

Office of the CFO

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Speaker
Clr Mxolisi Siyonzana

SUBMISSION TO COUNCIL OF MANGAUNG METROPOLITAN MUNICIPALITY FOR THE REVISION OF COUNCIL RESOLUTION CNL 31 MAY 2018 – 61.6 ON REDUCTION OF PENALTIES AND RECONNECTION COSTS FOR TAMPERING BY DECLARED TRANSGRESSORS WHO ARE REGISTERED INDIGENTS OF THE MANGAUNG METROPOLITAN MUNICIPALITY INDIGENT REGISTER

1. INTRODUCTION

In terms of the Mangaung Metropolitan Municipal Credit Control and Collections Policy residents who tamper with or bypass electricity meters are disconnected, meters are disconnected, and the penalties imposed on them. No reconnections are made until such residents pay penalties and the reconnection fees. A resolution was made by Council to reduce penalties and reconnection costs for registered indigents.

2. PURPOSE

This report serves to request the Council to apply its prerogative and rescind and/or amend its earlier decision to waive penalties and reconnection costs altogether for registered indigent residents who complied with pre-set conditions and are found to have either tampered or allowed and/or failed to report tampering with their electricity connections. Consideration should also be made to prospective indigents who have passed the criteria as set in the policy and awaiting Council approval of their indigence applications.

3. BACKGROUND

CENTLEC (SOC) Ltd embarked on a revenue enhancement drive aimed at protecting and maximising the entity's revenue collection. The initiative involves inspection of all electricity meters to ensure that they are working according to set standards and that they are not tampered with or bridged. It has been established that Municipal meters and distribution boxes are continuously vandalised for the illegal tapping of electricity, resulting in continuous power interruptions and loss of revenue.

It has been proven that when electricity meters are bridged, the consumption is much higher. The impact is that networks then become overloaded which cause power failures affecting all customers. It might create the perception that capital needs to be spent to upgrade the networks while in reality only the non-paying customers need to be addressed to lower the load and therefore decrease the occurrence of power failures.

Through this process, some customers have been found to have bridged or allowed bridging of electricity meters. In accordance with the Credit Control and Collections Policy, penalties should be imposed and meters be removed from the transgressing residents and remain without electricity until payment for penalties and tampering are made.

Most of these indigent customers cannot afford to pay the penalties imposed for the tampering, especially the old and vulnerable citizens of the Mangaung Metropolitan Municipality who in some instances claims that they were not even aware that their meters were tampered with.

Illegal connections not only defrauds the entity of revenue, it also poses danger to customers through electrocution which may result in deaths.

4. WHY IS THIS DONE?

It is in line with national legislation to stop tampering with infrastructure. The whole drive of inspections and ultimately fines where offenses were committed, is to change customer behaviour and achieve a long-term solution.

5. CRITERIA TO BE APPLIED

With the reference to the previous council resolution of 31 May 2018 where the criteria to be applied would be based on the proven monthly household income and the amount payable would amount to a once off 20% of the confirmed monthly household income to facilitate the reconnection of the meter. It has been determined based on the slow response from indigents as well as feedback that even the 20% approved is still unaffordable to most indigents and they remain without electricity to date. A second challenge has been of indigents not yet approved by Council but who meet the criteria as per the indigent policy of Mangaung Metropolitan Municipality.

6. BUSINESS PROCESSES TO BE FOLLOWED

- 6.1 All tampering fines and reconnection costs for registered indigent households be written off on condition that the households will ensure that the act will not repeat itself again. Should this be repeated the indigent households will be expected to pay the full fine and reconnection costs.
- 6.2 All households that qualify to be approved as indigents should register as indigents and once it is confirmed by the metro that the application has been made and qualifies for indigence, these household's fines be treated as in (a) above whilst awaiting the council resolution declaring them indigent. A letter of confirmation of indigence of the household from the Councillor of the ward together with a letter from the relevant office in Mangaung Finance Department confirming that the application has passed the indigent criteria as contained in the policy and only awaiting Council approval.
- 6.3 That based on merits and on a case by case basis, all households who cannot afford the fine and the reconnection fees be assessed upon presentation of sufficient evidence to support affordability be granted a 50% discount on the fine and reconnection fee imposed originally.

7. CONCLUSION

It should be noted by the community of the Mangaung Metropolitan Municipality that the main aim of this initiative is to ensure that residents abide by the by-laws and policy and regulations of the municipality.

RECOMMENDATIONS that:

- a) Council to approve and give authority to the Board of CENTLEC (SOC) Ltd to consider and review all tampering penalties and reconnection costs for registered indigent households be waived off and the entity have the delegated authority and power with discretion, to reconnect transgressors once the criteria for reconnection are met and the penalties and costs are reduced and paid where applicable;

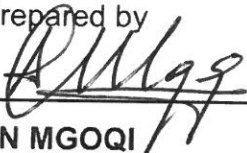
- b) Based on merits of each case and at the Board's discretion, all indigent customers who cannot afford to pay the penalties and the reconnection fees in full, be assessed upon declaration in the prescribed form and compliance with the prescribed qualifying conditions below -
 - 1) The customer must be indigent;
 - 2) The customer must be a perpetrator or willing and able to identify the perpetrator;
 - 3) The customer must be willing to testify against perpetrators;
 - 4) The customer must be unable to pay the prescribed penalties and reconnection fees;
 - 5) The indigent customer tampering fine and reconnection cost will be written off;
 - 6) The writing off of tampering fine and reconnection cost for all approved indigents awaiting final Council Approval and resolution on presentation of a letter confirming indigence from the Ward Councillor as well as a confirmation letter from Mangaung Finance Department that the application has been approved and meet the criteria awaiting final Council approval and Council resolution; and
 - 7) That based on merits and on a case by case basis, all households who cannot afford the fine and the reconnection fees be assessed upon presentation of sufficient evidence to support affordability be granted a 50% discount on the fine and reconnection fee imposed originally.

- c) In the event the Board is satisfied that such indigent customers have properly declared tampering in the prescribed form and complied with prescribed

conditions, such customers be granted a complete write off or a reduction in penalties and reconnection costs as per (b)(g);

- d) Repeat transgressors be dealt with in terms of the Mangaung Metropolitan Municipality Credit Control and Collection Policy and should not qualify for the reduction of penalties and reconnection costs;
- e) In order to qualify for consideration in write off or in reduction of penalties and reconnection costs, transgressors be given a window grace period of nine months to declare transgressions or report suspected tampering to the entity of which will be determined by the Executive Mayor of the Mangaung Metropolitan Municipality; and
- f) The transgressors who comes forward by themselves without a fine being imposed be given discounts as per (b) (g) above on the penalty they would have incurred if identified by CENTLEC.

Prepared by



AN MGOQI

CHIEF EXECUTIVE OFFICER

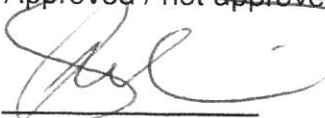
Supported by



Adv. Tankiso Mea

City Manager 24/04/2019

Approved / not approved _____



Clr MS Mlamleli

Executive Mayor