



**MALUTI-A-PHOFUNG LOCAL
MUNICIPALITY
Prepaid Electricity Vending Policy
2025/2026**

Issued in terms of Section 17(3)(e) and 24(1)(v) of the MFMA No. 56 of 2003.

The policy will take effect from 01 July 2025

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DRAFT PREPAID ELECTRICITY VENDING POLICY - 2025-26 FINANCIAL YEAR**

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DRAFT

DEFINITIONS

“Maluti -a- Phofung Finance Office” means any office controlled by municipality under the authority of the Chief Financial Officer.

“Consumer” means the user of electricity supplied via an energy dispense.

“Coupon” means a computer generated meter specific coupon whereon is recorded an encoded number by means of which a consumer can activate and control his/her energy dispenser.

“Energy Dispenser” means the metering device utilized to measure and control electricity consumed at a consumer’s premises.

“Equipment” means credit dispensing unit and all other apparatus, material and software supplied by Map for the purpose of processing of coupons and the negotiation of transactions in respect of the energy dispenser.

“Premises” mean the location where the equipment to be operated by the vendor is located and where equipment will be housed for the duration of vending agreement.

“Asset Verification” means the process undertaken by Map staff or appointed contractors to verify the equipment of Map that is installed at the vending points / station.

“Vending” means the sale of electricity to customers with prepayment electricity meters’ connections.

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SECTION 1: OBJECTIVES

- a. To provide clear guidance to the municipality's revenue management employees and electricity vendors on the required level of compliance regarding pre-paid electricity vending.
- b. To provide for a consistent approach when dealing with different vendors / merchants engaged by the municipality; and
- c. To empower management of the municipality with an efficient management system to ensure optimum revenue protection while at the same time ensuring consistent access to basic electricity by communities.

SECTION 2: LEGISLATIVE BACKGROUND

Section 97 of Municipal Finance Management Act, 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality must take all reasonable steps to ensure:

- a. that the municipality has and implements effective revenue collection systems to give effect to its budget;
- b. that all revenue due to the municipality is collected;
- c. That the municipality has effective revenue collection systems consistent with those of the parent municipality;
- d. That revenue due to the municipality is calculated on a monthly basis;
- e. that accounts for service charges are prepared on a monthly basis, or less often as may be prescribed where monthly accounts are uneconomical;
- f. That all money received is promptly deposited in accordance with this Act into the municipality's bank accounts;
- g. That the municipality has and maintains a management, accounting and information system which: -
 - i. recognises revenue when it is earned;
 - ii. Accounts for debtors; and
 - iii. accounts for receipts of revenue;
- h. That the municipality has and maintains a system of internal control in respect of debtors and revenue, as may be prescribed; and
- i. That all revenue received by the municipality, including revenue received by any collecting agent on its behalf, is reconciled at least on a weekly basis.

Furthermore, section 155(6)(a) and (7) schedule 4 b of the Constitution of the Republic of South Africa, 1996(Act No. 108 of 1996) lists electricity reticulation as a functional matter of local

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government in South Africa. Each municipality is a service authority for the electricity reticulation function for the whole of its jurisdictional area. This means that the municipality is responsible for ensuring that electricity reticulation services are provided to all customers within its area/s of jurisdiction. It further states that each municipality has the right to set tariffs in respect of electricity in its area/s of jurisdiction.

SECTION 3: POLICY PRINCIPLES

The following principles shall apply in dealing with pre-paid electricity vending system:

- a. All vending stations must be accessible to customers and fully operational during the operating times and days as specified for each vendor.
- b. All vendors must ensure that persons who are operating vending machines / credit dispensing units are properly trained to operate the machine / credit dispensing unit.
- c. All vendors must treat all customers with courtesy and respect while upholding the principles of Customer Care Policy of the municipality and must in particular be sensitive to the inherent needs of disabled people and the elderly.
- d. All vending stations and vending equipment must be accessible to Maluti-a-Phofung's officials for the purpose of the performing of their duties during normal working hours.
- e. The Chief Financial Officer shall have the discretion to determine an amount of a bank guarantee or a deposit amount to serve as a security for the purpose of the vendor's fulfilment of its financial obligations towards the vending agreement.
- f. The Executive Manager: Engineering Retail shall assume total responsibility for the operation and maintenance of the vending system, with the exception of the handling of cash, reconciliation of accounts, and the staffing of the various vending stations.
- g. There shall be differentiation between in-house (municipal) vendors and private vendors regarding appointment procedures and other related requirements.

SECTION 4: VENDING SYSTEM & ENVIRONMENT

Maluti-a-Phofung shall use on-line based vending system with operator driven devices / equipment, which typically include normal PCs and a printer.

Devices / equipment must be at a fixed location and address contractually agreed upon between Maluti-a-Phofung and the Vendor. The devices that has been provided by the Municipality should be properly looked after if anything happened to it should be reported immediately to the Maluti A Phofung Municipality.

Devices / equipment must always be operated by an identified and trained operator. The operator shall be contractually bound by the vendor and not Maluti-a-Phofung.

SECTION 5: APPOINTMENT OF PRIVATE VENDORS

Upon application as pre-paid electricity vendors for Map, prospective applicants shall be required to meet certain minimum requirements as approved by the Council from time to time.

The municipality shall appoint vendors on a non-exclusive basis for the purpose of pre-paid electricity vending/distributor of pre-paid electricity coupons.

In cases of non-natural persons being appointed as vendors, the municipality shall require a duly authorized natural person to act in a capacity of a representative for a non-natural vendor. Representatives shall be responsible for the signing of any agreement between the municipality and the appointed vendor, furnish the required surety / security, take responsibility of all the administrative and other aspects associated with the vending system located at the premises of the vendor so as to ensure smooth operation of the vending station/ outlet.

Private vendors shall initially be appointed on an initial period of one (1) year subject to the terms and conditions of the agreement to be entered into with Map. The above provisions are not applicable to in-house (municipal) vendors.

SECTION 6: OBLIGATIONS OF VENDORS

- a. On the signing of vending agreement, the vendor/vendor representative shall furnish Maluti-a-Phofung with a bank guarantee, in a format as prescribed by Maluti-a-Phofung from time to time, or a deposit amount as determined from time to time by Maluti-a-Phofung to serve as security for the purpose of fulfilment of the vendor's financial obligations for vending purposes.
- b. At own cost, install and maintain at all times at least a Category 2 safe on the premises for the purpose of safekeeping of cash received from sales of pre-paid electricity.
- c. Ensure that any operator of the vending equipment is properly trained in its operation and that he/she discharges his/her duties in a competent, efficient and responsible manner.
- d. Take all reasonable steps to safeguard the vending equipment on its premises against theft, loss, damage or abuse.
- e. Co-operate at all times with any Maluti-a-Phofung official for the purpose of performance of their duties in relation to the vending activities such as, inspection of equipment, generating of report, transmission of data, upgrading of vending equipment, auditing of sales generated, etc.

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- f. Ensure that sales proceeds are at frequent intervals dropped in a locked up safe so as to keep cash in the till to the minimal. For this purpose, it is expected that at any given time, cash available in the till should not exceed a maximum of R 1 000.00 (one thousand rand).
- g. Deposit on a daily basis, all electricity pre-paid sales proceeds into Maluti-a-Phofung bank account as provided for in the vending agreement or as otherwise communicated by the Chief Financial Officer in writing. In cases where the next day falls on Sunday or public holiday, deposit must be made on the first succeeding business day thereafter.
- h. Have no authority to grant credit or provide any undertaking either expressly or implied or make any representation on behalf of Maluti-a-Phofung.
- i. Not misappropriate any resources (e.g. stationery) provided by Maluti-a-Phofung towards any other business that is not related to electricity vending business. The vendor shall also be responsible for timeous requisition of the relevant vending stationery.
- j. Report to the Chief Executive Officer any misconduct by any Maluti-a- Phofung official while performing their duty at a vending station.
- k. Not charge any additional fee or amount to any customer other than the tariff and /or any fee/charge automatically generated by the vending system at the point when the customer purchases a coupon.

SECTION 7: OBLIGATIONS OF MALUTI-A-PHOFUNG

Maluti-a-Phofung shall: -

- a. Supply and install all the necessary vending equipment and other associated ancillaries in order to establish an effective vending station/outlet.
- b. Undertake routine maintenance, repairs and servicing of the vending equipment.
- c. Train and/or re-train at own cost, a reasonable number of employees of the vendor to effectively operate the vending equipment.
- d. Be responsible for and bear any costs of any necessary telecommunication link required by the vending equipment, provided that the decision as to whether such as communication links are to be established shall fall within the sole discretion of Maluti-a-Phofung.
- e. Supply all the relevant resources such as vending stationery, at own cost, to the respective vendors for the purpose of effective operations.
- f. Responsible for regular downloading of daily sales report at the time agreed upon with vendors from time to time.

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- g. Reconcile vendors account on a daily basis and provide respective vendors with commission statements on a monthly basis.
- h. All the equipment installed at the vending stations shall be tagged and be verified in terms of Asset Management Policy of the municipality.

SECTION 8: REPORTING

Reporting on vendor's accounts shall be incorporated to the reporting requirements in terms of Municipal Finance Management Act.

SECTION 9: REVIEW AND APPROVAL

This policy and underlying strategies will be reviewed at least annually, or as necessary, to ensure its continued application and relevance.

Signed by the Municipal Manager:

**Advocate M Mofokeng
MUNICIPAL MANAGER**

DATE