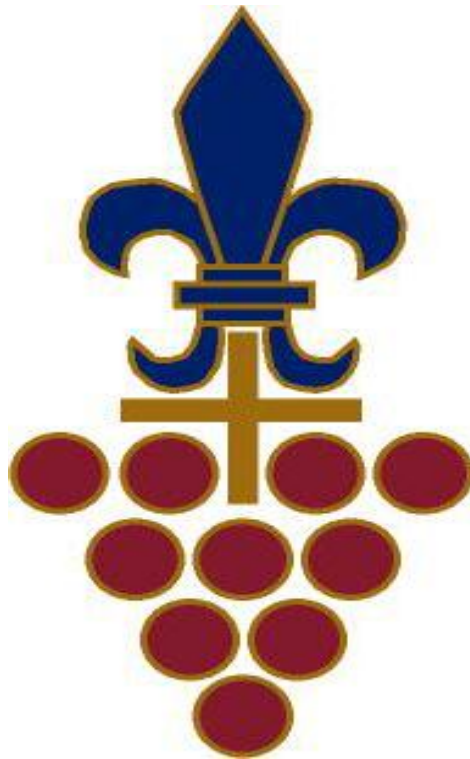


STELLENBOSCH MUNICIPALITY



IRRECOVERABLE DEBT POLICY

2013 /2014

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PREAMBLE

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

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

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

1. Debt associated with property ownership (rates accounts)

Debt raised for assessment rates and for the rendering of services such as solid waste (refuse) removal, sewerage as well as 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.

2. 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:

- (i) In the event that the consumer/s is/are untraceable
- (ii) If the debt has prescribed
- (iii) Insolvent estates

3. Sundry Debt/ Direct Income

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

- (i) In the event that the debtor is untraceable
- (ii) Insolvent estates

4. 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 were impossible to implement, the administration must motivate which other remedies were applied or actioned.

5. 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.

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

6. Indigent households and conditions applicable to written-off amounts

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.

In a case where an indigent consumer and or any other consumer, whose debt was written off in the last 5 years, applies/requires a clearance certificate for the purposes of selling such property, all written-off amounts will be recouped before transfer.

7. Bad Debt Recovered

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

8. 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 to and approval by the Chief Financial Officer (CFO) or his/her delegee (the latter amount is per individual case).

R 0 . R 5 000 Approval by Chief Financial Officer

Above R 5 000 Approval by Council

9. Provision for irrecoverable debt

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

10. 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.

11. Short Title

This policy is the Irrecoverable Debt Policy of the Stellenbosch Municipality.