

INDIGENT SUPPORT POLICY



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MUNICIPALITY INDIGENT SUPPORT POLICY

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DEFINITIONS AND ABBREVIATIONS:

LED – Local Economic development

IDP - Integrated Development Plan

ID – Identity document

UIF- Unemployment Insurance Fund

SARS- South African Revenue Services

SASSA-South African Social Security Agency

“child headed household” 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 for services;

“household” means a registered owner with or without children who reside on the same premises;

“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; provided that child support grants are not included when calculating such household income;

“Indigent Management System” an electronic management system applied by Kouga Municipality for the management of the register of indigent households;

“municipality” means Kouga Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councilor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or subdelegated to such political structure, political office bearer, councilor, agent or employee;

“Programme officer” an official duly authorized by the municipality, or an employee of a 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 Indigent Management System;
- (c) to ensure that information on applications are verified and that regular audits are executed; and
- (d) to authorize expenditure regarding 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 spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

'indigent register' means Kouga Municipality's financial database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms.

'Sub- Economic Area' means an area that is earmarked for Low Cost Housing or RDP Housing that is

- I. Informal settlements
- II. Already developed areas

'owner', in relation to immovable property, means -

- (a) the person in whom is vested the legal title thereto provided that -
 - (i) the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
 - (ii) 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 or is a company being wound up or under judicial management, 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;
- (c) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- (d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;
- (e) If the owner is absent from the republic and address is known, a letter from an attorney must accompany the application to indicate that the applicant is using the property for beneficial use.

'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 the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);
- (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;
- (c) **'rates'** means any tax, duty or levy imposed on property by the Council;

PREAMBLE

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The Kouga municipality must strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

The successful implementation of this policy depends totally on affordability and the social analysis of the area as should be included in the municipality's IDP. With regard to affordability the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic service through tariffs that cover only the operating and maintenance costs.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidization of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

1. POLICY PRINCIPLES

In recognition of the abovementioned National Framework the municipality undertakes to promote the following principles:

- 1.1 To ensure that the Equitable Share received annually will be utilized for the benefit of the poor only and not to subsidize rates and services charges of those who can afford to pay.
- 1.2 To promote an integrated approach to free basic service delivery; and 1.3 To engage the community in the development and implementation of this Policy.

2. POLICY OBJECTIVES

In support of the above principles the objective of this policy will be to ensure the following:

- 2.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- 2.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidization;
- 2.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;
- 2.4 The provision of procedures and guidelines for the subsidization of basic charges and the provision of free basic energy to indigent households;
- 2.5 To ensure co-operative governance with other spheres of government; and
- 2.6 To enhance the institutional and financial capacity of the municipality to implement the policy.
- 2.7 To control the indigent register of the Kouga Local Municipality.

3. THE LEGISLATIVE FRAMEWORK

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

- The Constitution of the RSA, 1996;
- National Framework for Municipal Indigent Policies of 2005;
- The Municipal Systems Act, 2000 (Act 32 of 2000);
- The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- The Property Rates Act, 2004 (Act 6 of 2004) and Amended Property Rates Act 29 of 2014.

4. QUALIFICATION CRITERIA

Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until the municipality determines otherwise, the following criteria shall apply:

- 4.1 The applicant must be a resident of the municipality within the jurisdiction of Kouga and occupy the premises.
- 4.2 The applicant must be a South African citizen and in possession of a valid South African identity document.
- 4.3 The combined or joint gross income of all occupants or dependents in a single household which receives services from the municipality may not exceed the amount equivalent to two state pensions per month.
- 4.4 The combined bank balances of all occupants or dependents in a single household which receives services from the municipality may not exceed the

amount equivalent to six (6) state pensions upon date of application or verification date.

- 4.5 Where there are income earning tenants or any other people living on the property with income it has to be declared on the application form and included in the gross household income. The norm should be that the applicant do not receive indigent benefits for services also used by people living on the premises or a tenant with income.
- 4.6 The following child grants received by a household will be **excluded** from determining household income, provided proof of such grant is supplied by the applicant:
 - Foster Child Grant
 - Care Dependency Grant
 - Child Support Grant
 - Grant in Aid
 - Court Ordered Child Maintenance
 - Ward Committee Stipend
 - Disability Grant
- 4.7 The applicant must be the owner who receives municipal services and is registered as an account holder on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- 4.8 The owner of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- 4.9 Property value limit: The qualifying property for indigent subsidy either through Occupation or ownership may not exceed a property valuation of R 1 600 000.00
- 4.10 Registered owners of residential properties which have a municipal valuation of between R1.00 and R 400 000.00 in sub economic areas will be deemed to meet the indigent qualifying criteria.
- 4.11 The account of a deceased estate, may be subsidized if the surviving spouse or dependents of the deceased who occupy the property, applies for assistance, providing a letter of authority from the Court.
- 4.12 A child headed household where both parents are deceased and all occupants of the property are children of the deceased and are all under the legal age to contract for service and are considered as minors by law, presently the age 18 years , can apply for assistance ; **Note: Income of the legal Guardian will be exempted .**
- 4.13 Family members occupying premises where proof can be submitted that the relevant account / property owner has absconded and the owner whereabouts is unknown, be granted subsidy. The abscondment must be reported to the police and the applicant/s must provide a police case number.
- 4.14 The indigent subsidy will not apply to the following property types or related factors –
 - Vacant stands;
 - Properties in the name of a Municipality;
 - Applicant has more than one property;

- Applicant who is not a residential account holder; and
- Properties owned by the State or Government

4.15 Non -Profitable organisations such as crèches, children homes, charity organizations are exempted from the income criteria , under par 4.3. Such institutions must be the owner of the property and must provide proof from SARS that proves that they are exempted from paying taxes / NPO certificate.

5. EXTENT OF INDIGENT SUPPORT

The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

Within the abovementioned budgetary process, and in striving to create situation where poor households will be granted access to a full social package, the following assistance and support may be granted:

5.1 Water

Each registered indigent household shall receive water fully subsidized to a maximum of 9 kl per month, including the basic charges for such supply; provided that –

- 5.1.1 Where the consumption exceeds 9kl per month the municipality shall be entitled to restrict water supply to the property; and
- 5.1.2 Where excessive consumption is partly due to leaking or poor plumbing, the municipality may install a yard connection to the outside of the dwelling and meter the consumption. The indigent beneficiary may also apply for rectification under 6.6 of this Policy.
- 5.1.3 The municipality may install a water restrictor to ensure that the indigent household does not exceed the 9 kl provided.
- 5.1.4 The municipality may install a prepaid meter if the household is on conventional to ensure better management of water consumption.

5.2 Electricity

Each registered indigent household shall receive electricity fully subsidized to a maximum of 50 kWh per month. This subsidy may also apply to registered indigent households in rural areas where the municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households.

5.3 Refuse removal and Environmental Management Fee

Each registered indigent household shall be fully subsidized for refuse removal and the environmental management fee as provided for in the annual budget.

5.4 Sanitation

Each registered indigent household shall be fully subsidized for sanitation as provided for in the annual budget. Where an indigent household has a sewerage/septic tank, only 1 (one) sanitation suction will be granted free of charge per month.

5.5 Property Rates

Each registered indigent household may be subsidized for property rates as provided for in the annual budget and subject to the provisions of the Municipal Property Rates Act, 2006 and Amended Act 29 of 2014.

5.6 Leakages, repairs and installation costs

- 5.6.1 Where water leakages occur at indigent principle households, such leakages can be repaired at Council's expense and the cost thereof recovered from the equitable share grant. Excess consumption due to the leak will be credited in condition that sufficient proof of repair is provided.
- 5.6.2 Where electricity meter problems occur at indigent principle households, such problems can be repaired at council's expense and the cost thereof recover from the equitable share grant.
- 5.6.3 Where sewerage problems occur at indigent principle households, such problems can be repaired at Council's expense and the cost thereof recovered from the equitable share grant.
- 5.6.4 The conversion to Pre-Paid Meters of indigent principle households, such conversions can be converted at council's expense and the cost thereof recovered from the equitable share grant.

- 5.6.5 Installation of the Smart and/or Split meters of indigent principle households can be converted at council's expense and the cost thereof recovered from the equitable share grant.

5.7 Rental (Dwellings and Sites)

100% subsidy will be granted to indigent households in respect of all dwellings or sites belonging to the municipality in the event of an existing contract between the municipality and the beneficiary to pay rent.

5.8 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.

5.9 Transfer of properties

In the event of the death of the title holder of a property in an indigent household, the municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial law society for the administration of the estate and the transfer of the property into the name of the successor at the lowest possible cost.

5.10 Assistance on arrears

- 5.10.1 Upon registration as an indigent household or deemed indigent household, the arrears on the account of the applicant will be kept pending for a period of at least three (3) months after which it may be written off.
- 5.10.2 No interest may be calculated on the arrears as contemplated in 5.10.1
- 5.10.3 If the applicant exits from the indigent support programme within the three months period in 6.10.1, the arrears will be re-introduced on the account and will be subject to the credit control and debt collection policy of the municipality.
- 5.10.4 Indigent support will be provided to approved-applicants in the form of a once off writing off all debt. This include all service related arrears (rates, electricity, refuse removal, sewerage disposal, sundries), on the consumer's account.
- 5.10.5 Where customers have qualified and received indigent subsidy and where debt was written off, but the account is in arrears again, or where a customer has not fulfilled his responsibilities with regards to an arrangement made, the applicable debt may be allocated to the prepaid services system. The debt

will be recovered in the form of auxiliaries at a percentage rate approved by Council from time to time, of the value of electricity purchases. This will be done until the arrear debt is settled in full.

- 5.10.6 All current account debt must be settled as prescribed by the Customer Care, Credit Control and Debt Collection Policy. Failing to adhere to this prerequisite could result in the constraining of the services being provided. In addition, such debts may be loaded on the prepayment system. The debt will be recovered in the form of auxiliaries at a rate approved by Council from time to of the value of electricity purchases. This will be done until the arrear debt is settled in full.

6. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES

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:

- 6.1 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 water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.
- 6.2 The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect property rates and related charges.
- 6.3 The representative will submit applications to the Chief Financial Officer.
- 6.4 The Programme Officer must verify all applications and he or she must notify:
 - 6.4.1 The representative, whether an application was successful or not, with regard to the water consumption; and
 - 6.4.2 The unit owner whether an application was successful or not, regarding the property rates and other related charges.

7. ASSISTANCE PROCEDURES

7.1 Communication

The municipality must develop a communication strategy in terms of which communities will be informed and educated to have a clear understanding of this policy and its implementation. 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 communication may include, but will not be limited to:

- 7.1.1 ward committees;
- 7.1.2 traditional leaders, where applicable;
- 7.1.3 community based organizations;
- 7.1.4 local radio stations and newspapers;
- 7.1.5 municipal accounts;
- 7.1.6 imbizo's and road shows; and
- 7.1.7 jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

7.2 Institutional arrangements

The municipality must designate existing staff, appoint officials if necessary, or engage properly Community Development Workers who have been trained in terms of the municipality's directions to assist with the implementation of this policy and must establish appropriate registration points in its area, the cost of which may be funded through the equitable share allocation.

7.3 Application/Registration

- 7.3.1 A person applying for indigent support must complete a formal indigent support application form available at approved registration points.

Applications must be accompanied by the following:

- Certified copies of all occupants' identity documents;
- The latest municipal account/copy thereof;
- Certified documentary proof of income, or proof of registration as unemployed from UIF or Department of Labour, plus bank statement (Where applicable);
- Particulars of any other grants received by the accountholder;
- Recent pre-paid electricity token.
- Any additional document required to assist with the assessment.

- 7.3.2 Consent for the installation of any form of pre-paid meters or flow limited water meters as a system to limit the consumption of services and to abate the accumulation of debt, needs to be obtained from the applicant.

- 7.3.3 As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks;

7.3.4 If the application is approved, the indigent debtor who is in arrears will have the initial arrears on approval of indigence written off by the Municipality as per conditions of 6.10 above.

7.3.5 The indigent status for a household will be valid as follows:

7.3.5.1 If the applicant is on pensionable age living with underage dependents, the indigent status will remain valid for 24 months. The municipality will review the application every 24 months by means of an **ITC check** and if status remain the same the status will automatically be renewed for 12 months after verification.

7.3.5.2 If the applicant is below 60 years, the indigent status is valid for 12 months. The Municipality will review the application every 12 months by means of an ITC check and if status is the same, the status will automatically be renewed for 12 months.

7.3.6 All accepted applications must include certified supporting documentation of which certification must not be older than 3 months.

7.4 Assessment & Screening of Applicants

Upon registration of an application, all information must be verified by the Programme Officer.

The applicant should provide access to the property for the municipality to do proper assessment and screening. If the owner does not provide access the application will be automatically terminated.

The applicant should provide all the documentation requested by the municipality. It is the responsibility of the applicant to provide valid documents, submission of fraudulent documentation will result to automatic rejection of the application.

The applicant should give consent to the municipality to conduct verification if information provided through SARS, UIF, SASSA, Credit Information Agencies. Failure to give consent the application will be rejected.

7.5 Recommendation and Approval

Once the verification has been completed a recommendation from the responsible Chief Accountant based on the information obtained and must be submitted to the Manager: Revenue for approval.

That applicants be informed within 14 days, not exceeding 30 days on the status of their application via sms/letter/email or any other means.

7.6 Right of appeal

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal with the Office of the Municipal Manager within 21 (twenty one) days from the date on which the decision was communicated to the applicant.

8. PROCESS MANAGEMENT

8.1 Validity period

The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply, but this would be determined by the municipality from time to time.

8.2 Death of Registered Applicant

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

8.3 Publication of Register of Indigent Households

Names of indigent beneficiaries must be open for public perusal and comment. Written objections from the public must be referred to the Programme Officer who will be responsible for investigating the validity of the complaint and referral to the Manager: Revenue for appropriate action.

8.4 Excess usage of allocations

8.4.1 If the level of consumption of the indigent household exceeds the consumption level approved by the municipality, the household will be obliged to pay for the excess consumption on a monthly basis. Such accounts will be subject to the municipality's credit control and debt collection measures.

8.4.2 If a consumer's consumption or use of a municipal service is less than the subsidized service, the unused portion may not be accrued to the consumer and it will not entitle the consumer to cash or a rebate with regard to the unused portion.

8.4.3 Credits on indigent accounts will be utilized as payment prior applying the subsidy.

8.5 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:

8.5.1 Death of the accountholder.

8.5.2 Upon sale of the property in respect of which support is granted.

8.5.3 When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.

8.5.4 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:

8.5.4.1 All arrears will become payable immediately.

8.5.4.2 Stringent credit control measures will apply; and

8.5.4.3 The applicant will not be eligible to apply for indigent support for a period of 2 years.

8.6 Audit and review

The municipality may conduct regular audits of the indigent register regarding the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants. The frequency of such audits will depend on the institutional capacity of the municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled for at least every two (2) years.

9. MONITORING AND REPORTING

9.1 The Chief Financial Officer must report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

9.1.1 Number of indigent household applications received;

9.1.2 Amount of subsidy allocated per benefit category;

9.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);

9.1.4 Performance against targets set in respect of indigent support and poverty relief and to the following:

9.1.4.1 Number of applications for indigent support dealt with;

9.1.4.2 Time taken to process and finalise applications;

9.1.4.3 Site visits undertaken;

9.1.4.4 Awareness initiatives; and

9.1.4.5 Exit initiatives.

9.1.5 Changes in the registered status of indigents.

10. CALCULATION OF SUBSIDY

10.1 The subsidies will be funded from the “equitable share” contribution received from National Treasury and may include an amount from the Municipality's own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the above mentioned funds are available for allocation.

10.2 The accounts of qualifying applicants are credited monthly by the subsidies calculated and the expense debited to revenue forgone.

MR C DU PLESSIS
MUNICIPAL MANAGER

MR R LORGAT
CHIEF FINANCIAL OFFICER