

DEPOSIT POLICY

BAVIAANS MUNICIPALITY

DEPOSIT POLICY

1. BACKGROUND.

- The Customer Care and Revenue Management by-law in section 6 provides for the consumer to pay a deposit to serve as security for non-payment.
- In terms of this section the Municipal Manager has the right to review the sum of money deposited.
- Section 9 (4) authorizes the municipality to review a consumer's deposit when the consumer makes an arrangement for the payment of any amount outstanding.

The municipality's current tariff schedule reflects the following metered services deposits for consumers:

Service	Consumer type	Deposit for new consumers	Deposit required after disconnection, arrangements or restriction of services
Electricity	Households	R 399	R399
	Business	R1 029	R1 029
	Pre-paid consumers	Not provided	Not provided
	Indigent households	Not provided	Not provided
Water	All consumers	R94.50	R110.25

The conditions for making arrangements to pay arrears inter alia also provide as follows:

- "The security deposit held will be reviewed in all instances where tampering is detected, instances where services were restricted or disconnected and instances where arrangements were made for the payment of any arrears. The review will take place in terms of the "deposit policy" and will be raised against the debtors account prior to concluding any arrangement for payment;
- The amount raised as additional deposit will only in the case of domestic account holders be included in the arrangement installment;
- Business account holders (*includes all types of commercial, hospitality and industrial activities, guest houses, government departments farms and instances of multiple dwelling units*) will only be given repayment terms if they agree to immediately convert to a prepaid electricity metering system and pay the reassessed security deposit up front;"

The following principles guided the new deposit policy:

- **The municipality is legally entitled to request a consumer to deposit a sum of money to serve as security;**
- **The deposit will serve as security for payment of the account;**
- **The deposit should be regularly reviewed to stay in line with the security requirements per account holder;**
- **Account holders must be treated equitably;**
- **Deposits must be reviewed in all instances where an account holder defaults in payment of the municipal account;**
- **There will be no special dispensations, eg. for municipal employees, welfare organizations, etc.**

Deposit Policy.

1. Every account holder for the consumption of electricity, water, refuse removal services and sewerage disposal services shall be required to deposit a sum of money with the municipality, which shall serve as working capital and as security against payment of any amount due by the account holder to the municipality;
2. In the case of new account holders or the transfer of account holders for a supply address the amount required to be deposited by the account holder shall be paid in cash or by cheque in favour of the municipality before any services may be made available to the account holder;
3. The amount to be deposited shall be determined in the following manner:

Service	Consumer type	Initial Deposit	Minimum amount	Deposit review after disconnection / restriction of supply	
Electricity and water credit meters	Town & domestic Consumers	2,5 x average monthly account	R450	3,5 x average monthly account	
	Town commercial Consumers	2,5 x average monthly account	R1 000	3,5 x average monthly account	
	Town industrial Consumers	2,5 x average monthly account	R1 500	3,5 x average monthly account	
	Rural industrial Consumers	2,5 x average monthly account	R1 500	3,5 x average monthly account	
	Rural agricultural Consumers	2,5 x average monthly account	R1 500	3,5 x average monthly account	
	Rural agricultural Consumers - other	2,5 x average monthly account	R1 500	3,5 x average monthly account	
	Electricity pre-paid plus water meter	Domestic consumers	2,5 x average monthly account	<u>R150</u>	3,5 x average monthly account
		All other consumers	2,5 x average monthly account	R500	3,5 x average monthly account
Indigent account holders with prepaid electricity			RNIL	3,5 x average monthly account	