection points.
- 5.1.2 The Municipality will endeavour to distribute a regular newsletter, which will give prominence to customer care and debt issues.
- 5.1.3 Ward Councillors will be required to hold regular ward meetings, at which customer care and debt issues will be given prominence.
- 5.1.4 The press will be encouraged to give prominence to Council's Customer Care and Debt issues, and will be invited to Council meetings where these are discussed.
- 5.1.5 Council aims to establish, within its financial means:
- a) a central complaints/feedback office;
  - b) a centralized complaints database to enhance co-ordination of complaints, their speedy resolution and effective communication with customers;
  - c) appropriate training for officials dealing with the public to enhance communications and service delivery;

### **5.2 CUSTOMER SIGN-ON AND AGREEMENTS**

- 5.2.1 All prospective tenants will be required to sign a lease agreement prior to occupation of municipal property;
- 5.2.2 All prospective buyers will be required to sign a purchase agreement prior to occupation of the property, unless the prospective buyer is the current tenant;

- 5.2.3 All owners of property and tenants of municipal property will be required to sign agreements governing the supply of, and cost of, municipal services.
- 5.2.4 The Municipality will not enter into a separate agreement with a tenant of privately owned residential properties, the owner will be responsible for the services on that particular erf(ven). The owner will be held responsible for all outstanding fees, where applicable.
- 5.2.5 The Municipality will only allow a tenant to sign a separate agreement with the Municipality on business properties and sectional titles, but the owner will be held overall responsible and liable for any arrears accrued. On default by a tenant, the owner is the debtor of last resort, and the agreements must cover this specifically between the owner and tenant.
- 5.2.6 Private property owners will not be allowed to apply to the Municipality or to enter into an agreement with a tenant for the supply of, and cost of municipal services. The private property owner will be responsible for the debt incurred on that property.
- 5.2.7 Services, including occupation of property, where applicable, will only be rendered after the signing of the agreement.
- 5.2.8 Within a specified period (in the agreement) of change of ownership, meters will be read and an account posted.
- 5.2.9 In the agreement, customers will acknowledge liability for costs of collection and interest, in the event of delayed payment.

### **5.3 ACCOUNTS AND BILLING**

- 5.3.1 Customers will receive an understandable and accurate bill from the Municipality, which bill will consolidate all service costs for that property.
- 5.3.2 Accounts will be produced in accordance with the meter reading cycle and due dates are similarly linked.



- 5.3.3 Accounts will be rendered monthly in cycles of approximately 30 days.
- 5.3.4 As the Municipality does not control delivery of accounts, it is the owner's, customer's and/or consumer's responsibility to ensure timely payment in the event of a bill not arriving.
- 5.3.5 It is the owner's, customer's and/or consumer's responsibility to ensure that the postal address and other contact details are correct.
- 5.3.6 Settlement or due date is the fifth (7<sup>th</sup>) day of each month.

#### **5.4 METERING**

- 5.4.1 The Municipality will endeavour, within practical and financial limits, to provide adequate meters to every paying customer for all measurable services.
- 5.4.2 All meters will be read monthly, if at all possible. If a meter is not read the consumption will be estimated in terms of Council's operational procedures. The account following the reading of the metered consumption must articulate the difference between the actual consumption and the average consumption, and the resulting credit or debit adjustment.
- 5.4.3 Customers are entitled to request verification of meter readings and accuracy within reason, but may be held liable for the cost thereof.
- 5.4.4 An actual reading must be obtained once every six months.
- 5.4.5 Customers are to be informed of meter replacement.
- 5.4.6 Voluntary readings are permitted, but final readings and actual readings are the responsibility of the Municipality.

## **5.5 RIGHTS OF ACCESS TO PREMISES**

5.5.1 The customer agreement, signed by the customer and the Municipality, must include a clause in which the owner and the occupier of premises give an authorized representative of the Municipality access at all reasonable hours to the premises in order to read, inspect, install or repair any meter or service connection for reticulation, or to disconnect, stop or restrict, or reconnect, the provision of any service. The customer will accept the cost of relocating a meter if satisfactory access is not possible.

## **5.6 PROPERTY VALUATION**

5.6.1 The Municipality, within its financial and administrative capacity, will maintain a register of all properties within its jurisdiction. This register will be valued and regularly re-valued. Independent valuers will perform such revaluation, and the process of initial valuation and subsequent revaluation will include opportunities for owners to appeal and be heard.

5.6.2 Matters related to property valuation are more comprehensively dealt with in the property rates policy in accordance with the Local Government: Property Rates Act 2004, Act no. 6 of 2004.

## **5.7 PAYMENT FACILITIES AND METHODS, and STOP ORDERS AND DEBIT ORDERS**

5.7.1 The Municipality must operate and maintain suitable banking and cash facilities. The Municipality is permitted to consider the costs and benefits of such facilities; which facilities should be accessible to all users.

5.7.2 The Municipality will offer a range of payment options to customers, which will include cash and may include cheques, credit cards, electronic payments, debit and stop orders.

- 5.7.3 The Municipality may, at its sole discretion, allocate a payment received between service debts and/or overdue debt. A debtor may not specify that the payment be for a specific portion of the account.
- 5.7.4 The Municipality may, with the consent of a customer, approach an employer to secure a debit or stop order arrangement.
- 5.7.5 The customer will acknowledge, in the customer agreements that the use of agents in the transmission of payments to the Municipality is at the risk of the customer – also for the transfer time of the payment.

## **5.8 ENQUIRIES, APPEALS AND SERVICE COMPLAINTS**

- 5.8.1 If a customer is convinced that his or her account is inaccurate; he or she can lodge an appeal in writing with the Directorate Finance for recalculation of this account.
- 5.8.2 In the interim, **the debtor must pay the average of the last three months account where history of the account is available.** Where no such history is available the debtor is to pay an estimate provided by the Chief Financial Officer before payment due date until the matter is resolved.
- 5.8.3 The relevant department must investigate and inform the debtor within one month.
- 5.8.4 Failure to make such agreed interim payment or payments would make the customer liable for disconnection.

## **5.9 OMBUDSPERSON**

- 5.9.1 Council should, if financially possible, employ an Ombudsperson, working under the direct control of the Municipal Manager, where applicable
- 5.9.2 This person's duties are to attend to complaints routed to his or her office by Councillors or the community, and to access these complaints, ensure readdress or resolution thereof, and make recommendations on improvements of Council's systems as and when he/she believes such changes to be necessary.

## **5.10 BUSINESSES WHO TENDER TO THE MUNICIPALITY**

5.10.1 The Supply Chain Management Policy must, *inter alia*, include the following:

- i. When inviting tenders for the provision of services or delivery of goods, potential contractors may submit tenders subject to a condition that consideration and evaluation thereof will necessitate that the tenderer obtain from the Chief Financial Officer a certificate stating that all relevant municipal accounts owing by the tenderer or its directors, owners or partners have been paid or that suitable arrangements (which include the right to set off in the event of non-compliance) have been made for payment of any arrears;
- ii. A municipal account to mean any municipal service charge, tax or other fees, fines and penalties, due in terms of a contract or approved tariff or rate, which is outstanding after the due date normally appearing on the consolidated bill or overdue in terms of the contract or any other due date that has passed;
- iii. Tender conditions must contain a condition allowing the Chief Financial Officer to deduct moneys owing to the Municipality from contract payments in terms of a reasonable arrangement with the debtor.

5.10.2 Council's Grants-in-Aid Policy must, *inter alia*, include that consideration thereof will be subject to the applicant obtaining from the Chief Financial Officer a certified letter reflecting the status of the applicant's municipal debt, if any, and that the awarding of grants-in-aid will be subject to payment thereof or an arrangement to pay any arrear municipal account.

## **5.11 INCENTIVES FOR PROMPT PAYMENT**

5.11.1 The Municipality will, to encourage prompt payment and to reward good payers, assess incentives for prompt payment. Should such incentives prove to be financially sustainable and of mutual benefit to the Municipality and its customers, the Municipality will commission such incentives.

5.11.2 Such incentive schemes, if introduced, will be reflected in annual budgets as additional expenditure.

## **5.12 CUSTOMER ASSISTANCE PROGRAMMES**

### **5.12.1 Water Leaks Rebates**

5.12.1.1 A customer will qualify for a water leak rebate if:

- i the leak occurred underground and was not easily discernable from above ground;
- ii the leak had been repaired within 48 hours of detection;
- iii the customer had only applied for one rebate in a 24-month cycle;
- iv a certificate from a registered plumber, or a sworn affidavit (in the case of a private individual having repaired the leak) must reach the Chief Financial Officer within 10 working days of the repair, and contain the following details:
  - the date of both invoice and repair;
  - confirmation that the leak was not discernable from above ground;
  - certifying that the burst occurred on a pipe listed on the Schedule of Approved Pipes and Fittings as kept by the Director Infrastructure and Housing Services.

5.12.1.2 The adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period of the leakage, for a maximum period of three years.

## 5.12.2 Faulty Meters

### 5.12.2.1 No Consumption Registered

- i Meter will be replaced, and if found tampered with, the relevant penalty will be imposed and must be paid, otherwise the service will be restricted, blocked, disconnected or suspended.
- ii An interim adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period when the meter was not registering, for a maximum period of three years.
- iii The final adjustment will be calculated and debited by using the average consumption for the first three months on the new meter, for the period when the meter was not registering, for a maximum period of three years.

### 5.12.2.2 Assumed Faulty Meters

- i Customers may request the testing of a meter and should the result of the test indicate the meter to be faulty, an adjustment of the levy will be made in accordance thereof.
- ii Should the result of the testing indicate the meter not to be faulty, test within the limit of 2,5% in respect of an electricity meter and 5% in respect of a water meter, the customer will be liable for the cost of the applicable tariff payable in advance.
- iii The adjustment will be calculated based on the difference between the average consumption (kl) for the previous year's corresponding periods and the period of the faulty metering, for a maximum period of three years.

### 5.12.3 Rates And Instalments

5.12.3.1 The property rates bill is payable in equal monthly instalments over 12 months at no interest cost or customers may apply to pay annually on 30 September.

5.12.3.2 If a monthly instalment is unpaid, the full bill outstanding is immediately due and payable.

5.12.3.3 Matters related to rates are more comprehensively dealt with in the Property Rates Policy in accordance with the Local Government: Property Rates Act 2004, Act no. 6 of 2004

### 5.12.4 Sewerage And Cleansing

5.12.4.1 The sewerage and cleansing bill is annually payable on 30 September, but customers may apply to pay or in equal monthly instalments over 12 months at no interest cost.

5.12.4.1 If three instalments are unpaid, the full bill outstanding is immediately due and payable.

## 5.13 CLEARANCE CERTIFICATES

5.13.1 are issued after receipt of the applicable fees and of the clearance certificate application form.

5.13.2 are only issued when all amounts due in connection with that property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties have been fully paid.

5.13.3 Any instalment for rates refuse and sewerage is immediately payable.

5.13.4 A rates clearance certificate will be issued in terms of Section 118 of the Local Government: Municipal Systems Act, 2000, Act No. 32 of 2000, and will be valid till 30 June, following the date of application received.

5.13.5 If an amount liable for rates levied in respect of a property which formed part of a Municipal Housing Scheme, is unpaid by the owner and the property needs to be transferred, a rates clearance certificate will only be issued upon payment of the current account and after completion of an agreement for any municipal services in arrears, subject to Council's Credit Control and Debt Collecting Policy. Transfers affected may be one of the following:

- (i) Transfer of a property from the EMTHANJENI MUNICIPALITY to the new owner;
- (ii) Transfer of a property from one spouse to the other;
- (iii) Transfer of a property from the owner (parent) to a child.

5.13.6 The Chief Financial Officer will consider and approve such applications for clearance certificates.

## **6 PERFORMANCE EVALUATION**

### **6.1 CUSTOMER SERVICE TARGETS**

Council to create targets that would include:

- i Response time to customer queries
- ii Date of first account delivery to new customers
- iii Reconnection time lapse
- iv Meter reading cycle

### **ADMINISTRATIVE PERFORMANCE**

Council to create targets that will include:

- i Cost efficiency of debt collection
- ii Query rates
- iii Enforcement mechanism ratios.

Council will create a forum wherein these targets are assessed, the Municipality's performance evaluated and remedial steps taken.



## **7 REPORTING TO COUNCIL**

- 7.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties. This report shall reflect on:
- 7.1.1 cash flow information for the capital and operating accounts, and combined, showing Council's actual performance against its cash flow budgets;
  - 7.1.2 cash collection statistics, showing high-level debt recovery information (numbers of customer; enquires; default arrangement; growth or diminishing of arrear debtors; ideally divided into wards, business (commerce and industry) and domestic, state, institutional and other such divisions; and names and quantum) of major outstanding individual debtors;
  - 7.1.3 Performance of all areas against targets agreed to in item 6 of this policy document and
  - 7.1.4 Council's ongoing income and expenditure statements, comparing both billed income, and cash receipt income, against ongoing expenditure in both the capital and operating accounts. If, in the opinion of the Chief Financial Officer, Council will not achieve cash receipt income equivalent of the income projected in the annual budget as approved by Council, the Chief Financial Officer will report this with motivation to the Municipal Manager who will, if he agrees with the Chief Financial Officer, immediately move for a revision of the budget according to realistically realizable income levels

## **8 STRUCTURES OF THE DEPARTMENT OF FINANCE**

Council shall regularly receive a report from the Chief Financial Officer, if necessary after consultation with suitable consultants, on the manpower and systems requirements by the Directorate Finance which requirements take into account Council's agreed targets of customer care and management, and debt collection, and, after considering

this report, Council will, within reason, vote such resources as are necessary to ensure that the Directorate Finance has the staffing and structures to meet Council's targets in this regard.

## **9 BY-LAWS**

The principle contained in this policy will be reflected in the various service by-laws as promulgated and amended by Council from time to time.

## **10 COMMENCEMENT**

This policy takes effect on 1 JULY 2013.