

## DRAFT INDIGENT SUPPORT POLICY

<b>Policy:</b>	<b>Effective Date: 01 July 2014</b>
<b>Approved: Council</b>	<b>Review Date: 01 April 2014</b>

Notwithstanding the review date herein, this policy shall remain effective until such time approved otherwise by Council and may be reviewed on an earlier date if necessary.

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## CHAPTER 1

### 1. DEFINITIONS

- 1.1 For the purpose of this document the following definitions will apply:
- 1.2 For the purpose of this Policy any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this Policy and unless the context indicates otherwise.
  - 1.2.2 **Act:** means the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), as amended from time to time,
  - 1.2.3 **apparatus:** includes a building, structure, pipe, pump, wire, cable, meter, machine or any fitting,
  - 1.2.4 **billing:** means proper formal notification on an account to persons liable for payment of amounts levied for assessment rates and other taxes by die municipality and the charges of the fees for municipal services and indicating the net accumulated balancers of the account,
  - 1.2.5 **council:** the municipal council of the municipality of Nketoana Local Municipality,
  - 1.2.6 **credit control and debt collection:** means the functions relating to the collection of all money that is due and payable to the municipality,
  - 1.2.7 **customer:** means any occupier of any premises to which the municipality has agreed to supply or is actually services, or if there is no occupier, then the owner of the premises,
  - 1.2.8 **customer management:** means focusing on the client's needs in a respective and reciprocal relationship between persons liable for these payments and the municipality, and when applicable, a service provider, thereby limiting the need for enforcement,

- 1.2.9 **defaulter:** means a person owing the municipality money in respect of taxes and/or municipal service charges not paid on the due date for payment,
- 1.2.10 **engineer:** means a person in charge of the civil or electrical departments of the municipality,
- 1.2.11 **interest:** constitutes a levy equal in legal priority to service levies and is equivalent to the prime banking rate applicable from time to time,
- 1.2.12 **municipal account:** shall include levies or charges in respect of the following:
- Service and taxes:** electricity and water consumption refuse removal, sewerage services, rates and taxes, interest, and miscellaneous and sundry charges.
- 1.2.13 **municipal manager:** means the person appointed by the Municipal Council as the Municipal Manager of the municipality in terms of section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) and includes any person acting in such position, and to whom the municipal manager has delegated a power, function or duty in respect of such delegated power, function or duty,
- 1.2.14 **municipal services:** all services including water, sanitation, electricity, refuse, rates and taxes reflected on the municipal account for which payment is required by the municipality,
- 1.2.15 **Chief Financial Officer (CFO) :** means a person appointed by the Council to manage the Council's financial,
- 1.2.16 **Occupier:** means any person who occupies any premises or part thereof, without regard to the title under which he or she occupies,
- 1.2.17.1 **owner:** means
- (a) The person in whom the legal title to the premises is vested,
  - (b) in case where the person in whom the legal title is vested is insolvent or dead, or is under any form or of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative,
  - (c) in relation to a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above the developer or the body corporate in respect of the common property, or a section as defined in such Act, the person in whose name such section is registered under sectional title deed and includes the lawfully appointed agent of such a person,

- (d) any legal person including but not limited to a company registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a Closed Corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), a Voluntary Association.
- (e) Any Department of State.
- (f) Any Council or Board established in terms of any legislation applicable to the Republic of South Africa

1.2.18 **policy document:** means the approved indigent policy of this Municipal Council, as will be amended from time to time.

1.2.19 **premises:** includes any piece of land, the external surface boundaries of which are delineated on:

- (a) a generally plan or diagram registered in terms of the Land Survey Act, 9 of 1927) or in terms of the Deeds Registry Act, 47 of 1937, or
- (b) a sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, which is situated within the area of jurisdiction of the Council.

1.2.20 **indigent:** includes an owner or occupier of a property who qualifies according to the conditions outlined within the Indigent policy.

## CHAPTER 2

### 1. SCOPE OF APPLICATION

This policy document shall apply to the administration of all indigent determinations and offerings as determined by the Nketoana Local Municipality and is directly linked to the Credit Control and Debt Collection policy, Tariff List, Tariff Policy, Budget, etc.

### 2. THE OBJECTIVES

2.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the council and to provide procedures and guidelines for the subsidization of basic service (s) charges to its indigent households, using the council's budgetary provisions received from central government in accordance with prescribed policy guidelines.

- 2.2 The council also recognizes that many of the residents can simply not afford the cost of full provision and for this reason the council will endeavor to ensure affordability through setting tariffs in terms of the council's tariff policy, which will balance the economic viability of continued service delivery and determined appropriate service levels.
- 2.3 This policy aims to address the key issues and challenges of indigents. The strategic aim is to create an enabling environment in which the objectives of revenue generation can be realized, given that many of the residents can simply not afford the cost of full provision of services.
- 2.4 Provide procedures and guidelines for the subsidization of basic service(s) charges to indigent households, using the council's budgetary provisions received from central government in accordance with prescribed policy guidelines.
- 2.5 Facilitate implementation of an effective program to assure free or lower cost services to those that cannot afford it, while eliminating the booking of these services as outstanding debtors.
- 2.6 Provide a framework to assist the Municipality in identifying those who qualify for the limited basic services and assuring that the limits are placed as needed.

### **3. POLICY AND PRINCIPLES**

- 3.1 In terms of section 74 of the Local Government Municipal Systems Act 2000, a municipal council (hereinafter referred to as the Council) must adopt and implement a tariff policy. In terms of section 74 (i) of the Act in adopting a tariff policy, the Council should at least take into consideration the extent of subsidization of tariff's for poor households.
- 3.2 Arising from the above, the municipality needs an indigent support policy. The indigent support policy must provide procedures and guidelines for the subsidization of basic services and tariff charges to its indigent households.
- 3.3 This policy aims to address the key issues and challenges of indigents, the strategic aim is to create an enabling environment in which the objectives of revenue generation can be realized, given that many of the indigent residents can simply not afford the cost of full provision of services.

- 3.4 Increased revenue forms the base for effective service delivery, infrastructure development, and economic growth. It also contributes to poverty alleviation, the eradication of unemployment, and the redistribution of resources including economic empowerment.
- 3.5 In line with the objective of creating a vibrant and growing Municipality, the indigent policy is also aligned to the principles of Batho-Pele.
- 3.6 Batho-Pele further aims to ensure that attitudes, systems and procedures are capable of delivering enhanced public services.

#### **4. RESPONSIBILITIES/ACCOUNTABILITY AND DELEGATED AUTHORITY**

- 4.1 Municipal Manager is in accordance with Section 62 of the Municipal Finance Management Act of a municipality is responsible for managing the financial administration of the municipality. This Municipal Manager must, for this purpose, take all reasonable steps to ensure that the municipality has and implements an indigent policy.
- 4.2 Should the Municipal Manager his/her designate experience undue interference or influence by a councilor that prohibits the execution of his/her responsibilities with regard to this policy, he/she should report this to the Member of Executive Council for Local Government and Housing.
- 4.3 The council has the overall responsibility for laying down the indigent support policy.
- 4.4 The policy must be read together with relevant By-laws.
- 4.5 The Council oversees and monitors the implementation and enforcement of this policy.
- 4.6 The Municipal Manager must implement and enforce this policy and any relevant by-laws.
- 4.7 The Municipal Manager must establish and control the administration necessary to fulfill this policy, and report efficiently and regularly to the Mayor in this regard.
- 4.8 The Municipal Manager may delegate authority for control and administration of this policy regard to the Chief Finance Officer.

#### **5. PROCEDURES AND PROGRAMME**

##### **5.1 Source of Funding**

- 5.1.1 The source of funding for the indigent subsidy is the Equitable Share contribution to the municipality made by the government from the national level.
- 5.1.2 In exceptional circumstances this can be supplemented from other revenues. Council will determine the subsidy amount of percentage, per service category, per household, on a year to year basis, taking into account the Equitable Share allocation.
- 5.1.3 The subsidy allocation must be contained in the tariff schedule and must be reviewed annually with the annual budget and tariffs.
- 5.1.4 Where in this policy, no specific tariffs, amounts, percentages, fees, etc. is supplied, such tariffs, amounts, percentages, fees, etc. will be listed in the Tariff List which will be approved at least annually together with the Budget, IDP, etc. The Tariff Policy and Tariff List must thus be read together with this policy.

## 5.2 Qualification

In order to qualify for the registration as an indigent, an applicant must satisfy the following criteria:

- (a) the usage of the property must predominantly be for private residential.
- (b) the total household income at any given time of a financial year must not exceed R2 500. The under mentioned grants received will be excluded from determining household income:
- Forster Child Grant,
  - Pension Grant
  - Donations (Not exceeding the approved monthly income limit)
  - Child Support Grant,
  - Care Dependency Grant
  - Disability Grant.
- (c) the applicant, in the case of an owner, can only qualify for indigent subsidy on one property if registered as an owner of more than one property.
- (d) the applicant, in the case of an occupier, can only qualify for indigent assistance if the owner account (property rates) is paid up to date.

- (e) the application for indigent support, in the case of an occupier, can only be considered with the written approval from the owner or the authorized agent.
- (e) Council or the delegated person may determine and review the criteria as mentioned in sub-items (a) and (b).

### **5.3 Conditions**

- (a) The Municipal Manager may grant authority that prepaid meters are installed in those properties qualifying for indigent relief on electricity so that the consumption is within the prescribed limit.
- (b) The Municipal Manager may grant authority that prepaid water meters or water restrictions be inserted in properties qualifying for indigent relief so that consumption is within the required level.
- (c)

### **5.4 Application**

5.4.1 Consumers that are deemed to be indigent by the Municipality shall formally apply on the prescribed form for the relief and will qualify for the indigent support program according to prescribed criteria and principles laid down by the Municipality.

5.4.2 The application form is to contain, *inter alia*, the following important information:

- 6.4.2.1 Details of the account holder;
- 6.4.2.2 Proof of residence;
- 6.4.2.3 Copy of identification documents (The official will make copy of document or alternatively a certified copy of the ID document);
- 6.4.2.4 Number, ID nr (where applicable) and names of dependents;
- 6.4.2.5 Water and Electricity Meter Number (Where electricity is supplied by ESKOM, the said ESKOM meter number must be supplied for purpose of free units via ESKOM);

6.4.2.6 Certified copy of latest Bank statement (where applicable);

6.4.2.7 An affidavit that the occupant has no source of income;

## **5.5 Application Procedures**

5.5.1 If the applicant is employed, the latest pay slip must be produced or any other original proof of income.

5.5.2 The applicant must provide a copy of his/her identity document.

5.5.3 The completed indigent application form must be handed in at the Nketoana Local Municipality's officers.

5.5.4 A sworn affidavit to confirm the correctness of the information on the form.

5.5.5 The municipal manager or the designated person (Ward Councillor) may approve the application.

## **6. CONTROL SYSTEMS INDIGENTS**

6.1 All applicants shall be required to sign and submit a sworn affidavit to the effect that all information supplied is true and all income from formal or informal sources are declared.

6.2 An application will be submitted to Municipal offices in different units.

6.3 The ward councilor will review the form and verify if the applicant is the indigent.

6.4 The municipal manager or designated person (ward councilor) will approve or disapprove the application.

6.5 If the form is approved, the form will be submitted to the indigent registration clerk for capturing.

6.6 The indigent registration clerk will verify the applicant in the credit buro to check if the information of employment is correct.

6.7 A list of indigents per ward shall be generated on request.

6.8 The performance measure will identify the number of indigent households and to measure the percentage of these households to whom the municipality offers help. The municipality will also create a forum wherein these targets are assessed, the municipality's performance evaluated and remedial steps taken.

- 6.9 The credit control and the debt collection policy shall be applicable to a customer who is indigent and who is in arrears with their municipal bill.
- 6.10 Council reserves the right to deny the sale of electricity or water coupons to indigent customers who are in arrears with their rates or other municipal payments.

## **7. AUDIT PROCESS**

### **7.1 The process of auditing the indigent applications will be as follows:**

- 7.1.1 All indigent registrations will be audited by the indigent clerk.
- 7.1.2 Should the audit establish that the person filed a false application this will be communicated to the Councilor who will be required to confirm the facts with 14 days.
- 7.1.3 If the Councilor confirms in writing that a false application was filed the customer will be removed from the indigent register, the arrears written off will be reinstated onto the customer's account.
- 7.1.4 If the Councilor confirms that the indigent application was correct then the customer will remain on the indigent register.
- 7.1.5 Should the Councilor not confirm the status of the indigent application within the stipulated 14 days it will be assumed that the application was false and the customer will be removed from the indigent register.
- 7.1.6 A customer who submitted a false indigent application may be charged a penalty charge as determined by Council or in the case where the customer did receive an indigent subsidy in the previous financial year and the account carries any outstanding debt the new application will not be approved until such outstanding amount has been paid in full.
- 7.1.7 In the event of the death of an indigent customer the following procedures will apply:
- 7.1.8 Proof of the death of a customer must be provided.
- 7.1.9 The occupier (as per written authorization by the administrator of the estate) of the property must be allowed to open an account.

- 7.1.10 The occupier opening the new account must complete the required disconnection form for the deceased.
- 7.1.11 After completing the required disconnection form for the deceased the occupier must complete the required connection form for service provision and if applicable register as an indigent consumer.
- 7.1.12 The new occupier of the property must pay the prescribed applicable consumer deposit and connection fees.
- 7.1.13 The process of transferring the property to the new owner must be proceeded with.
- 7.1.14 When a non-indigent customer becomes indigent the debt of the customer, excluding the current year's charges must be written off. Interest on arrear charges will be applicable to indigent customer accounts.

## **8. INDIGENT BENEFIT**

The Council shall from the time to time determine the overall subsidy for indigent debtors. This amount includes rates, water availability charge and 6 kiloliters of water consumption, electricity availability charge and 50 kwh electricity, sewerage availability, refuse removal and VAT. The indigent will receive the following benefits:

### **8.1 Property Rates**

All properties rates on an indigent account will be exempted from paying any property rates.

### **8.2 Water**

- 8.2.1 Indigent households are entitled to 6kl free water. The free kl of water may be reviewed annually by the council.
- 8.2.2 Water consumption will be charged for according to the current applicable water tariff.
- 8.2.3 The benefit of the 6kl "free" water will be based on the applicable water tariff.

8.2.4 The Municipality will try to install meters/devices which will restrict the flow to 6kl per month, but its failure to do so does not allow for violations of the 6kl per month limit under this Policy. In cases where the indigent customer exceeds the 6 kl of water and not paying the access, restricting meters/devices may be installed without further notice.

8.2.5 All water leakages shall be repaired by and at the cost of the municipality provided such leakages are reported within 24 hours of detection.

8.2.6 In the event of underground leakage the municipality shall have cause to investigate and monitor excessive consumption.

### **8.3 Electricity**

The indigent debtor is entitled to receive 50kw of free electricity per month and will immediately be transferred to a pre-paid energy dispenser where possible. The amount and extend of free electricity may be reviewed by Council on an annual basis.

### **8.4 Sewerage and Refuse Removal.**

The indigent customer will receive a 100% subsidy on sewerage and refuse removal which will be based on 1 (one) refuse and 2 (two) sewerage points as per minimum charges for household services.

## **9. ARREARS OF INDIGENT DEBTOR**

9.1 If the registration of the indigent is successful the arrears will then be written off by the municipality as at the date of application.

9.4 In the event that further non-payment of the current monthly accounts continue, it will lead to credit measures being taken to minimize consumption of services and hence, the current monthly levies. No further applications will be approved until such arrear debt, based on the access usage of the subsidized services, are paid in full.

## **10. WRITE-OFF**

Council approves the writing off of existing service arrears at the time of enrolment as an indigent household, excluding debt arising from the access usage of services above the subsidized amount if the customer was receiving an indigent subsidy the previous financial year. In such a case the new indigent application will not be approved until such debt has been paid in full.

## **11. ORPHANS**

Children who have lost both parents and who have inherited fixed property and subject to the inability of the estate to pay arrear municipal accounts can register as indigents and the municipality can write off the arrears on such fixed property due to the municipality, only if such property is to be registered in the names of such orphans.

## **12. ACTION AGAINST MALPRACTICE**

12.1 This section states the steps that council will take against people who contravene this policy.

12.2 If it is established that incorrect information was furnished in obtaining relief the following action(s) are to be taken:

12.2.1 Suspend or stop the relief immediately.

12.2.2 Recover the amount of relief furnished from the recipient by debiting his/her account.

12.2.3 Apply normal credit control in accordance with the council's credit control policy; and may

12.2.4 Institute a criminal charge of fraud against the recipient.

12.3 Theft and fraud

12.3.1 Any person found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment with the supply of municipal services, as well as theft and damage to Council property, will be liable for penalties as determined from time to time.

12.3.2 Council will immediately terminate the subsidy and the supply of services to a customer should conduct as outlined above be detected.

12.3.3 The total bill owing, including penalties, assessment of unauthorized consumption and discontinuation and reconnection fees, and increased deposits as determined by council if applicable, becomes due and payable before any reconnection can be sanctioned.

12.3.4 The debt collection process as outlined by the Credit Control and Debt Collection policy shall become applicable immediately.

**13. AUTHORITY**

Formulation Policy :Chief Financial Officer

Authorisation Policy :Council

Ownership and Maintenance Manager :Assistant Manager: Credit Control