



**JB MARKS
LOCAL MUNICIPALITY**

DEPOSIT POLICY 2021

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DEPOSIT POLICY 2018

1. LEGISLATIVE FRAMEWORK

The legislative framework governing consumer deposits are the following:

- 1.1 Section 96(a) of the Local Government: Municipal Systems Act, (Act 32 of 2000) (hereinafter referred to as the “MSA”), obliges the Municipality to collect all money that is due and payable to it, subject to the provisions of that Act and any other applicable legislation.
- 1.2 Section 96(b) of the Systems Act requires the JB Marks Local Municipality to adopt, maintain and implement a credit control and debt collection policy, which is consistent with its rates and tariff policies and complies with the provisions of the Act;
- 1.3 Section 97(1) of the Systems Act stipulates what a credit control and debt collection policy must provide for.
- 1.4 The Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003) sections 62 and 64 require the effective management of the municipal revenue.
- 1.5 The Council require protection that service rendered will be paid for by the customer therefore, it is equally appropriate that Council adopt the consumer Deposit Policy of Municipality [section 104(1) d].

2. DEFINITIONS

- 2.1 “**Municipality**” refers to the JB Marks Local Municipality.
- 2.2 “**Customer**” means the owner or occupier of the property or premises, liable to the council for payment of municipal account or part thereof.
- 2.3 “**Consumer Deposit**” means an amount paid by the customer, to be withheld by the Municipality from the opening of an account till termination, and will be refunded on termination provided as prescribed by this policy and the customer does not owe the Municipality on other accounts.
- 2.4 “**Council**” means the Municipality (section 157(1) of the Constitution).
- 2.5 “**Credit Control and Debt Collection Policy**” means the Credit Control and Debt Collection Policy as adopted by the Municipality in terms of section 96(b) of the Municipal Systems Act, 2000 as amended.
- 2.6 “**Financial Year**” means the Municipality’s year starting at 1 July and ending at 30 June of the following year.
- 2.7 “**Service agreement**” means a form to be completed by customer when applying for municipal service /account.
- 2.8 “**Termination of service**” means the form to be completed by the customer as a notice of closing the municipal account.

- 2.9 “**Arrears**” means the debt that is overdue after missing one or more required payments.
- 2.10 “**Foreigner**” a person who comes from a foreign country, a person who does not have South African bar-coded identity book issued by the South African Directorate of Home Affairs.
- 2.11 “**Refund**” to return money, repayment, or of balancing account, appropriation of deposit held by the Municipality.

3. **OBJECTIVES**

The objectives of the policy are the following:

- 3.1 Section 64 of the Municipal Finance Management Act (MFMA) requires the Accounting Officer of a Municipality to take all reasonable steps to ensure that the Municipality has and maintains effective revenue collection systems consistency with section 95 of the Municipal Systems Act (MSA) and the Municipality’s Credit Control and Debt Collection Policy and the requirements of section 104(1)d of MSA.
- 3.2 As such the Municipality charges and withhold consumer deposit and this policy must provide for the management of such consumer deposit.

4. **FORM OF DEPOSIT**

- 4.1 The deposit shall be in the form of **cash deposit** or bank guarantees, as determined by Council. Deposits are payable on opening of accounts and will be held until the account is closed/terminated.
- 4.2 At the time of registration as a customer, a deposit will be required based on the criteria set by the Council from time to time.

5. **AMOUNT OF DEPOSIT**

- 5.1 The minimum amount of deposit which is equivalent to estimate of customer’s average monthly utility bill for service will be set annually with the review of the policy. The deposit may vary according to the credit worthiness or the risk as determined by Council.
- 5.2 Deposit will be due and payable on registration of new customers and or upon the movement of existing customer to a new address.
- 5.3 The Municipality may classify a consumer in terms of their credit risk profile into groups, viz.
- 5.3.1 Good consumers – consumers with a good credit record and pose no credit risk to the Municipality.
- 5.3.2 Moderate consumer – consumers with a moderate credit record and pose a credit risk to the Municipality.
- 5.5.3 Bad consumers – consumers with a bad credit record and pose a significant risk to the Municipality.
- 5.5.4 Foreign customer deposit can be different to the one on the table on the merit and approval of the Chief Financial Officer.

- 5.5.5 Only the Chief Financial Officer has the right to approve the amount other than in the policy.
- 5.4 The security deposit will accordingly vary according to credit rating of the customer as assessed by the Municipality.

6. REVISION OF DEPOSIT

- 6.1 The Municipality may at its sole discretion increase the deposit by not less than 10% of the approved deposit as per the approved tariff list of the current year. The deposit may be increased on the following grounds:
- (a) If the consumer's account is regularly in arrears, paid after due date.
 - (b) If the consumer's account is regularly in arrears and the average account is far more than the deposit.
 - (c) If the consumer's service supply is regularly restricted or disconnected.
 - (d) When the debtor applies for extension of time to settle an account.
 - (e) When payments by directs/negotiable instrument is dishonoured.
 - (f) If and when the debtor poses a payment risk to the Municipality.
 - (g) When there is an increase in consumption of services.
 - (h) When reviewing the tariffs for the new financial year or such time when the Municipality deems it necessary at its sole discretion.
 - (i) The Municipality may increase the deposit up to 12 months average usage.

7. INTEREST

The Municipality will not pay any interest on deposits. All deposits paid shall not be regarded as being in payment of an account due to the Municipality, as such will be held by the Municipality as its security until the account is closed (service terminated) and fully settled.

8. ALLOCATION OF PAYMENTS

- 8.1 Should the Municipality increase the deposit as in the revision of deposit above, the amount paid shall first be allocated to the deposit and then other services as per the Municipality's Credit Control and Debt Collection Policies and By-laws.
- 8.2 This sequence of allocation shall be followed notwithstanding any instruction to the contrary given by the account-holder.

9. REFUND OF DEPOSIT

- 9.1 On the termination of the service agreement, the deposit held by the Municipality shall be refunded to the debtor within 45 days of the termination of service and the submission of all the required information, provided that the customer has paid the account in full. If the account has not being paid in full, the deposit will be applied to any outstanding amounts owed by the customer. If the deposit exceeds the amount due, the balance will be returned to the customer.

- 9.2 If the deposit is not sufficient to cover the amount due, the customer shall remain liable and notice to that effect shall be given to the client to settle the account after which credit control shall be applied.
- 9.3 The Municipality cannot be held responsible for not paying out the deposit that is not claimed, or paid out on time due to outstanding documents. It remains the responsibility of the consumers to claim and follow up on the deposits held by the Municipality.

10. UNCLAIMED DEPOSIT

- 10.1 Only deposits which have been claimed by the customer will be refunded and these deposits will only be refunded to customers who can positively identify themselves as persons who have signed the agreement with Council, or in the absence of the person, a letter of authority issued by the Court or any other legal acceptable document. .
- 10.2 Where the customer does not complete the termination of service agreement form, services are disconnected by the application of the new customer, it remains the responsibility of such person to claim their deposits.
- 10.3 The Municipality may appropriate a customer's deposit on any account related to that customer.

11. UNECONOMIC REFUNDS

- 11.1 Where the Municipality deems it uneconomic to refund a certain amount to be decided annually by Council, such amounts will be consolidated and forfeited, and set off against provision for bad debts.
- 11.2 Where the customer has another account with the Municipality, credit can be transferred between accounts and the same where the account is in arrears (section 102(1) of the Municipal Systems Act).

12. IMPLEMENTATION AND REVIEW

Council has discretionary powers to amend any clause, stipulation or tariff embodied in the Deposit Policy in the interest of the parties concerned.

13. SHORT TITLE AND COMMENCEMENT

This policy will be known as the Deposit Policy 2018 and shall commence on the date of adoption by a Municipal Council.

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ADOPTED BY COUNCIL: COUNCIL RESOLUTION SPC14/2018-05-30

**SPC14/2018-05-30 DIRECTORATE CORPORATE SERVICES: DEPOSIT POLICY 2018
(5/7/1 2/7 5/18/P) (PJ NAUDÉ/ww2018.02.05) (RMS 23195)**

RECOMMENDATION

**HEADS OF DEPARTMENT
HOD22/2018-02-22**

RECOMMENDED:

1. That cognisance be taken that the public participation process with regard to the proposed Deposit Policy 2018 has been completed and no comments were received.
2. That the current Impairment of Deposit Policy be repealed and replaced with the **attached** Deposit Policy 2018.

DEPOSIT POLICY 2018/...



DEPOSIT POLICY 2018

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DEPOSIT POLICY 2018

1. **LEGISLATIVE FRAMEWORK**

The legislative framework governing consumer deposits are the following:

- 1.1 Section 96(a) of the Local Government: Municipal Systems Act, (Act 32 of 2000) (hereinafter referred to as the "MSA"), obliges the Municipality to collect all money that is due and payable to it, subject to the provisions of that Act and any other applicable legislation.
- 1.2 Section 96(b) of the Systems Act requires the Ventersdorp/Tlokwe Local Municipality (NW 405) to adopt, maintain and implement a credit control and debt collection policy, which is consistent with its rates and tariff policies and complies with the provisions of the Act;
- 1.3 Section 97(1) of the Systems Act stipulates what a credit control and debt collection policy must provide for.
- 1.4 The Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003) sections 62 and 64 require the effective management of the municipal revenue.
- 1.5 The Council require protection that service rendered will be paid for by the customer therefore, it is equally appropriate that Council adopt the consumer Deposit Policy of Municipality [section 104(1) d].

2. **DEFINITIONS**

- 2.1 "**Municipality**" refers to the Ventersdorp/Tlokwe Local Municipality NW 405.
- 2.2 "**Customer**" means the owner or occupier of the property or premises, liable to the council for payment of municipal account or part thereof.
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- 3.1 Section 64 of the Municipal Finance Management Act (MFMA) requires the Accounting Officer of a Municipality to take all reasonable steps to ensure that the Municipality has and maintains effective revenue collection systems consistency with section 95 of the Municipal Systems Act (MSA) and the Municipality’s Credit Control and Debt Collection Policy and the requirements of section 104(1)d of MSA.
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4. FORM OF DEPOSIT

- 4.1 The deposit shall be in the form of cash/cheque deposit or bank guarantees, as determined by Council. Deposits are payable on opening of accounts and will be held until the account is closed/terminated.
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12. IMPLEMENTATION AND REVIEW

Council has discretionary powers to amend any clause, stipulation or tariff embodied in the Deposit Policy in the interest of the parties concerned.

13. SHORT TITLE AND COMMENCEMENT

This policy will be known as the Deposit Policy 2018 and shall commence on the date of adoption by a Municipal Council.

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Report/...

REPORT

DIRECTORATE CORPORATE SERVICES: DRAFT DEPOSIT POLICY (5/7/1 2/7) (PJ NAUDé/ww2018.02.05) (RMS 23195)

1. INTRODUCTION

The purpose of this report is to enable Council to adopt a final Deposit Policy.

2. BACKGROUND

2.1 Council adopted the following resolution (Item SPC6/2017-08-04):

- “1. That Council adopt the **attached** Draft Deposit Policy 2017 in terms of section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as a first draft and that the public participation process be followed whereafter the policy-formulating route be followed, i.e. to the Corporate and Financial Management Services Portfolio Committee and then to the Workshop on Policies before being submitted to Council for final adoption.
2. That Council in terms of section 21 read with 21A of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) make the documents public and invite inputs from the public.
3. That cognisance be taken that the new proposed policy will come into effect after the public participation process has been concluded and Council finally adopted the policy whereafter the current policy must then be repealed.”

2.2 The necessary advertisement was placed in the papers inviting comments from the community. The closing date for comments was 24 November 2017. No comments were received.

2.3 The policy was also provided to all Ward Committees for comment. No comments were received.

3. DELEGATED POWER

None.

4. FINANCIAL IMPLICATIONS

As prescribed in the policy.

5. PERSONNEL IMPLICATIONS

None.

RECOMMENDED:

1. That cognisance be taken that the Public Participation process with regard to the proposed Deposit Policy has been completed.
2. That the current Impairment of Deposit Policy be repealed and replaced with the attached Deposit Policy 2017/2018.

(Signed) BMB Mosepele
DIRECTOR CORPORATE SERVICES
2017-02-05

(Signed) MS Mothopeng
MMC CORPORATE SERVICES
2018-02-07