

**11.
AMOUNTS DIRECTLY RELATED TO THE FLUCTUATION IN CONSUMPTION
CHARGES EXEMPTED FROM INTEREST FOR A PERIOD**

5/1/1/23 – 2021/2022

E Hooneberg

Senior Manager: Revenue Services

19 October 2021

(028) 313 8149

1. Executive Summary

The purpose of the report is to present council with a recommendation to raise no interest for a period of up to six (6) months on these amounts directly related to the fluctuation in consumption charges, caused by the delayed actual readings in August and September 2021.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Revenue Services

3. Compliance with Strategic Priority

Provision of democratic, accountable and ethical governance

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA);
Customer Care, Credit Control & Debt Collection Policy

6. Background

There have been several complaints from residents as from the end of August 2021 onwards, about what is perceived to be abnormally high municipal services accounts.

The consumption based on meter readings for some of the August 2021 and September 2021 municipal accounts made it appear as though consumption of services, specifically electricity and water, was higher than normal compared to those of the previous months.

The circumstances causing this fluctuation will be discussed in more detail. Also, the fact that only certain line item amounts related to consumption, raised on accounts in the specific affected municipal areas, were affected.

Also, in some instances residents may not have taken into account the increase of 14.59% for electricity charges on their municipal account.

Consumers were advised to check their monthly account and should they have been affected by this, to contact the Finance Department to make enquiries and if necessary arrange payment agreements.

Discussion

A confluence of certain circumstances has led to the above normal municipal accounts for August 2021. In most cases, specifically in households with credit electricity meters, it could be ascribed to the following:

- Overstrand Municipality has appointed a service provider that supplies the software for meter readings from 1 July 2021, after a tender process was followed.
- A new tender was awarded to two contractors for meter reading services. One of the service providers struggled to perform in accordance with the requirements for the reading of meters in its areas and as a result, the consumption was based on an adjusted average consumption, charged to accounts. This average calculation appears to be lower than the actual average consumption during previous winter months.
- In the following reading period (August 2021 accounts), the new meter reading contractor was still not able to ensure a complete cycle of readings within the normal 30-day period and instead, in many cases, used 38 days to complete them which also had an impact on the account. The Revenue/Client Services Department is continuously handling all the queries received regarding the unusually high municipal accounts. Queries received that necessitated adjustments were attended to promptly.
- A contributing factor to the steep increase in electricity costs was Eskom's increase implemented from 1 July, with Overstrand Municipality's tariffs for electricity increasing by 14.59%. This was besides the longer period of consumption due to the late readings, and this increase in tariffs also contributed to higher municipal bills.

The Municipality issued a media release also on 4 October 2021 to confirm the anomalies that several ratepayers experienced with the September 2021 accounts, specifically with regard to meter readings and the resultant consumption charged on some of these consumer accounts.

Before-mentioned was investigated and explanations provided to consumers in response to all queries received, either via correspondence, or in the instance of direct contact with our communities at the respective client services desk facilities. It should also be borne in mind that the consumption indicated on most of the accounts, was in fact correct for September 2021 accounts. Also, that only certain line item amounts related to consumption, on these accounts, in the specific affected municipal areas, were affected.

Feedback and explanations were made available through the media in order to advise consumers, and to provide information/explanations to identify and/or clarify the majority of general questions raised.

Consumers who might not be in the position to pay the full amount were urged to make arrangements to pay off the unexpected increased amounts for consumption.

In terms of section 7.4.1 of the Customer Care, Credit Control & Debt Collection Policy, the municipality may raise interest, as follows:

“7.4.1 Interest may be raised as a charge on all accounts not paid by the due date in accordance with applicable legislation.”

The municipality is however aware that it might be difficult to make full payment on the September 2021 account and for this reason council is requested to consider a recommendation to raise no interest for a period of up to six (6) months on these amounts on municipal consumer accounts, directly related to the fluctuation in consumption charges, caused by the delayed actual readings in August and September 2021.

7. Financial Implications

Operating Budget

Interest on municipal consumer accounts, on these amounts directly related to the fluctuation in consumption charges, caused by the delayed actual readings in August and September 2021 will not be raised for a period of up to six (6) months.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that no interest be raised for a period of up to six (6) months on municipal consumer accounts, on those amounts directly related to the fluctuation in consumption charges, caused by the delayed actual readings in August and September 2021.

AGENDA OF THE MAYORAL COMMITTEE MEETING: 28 OCTOBER 2021**RESPONSIBLE OFFICIAL : E HOONEBERG****TARGET DATE FOR IMPLEMENTATION : 28 OCTOBER 2021**