

**AGENDA of the
Portfolio Committee : Finance & Tourism
16 November 2022
(Also the agenda for the Mayoral Committee Meeting : 16 November 2022)**

**3.
ANNUAL REVIEW OF CONSUMER DEPOSITS**

5/17/1

**SG Reyneke-Naudé
19 September 2022**

Director: Finance

(028) 313 8040

1. Executive Summary

The purpose of the report is to present Council with a recommendation that the annual review of consumer deposits terms of the Customer Care, Credit Control & Debt Collection Policy, be implemented in a phased approach in equal portions from November 2022 up to May 2023 for the 2022/2023 financial year.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Department Revenue

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Systems Act, Act 32 of 2000
Customer Care, Credit Control & Debt Collection Policy (the Policy)

6. Background/Discussion/Evaluation/Conclusion

The Customer Care, Credit Control & Debt Collection Policy, section 7.6 (Customer screening and securities) reads as follows:

- 7.6.1 Security deposits may be required. The minimum deposit being the equivalent of amounts fixed from time to time by the Municipality.
- 7.6.2 Security deposit in respect of electricity will be adjusted annually, which will be equal to twice the average consumption during the preceding 12 months.

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Discussion

The annual review of consumer deposits is considered as relevant and appropriate under normal circumstances, in so far as the consumption of municipal services follow a cyclical pattern.

Before-mentioned revision was however not entirely applicable over the past two years in many instances across the municipal consumer basis, given the impact of consumption patterns due to Covid, causing increased consumption to ensure a more effective approach in controlling the spread of the disease and in other instances also causing more people to occupy properties in the Overstrand on occasion for an increased period of time.

Of relevance also at the time, that consumers (permanent residents, holiday homeowners and business owners) are still in a recovery mode to some extent, alternatively establishing businesses/running offices temporary/permanently from home, and in general spending longer periods at holiday homes in our municipal area.

It was considered that, if the provision of section 7.6.2. of the Policy will be applied as stipulated, there was a strong probability that it could negatively affect consumers. Due to before-mentioned, Council resolved during September 2021 as follows;

“that the annual review of electricity deposits as prescribed in the Customer Care, Credit Control and Debt Collection Policy, be waived for the 2021/2022 financial year.”

In terms of the prescripts of the Policy, the annual review of deposits for the current financial period (2022/2023) are now due. Council is advised of the following considerations.

The increase in deposits could either be at a lower margin or resulting in an increase in excess of the traditional curve, taking into account that consumption patterns might have changed permanently in comparison with previous instances where an annual deposit review was implemented. We have furthermore experienced prolonged periods of low temperature during this winter with increased consumption, followed by several episodes of loadshedding recently, with occurrence intensifying in the past few months.

In view of before-mentioned, it is proposed that the implementation of the annual deposit review be scheduled for implementation with the November 2022 municipal account, with an additional proviso that any increase in deposits be phased in/smoothed out, in equal portions over a period of 6 months, resulting in the full implementation of revised deposits in accordance with the prescripts of the Policy by the end of May 2023.

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7. Financial Implications

Reviewed consumer deposits will be fully implemented in a phased approach over a period of time up to May 2023.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

None

RECOMMENDATION TO THE COUNCIL:

that the implementation of the annual deposit review in accordance with the Customer Care, Credit Control & Debt Collection Policy for the 2022/2023 financial year, be scheduled for implementation with the next municipal account, with an additional proviso that any increase in deposits be phased in/smoothed out, in equal portions over a period of 6 months, resulting in the full implementation of revised deposits by the end of May 2023.

RESPONSIBLE OFFICIAL :

EM HOONEBERG

TARGET DATE FOR IMPLEMENTATION :

31 DECEMBER 2022

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THIS MATTER SERVED BEFORE THE FINANCE & TOURISM PORTFOLIO COMMITTEE ON 16 NOVEMBER 2022, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:

RECOMMENDATION TO THE COUNCIL:

that the report be noted and referred back in order to resubmit the report to council in 2023, to assess the proposed revision of consumer deposits on consumers.

RESPONSIBLE OFFICIAL :

EM HOONEBERG

TARGET DATE FOR IMPLEMENTATION :

31 DECEMBER 2022