

**7.  
ANNUAL REVIEW OF ELECTRICITY DEPOSITS**

**5/17/1**

**SG Reyneke-Naudé  
17 November 2020**

**Director: Finance**

**(028) 313 8040**

**1. Executive Summary**

The purpose of the report is to present Council with a recommendation to waive the requirement to review the consumer electricity deposits in terms of the Customer Care, Credit Control & Debt Collection Policy, for the 2020/2021 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 .....

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.

**Discussion**

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

Before-mentioned is however not applicable to the 2020/2021 financial period in many instances across the municipal consumer basis, given the impact of the national lockdown in effect from midnight on 27 March 2020 to ensure a more effective approach in controlling the spread of the disease.

President Cyril Ramaphosa on 15 March 2020 also announced stringent measures to contain the spread of Covid-19, such as travel restrictions on foreigners from hard-hit countries, a ban on mass gatherings of more than 100 people, and the closure of schools. According to the President, at the time of announcement, the cabinet anticipated that the pandemic would have a “significant and potentially lasting” impact on the economy. Reference was also made to a dramatic decline in economic activity in our trading partners in the past few weeks, a sudden drop in tourism and severe instability across global markets.

If the provision of section 7.6.2. of the Policy will be applied as stipulated, there is a strong probability that it will negatively affect consumers (permanent residents and holiday home owners and business owners) who had to close businesses, stay home/ work from home, during the months following the lockdown since the end of March 2020. Before-mentioned can be regarded as extraordinary circumstances, potentially impacting negatively on consumption patterns.

Based on the situation as explained and the probability of skewed consumption for the period since the lockdown, it is recommended that Council waive the requirement of the annual adjustment of electricity deposits for the 2020/2021 financial year.

## **7. Financial Implications**

None

## **8. Staff Implications**

None

## **9. Comments from other Departments, Divisions and Administrations**

None

## **10. Annexures**

None

## **RECOMMENDATION TO THE COUNCIL:**

that the annual review of electricity deposits as prescribed in the Customer Care, Credit Control and Debt Collection Policy, be waived for the 2020/2021 financial year.

**RESPONSIBLE OFFICIAL :****EM HOONEBERG****TARGET DATE FOR IMPLEMENTATION :****30 NOVEMBER 2020**