

CUSTOMER INFORMATION

DEPOSIT SLIP

NAME:

DA

Deposits are governed by the
agreement and may not be available

ACCOUNT NUMBER:

All you need to know about

DEPOSITS

when opening your municipal account



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1. Deposits

In the same way that a landlord would call for a deposit in respect of a lease for damages that a tenant might cause to the property, the City of Johannesburg, as service provider, is entitled to call for deposits in order to secure payment in the event of default by the customer.

On default, the deposit will be applied to any amounts owing to the City in reduction of the debtor's liability to the municipality.

The Credit Control process starts when a customer applies for a new services account with the City. It is at this point when a deposit must be raised and calculated as part of the first invoice created.

The "Deposit" is an amount paid by the customer, to be withheld by the City from opening of an account till termination, and will be refunded on termination provided the customer does not owe the City on other accounts.

Every application for services has to be accompanied by a deposit and this must be payable in respect of the following metered services:

- Electricity,
- Water and Sanitation, and
- Any other services determined by the City from time to time.

This is a reasonable step taken to ensure that all consumers honour their financial obligations by requiring deposits up-front to ensure that we are hedged or paid for services rendered.

2. Legislative Compliance

- 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.
- 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 as such the municipalities charges and withhold consumer deposit and this policy must provide for the management of such consumer deposit.

Section 39(1) (d) City of Johannesburg Credit Control and Debt Collection By-laws of 2005 provides;

- "No municipal service may be provided to any applicant, unless and until an amount equal to the amount prescribed... has been deposited as security or other security, as prescribed, has been furnished."

Furthermore, Section 33.1 of the City's Credit Control and Debt Collection Policy provides;

- "All account holders shall pay a deposit for the supply of electricity and/or water by the City calculated as the rate of the deemed consumption for a period of two months in respect of the property in question."

3. Determination of the amount of a deposit

- Deposit amount is determined and approved by the City from time to time.
- Date of service agreement application will determine applicable deposit amount payable.
- Deposit will be due and payable on registration of new customers and or upon the movement of existing customer to a new address.
- The amount of a deposit in respect of new service agreements is determined based on the type of service, size of supply and customer category.
- Deposits are payable on opening of accounts and will be held until the account is closed/terminated. At the time of registration as a customer, a deposit will be required up to the maximum of two months' 'deemed consumption'. The reason the words 'deemed' are used, is because the City will have to base its estimate of what amounts the new customer might use in the future, based on the old owner's consumption.
- The minimum amount of deposit which is equivalent to estimate of customer's average two months deemed consumption for service should/will be set annually with the review of the tariffs.
- 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.
- When an account is in arrears for more than 30 -90 days, the deposit held in respect of existing service agreements may be adjusted to such higher amounts as determined by the City from time to time but not exceeding two times the monthly average deemed consumption in respect of previous three months.
- 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.
- The deposit may vary according to the credit worthiness/affordability levels or the risk as determined by the City.
- Approved categories of customers may in lieu of a part of the deposit pay it in cash or electronic funds transfers.
- Irrevocable bank guarantees will only be accepted after an application is made stating all reasons why deposit cannot be made in the form of cash and is approved by the Group Chief Financial Officer.

4. Failure to pay the Deposit

If a customer fails or refuses to comply with a request to make a deposit, any City's service to such customer may be terminated until the City 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.

Customers can elect to pay these outstanding deposits over the period of six months instalment plan or pay in full based on affordability levels at any of our Customer Service Centres across the City of Johannesburg.

5. Reviewing of Deposit

The City 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 customer's account is regularly in arrears, paid after due date.
- b. If the customer's account is regularly in arrears and the average account is far more than the deposit.
- c. If the customer's service supply is regularly restricted or disconnected.
- d. When the debtor applies for extension of time to settle account.
- e. When payments by direct/negotiable instrument is dishonoured.
- f. If and when the debtor poses a payment risk to the City.
- 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 City deems it necessary at its sole discretion.
- i. The City may increase the deposit up to 12 months average usage.
- j. 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.
- k. 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 :
 - Adjust to new approved deposit amount;
 - Calculated average monthly consumption in respect of previous three (2) months deemed consumption or approved deposit amount;
 - Based on oldest account debt ageing at date of assessment.

6. Allocation of Payments

Should the City 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 City's Credit Control and Debt Collection Policies and By-Laws. This sequence of allocation shall be followed notwithstanding any instruction to the contrary given by the account holder.

7. Interest

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

8. Refund of Deposit

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.

On the termination of the service agreement, the deposit held by the City shall be refunded to the debtor within 40 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 been 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.
- If the deposit is not sufficient to cover the amount due, the customer shall remain liable and a notice to that effect shall be given to the customer to settle the account after which credit control shall be applied.
- The City 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 customer to claim and follow up on the deposits held by the City.

9. Unclaimed Deposit

- (a) 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 councils, or in the absence of the person due to death a process of deceased estate must be followed.
- (b) Guarantees will only be released upon the full settlement of the outstanding debt to the City and the notice of such is made to the City.
- © 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.
- (d) The City may appropriate a customer's deposit on any account related to that customer. Where a tenant has absconded leaving a debt on a property, an additional deposit equal to the debt on the property, may be raised on the tenant's new account.
- (e) Where the customer has another account with the City. The credit can be transferred between accounts, same where the account is in arrears (Section 102(1) of the Municipal Systems Act).

10. Appropriation of Deposit

If a customer is in default with any payment to the City 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 at a sole discretion of the City.

Deposit held in respect of approved Indigents will be appropriated to account on date of indigent approval.