

**MAGARENG**



**MUNICIPALITY**

# **CONSUMER DEPOSIT POLICY**

**For adoption with the tabled Budget: 2024/25 MTREF**

**Date:**

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INDEX

Page

**Contents**

<b>1. POLICY STATEMENT</b>	<b>2</b>
<b>2. AIM</b>	<b>2</b>
<b>3. OBJECTIVES</b>	<b>2</b>
<b>4. DELEGATION</b>	<b>2</b>
<b>5. TERMS OF REFERENCE</b>	<b>2</b>
<b>6. POLICY PROCEDURES</b>	<b>2</b>
<b><i>6.1 NEW CONSUMER DEPOSITS/GUARANTEES</i></b>	<b>2</b>
<b><i>6.2 CURRENT CONSUMERS IN ARREARS</i></b>	<b>3</b>
<b><i>6.3 CONTINUOUS NON-PAYMENT OF AN OPERATING ACCOUNT</i></b>	<b>3</b>
<b><i>6.4 UNPAID CHEQUES/DEBIT ORDERS</i></b>	<b>3</b>
<b><i>6.5 CONSUMER GUARANTEES</i></b>	<b>3</b>
<b><i>6.6 REVISION OF DEPOSITS</i></b>	<b>4</b>
<b><i>6.7 DISCONTINUATION OF SUPPLY</i></b>	<b>4</b>
<b><i>6.8 REFUNDING OF DEPOSIT/GUARANTEES</i></b>	<b>4</b>
<b><i>7. RESPONSIBILITY</i></b>	<b>4</b>
<b><i>8. REVIEW OF THE POLICY</i></b>	<b>4</b>
<b><i>9. LIST OF STAKEHOLDERS</i></b>	<b>5</b>

## **CONSUMER DEPOSIT POLICY**

### **1. POLICY STATEMENT**

Magareng Municipality believes that every consumer should secure his/her account with council by means of either a cash deposit or a guarantee.

### **2. AIM**

The aim of this policy is to lay down criteria and guidelines in which officials should work to collect a guarantee or deposit and also to reduce the possibility of risk to council.

### **3. OBJECTIVES**

3.1 Subject to section 96 (a) of the Municipal Systems Act, no. 32 of 2000, a municipality must collect all money that is due and payable to it;

3.2 To institute procedures in the handling of consumer deposits;

3.3 To institute procedures in handling deposits which have not been claimed after a period of one year after which the consumer has terminated the agreement;

3.4 To institute procedures with the repayment of a deposit.

### **4. DELEGATION**

The charging of deposits will be in terms of the Systems Act, section 104(1)(d).

### **5. TERMS OF REFERENCE**

Section 96 of the Municipal Systems Act, no. 32 of 2000 which deals with the debt collection responsibilities of municipalities.

### **6. POLICY PROCEDURES**

#### ***6.1 New Consumer Deposits/Guarantees***

After having signed the service agreement, the applicant shall pay a deposit as per the approved tariff list. Those meeting the Indigent household criteria as per the indigent policy will not be charged a deposit. Where the financial manager is of the opinion that the debtor may pose a risk to council, he/she can increase this deposit to an amount equal to the risk amount determined by the Financial Manager, provided that the amount will not exceed 6 times the average account.

## ***6.2 Current Consumers in Arrears***

Where a consumer applies for services and he/she has an outstanding account with council on another account, the deposit shall be equal to the outstanding amount on the account. The financial manager may increase the deposit to a maximum of R5,000 if he/she is of the opinion that the debtor may pose a risk to council, taking into account what the outstanding amount is on the other account was.

## ***6.3 Continuous Non-payment of an operating account***

Where a debtor's account remains outstanding for 2 consecutive months, council may increase the deposit by R50 per event of discontinuation of electricity/water supply. This deposit is payable together with the amount for which services have been disconnected.

## ***6.4 Unpaid Cheques /Debit Orders***

Where a cheque /debit order has been returned by the bank marked "R/D", council will increase the deposit by R50 per event. This must be paid together with the cash for having the cheque/debit order replaced together with the handling fees.

## ***6.5 Consumer Guarantees***

Where a consumer wants to make use of a guarantee, such guarantee will be an "Irrevocable Guarantee", which will be 50% to the amount determined in 6.1, the other 50% should be paid in cash. No guarantee will be accepted from a consumer who applies for services and who already has an outstanding amount on another account with council.

### ***6.6 Revision of Deposits***

During September of every year all deposits and guarantees shall be subject to revision and increased according to the average account of the preceding months of July and August. Where a request is received from a consumer to have his/her electricity capacity increased, the financial manager shall require that the increased deposit/guarantee be paid or provided.

### ***6.7 Discontinuation of Supply***

The supply to a consumer will be discontinued, if the consumer fails to pay the additional deposit determined in 6.6.

### ***6.8 Refunding of deposit/guarantees***

Before a refund of a deposit is made, it must be ascertained whether there are any arrears on the account/s in question, if it is found to be the case, the amount in arrears shall be deducted from the deposit. Only deposits which have been claimed by the consumer will be refunded and these deposits will only be refunded to consumers who can positively identify themselves as the person who has signed the agreement with council, or in the absence of the person the death certificate of such person. A deposit will be forfeited to the council if not claimed within twelve (12) months. Guarantees will only be released upon the full settlement of the outstanding debt to council.

## **7. RESPONSIBILITY**

It is the responsibility of the financial manager to see that this policy is executed, managed and adhered to at all time.

## **8. REVIEW OF THE POLICY**

The Consumer Deposit policy shall be reviewed annually.

## 9. LIST OF STAKEHOLDERS

➤ The following stakeholders were present during the final review of the Consumer Deposit policy:

- Mayor, Speaker and Councillors
- Municipal Manager
- Community members
- Municipal Officials

DATE OF ADOPTION *24 MAY 2024*.....

DATE OF IMPLEMENTATION *24 MAY 2024*.....

SIGNATURE OF ACTING MUNICIPAL MANAGER *[Signature]*.....

DATE *24 MAY 2024*.....

