

Item A-F (16-2022) CM 26/05/2021	MEDIUM-TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) FOR 2022/23 TO 2024/25 AND NEW INTEGRATED DEVELOPMENT PLAN (IDP) FOR 2022/23 TO 2026/27
-------------------------------------	--

Resolved:

8. That the Medium-term Revenue and Expenditure Framework for 2022/23 to 2024/25 and the new integrated Development Plan for 2022/23 to 2026/27 financial period, inclusive of the tariffs and draft budget-related policies, as contained in the Budget Document **BE APPROVED**.

POLICIES

- Annexure E1** Medium-term Budget Statement Policy (Reviewed)
- Annexure E2** Pricing Policy Statement (Reviewed)
- Annexure E3** Property Rates Policy (Reviewed)
- Annexure E4.1** Provision of Free Basic Electricity Policy (Reviewed)
- Annexure E4.2** Provision of free Basic Water supply services (Reviewed)
- Annexure E5** Waste Management Tariff Policy (Reviewed)
- Annexure E6** Consumer Deposit Policy (Reviewed)
- Annexure E7** Indigent Support Policy (Reviewed)
- Annexure E8** Credit Control & Debt Collection Policy (Reviewed)
- Annexure E9** Provision for Doubtful Debtor and Debtor Write-Off Policy (Reviewed)
- Annexure E10** Budget Implementation and Monitoring Policy (Reviewed)
- Annexure E11** Municipal Entity Financial Support Policy (Reviewed)
- Annexure E12** Accounting Policy (Reviewed)
- Annexure E13** Electricity Metering for Residential and business Customers (Reviewed)
- Annexure E14** Policy for the vending of pre-paid electricity (Reviewed)
- Annexure E15** Policy for Estimation and Correction of Energy or Demand Meter Reading and Billing Data (Reviewed)
- Annexure E16** Electricity Tariff policy (Reviewed)
- Annexure E17** Virements Policy (Reviewed)
- Annexure E18** Consumer Agreement (Reviewed)
- Annexure E19** Supply Chain Management Policy (Reviewed)
- Annexure E20** Treasury Policy (Reviewed)
- Annexure E21** Funds Transfer Policy (Reviewed)
- Annexure E22** Assets Management Policy (Reviewed)
- Annexure E23** Cost Containment Policy (Reviewed)
- Annexure E24** Policy for the wheeling of Electricity (Reviewed)
- Annexure E25** Policy guideline for Small-scale Embedded generation (Reviewed)
- Annexure E26** Ekurhuleni Community Enterprise Development Fund Policy (Reviewed)
- Annexure E27** Long Term Financial Strategy 2020/21-2029/30

CONTENTS

DEFINITIONS	2
1. OBJECTIVE OF POLICY	3
2. CIRCUMSTANCES UNDER WHICH DEPOSITS MUST BE PAID	3
3. DETERMINATION OF THE AMOUNT OF A DEPOSIT	3
4. ADJUSTMENT OF DEPOSIT HELD.....	4
5. FAILURE TO EFFECT PAYMENT OF DEPOSIT.....	5
6. REFUND OR FORFEITURE OF DEPOSIT	5
7. APPROPRIATION OF DEPOSIT	6
8. SHORT TITLE.....	6

CONSUMER DEPOSIT POLICY OF THE CITY OF EKURHULENI

PREAMBLE

WHEREAS it is expedient for municipalities to take reasonable steps to ensure that their consumers honour their financial obligations;

AND WHEREAS the requiring of deposits from consumers is a reasonable and recognised method to ensure that municipalities are paid for services rendered by them;

NOW THEREFORE the Council of the City of Ekurhuleni has adopted the Consumer Deposit Policy as set out hereunder –

DEFINITIONS

For the purpose of this policy any word or expression to which a meaning has been assigned by the Act, shall bear that meaning in this policy, unless the context indicates otherwise.

“Act” means the Local Government Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time.

“Cash” means acceptable form of payment, bank guaranteed cheque or electronic funds transfer.

“Chief Financial Officer” means the person appointed by the municipality as Group Chief Financial Officer of the City of Ekurhuleni in terms of section 56 of the Local Government : Municipal Systems Act, 2000 (Act 32 of 2000).

“Consumer” means any occupier of any premises to which the municipality has agreed to supply or is actually supplying municipal services, or if there is no occupier, the owner of the premises and or recipient and or consumer of various services rendered by the municipality. A customer will therefore be deemed a customer by virtue of receiving, consuming and or utilising any facility, equipment, service rendered by the municipality and or a municipal entity or an agent as appointed by the municipality.

“Council” means:

- (a) the “Municipality” and vice versa;
- (b) the Council of the City of Ekurhuleni established by Provincial Notice No 6768, as amended, exercising its legislative and executive authority through the municipality;
- (c) its successor in title;
- (d) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Act; or
- (e) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the act, or any other by-law, as the case may be.

“Customer” means “Consumer”.

“City Manager” means the person appointed by the Council as the City Manager of the City of Ekurhuleni in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person -

- (a) acting in such position; and
- (b) to whom the City Manager has delegated a power, function or duty.

“Deposit” means a monetary amount raised by the Council in relation to the consumption of a municipal service and mitigation of credit risk to the Municipality, irrespective of the existence of an agreement.

“Municipality” means the “council” and vice versa.

“Policy” means the Deposit Policy adopted by Council.

“Services Agreement” means an agreement entered into between Council and Customer in terms of “Customer Agreement Policy” for the supply of metered services.

1. OBJECTIVE OF POLICY

The objective of this policy is to provide a policy framework for the circumstance under which deposits must be paid, the determination of the amount of deposits that must be paid and the refund or forfeiture of deposits.

2. CIRCUMSTANCES UNDER WHICH DEPOSITS MUST BE PAID

2.1 In terms of paragraph 3 of the Consumer Agreement Policy, every application for municipal service has to be accompanied by a deposit, the amount of which is determined by Council, from time to time.

2.2 Consumer deposit is payable in respect of the following metered services:

- 2.2.1 Electricity services.
- 2.2.2 Water services.
- 2.2.3 Any other services determined by Council from time to time.

2.3 Approved and Deemed indigents – No deposit will be required in respect of indigents approved in terms of Council’s Indigent Support Policy.

2.4 The payment of a consumer deposit is due and payable at –

- 2.4.1 The time of application for municipal services,
- 2.4.2 Date of transfer of property ownership in Central Deeds Office records,
- 2.4.3 Any other time deemed necessary by Council

3. DETERMINATION OF THE AMOUNT OF A DEPOSIT

3.1 The amount of a deposit in respect of **new service agreements** will be determined based on the type of service, size of supply and customer category.

- 3.2 In addition to 3.1, deposit amounts may be differentiated based on proclaimed township as determined by Council from time to time.
- 3.3 Deposit amount to be determined and approved by Council from time to time.
- 3.4 Date of service agreement application will determine applicable deposit amount payable.
- 3.5 Approved categories of customers may in lieu of a part or full deposit requirement submit a bank guarantee as determined by the Council from time to time.
- 3.6 If a bank guarantee, is offered instead of payment in cash, the following will apply:
- 3.6.1 A bank guarantee of 100% of the amount due in respect of the deposit may be tendered in respect of customers linked to the following electricity tariff categories –
- **Tariff B Residential Resellers:** Above 3 x 150 Ampere connections
 - **Tariff C :** Bulk supplies at any voltage and with a capacity of at least 25 kVA (minimum monthly NAC of 25 kVA)
 - **Tariff D :** Bulk supplies at any voltage and with a capacity of at least 1 MVA and a network access charge of at least 1 MVA over the previous 12 months
 - **Tariff E :** Bulk supplies at any voltage and with a capacity of > 25kVA and a NAC of < 1 MVA.
- 3.6.2 A bank guarantee of 100% of the amount due in respect of the deposit may be tendered in respect of customers linked to the following water connection type categories –
- 80 mm
 - 100 mm
 - 150 mm
- 3.6.3 The bank guarantee tendered to be irrevocable until all dues in terms of the property has been settled.

4. ADJUSTMENT OF DEPOSIT HELD

- 4.1 When the size of the supply on which the deposit is based is either enlarged or reduced, the deposit amount in respect of existing service agreements may be amended to current prescribed deposit amount.
- 4.2 The amount required as deposit in respect of existing service agreements may from time to time be reviewed and **where no deposit is held**, the deposit may be determined as follows :
- 4.2.1 Where no deposit has been raised for **maximum period of three (3) years** from date of service –
- 4.2.1.1 Adjust to deposit applicable on date of service.
- 4.2.2 Where no deposit has been raised for period in **excess of three (3) years** from date of service –
- 4.2.2.1 Deposit may and will only be raised with the execution of services disconnection in terms of approved Credit Control Policy.
- 4.2.2.2 Deposit calculated based on average monthly consumption in respect of previous three (3) months or current approved deposit amount in terms of applicable service tariff schedule, whichever is the smallest.

- 4.3 The amount required as deposit in respect of existing service agreements may from time to time be reviewed and where a **deposit is held**, the amount of the deposit may be increased to prescribed deposit or two times the current deposit held, whichever is the smallest.
- 4.4 When an account is in **arrears for more than 90 days**, the deposit held in respect of existing service agreements may be adjusted to such higher amounts as determined by Council from time to time but not exceeding two times the monthly average consumption in respect of previous three months.
- 4.5 In the event of **interference** with the functioning of a metering installation, or as a result of unauthorised connections or as a result of unauthorised reconnections the deposit amount may be raised to two times average monthly consumption in respect of previous three months or double prescribed deposit amount, whichever is the greatest.
- 4.6 Existing municipal customers may be required by the City Manager to enter into new service agreements and to pay the increased deposit determined by the Council.
- 4.7 Customers in respect of 4.1, 4.2 and 4.3, may apply in writing for reduced deposit amount if monthly average consumption in respect of previous three (3) months is less than 75% (seventy five) of prescribed deposit amount.

5. FAILURE TO EFFECT PAYMENT OF DEPOSIT

If a consumer of services fails or refuses to comply with a request to make a deposit, any municipal service to such customer may be terminated until the Chief Financial Officer certifies that the services agreement has been entered into and the deposit is paid in full.

Deposit raised when entering into services agreement is to be paid in full prior to services being rendered.

Debt repayment arrangement in terms of approved Credit Control Policy may be entered into in respect of –

- Paragraph 4.1 – Change due to size of supply
- Paragraph 4.2 - No deposit held
- Paragraph 4.3 – Deposit adjustment

6. REFUND OR FORFEITURE OF DEPOSIT

- 6.1 Deposit made by a customer is refundable, free of interest, on termination of the supply of services, provided that all outstanding amounts have been settled in terms of the property.
- 6.2 Customer may be required to submit receipt of deposit payment in order to satisfy the Council that customer is entitled to refund.
- 6.3 Deposit shall be forfeited to the Council if not claimed in writing by the customer within 12 months of the termination of all services.
- 6.4 The customer must notify the office of the Chief Financial Officer of any change of address in order to facilitate the refund of the deposit.

7. APPROPRIATION OF DEPOSIT

If a customer is in default with any payment to the municipality in respect of any service, the amount of the deposit may be allocated as payment against any outstanding municipal account of that person. Customer to be informed in writing if deposit is appropriated and will further result in adjusted deposit being raised in terms of policy.

Deposit held in respect of approved and deemed Indigents in terms of Indigent Support policy will be appropriated to account on date of indigent approval.

Deposit in respect of approved and deemed Indigents appropriated in terms of this policy, will be re-instated in the event of indigent deregistration.

8. SHORT TITLE

This policy shall be called the Consumer Deposit Policy of the City of Ekurhuleni.

