

# **SOL PLAATJE MUNICIPALITY**

## **Indigent Management Policy**



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**1. INTRODUCTION**

- 1.1 The Municipal Council recognises that it must give priority to the basic needs of the community, promote the social and economical 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.
- 1.2 The Constitution acknowledges local government as a distinct sphere of government and as such also entitles it to an equitable share of nationally raised revenue, which will enable it to perform its basic function of providing essential services to the community.
- 1.3 Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay the normal tariffs for municipal services. The municipality therefore adopts this Indigent Management Policy to ensure that these households have access to at least basic municipal services.
- 1.4 Basic services are generally regarded as access to clean drinking water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.

**2. PURPOSE OF THIS POLICY**

The purpose of this policy is to:

- 2.1 Ensure the provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Municipality.
- 2.2 Provide procedures and guidelines for the subsidization of basic services to its indigents, using the Municipality's budgetary allocations through the equitable share.
- 2.3 Set fair criteria and a consistent, transparent and reasonable threshold for the determination of indigent households and set appropriate subsidies consistent with the Municipality's Tariff Policy.

**3. LEGISLATIVE FRAMEWORK**

- Constitution of the Republic of South Africa, (Act No 108 of 1996)
- The Local Government: Municipal Systems Act (Act No. 32 of 2000)
- Municipal Finance Management Act (Act No. 56 of 2003)
- White Paper on Transforming the Public Service (Notice 1459 of 1997)

**4. CRITERIA FOR QUALIFICATION**

Indigent households are categorised into two components viz: Asset Indigent and Income Indigent. An Asset Indigent household is one where the applicant is the owner of a property with a value below a certain threshold as contemplated below. An Income Indigent household applies when the applicant meets the criteria for indigent status based on income where such applicant (whether property owner or not) does not meet the criteria for “Asset Indigent” registration.

**4.1 ASSET INDIGENT**

- 4.1.1 The applicant must be the owner of the property;
- 4.1.2 The property’s value may not exceed R60 000.00 as contained on the Municipal Property Valuation Roll;
- 4.1.3 The applicant may not be the owner of more than one property;
- 4.1.4 Such property may not be used for business purposes;
- 4.1.5 The property must have an electricity prepaid meter installed.

**4.2 INCOME INDIGENT**

- 4.2.1 Households where the combined and verified total gross monthly income (excluding social, foster care, disability and child grants) of all occupants over 18 years of age and does not exceed R2 500 per month shall qualify for an indigent subsidy.

- 4.2.2 The subsidy will only apply in respect to one household, if the owner owns more than one property; the subsidy shall only apply in respect of one property.
- 4.2.3 Only households where the account-holder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose registration has been accepted, verified and entered into the register of indigents shall qualify.
- 4.2.4 For a household to qualify for subsidies or a rebate on the major service charges the registered indigent must be the full-time occupant of the property concerned.
- 4.2.5 For a household to qualify for a rebate on rates, the registered indigent must be both the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the municipal area.
- 4.2.6 A prepaid electricity meter must be installed at the subject property before any debt write-off may be effected in terms of the municipality's Debt Write Off Policy.
- 4.2.7 Debt write-off for indigent households should occur every two years, subject to re-verification of indigent status.
- 4.2.8 To register as an indigent, the relevant property owner or account-holder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies, subject to clause 4.2.10.
- 4.2.9 The municipal manager will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place. Registration will take place on dates and at times and places determined by the Council.
- 4.2.10 Efforts should be made to assist indigents whose consumptions of metered water services are excessive due to leakages.

- 4.2.11 Special care will also be exercised to assist indigent child-headed households.
- 4.2.12 Deceased estates shall not be regarded automatically as indigent households; such households still have to meet the requirements or criteria for qualification.

## **5. SERVICES TO BE SUBSIDISED**

- 5.1 The subsidies on *rates* and the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.
- 5.2 In respect of *water*, a 100% subsidy up to 12 kl per household per month will apply; however, if consumption exceeds 12 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 12 kl.
- 5.3 With regard to *electricity*, a 100% subsidy up to 50 kWh per household per month will apply; however, if consumption exceeds 50 kWh per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 50 kWh.
- 5.4 In respect of *sewerage charges* and charges for household *refuse removal*, the relief granted shall be as determined by council as part of each annual budget, for the monthly amount billed for the service concerned.

## **6. APPLICATION FOR REGISTRATION**

### **6.1 ASSET INDIGENT**

- 6.1.1 Registration under this category of Indigents will be done automatically using the Municipality's General Valuation Roll and only once a prepaid electricity meter has been installed and is operational on the property as contemplated in paragraph 4.1.5 above.

**6.2 INCOME INDIGENT**

6.2.1 A household wishing to apply as an indigent customer must complete the Municipality's indigent application form; it shall be accompanied by the following documents:

- (i) an affidavit declaring unemployment or income;
- (ii) documentary proof of income, such as a letter from applicants employer; a salary advice, a pension card, or any such proof from the department of labour confirming unemployment status;
- (iii) the municipality's latest municipal account;
- (iv) a certified copy of the applicant's identity document; and
- (v) the names and identity numbers of all occupants over the age of 18 years who are resident at the property.

6.2.2 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.

6.2.3 The applicant shall give permission to the Municipality to verify the indigent status of the applicant through access to the applicant's information at the South African Revenue Service or any other such agency as the Municipality may determine.

6.2.4 The Municipality or its authorized agent shall counter-sign the application form and certify that the consequences and conditions of such an application were explained to the applicant and that the latter indicated that the contents of the declaration were understood.

**7. APPROVAL OF REGISTRATION**

7.1 The municipality or its authorized agent may send authorized representatives to premises or households applying for registration as indigent customers to

conduct an on-site audit of information provided prior to the approval of the application.

7.2 An application received shall be considered by the Municipality or its authorized agent and the applicant shall be duly advised of the outcome of the application. If the application is not approved, the applicant shall be advised of the reasons thereof.

7.3 An application shall be approved for a period of 12 months, pending the annual verification process.

## **8. ANNUAL REGISTRATION**

8.1 The income indigent applicant must re-apply for registration as an indigent on or before 30<sup>th</sup> June of every year, failing which the status as an indigent will cease automatically.

8.2 The Municipality does not give any guarantee of renewal.

8.3 The Municipality shall inform the applicant for indigent status of the outcome of his/her application. Should it not be approved, the reasons for non-approval shall be clearly stipulated.

## **9. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENTS**

9.1 When a property owner or account-holder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigent relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or account-holder for the financial year concerned.

- 9.2 The onus is on each registered indigent to advise the municipal manager of any change in indigent status.
- 9.3 The relief to indigents will be withdrawn if a registered indigent:
- (a) Fails to keep to the terms of the policy agreement.
  - (b) Tampers with the installations of electricity and water meters.
  - (c) Household income increasing beyond the threshold prescribed.
  - (d) Owner as the applicant is deceased.
  - (e) Property is turned into a residential business.
  - (f) Owner is renting or leasing out the property.
- 9.4 If a registered indigent is found to have provided fraudulent information to the Municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay the municipality with immediate effect the cost of all indigent relief measures received from the date of such fraudulent registration.
- 9.5 Moreover, such person may not again be considered for indigent relief for a period to be determined by Council from time to time.
- 9.6 Should Indigents whose debt has been written off by the Municipality sell their properties within a period of 3 (three) years from date of last registration as an Indigent household, such indigent subsidies received within this period shall be recovered prior to the issuance of a signed property rates clearance certificate.
- 9.7 The write-off of indigent debts shall be reversed on request for a rates clearance certificate, in cases where the property concerned is sold within three years after the write-off has been made. Furthermore, the written-off amount shall also be reversed on permission being granted by the municipality for the extension or building of a house by an applicant or household that has been declared indigent within a year after write-off.

**10. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER**

- 10.1 The Chief Financial Officer will be responsible to compile and administer the database for households registered in terms of this policy.
- 10.2 Council reserves the right to send officials or its agents to premises/households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied and to verify applications.

**11. ARREARS OF INDIGENTS ON APPROVAL OF REGISTRATION**

- 11.1 Accumulated arrears in respect of the indigent's municipal account, prior to registration shall be suspended, and interest shall not accumulate in respect of such arrears for the period that a resident remains registered as an indigent.
- 11.2 Accumulated arrears so suspended, shall become due and payable by the resident in monthly instalments as determined by the Municipality on deregistration as an indigent household.
- 11.3 Notwithstanding clause 11.2, arrears suspended for a period of two (2) years or longer shall not be recovered from an indigent on de-registration.

**12. DE-REGISTRATION**

- 12.1 An indigent household shall be automatically de-registered if an audit or verification concludes that the financial circumstances of the indigent household has changed to the extent that he or she no longer meets the qualification criteria set out in sections four (4) and nine (9) of this policy.
- 12.2 An indigent may at any time request de-registration.

- 12.3 In the event of de-registration, the Municipality shall notify the indigent household of such de-registration in writing.

**13. FUNERAL ARRANGEMENTS**

- 13.1 The Council from time to time may determine special arrangements for funerals of indigent households.
- 13.2 A death certificate must be produced as confirmation.
- 13.3 In the instance where electricity was disconnected, an amount of R 150.00 must be paid before electricity can be reconnected.

**14. REPORTING REQUIREMENTS**

- 14.1 The municipal manager shall submit a written report on a monthly basis, to the executive mayor concerning:
- (a) The number of households registered as indigents and a brief explanation of any movements in such numbers;
  - (b) The monetary value of the actual subsidies and rebates granted;
  - (c) The budgeted value of the subsidies and rebates.
  - (d) The executive mayor shall submit the above reports on a quarterly basis to council.

**15. IMPLEMENTATION AND REVIEW**

- 15.1 The implementation of this policy shall take effect on the 1<sup>st</sup> July 2010.
- 15.2 This policy shall be reviewed annually.