

PORTFOLIO COMMITTEE :
FINANCE & ECONOMIC DEVELOPMENT

Chairperson :

Cllr D Coetzee

Committee Members :

**Ald P May, Cllrs L Krige,
R de Coning, S Gxamesi**

PORTEFEULJEKOMITEE :
FINANSIES & EKONOMIESE ONTWIKKELING

Voorsitter :

Rdl D Coetzee

Komiteelede :

**Rdh P May, Rdle L Krige,
R de Coning, S Gxamesi**

FINANCE & ECONOMIC DEVELOPMENT PORTFOLIO COMMITTEE
FINANSIES & EKONOMIESE ONTWIKKELING PORTEFEULJEKOMITEE

17 NOVEMBER 2015

I N D E X

ITEM

**PAGE
NUMBER**

OPENING

APPLICATIONS FOR LEAVE OF ABSENCE

**STATEMENTS AND COMMUNICATIONS BROUGHT FORWARD BY THE
CHAIRPERSON**

1. WRITING OFF OF IRRECOVERABLE DEBT

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**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 November 2015
(Also the agenda for the Mayoral Committee Meeting : 25 November 2015)**

**1.
WRITING OFF OF IRRECOVERABLE DEBT**

5/17/1

**EM Hooneberg
20 October 2015**

(028) 313 8149

Head Office Administration

1. Executive Summary

The purpose of the report is to request Council to approve the writing off of debt that has become irrecoverable.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate Finance
Department Revenue

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Systems Act, Act 32 of 2000
Customer Care, Credit Control & Debt Collection Policy
Indigent Policy

6. Background/Discussion/Evaluation/Conclusion

6.1 Background

According to the Customer Care, Credit Control & Debt Collection Policy (CC,CC,DC P):

- Section 8.7 stated that debt will only be considered as irrecoverable if it complies with specific criteria as set out in the policy.
- Section 8.7.2 stated that all debtors who qualify and are registered as indigent, will have their arrears written off once during ownership of the property

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6.2 Discussion

6.2.1 Annexure A – Debts on Indigent accounts R242,685.24 (Section 8.7.2 of CC,CC,DC P)

This list consists of accounts where the owners have qualified for the indigent grant and are currently receiving it but the arrear amounts have not yet been written off.

All the debtors are **new** registered indigent applications and part of a write off list for the **first** time.

6.2.2 Annexure B – Indigent water leakages irrecoverable: R174,329.99

The leakages were repaired as part of a project launched to investigate the high percentage in water losses.

Close monitoring of monthly water consumption takes place to ensure timeously reporting of water leaks and installation of flow limiter water meters to reduce water losses and limit the outstanding debits.

6.2.3 Annexure C – Final accounts equal or less than R1,500.00: R4,161.45 (Section 8.7.1 (b) of CC,CC,DC P)

Final accounts, where amounts are equal to or less than R1 500.00, are considered too small, after having followed due processes. It will not be cost effective to recover such amounts through legal processes.

As a preventative tool the deposits were adjusted to two times average consumption during the preceding 12 months on an annual basis.

6.2.4 Annexure D – Other R83,701.08

The list consists of several accounts (including all handed over accounts) of Rowan Tree 100 (Pty) for erf 840 De Kelders and Future Trust.

This is two **insolvent estates** and as per Section 118(1) of the Local Government Systems Act, the previous two (2) year's figures were paid to obtain a Rates Clearance Certificate, which was given on 07 October 2015.

It is duly noted that the purchaser paid the outstanding fees, and rates which became due within the two years preceding the date of application. It is further noted that a remaining outstanding balance (debt older than 2 years) still exists against the insolvent estate.

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Consideration was further given to our attorneys advices that the Municipality loses its preferential claim against the insolvent estate, pertaining to debt older than two years.

In due analysis regard must be given to the principle elements of section 118 of the Municipal Systems Act, with specific reference to section 118(2), which is subject to the provisions of section 89 of the Insolvency Act of 1936. In addition the *Kaplan v City of Johannesburg Supreme Court of Appeal Judgment*, recognized that section 89(4) of the Insolvency Act apply to claims falling within the definition of a tax as prescribed in section 89(5). However section 89(4) of the Insolvency Act does not limit preference conferred to Municipalities by section 118(3) if the debt falls outside the meaning of debt prescribed in section 89(5) of the Insolvency Act. If the value of the proceeds in the insolvent estate is not substantial enough to carry the debt, the risk still remains that the Municipality will have to pay a cost contribution.

7. Financial Implications

Source of Funding e.g. Capital/Operating Budget Provisions

Vote/Work Code	:	4 02 0630 002 0 4 02 0630 024 0 4 02 0630 026 0 4 02 0630 028 0 4 02 0630 030 0 4 02 0630 032 0 4 02 0630 034 0
Vote/Work Code Description	:	Impair Rates Impair Electricity Impair Property Rental Debtors Impair Service Charges Impair Waste Management Impair Waste Water Management Impair Water
Budget Provision 2015/16	:	R16,971,633.87
Spent to Date/Committed	:	R 0.00
Balance Available	:	R16,971,633.87
Funds Required	:	R 504,877.76

8. Staff Implications

N/A

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9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

- Annexure A: First time write off – Indigent Households
- Annexure B: Indigent water leakages irrecoverable
- Annexure C: Final accounts equal or less than R1,500.00
- Annexure D: Irrecoverable Debt: Other

RECOMMENDATION TO THE COUNCIL:

that the irrecoverable debt to the value of R504,877.76 as listed, **be written off** as bad debt:

<u>Annexure</u>	<u>Description</u>	<u>Amount</u>
A:	First time write off – Indigent Households	R 242,685.24
B:	Indigent water leakages irrecoverable	R 174,329.99
C:	Final accounts equal or less than R1,500.00	R 4,161.45
D:	Irrecoverable Debt: Other	R 83,701.08
TOTAL		R 504,877.76

RESPONSIBLE OFFICIAL :

E M HOONEBERG

TARGET DATE FOR IMPLEMENTATION :

30 NOVEMBER 2015

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**EM Hooneberg
20 October 2015**

(028) 313 8149

Corporate Head Office

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
17 NOVEMBER 2015, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

that the item **be referred back** for investigation and be resubmitted at the forthcoming Mayoral Committee meeting.

RESPONSIBLE OFFICIAL :

E M HOONEBERG

TARGET DATE FOR IMPLEMENTATION :

30 NOVEMBER 2015

1ST TIME WRITE OFF INDIGENT HOUSEHOLDS

Account	Suburb	Debtor	Initial	Total
14000007495	GBP	MOURIES	J&K	3 875.88
14000017353	GBP	EUROPA (MUN)	JJ	7 701.86
14000037038	GGB	JONES	GE&J	4 954.80
141022640013	GGB	KING	GS&BE	1 354.36
146004660041	GPB	VAN TONDER	HC	3 799.60
146027110004	GPB	OERSEN	P&WC	7 773.56
146028490000	GPB	NGCWAMA	U	5 787.72
200864910004	HMP	FISHER	SE	9 784.59
200867330009	HMP	PHILANDER (MUN)	MD	1 589.56
200867730007	HMP	MAJAVIE	D&N	2 326.43
200869700006	HMP	THOMPSON	HP&C	5 831.12
201000021644	HMP	PIETERS	WJ&LA	2 781.00
201000104505	HMP	MOLFERT	EJ	2 392.63
201000104354	HON	THERON	A	23 802.82
900000050547	HZW	KALINO	SJ&SL	4 516.84
312724100011	KOH	ADONIS	RM&PB	31 138.03
312727600008	KOH	MBINAMBINA	M	9 294.15
327376000031	KOH	MDITSHWA	N	10 068.54
327409000049	KOH	MPHATHISWA V & PETER		8 685.13
312644200004	KPR	CEDRAS	HE	3 493.62
312644600002	KPR	LAWERDIEN	G	9 171.74
326019000047	KPR	HASSIEM	JL	37 890.14
326871000041	KU6	HENDRICKS	EE	44 671.12
				242 685.24

ANNEXURE B

INDIGENT HOUSEHOLDS: WATER LEAKAGES – IRRECOVERABLE

Account number	Erf	Suburb	Debtor's Name	Total
144008830008	883	Blompark	PJ&C Europa	4 632.20
450000014394	1637	Stanford North	DN&N Badula	4 292.84
450000003277	789	Stanford North	E Booysen	6 515.53
201000107979	9359	Zwelihle	IN Mvimbi	17 527.94
201015650002	1565	Zwelihle	CN&MJ Manisi	1 184.12
900000105379	2723	Hawston	E&A Isaacs	6 291.22
312650300000	6503	Proteadorp	F&HP Carelse	397.93
200867450011	6745	Mount Pleasant	R Witbooi	4 536.71
146026820009	2682	Pearly Beach	P Mfezi	1 337.39
146027060002	2706	Pearly Beach	M Mbhekile	2 556.49
149023170007	2317	Masakhne	H&S Van Wyk & Booysen	2 114.43
205012150006	1215	Hawston	ZR&DW Poole	562.68
144008590001	859	Blompark	J&M Dieckson	522.20
201000004560	7850	Mount Pleasant	J&EC Plaatjies	4 745.06
201005870003	587	Zwelihle	JN Wani	4 072.91
201000065888	813	Hawston	OHP Petersen	1 382.45
900000108963	9066	Zwelihle	G&P Chukwuma & Mgoqi	1 677.95
205007660004	766	Hawston	JP Hunter	868.04
900000112234	7747	Mount Pleasant	A&M Sebastian	1 177.06
201000105757	9195	Zwelihle	M Suza	2 416.96
900000191486	9290	Zwelihle	X&SS Malote	4 428.03
203011490202	1149	Sandbaai	AM Peace	3 936.61
201000034299	2089	Hawston	RJ Johnson	1 336.88
200869350003	6935	Mount Pleasant	T Filander	1 854.89
327344000001	7344	Kleinmond	N Maneli	1 070.26
900000236460	9204	Zwelihle	G Esau	1 868.27
201001580009	158	Zwelihle	E Zondani	4 673.20
141018770007	1877	Gansbaai	MCJ Henning	1 585.27
201000111312	9011	Zwelihle	S Andrews	1 921.43
201000179761	9163	Zwelihle	TM Sandi	25 674.43
451000005063	2184	Stanford North	AN Gcanga	1 475.06
450000015003	1375	Stanford North	FN&N Zawula & Menze	2 393.95
205007090009	709	Hawston	SM Africa	5 002.81
201000119688	1845	Zwelihle	M Ponoane	767.48
352293200105	2932	Betty's Bay	GD Thorburn	1 867.23
201000002812	7820	Mount Pleasant	C Prins	2 135.42
141022670003	2267	Gansbaai	JH Fourie	1 270.04
149019400002	1940	Masakhne	FM&RN Ngcabshe	4 631.17
149020120003	2012	Masakhne	VA Mangali	445.05
144006580006	658	Blompark	H Claassen	580.58
312736100001	7361	Overhills	GC Bunga	662.18
205004780000	478	Hawston	CC Aplon	5 663.52
201000118498	8984	Zwelihle	MN&N Mbondi & Mfanekiso	2 777.39
201007820004	782	Zwelihle	N Hlezupondo	5 314.90
201000105733	9191	Zwelihle	M Ngxixana	16 571.70
201000115457	1795	Zwelihle	N&D Papani & Mpisekhaya	2 889.11
149023150009	2315	Masakhne	SM&L Siwela	2 721.02
TOTAL				174 329.99

ANNEXURE C

FINAL ACCOUNTS UNDER R1 500,00

Account	Suburb	Debtor's	Initial	Total
140000033876	GPB	VAN NIEKERK	N	6.37
146021420006	GPB	BINDEMANN	AF	393.22
148002290000	GRBRE	SHELF-LINE 133 (PTY)		249.65
201000283369	HEC	BIJL	CJ	488.98
201000203312	HMS	KOTZE	S	0.02
202031230003	HON	HORWITZ	M	401.24
900000054840	HON	GELDENHUYS	OH	27.82
201000151710	HSB	DEETLEFS	M	10.30
201000256372	HSB	TROLLIP & OTHERS	G	252.91
201000087424	HVM	ESMERALDO	MQ	143.37
204006100005	HVM	CLOETE	JB&P	479.53
900000160550	HVM	LEWIS	DA	577.60
201000045316	HZW	KWEKWANA	SM&MS	117.17
201007070003	HZW	TUBU	EN	495.83
900000164341	HZW	ZANTSI	GY	207.74
318547205070	KKM	TOMMY'S PIZZA DEN		309.70
				4 161.45

ANNEXURE D

WRITE OFF OTHER IRRECOVERABLE DEBT (W/OFF OTHER)

Account	Suburb	Debtor	Total	Comment
900000192298	GFK	ROWAN TREE 100 (PTY)	31 041.06	Insolvent Estate e
900000231623	GFK	ROWAN TREE 100 (PTY)	9 189.02	
900000254428	GFK	ROWAN TREE 100 (PTY)	6 821.72	
900000268878	GFK	ROWAN TREE 100 (PTY)	3 213.50	
900000288986	GFK	ROWAN TREE 100 (PTY)	1 715.45	
900000347436	HVM	FUTURE TRUST	31 720.33	Insolvent Estate
			83 701.08	