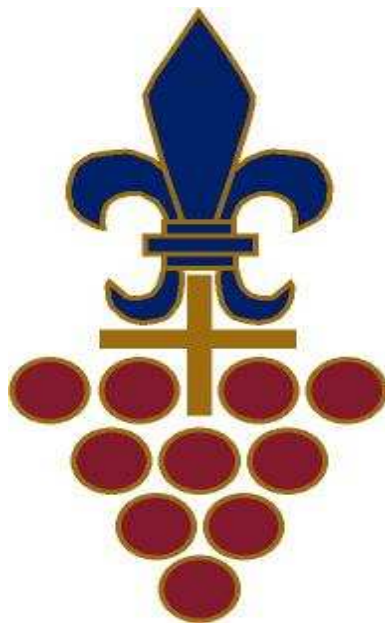


STELLENBOSCH MUNICIPALITY



IRRECOVERABLE DEBT POLICY

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IRRECOVERABLE DEBT POLICY

1. Preamble

The Stellenbosch Municipal Council accepts and acknowledges its Constitutional duties and mandate towards the community/consumers of WC024.

Council further acknowledges that in order to deliver services in a sustainable manner, that same be managed in terms of Councils Debt Collection and Credit Control Policy having due regard of it's limited financial resources and the need to manage cash flows.

Council therefore are very aware of its duty to prepare financial statements that gives a true reflection of the financial position for a given period.

2. Debt associated with property ownership (rates accounts)

Debt raised for assessment rates and for the rendering of services such as refuse removal, sewerage and electricity and water availability fees/ charges, will not be written off, except in cases where a property is disposed of in a liquidation process and the proceeds do not cover the outstanding debt.

3. Metered services Debt

Debt owed to Council resulting from consumed metered services, i.e water and electricity consumption will only be regarded as irrecoverable in the following instances:

- In the event that the consumer/s is untraceable
- If the debt has prescribed
- Insolvent estates

4. Sundry Debt/ Direct Income

Debt owed to Council arising from auxiliary services rendered by Council or its agent will be regarded as irrecoverable in the following instances:

- In the event that the debtor is untraceable
- If the debt has prescribed

- Insolvent estates

5. Requirements before writing off debt

Before any debt can be considered for writing-off, all applicable actions as contained in the approved Credit Control and Debt Collection Policy of Council must have been executed/ implemented. However, in special cases where the requirements in terms of Council's Credit Control and Debt Collection Policy are impractical, the administration must motivate which other remedies were applied or actioned.

6. Other cases

The allocation of stands and or houses (low cost) with State associated funds by the applicable directorate, has in some instances resulted in debt being raised and carried on Council's financial system in the name of the intended beneficiary as per Council's records, but who never took occupation of the property for one or more of the reasons that follows herein after or for a dispute that arose and can reasonably be motivated by the applicable Director or his/her delegated official.

- Occupation taken by illegal occupants
- Failure to have informed the intended beneficiary
- Alteration of allocation not effected in council's records

7. Indigent households

The irrecoverable debt of registered indigent consumers will be written off on a bi- annual basis by Council subject to the requirements in the Indigent policy.

8. Bad Debt Recovered

Bad debt recovered after having been written off by Council will be treated in terms of council's Accounting Policy

9. Amounts up to R 5 000 and above R 5 000

The writing off of debt above five thousand rand (R5 000) will be effected after council approval and the writing off of debt amounting to five thousand rand (R5 000) and below will be effected after motivation and approval by the Chief Financial Officer or his delegee.

R 0 – R 5 000.00 Chief Financial Officer

10. Provision for irrecoverable debt

Provision for bad /irrecoverable debt will be dealt with in terms of Council's Accounting Policy

11. Meritorious Cases

Notwithstanding the framework provided in this policy for the writing off of irrecoverable debt, Council mandates the CFO or his / her delegee to consider and recommend to Council meritorious cases and provide reasons for same on a quarterly basis.