

METSIMAHOLO LOCAL MUNICIPALITY

INDIGENT POLICY



2020/2021

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INTRODUCTION

- 2.1 The Municipal Council must give priority to the basic needs of the community; promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152 (1) (b) and 153 (b) of the Constitution.
- 2.2 Basic services are generally regarded to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.
- 2.3 The Constitution recognises Local Government as a distinct sphere of Government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform their basic function of providing essential services to the community within their boundaries.
- 2.4 The key purpose of an indigent subsidy policy is to ensure that households with no or low income are not denied a reasonable service, and on the contrary the Municipality is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.

LEGISLATIVE FRAMEWORK

The policy is designed and implemented within the framework of the following legislation: -

1. The Constitution of the RSA, 1996;
2. Local Government Municipal Systems Amendment Act, 2003, Act No. 44 of 2003;
3. The Local Government Municipal Finance Management Act, 2003, Act 56 of 2003;
4. The Promotion of Administrative Justice Act, 2000, Act No 3 of 2000;
5. The Promotion of Access of Information Act, 2000, Act No 2 of 2000;
and
6. The Local Government Municipal Property Rates Act, 2004, Act no 6 of 2004.

AIMS AND OBJECTIVES OF THE POLICY

To distinguish between those who can and cannot genuinely pay for services;

To get those who cannot pay to register with the municipality so that they could be given subsidies;

To enable the municipality to determine and identify defaulters to ensure appropriate credit control procedures are taken; and

To establish an indigent register of all persons who comply with the policy.

To ensure that the provision of free basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council;

To provide procedures and guidelines for the subsidisation of basic service charges to its indigent household consumers, using the Council's budgetary provisions received from National Treasury, according to prescribed policy guidelines.

For Council to also recognise that many of its residents cannot simply afford the cost of services and to cater for such residents.

The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidisation.

It is however important to note that the subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy received.

1. DEFINITIONS

“Child headed households” means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract;

“Free Basic Services” refers to a basket of free services that are linked to an indigent policy which targets the poor in every municipality. The basket of services includes, water, electricity, refuse removal, sanitation and property rates. These services are capped and provided to people who qualify, based on pre-determined criteria, as stipulated in this policy.

“Household” means as a registered owner with or without children, together with all other people who reside on the same premises, and contribute towards the consumption of services;

“Indigent” means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a services subsidy.

“Municipality or MLM” means the Metsimaholo Local Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, Councillor, duly authorised agent or any employee acting in connection with this policy by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, Councillor, agent or employee;

“Indigent Officer” means an official duly authorised by the municipality, or an employee of service provider appointed by the municipality, who is responsible for the following: -

- (a) To ensure that applications for Indigent support are received and assessed;
- (b) To ensure that applications are captured on the Financial system of the municipality;
- (c) To ensure that information on applications are verified and that regular audits are executed and
- (d) To authorise expenditure with regard to indigent support.

“Occupier” means the person who controls and resides on or controls and otherwise uses immovable property, provided that: -

- (a) The spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- (b) Where both spouse reside on immovable property and one of them is an occupier thereof, the other shall also be deemed to be an occupier;

“Indigent” means people are defined as those particular people, due to a numerous factor who are unable to pay for their basic services due to inter alia being unemployed, social pensioners, child headed families.

“Indigent register” means the electronic database, which has to be updated on a monthly basis, designed to contain all the input data contained within completed indigent application forms and which contains details regarding the applicant’s personal and socio-economic details;

“Owner” in relation to immovable property, means: -

- (a) The person in whom is vested the legal title thereto provided that: -
 - (i) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;
- (b) if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be or
- (c) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

“Premises” includes any piece of land, the external surface boundaries of which are delineated on: -

- (a) a general plan or diagram registered in terms of Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
- (b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality of the municipality;

“Rates” means any tax, duty or levy imposed on property by the Council.

2. POLICY PRINCIPLES

The following should be the guiding principles for the Indigent Policy:

- 4.1 The indigent policy is in accordance with the Local Government: Municipal Systems Act, no 32 of 2000, as amended and other related legislation.
- 4.2 Relief will be provided by the Council to registered residential consumers of services.
- 4.3 The Council must, wherever possible, ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of household consumers.
- 4.4 Differentiation must be made between those household consumers who cannot afford to pay for basic services and those who just do not want to pay for services.
- 4.5 It should be based on a predetermined period or for the financial year.
- 4.6 The Indigent Policy will prevail as long as funds are available.
- 4.7 The Council may review and amend the qualification criterion for Indigent support.
- 4.8 The collective or joint income of all occupants on a residential stand will be taken into account, in determining the household income. The total household income must be correctly reflected on the application form requesting indigent assistance.
- 4.9 If a person is found to be indigent, the person should be registered on the indigent database linked to the debtor's system to ensure cost effective and efficient management thereof.
- 4.10 The residents must formally apply on the prescribed application form for the relief and will qualify for the indigent support according to the prescribed criteria as approved by Council.
- 4.11 After the application form has been completed, an effective and efficient evaluation system should be used in order to obtain the outcome within a reasonable time determined by the Council.
- 4.12 The onus is on the recipient to immediately inform the Council of any change in his /her status or personal household circumstances.
- 4.13 Disciplinary measures decided by the Council, should be imposed on people who misuse the system and provide incorrect information.

3. RESPONSIBILITY AND ACCOUNTABILITY

The Council has the overall responsibility for laying down the Indigent Policy.

4. CRITERIA TO QUALIFY FOR INDIGENT SUPPORT

- a. The applicant must be a resident within Metsimaholo Local Municipality
 - b. Grant-in-aid may, within the financial ability of the Municipality, be allocated to owners of premises who receive electricity (either from Council or directly from Eskom), water, sanitation, refuse removal or assessment rates services from the Municipality, in respect of charges payable to the Municipality for such services.
 - c. These grants may be allocated if such a person of the property concerned can submit proof or declare under oath that all occupants over 18 years of age or in a case of a child headed household, consumers had no income or a verified total gross income that would qualify the household to be regarded as indigent.
- 6.1 If the total income of all occupants is not more than the amount determined to qualify for an indigent support.
The amount is deemed to be equal to the amount received by two state old age pensioners plus R 1 000. (One thousand rands)
 - 6.2 Only one application per household in respect of one property only shall qualify for consideration.
 - 6.3 The subsidy will apply to the owner of the property concerned.
 - 6.4 The subsidy will not apply in respect of household consumers owning more than one property.
 - 6.5 A business, school, body corporate, club or governing body shall not qualify for consideration
 - 6.6 Where water consumption of an indigent consumer exceeds the kilolitres of water being subsidised, Council may install a flow control washer, or a prepaid water meter or any other mechanism that will restrict or limit the flow to the kilolitres of water being subsidised

5. APPLICATION FOR INDIGENCY

An application for Indigent support must be completed by all consumers who qualify and wish to benefit in terms of this policy. The consumer, in order to qualify as an indigent, needs to complete the necessary application form as required and agree to regulations and restrictions stipulated by Metsimaholo Local Municipality

- 5.1 The account holder must apply in person and must present the following:
 - 5.1.1 The latest Municipal account in his/her possession.
 - 5.1.2 The account holders and spouse's identity documents.
 - 5.1.3 Provision for child headed household consumers and property inherited must be specified.
 - 5.1.4 An application form indicating the names and identity numbers of all occupants over the age of 18 years, who reside at the property.
 - 5.1.5 Documentary proof of income or an affidavit confirming the household income.
 - 5.1.6 Statement of monthly income where applicable
 - 5.1.7 Bank statement for the past three months of applicant and spouse where applicable.
- 5.2 All applications must be verified by an official or municipal agent appointed by Council.
- 5.3 The relevant Ward Councillor and the ward committee members should assist during the evaluation and verification process of the application.
- 5.4 If an application is favourably considered, a subsidy will be granted during that municipal financial year and the subsequent twenty-four (24) months budget cycle. The onus will rest on the approved account holders to reapply for relief after three (3) years.

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

6. MAINTENANCE OF AN INDIGENT REGISTER

6.1 The Chief Financial Officer or his /her delegate will be responsible to compile and administer the database for household consumers registered in terms of this policy.

6.2 Council reserves the right to send officials or its agents from time to time to the premises of consumers receiving relief for the purpose of conducting an on- site audit and verification of the details supplied and so as to confirm the validity of the application for indigency.

6.3 The register is to be made available to Councillors in electronic format or hardcopy, as and when requested

7. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

- a. Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/ or informal sources, is declared.
- b. Any person who supplies false information will be disqualified from further participation in the subsidy scheme. He /she will also be liable for the immediate repayment of all subsidies received, reversal of any debt written off and the institution of criminal proceedings, as Council may deem fit.
- c. When an indigent consumer fails to comply with the conditions stipulated to receive the subsidy, the consumer will be dealt with in terms of the Council's credit control procedures.
- d. The onus also rests on the indigent support recipients to immediately notify Council of any changes in their indigence status.

8. SERVICES TO BE SUBSIDISED

A consumer qualifying for indigent support will receive the following subsidies as determined annually during the preparation of the municipality's budget:

Services	Indigent subsidy
Water	Maximum of 6 kl
Electricity(conventional and pre-paid)	50 kWh
Refuse removal	100% subsidised
Basic Water	100% subsidised
Basic Electricity	100% subsidised
Sanitation	100% subsidised
Assessment Rates rebate	Up to R 50.00 maximum.

a. Water

- i. All registered indigents will receive a maximum of 6 kilolitres of water per month fully subsidised. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year.
- ii. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

b. Electricity

- i. All registered indigents will receive 50 units (kilo Watt hours) of electricity per month free of charge. Un-used free electricity units will not be carried over to the next month.
- ii. Any tampering with electricity meters will result in the subsidy being withdrawn.

- iii. Where electricity is supplied by Eskom, the Council will enter into a service level agreement with Eskom to pay over the subsidy for indigents qualifying in terms of this policy

c. Refuse removal

- i. All registered indigents shall be fully subsidised for refuse removal as determined and provided by the Council in the annual budget from time to time.
- ii. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year.
- iii. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

d. Sanitation

- i. All registered indigents shall be fully subsidised for sanitation costs as determined and provided by the Council in the annual budget from time to time.
- ii. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year.
- iii. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

e. Assessment Rates

- i. All registered indigents shall be fully subsidised for the payment of property rates as determined and provided by the Council in the annual budget from time to time.
- ii. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year.

- iii. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

f. Burials

In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery.

9. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES

9.1 Indigent consumers living in retirement centres or old age homes shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures: -

1. The onus will be on the Board of Trustees/Managing Agent (hereinafter referred to as the representative) to apply to the municipality, for indigent status to be granted in respect of electricity and water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.
2. The representative will submit applications to the Chief Financial Officer.
3. The Indigent Officer must verify all applications and he or she must notify the representative, whether an application was successful or not, with regard to the electricity and water consumption.
4. The Chief Financial Officer will credit the monthly municipal account: -
 - i. Electricity account of the Retirement Centre or Old Age Home with electricity charges. The amount will be calculated by multiplying the number of units that qualify for assistance with 50 kWh per unit.
 - ii. Water account of the Retirement Centre or Old Age Home with water charges. The amount will be calculated by multiplying the number of units that qualify for assistance with 6 kl water per unit.
5. The representative must, in respect of monthly electricity and water credits allowed under indigent support, ensure that such credits are offset against the monthly levies of the relevant individual units; such representatives also being required at intervals as may be determined by the municipality, to provide proof to the Chief Financial Officer that the monthly levies of indigent households which qualify for assistance, have been adjusted by the amounts credited to the account of the Retirement Centre or Old age Home

10. SOURCE OF FUNDING

- a. The amount of subsidisation will be limited to the amount of the equitable share received on annual basis. The amount may be varied on a yearly basis according to the new allocation for a particular financial year.
- b. If approved as part of the tariff policy the amount of subsidisation may be increased through cross subsidisation, i.e. step tariff system.

11. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY

- a. No amount shall be paid to any person or body, but shall be transferred as a credit towards the approved account holder's municipal services account in respect of the property concerned.
- b. Arrear amounts shall not qualify for any assistance and shall not be taken into consideration. Calculations shall be based on the monthly current accounts only and in accordance with the approved tariff policy.
- c. If consumption exceeds the subsidised amount, the consumer will be charged for the excess consumption at normal tariffs, and will remain liable for the excess consumption. Normal credit control measures will apply in recovering the amount payable
- d. Where the consumption of municipal services is less than the subsidised amount, the unused portion may not be accrued (carried over to the next month) by the customer and will not entitle the customer to a cash payment or a rebate in respect of the unused portion.
- e. The municipality may install a prepaid electricity meter where a consumer is provided with free basic electricity by the Municipality. Such a consumer must agree to the installation of a prepaid meter where one has not already been installed.

12. ARREAR ACCOUNTS

- a. The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges.
- b. The arrears on the accounts of household consumers, approved as indigent, will be submitted Council to be written off in full (including any interest charges). Arrear accounts will be subjected to evaluation by the Revenue Manager or the Assistant Manager before write off can be effected. The write off will only be valid as a once off exercise after the approval by Council and will not be applicable for future consumption in excess of the approved subsidy.

13. RESTRICTION OF SERVICES

- a. Where restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of the Council policy.
- b. Where restrictions are not possible or not practical to implement the account holder will be responsible for the consumption in excess of the approved subsidy.
- c. If services are to be suspended thereafter in terms of the approved credit control policy, the approved tariff for reconnection will be payable.
- d. Where the electricity services have been tampered with, the meter will be removed and penalties will be payable as per the approved tariff charges.

14. ASSISTANCE PROCEDURES

a. Communication

- i. The municipality must develop a communication strategy in terms of which the communities will be informed and educated in order to have clear understanding of this policy and its implementation.
- ii. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in

general and methods of communications may include, but will not be limited to:

1. Ward committees;
2. Community based organisations;
3. Local radio stations and newspapers;
4. Municipal accounts;
5. Imbizo's and roadshows; and
6. Jamborees where government and municipal officials are made available to assist residents with applications.

b. Right to Appeal

- i. An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal in terms of section 62 of the Local Government Municipal Systems Act, Act No 32 of 2000.

Any resident may query the qualification of a recipient in writing, forwarded to the Finance department for attention of the CFO

15. MONITORING AND REPORTING

15.1 The Chief Financial Officer must report quarterly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on: -

15.1.1 Number of Indigent household applications received;

15.1.2 Amount of subsidy allocated per benefit category;

15.1.3 Performance against targets set in respect of Indigent support and poverty relief and in particular with regard to the following:

15.1.3.1 Number of applications for indigent support dealt with;

15.1.3.2 Site visits undertaken

15.1.3.3 Awareness initiatives; and

15.1.3.4 Changes in the registered status of indigents.

16. EXIT MECHANISM

- 16.1** Members of households registered as indigent must be prepared to participate in exit programmes co-ordinated by the municipality in collaboration with other government departments and the private sector.
- 16.2** As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.
- 16.3** The municipality must promote exit from indigence by: -
- 20.3.1** Identifying indigents for inclusion in public works projects;
 - 20.3.2** Initiating local job creation projects such as cleansing operations, small infrastructure projects, etc.;
- 16.4** Facilitation of opportunities to enter the informal trade market;
- 16.5** Facilitation of food security projects; and
- 16.6** Liaison with National and Provincial departments to include indigent persons in their public works programmes.

17. IMPLEMENTATION & REVIEW OF THIS POLICY

- a. The policy shall be implemented once approved by Council.
- b. In terms of section 17(3) (e) of the Municipal Financial Management Act this policy must be reviewed on an annual basis and any proposed amendments tabled to Council for approval as part of the budget process.