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**CONSUMER
DEPOSIT POLICY**

2026/2027

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POLOKWANE LOCAL MUNICIPALITY CONSUMER
DEPOSIT POLICY 2025/2026

1. PREAMBLE

Whereas Section 96(a) of the Local Government: Municipal Systems Act, No 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;

And whereas, the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) sections 62 and 64 requires the effective management of the municipality’s revenue;

And whereas the municipality requires assurance that service rendered will be paid for by the customer,

Therefore, the Consumer Deposit Policy 2024/2025 is herewith adopted by Polokwane Municipality.

2. DEFINITIONS

“Arrears” means the debt that is overdue after missing one or more required payments.

“Council” means the municipal council of Polokwane municipality in terms of section 18 of Municipal Structures act and or section 157(1) of the Constitution,

“Credit Control and Debt Collection By-law” means the Credit Control and Debt Collection By-law as adopted by Polokwane Municipal council in terms of section 96(b) of the Municipal Systems Act 2000 as amended,

“Customer” means the owner of property or premises, liable to the council for payment of municipal account.

“Deposit” means a determinable amount payable by a customer on application for municipal services, to be withheld by the municipality from the date of opening of an account until the date of termination thereof, which amount will be refunded to the customer on termination of the consumer account within the discretion of the Municipality, provided that the customer does not have any other outstanding accounts with the Municipality.

“Financial Year” means the Municipal financial year commencing on 1st July and ending at 30 June of the following year.

“Foreigner” means a person who comes from a foreign country, a person who is not in possession of a South African bar-coded identity book issued by the South African Department of Home Affairs.

“Municipality” refers to Polokwane Municipality,

“owner” means registered owner of the property; liable to pay all outstanding amounts of the property

“Refund” means to return or pay back money, repayment, or of a balancing account, appropriation of the deposit held by the Municipality.

“Service agreement” means a written agreement in a standard format entered between the Municipality and the owner of a property applying for municipal services, to be completed by the owner upon applying for a municipal service /account,

“Sundry deposit” means a person who receives goods or services from the Municipality and does not make payment immediately and is liable to pay for the service in future. Also called sundry debtors or accounts receivable

“Termination of service application” means the form to be completed by a customer as a notification of the closing of a municipal account.

3. OBJECTIVES OF THIS POLCIY

To reduce the risk and liability of the Municipality by ensuring that deposits held shall be in line with the minimum deposit as set in the Tariff of Structure, of any consumer, and may be adjusted to comply with the latter.

4. LEGISLATIVE FRAMEWORK

The Local Government Municipal Finance Act, 56 of 2003, 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 consistence with section 95 of the Municipal Systems Act (MSA) and the municipality’s Credit Control and Debt Collection By-law and the requirements of section 104(1)(d) of the MSA.

5. DEPOSIT OUTLINED

5.1 The deposit payable by a customer on application for municipal services shall be in the form of a cash deposit, Electronic Fund Transfers, credit and debit cards.

5.2 Irrevocable bank guarantees will only be accepted after a duly motivated application, approved in writing by the Chief Financial Officer, is made in this regard, stating all reasons why the applicant cannot make a deposit in the form of cash

5.3 Deposits are payable on opening of accounts and will be held until the account is closed, subject to the provisions of this Policy.

5.4 At the time of entering into a service agreement with the Municipality, payment of a deposit will be required in an amount calculated on the basis as per the Tariff of Charges By-Law.

5.5 Prepaid consumers, indigent consumers and government consumers may not be charged for consumer deposit.

6. DEPOSIT AMOUNTS

6.1 The minimum deposit amount payable, will be as per the approved Tariffs. And may be reviewed annually.

6.2 A deposit will be due and payable on all new applications/registrations of customers and includes applications for services by such existing customer for services at an alternative address in the event that he/she moves to a new address.

6.3 Further to 5.2 above, deposits will not automatically be transferred from a terminated application to a new application by the same consumer at an alternative address. Each new application shall be treated as such and will require a deposit as determined by the Tariffs.

6.4 In the discretion of the Municipality, the deposit amount may vary according to the credit worthiness of the customer and/or the risk as determined by Council from time to time.

6.5 Foreign Customers, in the discretion of the Municipality, the deposit amount payable for municipal services by foreigners may vary from the deposit amount payable to SA Citizens. The deposit amount for foreigners shall be determined annually.

6.6 Only the Chief Financial Officer has the powers to approve a deposit amount other than the amounts stated in the deposit structure to the policy.

6.7 Any deposit amount, whether new or existing, may be adjusted, in writing, by the Chief Financial Officer based on the consumption of services by a customer.

6.8 The security deposit amounts may vary according to the credit rating of the customer as assessed by the municipality.

6.9 Apart from the grouping contained in sub-clause 5.5 the Municipality will categorise the customer type and minimum amount payable per type as contained in the Municipal Tariff Schedule.

7. REVISION OF DEPOSITS & ADDITIONAL DEPOSITS:

7.1 The municipality may, in certain circumstances and in its sole discretion, increase the deposit of a customer by not more than 10% of the approved deposit amount as per the approved tariff list of the current year.

7.2 The increase of consumer deposits in sub-clause 7.1 may be effected based on the following grounds: -

- (a) Where a consumer's account is regularly in arrears or paid after due date.
- (b) Where a consumer's account is regularly in arrears and the average account balance is more than the original deposit amount.
- (c) Where a consumer's service supply is restricted or disconnected.
- (d) When a debtor applies for extension of time to settle an account.
- (e) When payments by direct/negotiable instrument is dishonored.
- (f) When the debtor poses a payment risk in the discretion of the municipality.
- (g) When there is an increase in consumption of services.

8. ALLOCATION OF PAYMENTS

8.1 In the event where the Municipality increases a deposit as in the revision of deposits in Clause 6 above, the amount paid towards the increase shall first be allocated to the deposit and then other services as per the municipality's Credit Control and Debt Collection By-law. The total amount adjusted will be levied on the account in one month.

8.2 This sequence of allocation shall be followed notwithstanding any instruction to the contrary given by the account holder.

9. APPROPRIATION OF DEPOSITS

9.1 On termination of the service agreement, the deposit shall be appropriated to the

account and;

9.2 Any credit due may be refunded to the customer provided that any other debt is paid in full.

9.3 If a customer's services account has not been paid in full, the deposit will be applied to any outstanding amounts owed by the customer. Should the deposit exceed the amount due on the account, the balance will be returned to the customer.

9.4 If the deposit is not sufficient to cover the amount outstanding on the consumer account, the customer shall remain liable for the outstanding balance and notice to that effect shall be given to the client to settle the account within 14 (Fourteen) days of such notice, after which credit control measures shall be applied.

9.5 The Municipality shall not be liable for non-payment of unclaimed deposits, or delayed payments due to outstanding documents and information requested for that purpose.

9.6 It remains the responsibility of the customer to ensure that a deposit is claimed back and to follow up on any deposits held by the Municipality.

9.7 An agreement for the provision of water and electricity services may contain a condition that a deposit will be forfeited to Council after approval by council

10. UNCLAIMED DEPOSIT /CREDIT

10.1 Only credits claimed by customers will be refunded and these credits will only be refunded to customers who can positively identify themselves as the person who has signed the consumer agreement in terms of which the deposit was paid initially with the Municipality.

10.2 In the event of the death of a customer who has entered into a service agreement and paid a deposit, application for a refund of the deposit shall only be considered upon submission of the following documents:

- a. A written request for the refund by the Executor of the deceased estate.
- b. A certified copy of the court appointment of the Executor; and
- c. A certified death certificate of the deceased customer.

10.3 Guarantees shall only be released on written confirmation by the Municipality's Manager Revenue that the outstanding debt of the consumer has been settled in full.

10.4 Where a customer does not complete a termination of service request form, services shall be disconnected by application of the new customer. It will then remain the responsibility of such disconnected consumer to claim their deposits.

10.5 The Municipality may appropriate a customer's deposit to any account related to that customer, including rates in arrears by tenants and occupiers in terms of section 28 of the Local Government Municipal Property Rates Act 2004 (Act 6 of 2004) and other legislation.

10.6 Where a customer has absconded leaving a municipal services debt on a property, the debt should first be paid in full before a customer is allowed to enter into a new agreement with the Municipality.

10.7 All the accounts linked to the stand must be paid in full or have approved ~~arrangement~~ any consumer can be connected.

10.8 All unclaimed credits more than three years shall be deemed prescribed and may be recognized as revenue and transferred to accumulated surplus of the municipality once appropriated.

11. UNECONOMIC REFUNDS

Where the Municipal Council deems it uneconomic to refund a certain consolidated amount which accumulated out of unclaimed deposits as calculated and resolved annually by the Council, such amount will be forfeited, and set off against provision for bad debts.

12. UNKNOWN DEPOSIT

Deposits made into the municipality's bank account with an incorrect reference will be recorded in the Unknown Deposits Register.

Allocation to the correct account will only be processed once the payer has identified

members and provided the original proof of payment as confirmation.

From time to time, the municipality may submit a request to Council for approval to allocate unidentified funds to the revenue account

13. INTEREST

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

15. SHORT TITLE AND COMMENCEMENT

This Policy will be known as the Consumer Deposit Policy of Polokwane Municipality and shall commence on the date of adoption thereof by the Municipal Council. And remain valid until reviewed.

16. IMPLEMENTATION AND REVIEW OF POLICY

This policy shall be implemented on 1st July 2026 and shall be reviewed on an annual basis to ensure that it is in line with the municipality's strategic objectives and with legislation.