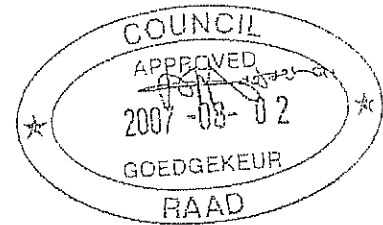


ST - B18/2
JCJ EICKER (358-8170)
COUNCIL: 2 August 2007



11. FINANCE
(FINANCE DEPARTMENT)
APPROVAL OF PUBLIC PARTICIPATED COLLECTION POLICY
(RESUBMISSION)

1. PURPOSE

The purpose of this report is to resubmit the item that served before Council at its meeting of 29 March 2007 which gave a report back on the results of public participation to further improve the draft Collection Policy and which recommended the Council to approve the revised draft Policy.

2. BACKGROUND

At its meeting on 22nd June 2006, Council took the following resolution regarding its draft Collection Policy:

- "1. That cognisance be taken of the Amended Draft Collection Policy.
2. That the Amended Debt Collection Policy (see Annexure A) be subjected to a consultation process through the Office of the Speaker.
3. That the Amended Debt Collection Policy, including comments received during the consultation process, be resubmitted to the Council in August 2006 for final approval.
4."

The Office of the Speaker organised the venues for the participation process and invited the Debtor Management division of the Finance department to present the policy to the attendants and to explain any uncertainties that may arise. These sessions took place at various venues throughout Tshwane, between 13th July 2006 and 26th July 2006.

During the consultation process it became evident that the various communities wanted the set due date of 31st July 2006 for written inputs to the document to be extended to enable them to consult with their ward structures. This report has been drafted on 07th September 2006 and again updated on 13 October 2006 up until which dates further inputs were received.

Upon resubmission to Council on 29 March 2007, the following resolution has been taken:

- "1. That the report not be approved as submitted.
2. That the current policy be reaffirmed.
3. That all elements of the current policy be implemented fully."

Subsequent to this last resolution it became evident that the concern regarding the plight of the Indigent not being addressed in the collection policy draft caused this document to be not approved. The Social Services Policy draft is a separate

the current policy on the Indigent. A report on the Indigent is still in development and is expected to reach Council at its July 2007 meeting.

In the meantime, it is regarded as being of strategic importance that the recommendations to this report be re considered by Council at its meeting at the end of May 2007.

3. DISCUSSION

Inputs to the draft were received from mainly two sources, namely internal stakeholders consisting of Departments, officials within Council and Councillors and external stakeholders consisting of Tshwane residents through their community representatives.

3.1 Internal Feedback:

The feedback from internal stakeholders was positive and supportive of the amended Collection Policy. These inputs were improvements and did not cause any principal changes to the document. They are indicated in underlined format on Annexure A to this report.

3.2 External Feedback:

Subsequent to the public participation process, the majority of the feedback has been received after the end of July 2006. This feedback has been summarised by the spokesperson of the Caucus and is attached to the report as Annexure B. The 24 items in this document are discussed as follows:

3.2.1. Meter readings:

The concern raised is acknowledged and can have an impact on accounts. Automated meter reading is an option that Council may investigate, which cannot be addressed in this report.

3.2.2. Arrangement to pay off arrears:

The 10% of arrear minimum up front payment is agreed as being a rigid guideline and it is proposed to rather change item 6.2.2 of the policy to accept not less than the amount of the last current levies as upfront payment to make an arrangement.

3.2.3. Late delivery of accounts:

Postal delivery does present a challenge to the post office in some areas of Tshwane. The option of extending the services of the postal bureaux of the Municipality is a separate issue which cannot be addressed in this report.

3.2.4. Registration of the Indigent:

There is insufficient administrative capacity to register as well as to empower people on the register to exit from the status of indigency. The social package is a separate policy and deals with indigency. The creation of additional staff capacity or procuring additional capacity to assist in indigency administration cannot be

3.2.5. High billings:

Because there are cases where invoices of residents are high, processes are in place to afford residents the opportunity to have the account explained to them and also to have it investigated and if necessary, corrected. In all such cases, the debtor's record on the accounts system is marked to prevent credit control and collection actions from being taken for the queried amount. The possibility of compiling a policy document on meter reading, billing and invoicing may be investigated, but cannot be addressed in this report.

3.2.6. Customer care:

It is acknowledged that customer facing employees are doing a difficult job due to the variety of personalities encountered at walk in and call centres. Due to human nature, conflict is sometimes taking place in especially the debt collection environment and conflict management is an area where more development needs to take place amongst municipal staff. This will capacitate them to be even better ambassadors of the Council and to be Batho Pele compliant.

3.2.7. Service delivery standard:

The perception that the bigger consumers of services are not seriously acted against if their accounts are in arrears is understood, because much less action is needed in this category than in the residential category. Credit control is done fairly and evenly for all accounts in arrears, which means that residents will see most actions being taken against residential accounts, who owe the most. Approximately 68% of arrear accounts are residential and approximately 18% are business related.

3.2.8. Installation of prepay meters:

The installation of these devices is under the management of the Electricity Department. The use of these devices as a credit control technique cannot be implemented without the attached policy document being approved.

Research is done and viability studies undertaken by the Water and Sanitation Department regarding prepay water vending.

The Social Package Policy has been changed to have 60 amp connections installed for the registered Indigent. Only those senior citizens who apply to be registered as indigents are subject to the policy.

3.2.9. Communication of the Collection Policy:

A communication steering committee has been established for this purpose and first phase communication has already taken place. A further amount has been set aside on the budget to fund further communication and the communication strategy will be further rolled out early in 2007 after the policy has been approved.

3.2.10. Tampering on service networks (Izinyokanyokane):

Although there is a process in place to deal with these perpetrators, it is strongly agreed that more needs to be done in this regard with the proper support of our Metro Police. Those who are brought before the Municipal Courts are charged if

3.2.11. Termination of services without notice:

The delivery of notices and termination and reconnection of service delivery is managed by an inter-departmental credit control management cluster. Contractors appointed to carry out instructions from the cluster are monitored. Those against whom accusations of fraudulent behaviour is received, are strictly acted against if found guilty. Members of the community who complain are relied upon to testify in some cases.

3.2.12. People living in bond houses, Block FF Soshanguve:

Irresponsible property owners who do not pay the bond instalments of the bank as well as the municipal accounts are causing tenants staying in their properties to be inconvenienced by collection actions taken by banks and the municipality. As this is also a side issue, it cannot be addressed in the report.

3.2.13. Forfeiture of inspection fee:

Requests of residents for the testing of meter accuracy require to be funded and a deposit is charged for it. Then the meter needs to be removed and taken to a test facility. If the result of the test reveals that the meter has been registering incorrectly, then the deposit is refunded and the account corrected accordingly. If the meter has been registering correctly, the deposit is not refunded and the status of the account remains unchanged. Residents can have enquiries in connection with this resolved at walk in centres. This procedure does not form part of the credit control or collection processes.

3.2.14. Free basic services:

Due to the nature of services, restriction methods are totally different, which does not allow free basic water to be still available for residential type debtors. Non residential debtors who default on payment however do not even get the free water quota. Should Council require the unrestricted availability of free services in all cases where services are to be cut, the risk to Council is that such a stipulation by Council can cause it to be taken to Court by debtors and effectively preventing all restriction for credit control. This will defeat the purpose of the policy.

3.2.15. Cut off rate at R500 or 150 days arrears:

Due dates on invoices sent to consumers already reflect the strategic date by when the Municipality needs the customer to pay to enable good service delivery by the Council to residents. The suggested 150 days will cause residents to not take this due date seriously and to only pay 150 days later. This will seriously impair service delivery and the Council can in terms of the National Credit Act be accused of irresponsible credit lending to its customers. The suggested R500 parameter also has an implication of irresponsible lending to especially small consumers whose current accounts are R200 or lower. If they do not pay for two months in a row, they will after month three suddenly find themselves in an unmanageable debt situation because of such a decision. Debtor management regularly reviews the current R300 parameter, which is set as an administrative procedure outside of the policy.

3.2.16. Due date payment:

Interest on arrears is only calculated if an amount has not been paid for more than 59 days after the due date on the invoice, which is in line with the input in this regard.

3.2.17. Estate account collection:

Transfer of property ownership to heirs who are indigent can be taken up with the Legal Aid organisation by the relevant residents. The possible involvement of the Legal Department to accommodate this cannot be discussed in this report.

3.2.18. Debt collection/recovery:

Council does not have sufficient internal capacity to deal with the high volume of accounts in arrears which are to be collected. Debt collectors can be perceived to be ruthless because they merely carry out the mandate/instruction given to them by the preceding internal process.

The internal process will probably be followed if the number of defaulters has decreased to more manageable levels.

3.2.19. Refuse removal:

Cognisance is taken of the sad state of affairs in Mamelodi and the relevant division of the municipality should be informed accordingly to take cognisance for corrective action.

3.2.20. Water services:

Water restriction technology has undergone significant improvement to overcome the concerns raised. This improved technology is in process of being rolled out in Tshwane.

3.2.21. Legal steps:

The information of debt per ward to Councillors has been addressed administratively.

3.2.22. Proposed Amendments:

The items have been noted and where applicable, the draft policy has been amended to accommodate the concerns in context. Items 3.11 and 3.12.1 of the attached draft are amended in this regard.

3.2.23. Basket of proposals:

The items mentioned are seriously taken cognisance of and are mainly management issues which need to be escalated to the relevant SEO's.

3.2.24. Recommendation way forward:

These items are proposed to be evaluated by the relevant SEO's for inclusion into their management strategies. Many of the suggestions have far reaching budgetary implications.

Collection Policy draft document:

Negative criticism towards the content of the amended policy was limited to a perception that it is not applied evenly on payment defaulters in all areas throughout Tshwane.

Positive feedback has also been received on the content of the document and the related process presentation. On occasion, Council was even congratulated on it.

Further inputs to either enhance the Council's position or to call for a more lenient approach towards defaulters are also received. These items are discussed below in item 3.3 of this report.

3.3 PUBLIC PARTICIPATION INPUTS:

These inputs affect items of the amended debt collection policy as follows:

Item 3.5 is affected due to a suggestion that the interest rate should be lower than the Municipality's prime overdraft rate. "... levied monthly at 1% lower than the prime overdraft rate....." has been suggested.

Item 5.1.2.2 caused uncertainty as it does not specifically refer to a procedure. It is suggested that this item should be clarified by rephrasing as follows: "All accounts older than 30 days are in arrears and may be blacklisted through the credit bureaux agencies, after the relevant legal processes have been completed in terms of Chapter 4 of the National Credit Act, 2005 (Act 34 of 2005)."

Item 6.2.2 has caused various concerns regarding affordability of the minimum of 10% upfront payment required when negotiating a payment arrangement for monthly instalments. Inputs received indicated that the payment of not less than the sum total of the last month's current levies would be more acceptable. To accommodate this request, the item should read as follows: "Partial settlement of preferably 60% of the arrear amount, but not less than the sum total of the last month's current levies and entering into a repayment contract with the Chief Financial Officer for monthly payment of instalments, to pay the debt over a period not exceeding 6 months."

3.4 LEGOTLA INPUTS:

On 17 to 18 August 2006 the offices of the MMC for Finance and the acting Chief Financial Officer had a legotla session, where one of the agenda items were the draft collection policy. Clarity has been obtained on inputs received which were not in the Municipality's best financial interest and these were finalised as follows:

- The current property value parameter of R200 000 to prevent execution of Court Orders and hence preventing legal action for collection of those arrears must be scrapped.

- The item on blacklisting of arrear accounts must be changed to provide for the normal legal action process to first take place before a debtor can be regarded as a bad payer and blacklisted as such. The new National Credit Act must also be included in this item.
- Interest on arrears at 1% lower than the prime rate of the Municipality's banker cannot be accepted as it effectively encourages debtors to rather owe the Council before lending the money from their banks to pay the arrears or paying their other creditors who charge higher rates than the Municipality.

4. CONCLUSION:

Due to the public participation process being completed and the requested inputs being obtained and included on the draft of the Collection Policy, it is suggested that the document attached as Annexure A to this report be adopted as the new Collection Policy of the Municipality.

5. COMMENTS OF THE LEGAL AND SECRETARIAL SERVICES AND MUNICIPAL COURTS DEPARTMENT

(Unaltered)

From a perusal of the contents of the report read with Annexure A (Collection Policy: Arrear Debtor Accounts) attached thereto. It is advised that the contents thereof are legally in order.

The recommendations are thus supported.

6. COMMENTS OF THE FINANCE DEPARTMENT

Cognisance is taken of the contents of the report and commends the fact that public participation was considered for inputs towards the policy.

Therefore the recommendations of the report are supported.

ANNEXURES:

- A. Amended Draft Collection Policy.
- B. Summation of credit control Policy inputs
- C. Policy change motivation

IT WAS RECOMMENDED (TO THE COUNCIL: 2 AUGUST 2007):

1. That cognisance be taken of the public participation inputs to the Collection Policy, updated on Annexure A to this report.
2. That the attached Collection Policy on Annexure A to the report be approved and all previously approved versions of this policy be withdrawn.
3. That all Strategic Executive Officers take cognizance of the operational issues highlighted by the public participation inputs and accommodate the suggested solutions affecting their management areas in their management strategies.

During discussion of this item by the Council on 2 August 2007, Cllr Ms MP Blaauw seconded by Ms NY Matjokana proposed the following amendments:

(Unaltered)

- “3. That all MMCs take cognisance of the operational issues highlighted by the public participation input and consider suggested solutions affecting their departments.
4. That reports on the resolution 3 above be tabled in the portfolio committees.

Amend following sections of the policy (Annexure A) as follows:

5.1.1.4. Add: ‘and municipal courts’ after ‘local magistrate courts’”

Cllr Blaauw’s proposal was acceded to by the Council and thereafter resolved as set out below:

RESOLVED:

1. That cognisance be taken of the public participation inputs to the Collection Policy, updated on Annexure A to this report.
2. That the attached Collection Policy on Annexure A to the report be approved and all previously approved versions of this policy be withdrawn.
3. That all MMCs take cognisance of the operational issues highlighted by the public participation input and consider suggested solutions affecting their departments.
4. That reports on the resolution 3 above be tabled in the portfolio committees.

Amend following sections of the policy (Annexure A) as follows:

5.1.1.4. Add: ‘and municipal courts’ after ‘local magistrate courts’

(Remark:

At the Council meeting of 2 August 2007, Cllr RW Dinkelmann, on behalf of the ACDP, welcomed the report and hoped that the policy would be executed accordingly.)



CITY OF TSHWANE METROPOLITAN MUNICIPALITY

COLLECTION POLICY: ARREAR DEBTOR ACCOUNTS

This Policy is made in terms of Section 96 of the Municipal Systems Act , 2000 (Act 32 of 2000) and the City Of Tshwane Metropolitan Municipality : Credit Control Bylaws of 27 February 2002 .

1. DEFINITIONS

- 1.1 Debt collection is the execution of functions necessary to collect unpaid income of the municipality, owed by clients who are debtors.
- 1.2 Credit Control is the limiting of further sales of services to debtors in arrears and the negotiation for payment in exchange for normalising further service delivery.
- 1.3 Accounts means the municipal account for services rendered and for assessment rates levied by the municipality.
- 1.4 Due date means the date indicated on an account statement by which time payment of the amount on the statement is required.
- 1.5 Residential household means a debtor of whom the tariffs for all the levies for services and rates are household tariffs.
- 1.6 Indigent means a debtor whose whole household has been evaluated in terms of the Indigency Policy and who is registered as being indigent.

2. PURPOSE

In order to sustain the local governance and continued service delivery, the collection of income levied on account statements submitted to debtors (current accounts) must be realised within a turnover rate not exceeding 30 days. Payment of arrears must also be addressed sufficiently for the main categories of debtors in order to minimise arrear debtors.

3. PRINCIPLES

- 3.1 Non-payment by debtors of their accounts has a direct negative impact on the Municipality's ability of service delivery to clients.
- 3.2 Current levies not paid by the indicated due date are in arrears and all debtors with arrears are subject to credit control and debt collection measures. The right of access to services, and consumption thereof, can only be exercised by residents who are not in arrears on their municipal services accounts or who have arranged to pay their arrears in terms of this Policy.
- 3.3 Various methods of payment by debtors as well as sufficiently convenient payment points are available.
- 3.4 Interest on debt in arrears is levied monthly at the prime overdraft rate of the Municipality's banker as at 1 January and 1 July of each year for the six months following these two respective dates.
- 3.5 Interest is levied on all arrears in excess of 59 days, subject to exceptions as per Council Resolution. Interest levied but not paid is included in the arrear amount of such a debtor.
- 3.6 Credit control measures are applied with pro active reminder or warning. Account statements are regarded as reminders of the arrears status of the account as well as stating the intention to take credit control measures.
- 3.7 Metered services consumed by an unknown consumer are billed to the owner of the property to

which the service connection is registered. Consumers who are to be billed separately must enter into a service agreement to have access to these services. No service agreement is valid without the written consent of the registered owner of the property.

- 3.8 Refusal by banks to honour payments by cheque or debit order is regarded as non-payment, upon which the relevant debtors are subject to credit control measures.
- 3.9 Clients who make no further use of any services but still owe an amount, are inactive debtors who, after the submission of a second inactive account statement to their latest known postal addresses, are handed over for collection to a debt collector appointed for this purpose. Limited collection actions (i.e. Final Letter of Demand) are applied for inactive accounts smaller than R3 000 due to the cost – benefit ratio of such cases and any further action required for these individual accounts is at the discretion of the Chief Financial Officer.
- 3.10 Debtors who are large consumers of services are managed by telephonic and personal contact with them on a higher management level, e.g. corporate business and government departments.
- 3.11 Residential household debtors form a distinct group for whom the following special measures and exceptions apply:
 - 3.11.1 Water supply to defaulting residential household debtors will not be completely discontinued, but rather be restricted due to hygienic reasons. Other types of debtors who are in default and whose water supply is involved, will be completely deprived of the service.
 - 3.11.2 Any interest free arrangements for payment of arrears are intended to assist those debtors by making their current monthly accounts more affordable.
- 3.12 All notifications served to the domicilia of clients state the reason/s for actions taken as well as information as to how they can take corrective action to normalise the situation.
- 3.13 If it is necessary to disconnect any service in terms of this Policy, the free cross-subsidised portion of that service in terms of the Municipality's tariffs for service delivery, will also not be available for as long as that service is to remain disconnected.

4. CREDIT CONTROL MEASURES

4.1 Reminder/Demand for payment

A reminder that the previous account has not been paid on the due date is generated after the due date and hand-delivered to the debtor's physical address. This reminder clearly states that a period of 7 days is allowed for payment or arrangement for payment, in the absence of which, service delivery to the client will be limited. The account of the debtor is debited with the cost of such a reminder at the approved tariff of the Municipality.

4.2 Electricity disconnection (level 1) and Water restriction

In the absence of reaction on the 7-day reminder, the electricity supply to the debtor is discontinued together with the notice for the reason of the discontinuance. The account of the debtor is debited with the cost of the level 1 cut-off at the approved tariff of the Municipality.

Should the debtor receive an account for water consumption levies but not for electricity, a disconnection (restriction for residential debtors) of water is carried out at the consumption address and a notice to that effect is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the Municipality.

4.3 Electricity disconnection (level 2) and Water restriction

In the further absence of reaction on the level 1 cut-off of electricity, the level 1 cut-off is inspected after 7 days to ensure that the service is still discontinued. If the electricity is found on, it is again discontinued with the relevant notification, but then via a more expensive procedure to ensure a more tamperproof disconnection. The account of the debtor is debited with the higher cost of the level 2 cut-off at the approved tariff of the Municipality.

Together with the level 1 electricity cut-off inspection, the water supply is also disconnected

(restricted for residential debtors) and a notice to that effect is left at the premises. The account of the debtor is debited with the cost of this action at the approved tariff of the Municipality.

4.4 Illegal reconnection/tampering of electricity

If consecutive follow-up actions due to no reaction by the debtor reveal that illegal consumption of the service occurred or a disconnection has been tampered with, the service connection is removed and evidence against offenders is filed on an investigation document.

4.5 Illegal reconnection/tampering of water

The water disconnection/restriction is monitored and followed up in cases of absence of reaction by the debtor to ensure that the disconnection/restriction is not tampered with. Interference with disconnections will lead to the eventual removal of such a service connection. Any first time discovery of tampering at the address of a residential debtor leads to more severe restriction of the water supply and any further tampering after that will lead to disconnection of the water supply. Evidence against offenders is filed on an investigation document.

5 DEBT COLLECTION MEASURES

Legal steps are taken to collect arrears in the following cases:

- Where the cut-off action yielded no satisfactory result.
- Where no cut-off action is possible due to the nature of services for which the account has been rendered.
- Where the arrears are older than 90 days.

5.1 A pre-investigation into the account and debtor detail is carried out before the preparation of a summons takes place. The data of an appointed Credit Bureau is utilised in this regard, often resulting in telephonic contact with the client, which obviates the need for summoning. The tracing cost and the telephone cost are debited to the account of the debtor at the approved tariff of the Municipality.

5.2 Arrear accounts in excess of R100 000 which are to be summonsed are Supreme Court matters, which are referred to the suitably qualified legal division of the Municipality for summoning in conjunction with one of the appointed panel of attorneys. The legal cost is debited to the debtor's account in accordance with the eventual outcome of the matter.

5.3 Arrear accounts smaller than R100 000 are Magistrate Court matters for which the relevant summonses are issued. The different Sheriffs of the Courts deliver these summonses to the summonsed debtors. The expenses of the issuing and delivery of the summonses are debited to the debtors accounts.

If debtors react on the summonses received within 10 working days after delivery by the Sheriff, by either payment in full or partial payment and arrangement for monthly payment of the balance, no further legal costs are debited by the attorney or debt collection agent, and the matter is not further pursued for as long as the debtor complies with the agreed monthly payment.

5.4 Summonses not reacted upon within the 10 working days window period are referred to the local Magistrates Courts in conjunction with the collection agents, who have jurisdiction in these Courts. Default judgement is obtained and the relevant debtor is automatically also blacklisted at the major credit bureaus. A notice of the default judgement is posted to the debtor by registered mail.

5.5 Default judgements not reacted upon within a further 10 working days are again presented at the Magistrate, who issues a warrant of execution, which can either order the sale of property of the debtor to recover arrears or order the debtor to be evicted in case of arrear rentals. Where the debtor has no fixed property a court order can be served on him/her to appear in court where the Magistrate can approve a garnishee order on the debt.

5.6 The process for debt collection of any portion or category of the debtor book can be outsourced to collection agents by the Chief Financial Officer. Any cost that arises from such action can be

recovered from the debtor.

6 CLEARANCE CERTIFICATES

Before any property can be transferred from one owner to another, all arrears are payable, where after the Chief Financial Officer issues a certificate to that effect. No transfer can take place without such a certificate.

7 CLIENT CARE

7.1 Clients may lodge appeals on the accuracy of accounts at the Debtor Client services Section. Whilst such an appeal is not solved, no credit control measures are taken for that amount. Other levies on the account, which do not form part of such an appeal, are however still payable and are not included in the extension for payment.

7.2 The following arrangements for payment can be made at the Finance Department Debt Collection and Credit Control Sections to either prevent debt collection measures or to normalise service delivery (reconnect) after credit control measures are taken:

7.2.1 Full settlement of the amount for which action was taken.

7.2.2 Partial settlement of preferably 60% of the arrear amount, but no less than the most recent current account and entering into a repayment contract with the Chief Financial Officer for monthly payment of the balance over a period not exceeding 6 months. This may in the discretion of the Chief Financial Officer, be extended to a maximum of 60 months in cases of special merit.

7.2.3 The discretion of the Chief Financial Officer is exercised within the following parameters:

- If no partial settlement is possible immediately, it can be extended to the end of that month or included in the monthly repayment contract.
- Monthly repayment contracts can be made interest free under the following circumstances:
 - ❖ For a residential household debtor on a property with a total municipal valuation of R388 000 or lower.
 - ❖ If a client never received an account due to an incorrect postal address as a result of an administrative error.
 - ❖ If a financial correction to a residential household account is made for any reason and the client requests an arrangement for payment of the debit.
- The monthly payment period can in cases of special merit be extended beyond 6 months to not more than 60 months. The extension period must reflect a balance between the Council's best financial interest as well as the client's request.
- Residential households who prove to experience difficulty in affording a 60 month repayment period for their arrears, can apply to repay their arrears interest free over a period not exceeding 100 months to make a more affordable arrangement. This arrangement must be paid monthly together with the current account and will immediately cease if the debtor defaults.
- Extension for normal full payment of a current account which has no arrear balance, can be made until the end of a month or the next salary payment date of an employed client.

7.2.4 Breaching of repayment contracts is regarded as a violation of this policy and will lead to renewed disconnection of services as well as legal procedure for the collection of the arrears.

In instances of such contract breach, services can only be reconnected and legal procedures be put in abeyance after the reinstatement of the contract by payment of all repayment instalments in arrears and the unpaid current accounts.

In cases where the reinstatement of a breached contract is not possible, new repayment contracts can only be considered for residential households if substantial proof, excluding sworn affidavits, can be submitted regarding unforeseen financial and personal circumstances. In such cases, the

Finance Department's Credit Control Section will advise the debtor to save on the current levies by either curbing consumption or by requesting certain services to be discontinued for an agreed period of time. By so doing, the repayment of the arrears together with the current account is made more affordable.

- 7.3 Settlement offers for full and final payment of arrear amounts can be considered and granted by the Chief Financial Officer subject to the following conditions:
- Not more than the arrear interest levies on the account, or a portion thereof, can be granted as a credit against such an account, if it is in the best financial interest of the Municipality.
 - Out of Court settlement offers by debtors against whom legal action is pending can be considered after consultation with the Municipality's Legal Counsel, if it is in the best financial interest of the Municipality.
 - Full particulars of other settlement offers and the Finance Department's recommendations are referred to the Mayoral Committee for consideration.

8 RECONNECTION OF SERVICES

Where services are disconnected as a result of the application of this policy, these services can only be reconnected under the following circumstances:

- 8.1 Water supply restricted for non-payment by clients, can only be normalised after either receipt of the amount in arrears or conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
- 8.2 Water supply which has been restricted due to non-payment will only be normalised after either full payment of the arrears, or upon receipt of an appeal for normalisation due to a good payment record of three (3) months on the repayment contract and the current monthly levies. The Chief Financial Officer will receive and evaluate each such an appeal before normalisation.
- 8.3 Electricity supply discontinued due to non-payment can only be reconnected after receipt of the amount in arrears or the conclusion of a settlement arrangement for payment of the arrears in terms of this Policy.
- 8.4 Any services which are discontinued as a result of tampering with the Municipality's distribution networks and/or -mechanisms can only be legally reconnected if a Court orders so.

If the affected client, however, admits in writing that he/she permitted or committed the tampering and undertakes to not repeat the action and concludes a settlement arrangement for payment of the arrears in terms of this Policy, service reconnection can also be made. Such written admission will be kept on the case document for future use in case of repeated tampering.