

# **SOL PLAATJE MUNICIPALITY**



## **Consumer Deposit Policy**

Approved Date: C100/05/15

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# **CONSUMER DEPOSIT POLICY**

## **1. POLICY STATEMENT**

Sol Plaatje 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 monies due and payable to it. Added to this, the municipality may develop policies for the following:

- a) To institute procedures in the handling of consumer deposits;
- b) 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;
- c) 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 deposit the average account of one month preceding the date of application. This deposit is determined by the history of the charges on the specific stand to which the consumer will be linked. Where the Control Accountant- Revenue 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 Control Accountant- Revenue, 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 Control Accountant- Revenue 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 to an amount that is assumed to cover the risk of not collecting in future or increased effort of collection 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 transfer the costs of R/D to the consumer account immediately per event.

### ***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***

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 Control Accountant- Revenue shall require that the increased deposit/guarantee be paid or provided. Only consumers who defaulted in paying their accounts will be liable for paying the newly determined/calculated deposit for that year.

### ***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. Guarantees will only be released upon the full settlement of the outstanding debt to council.

## ***7. RESPONSIBILITY***

It is the responsibility of the Chief Financial Officer of the municipality to see that this policy is executed, managed and adhered to at all time. The Chief Financial Officer may sub-delegate the function to the Manager responsible for revenue.