



<b>MANGAUNG LOCAL MUNICIPALITY</b>	
<b>SUBJECT: PREPAYMENT WATER METERS</b>	<b>POLICY NO: 10 /2010 (PP)</b>
<b>DIRECTORATE: FINANCE</b>	<b>COUNCIL ITEM:</b>
<b>SUB-DIRECTORATE: REVENUE MANAGEMENT</b>	<b>DATE APPROVED:</b>
<b>GENERAL MANAGER REVENUE MANAGEMENT</b>	<b>EFFECTIVE DATE:</b>

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**1. DECLARATION OF INTENT**

The Municipal Finance Management Act endeavours “to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements.”

As an outflow from this principle, it is therefore an imperative on municipalities to collect monies owed to it that is due and payable, and to put measures in place to curb losses as far as reasonable possible. The Municipality intends to address the challenges set out in this Policy with the installation of Prepayment water meters.

## **2. OBJECTIVE**

- 2.1 This policy has been compiled to govern and provide for the installation of prepayment water meters.
- 2.2 The need for prepayment water meters arose from the following identified challenges and considerations:
  - 2.2.1 The threat to the security of consumers. Many water meters are situated within the fenced properties of consumers and the Municipality's meter readers must obtain access to these private premises for readings. Prepayment water meters would not require the presence of any person representing the Municipality on private premises.
  - 2.2.2 The reduction of water losses. Leaking and malfunctioning rotating water meters were the greatest contributor to water losses experienced by the Municipality. When these meters are replaced with prepayment meters, the unnecessary loss of water will be greatly reduced.
  - 2.2.3 Assistance with consumer budgets. Consumers will be able to manage and control their own budgets more efficiently with prepayment water meters as the daily consumption of water and the cost thereof would be readily available in the consumer's own home.
  - 2.2.4 Credit management benefits and bad debt reduction. Prepayment meters will ensure that the Municipality's risk to delivering water on credit to persons who might be reluctant to pay their monthly water consumption charges is reduced dramatically. The occurrence of bad debt due to water consumption will be reduced and the Municipality's cash flow will become more liquid, thereby placing the Municipality in the position to service its own creditors on a more frequent basis.

- 2.2.5 Prepayment meters does not require the sending out of accounts or other administrative support functions, thereby reducing the costs of sending out accounts to consumers, which will have a knock-on effect on the setting of the annual water tariffs, for the benefit of the consumer.

### 3. TERMINOLOGY AND DEFINITIONS

In this Policy, unless the context indicates otherwise, a word or expression to which a meaning has been assigned has the same meaning, and -

**“Act”** means the Local Government: Municipal Systems Act (Act No 32 of 2000) as amended from time to time;

**“arrears”** means those rates and service charges that have not been paid by the due date and for which no arrangement has been made;

**“Municipality”** means the Mangaung Local Municipality or any of its delegates;

**"occupier"** means any person who occupies any premises or part thereof, without regard to the title under which he or she occupies;

**"owner"** means:

- (a) the person in whom from time to time is vested the legal title to property;
- (b) in case where a person in whom the legal title to property is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration and control of such property is vested as curator, executor, administrator, judicial manager, liquidator or other legal representative;
- (c) in any case where the Municipality or its authorised agent is unable to determine the identity of such person, a person who is entitled to the benefit of the use of such property or a building thereon;
- (d) in the case of property for which a lease agreement of 30 years or longer has been entered into, the lessee thereof;
- (e) any legal person including but not limited to:

- (i) a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), a trust, a close corporation registered in terms of Close Corporation Act, 1984 (Act 69 of 1984) and a voluntary association
  - (ii) any department of State;
  - (iii) any Council or Board established in terms of any legislation applicable to the Republic of South Africa;
  - (iv) any Embassy or other foreign entity.
- (f) in relation to:
- (i) A piece of land delineated on a sectional plan registered in terms of Sectional Title Act, 1986 (Act No. 95 of 1986), the developer or the body corporate in respect of common property; or
  - (ii) a section as defined in the Sectional Title Act, 1986 (Act No. 95 of 1986), the person in whose name such section is registered under a sectional title deed and includes the lawfully appointed agent of such person; or

**“prepayment meter”** means a meter that can be programmed to limit the flow of water into a water installation to the amount which has been previously purchased;

**“prepayment measuring system”** means a meter and ancillary devices, approved by the Council, designed to measure and allocate to a consumer the quantity of water pre-purchased by himself or herself and loaded onto a token from where the pre-purchased quantity of water can be transferred into a prepayment meter;

**“token”** means an electronic plastic disk on which the credit representing the quantity of water, pre-purchased by a consumer is reflected;

#### 4. SCOPE OF APPLICATION

This policy applies within the jurisdiction area of the Mangaung Local Municipality.

From a responsibility perspective, this policy is relevant to all employees of the Municipality, whether full-time or part-time. It is, however, specifically applicable to the Chief Financial Officer and the General Manager: Revenue Management.

## 5. GOVERNING PRESCRIPTS

This Policy has been formulated in terms of section 96 (b) of the Local Government: Municipal Systems Act, 2000.

### Legal framework

This policy will be implemented within the legal framework of the constitution and relevant national legislation outlined hereunder.

*Constitution of the RSA, (Act 108 of 1996)*

Section 152, of the Constitution of the RSA, (Act 108 of 1996), sets out the objectives of local government. One of which is for a municipality to ensure that services are provided to communities in a sustainable manner.

*The Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000)*

Chapter 9 of this Act deals with debt collection and credit control

*The Municipal Finance Management Act, 2003 (Act 56 of 2003).*

Section 64(2)(a) & (f) requires the Municipality to have and maintain an effective revenue collection system as well as a system of internal controls in respect of debtors and revenue.

## 6. GUIDING PRINCIPLES

### 6.1 This policy supports the following principles:

- 6.1.1 Human dignity must be upheld at all times;
- 6.1.2 The policy must be implemented with equity, fairness and consistency;

### 6.2 Installation of Prepayment Meters

- 6.2.1 The Municipality may require the installation of prepayment meters for all new township developments or developments on current or rezoned properties;
- 6.2.2 The Municipality may remove rotating water meters and replace these with pre-payment meters to receive the benefits as set out in paragraph 2.2 from time to time and in areas within the Municipality where the installation thereof is required.
- 6.2.3 Any interested person may come and apply from the Municipality for the installation of a pre-payment water meter on their property. The Municipality will evaluate these applications and install such a pre-payment meter where it is practicably possible. Pre-payment water meters shall not be installed until all outstanding debt has been paid in full.
- 6.2.4 Businesses may apply for the installation of pre-payment meters, subject to the amount of water required by the business. The Municipality is entitled to limit the installation of pre-payment meters to a certain limited size supply size, as determined by Council from time to time.

### **6.3 Payment in respect of prepayment meters**

When a consumer is supplied with water through a prepayment meter, :

- (a) no refund of the amount tendered for the purchase of water credit shall be given at the point of sale after initiation of the process by which the prepayment meter token is produced;
- (b) when a consumer vacates any premises where a prepayment meter is installed, no refund for the credit remaining in the meter shall be made to the consumer; and
- (c) the Municipality shall not be liable for the reinstatement of credit in a prepayment meter lost due to tampering with, or the incorrect use or the abuse of, a prepayment meter and/or token.

### **6.4 Pre-paid vending stations**

Pre-payment tokens will be sold to consumers to utilise in their pre-payment water meter system. Tokens will be sold at the current tariff approved by the Council at its annual budget approval meeting. Pre-payment tokens will be available from several vending stations which will be established all suburbs where pre-payment meters are installed.

### **6.5 Defective Meter**

If it is established that a pre-payment meter is defective, the Council must ,

- (a) render an account where the meter has been under-reading; or
- (b) issue a token, free of charge, to the value of the amount to which the meter has been over-registering.

#### **6.6 Prepayment Metering**

- (a) Prepayment metering systems shall comply with the requirements of SABS Code 1529 Part 9-2002
- (b) A prepayment water measuring system, this shall be deemed to be defective if, when tested in accordance with SABS Code 1529 Part 9 –2002, it is found to have a percentage error in over-registration or under-registration greater than that permitted in terms of that specification.

#### **6.7 Blocking of supply through Pre-payment meter**

- (a) The Municipality is entitled to block the supply of water through a pre-payment water meter system if the consumer falls in arrears with any municipality debt owed for electricity consumption, property rates or sanitation fees.
- (b) The Municipality is entitled to block the supply of water through a pre-payment water meter system if it is found that the pre-payment system had been tampered with and supply will only be reconnected after the payment of a reconnection tariff, as determined by Council from time

#### **6.8 Installation of Pre-payment meters for individuals in terms of the Debt Control Policy**

Pre-payment meters are installed at the cost of the Municipality in the dwellings of individuals who have been declared indigent by the Finance Directorate in terms of the Municipality's Credit Control and Debt Collection Policy.

#### **6.9 Reverting pre-payment meters to conventional metering**

No Pre-payment water meters will be removed and replaced with a conventional rotating meter as this contravenes the declared objective to move towards prepayment metering.



**7. AUTHORITY**

Formulation : Policy / By-law Management Team

Authorisation and approval : Council

Ownership and maintenance : Chief Financial Officer

**8. IMPLEMENTATION AND REPEAL**

11.1 This policy will be effective from the first day of the calendar month following the date on which Council has approved the policy.