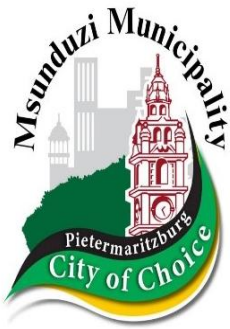


MSUNDUZI MUNICIPALITY



Policy Name:	DEPOSITS AND REFUNDS POLICY
Effective Date:	01 July 2026 to 30 June 2027
Approved By:	Full Council
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The Msunduzi Municipality

BUDGET & TREASURY BUSINESS UNIT

DEPOSITS AND REFUNDS POLICY 2026/2027

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1. DEFINITIONS

In this policy, unless the context indicates otherwise, the word or expression has the following meaning:

- 1.1 “Account”** Any invoice rendered by the Municipality.
- 1.2 “Accounting Fee”** means a fee for the setting up of new account as determined by The Municipality from time to time.
- 1.3 “Accounting Officer”** The Municipal Manager appointed in terms of Section 82(1)(a) or (b) of the Municipal Structures Act, 1998 (Act No. 117 of 1998);
- 1.4 “Account Holder”** includes a customer/consumer and refers to any occupier of any premises to which the Municipality has agreed to supply or is supplying services, or if there is no occupier, then the owner of the premises and includes any debtor of the municipality.
- 1.5 “Arrears”** means any amount due, owing and payable by a customer in respect of a municipal account not paid on the due date.
- 1.6 “Average consumption”** means the deemed consumption of a customer of a municipal service during a specific period, which consumption is calculated by adding the recorded monthly average consumption and the current actual consumption and, dividing the total by the applicable number of months
- 1.7 “Bank guarantee”** refers to an undertaking by a registered financial institution whereby it guarantees a specified maximum amount to be paid if the principal debtor (“the consumer”) fails to pay;
- 1.8 “Calculated amounts”** refers to the amounts calculated by the Chief Financial Officer, in consultation with the relevant technical departments, to be due to the Council by a consumer in respect of the supply of the applicable municipal services for any period during which the exact quantity of the supply cannot be determined accurately for reasons beyond the control of the Chief Financial Officer. This shall normally be based on the average consumption figures, if available, for the service rendered to the customer **or**, failing the availability of such data, on the average consumption figures applicable to one or more properties of similar size and nature in the area in which the customer resides or carries on business;

- 1.9** “**Chief Financial Officer**” refers to the person so designated in terms of Section 80 (2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) or any person duly authorized to act on behalf of such person;
- 1.10** “**Consolidated account**” refers to one combined account for all municipal services, housing rents and instalments, rates, basic charges, sundry charges and miscellaneous charges, and “consolidated bill” has a corresponding meaning;
- 1.11** “**Consumption**” means the ordinary use of municipal services, including water, sanitation, refuse removal, and electricity services for all categories of consumers;
- 1.12** “**Electricity and Water meters**” means electricity and/or water meters, (including prepaid meters, which are used to determine the supply of electricity and water, and which are normally read on a monthly or other fixed interval basis;
- 1.13** “**Council**” means the municipal Council of Msunduzi Municipality in terms of section 18 of Municipal Structures act and or section 157(1) of the Constitution.
- 1.14** “**Councillor**” refers to a member of a Municipal Council
- 1.15** “**Deposit**” refers to a minimum sum of money specified by the Chief Financial Officer and payable by the consumer to the Municipality prior to occupation of the property or prior to the date on which services to the property are required; and also refers to a minimum sum of money specified by the relevant business unit and payable by the customer to the municipality prior to concluding a housing rental and/or a business rental/lease agreement.
- 1.16** “**Financial year**” refers to the period starting from 1 July in a year to 30 June of the following year.
- 1.17** “**Municipality**” Means: An organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act, 1998.
- 1.18** “**Municipal Manager**” is the accounting officer of the Municipality appointed in terms of Section 82 of the Municipal Structures Act, 1998 (Act No 117 of 1998)
- 1.19** “**Official**”, in relation to the Municipality or Municipal entity, means,
- (a) An employee of the Municipality or Municipal entity

- (b) A person seconded to the Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity; or
- (c) A person contracted by the Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity otherwise than as an employee.

1.20 “**Occupier**” in relation to a property, means a person in actual occupation of a property, whether that person has a right to occupy the property,

1.21 “**Owner**” means

- (a) In relation to property referred to in paragraph (a) of the definition of “**property**”, means a person in whose name ownership of the property is registered;
- (b) In relation to a right referred to in paragraph (b) of the definition of “**property**”, means a person in whose name the right is registered;
- (c) In relation to a land tenure right referred to in paragraph (c) of the definition of “**property**”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) In relation to public service infrastructure referred to in paragraph (d) of the definition of “**property**”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “**publicly controlled**”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
 - i. A trustee in the case of a property in a trust excluding state trust land;
 - ii. An executor or administrator, in the case of a property in a deceased estate;
 - iii. A buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;
 - iv. Member in the case of a property registered as a close corporation

1.22 “**Refunds**” refers to return money, repayment, or of balancing account, appropriation of deposit held by the municipality or credit balance if the deposit was not raised in the account which usually happens when rates split the accounts during the property transfers.

1.23 “**Service agreement**” refers to a written agreement for the consumption of electricity and/or water and other services.

- 1.24** “**Termination of service**” means the form to be completed by the customer as a notice of closing the municipal account
- 1.25** “**The Municipality**” refers to The Msunduzi Municipality and its successors in law and includes the Council of that municipality or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee who has delegated any powers and duties regarding this policy;

2. INTRODUCTION

- 2.1 The Municipality must develop, maintain, and implement the Deposits and Refunds Policy that is consistent and complies with the relevant legislation.
- 2.2 This policy is to be read in conjunction with or other relevant legislation, policies, and bylaws, (including the Credit control and Debt Collections Policy and Register of Tariffs and Charges in cases of deposits and refunds).

3. OBJECTIVES

- 3.1** The objective of the deposit and refund policy is to ensure that:
- 3.1.1 To provide a framework within which Msunduzi Municipality may exercise its administrative authority to call for a security deposit paid upfront before the service is rendered to a customer i.e. water and electricity.
- 3.1.2 The security deposit to be paid upfront for any services to be rendered is contemplated in the Register of Tariffs and Charges as approved from time to time.
- 3.1.3 To provide a framework within which Msunduzi Municipality may exercise its administrative refund credit due.
- 3.1.4 To outline the procedures that would warranty a refund upon application
- 3.1.5 To ensure legislative compliance in protecting the rights of the service user.
- 3.1.6 To provide a framework for dealing with monies due extending beyond a particular financial period.

4. APPLICATION FOR SERVICES AND ENTERING INTO SERVICE AGREEMENTS

- 4.1 The owner/ tenant applies for municipality services by completing pre-numbered Service-Level Agreement (in triplicate). In case of a tenant, application form must also be signed by owner to authorise that services may be connected for tenant.
- 4.2 Clause 4 of the approved Credit Control and Debt Management policy should be considered as it stipulates a detailed process to be followed when the owner/ tenant applies for municipality services and entering into service agreements;

5. DEPOSITS AND GUARANTEES

- 5.1 Deposit is payable on application for the provision of municipal services or on request after the financial risk assessment is conducted on the customer, Business Rentals /Leases before the Municipality renders any service to the property.
- 5.2 Deposits payable to the Municipality shall be a consolidated deposit, paid in cash, EFT or Bank Guarantee. Neither a Financial Guarantee nor Sureties will be accepted in lieu of deposits.
- 5.3 Deposits are payable in all housing rental accounts and business rental/lease accounts prior to conclusion of the agreement.
- 5.4 The minimum deposit payable is determined by the Municipality as contemplated in the Register of Tariffs and Charges.
- 5.5 All organs of state should budget to pay a Deposit equivalent to at least 3 months estimated municipal service charges, when making application for a Municipal service. However, the CFO may exclude a Category of Owners from payment of Deposits.
- 5.6 No interest will accrue on the deposit payable to any debtor.

6. REVISION OF DEPOSITS AND ADDITIONAL DEPOSITS

- 6.1 The Municipality reserves the right to review deposits as and when required, the review can be done as follows:

- 6.1.1 The Municipality has a prerogative to periodically conduct risk assessment to every account. The outcome of this risk assessment will determine the deposits that the Municipality should hold for each individual account.
- 6.1.2 Upon establishment that the deposits held by the municipality on an account is below the outcome of financial risk assessment, the account holder exposes the Municipality too, the Municipality will in writing, inform the account holder of this finding.
- 6.1.3 Without deviating from sub-clause 6.1.1 and 6.1.2 above, a Deposit shall be reviewed when–
- a) the account is paid after the due date;
 - b) payment by direct debit is dishonoured; or
 - c) there is increased consumption of Municipal services.
- 6.1.4 The increase of consumer deposit may be affected based on the other factors which are stipulated in the Credit Control and Debt Management policy with an intention to protect the Municipality from the risk of debit balances on the terminated accounts.
- 6.1.5 The account holder will be given fourteen **(14)** calendar days from the date of the communication, to provide his/her input, prior to the finalisation of this decision.
- 6.1.6 The Municipality, after considering the account holders input, will then make the final decision which shall be communicated in writing to the account holder.
- 6.1.7 The Municipality may increase the deposit payable by a customer by up to 12 months average usage.
- 6.1.8 The increased deposit shall be payable in full within three **(3)** calendar months after the decision has been communicated.
- 6.1.9 The Municipality reserves the right to raise deposits on Sundry debtor accounts.

7. TERMINATION OF SERVICES AGREEMENT FOR WATER AND ELECTRICITY

- 7.1 The consumer may apply for the termination of services by completing the necessary application forms at the Counter Enquiries or communicate with Customer Care services on how the request for the termination of services can be served.

- 7.2 A property owner or account holder must terminate an agreement with the Municipality for the provision of any municipal services by notice in writing (completing the relevant termination and account closure forms of the Municipality) not less than seven (7) working days before the required termination date.
- 7.3 Upon the honouring of the request of the customer to terminate services, the account is then finalised and will have no charges.
- 7.4 If the terminated account results into a credit balance such credit will be refunded upon receipts of the application and if it results into a debit balance, the customer shall remain liable for the debit balance.
- 7.5 On termination of the supply of services and after the finalization of the account, the amount of the deposit less any payment due to the Municipality will be refunded to the account holder subject to the approved process being adhered to.
- 7.6 The Municipality must advise the consumer of the credit balance using the latest contact details available on the termination forms.
- 7.7 The account holder will apply for the refund and submit all required documents to the Municipality in line with the approved procedure manual.
- 7.8 It is the responsibility of the consumer/owner who is terminating the account that the future contact details or address is provided on the termination form.

8. REFUNDS ON TERMINATED ACCOUNTS BY THE ACCOUNT HOLDER

- 8.1 Credits accounts shall only be refunded upon the receipts of the application in line with the approved requirements.
- 8.2 On application and subject to all other accounts being fully paid the applicant will be refunded credit on the terminated account.
- 8.3 On termination of the supply of services and after the finalization of the account, the amount of the deposit less any payment due to the Municipality will be refunded to the account holder based on the Municipality's refund processes and applicable timelines.**

- 8.4** On application and subject to all the Customer's accounts being fully paid
- a) to the account holder, on a water services or electricity account; or
 - b) to the owner; or
 - c) to the conveyancer to pay the buyer or seller, on/after transfer of a property, or
 - d) unless otherwise directed by an order of Court.
- 8.5** It remains the responsibility of the Consumer/Owner whose account is terminated to ensure that a credit balance on the account is claimed back and to follow up on any deposits or refund applied for held by the Municipality
- 8.6** A refund due to an account holder shall only be transferred to a bank account that is registered in the name of that account holder.
- 8.7** Msunduzi Municipality shall not be liable for non-payment of claimed deposits or credit balance due to outstanding supporting documents and information required for the purposes of processing the refund.
- 8.8** Msunduzi Municipality reserves the right to forfeit unclaimed credit account after 3 years subject to all avenues being exhausted to notify the customer of his/her credit.

9. REFUNDS APPLICATION OTHER THAN THE ACCOUNT HOLDER

- 9.1** In the event of the death of the account holder who has entered into a service agreement and paid a deposit, application for a refund of a deposit or credit balance shall only be considered upon the submission of the following documents:
- 9.1.1** A written request for the refund by the Executor of the deceased estate;
 - 9.1.2** A certified copy of the court appointment of the executor; and
 - 9.1.3** A certified death certificate of the deceased account holder
 - 9.1.4** Original letter from the Conveyancers stating who must be refunded the credit on the account since they handled the transfer of the property in case of property transfers.
 - 9.1.5** Where neither an executor, nor a representative has been appointed in the deceased estate of a property owner, the CFO may request an occupier or the occupiers on the property, to enter into a Service Agreement with the Municipality to ensure the continued supply of services to the property.

9.1.6 Where a deceased estate is insolvent (liabilities exceed all assets) and a property is sold by the executor pursuant to Section 34 of the Administration of Deceased Estates Act, 1965 (Act 66 of 1965), the Municipality enjoys preferent creditor status in terms of Section 118 (1) of the Systems Act. Accordingly, no revenue clearance certificate will be issued until all amounts assessed for the prescribed 2-year period, have been paid. The balance of the debt will be dealt with as guided by the law on the administration of deceased estates.

10 REFUNDS OTHER THAN TERMINATED ACCOUNTS

10.1 Credits on terminated accounts shall only be refunded unless if the payment was erroneously paid into the wrong account.

10.2 The Municipality reserves the right to charge administration fees for any claims made against payment erroneously made into the Municipality bank account or paid extra against the active account.

11. COMPLIANCE AND ENFORCEMENT

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken.
- b) It is the responsibility of the Accounting Officer to enforce compliance with this policy.

12. EFFECTIVE DATE

The policy shall come to effect upon approval by Council.

13. POLICY ADOPTION

This policy has been considered and approved by the council of Msunduzi Municipality as follows:

Resolution No: _____

Approval Date _____