

**INDIGENT POLICY**

**REVIEWED**

**2016/17 FINANCIAL YEAR**

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**1. DEFINITIONS**

 **“responsible official”** 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, assessed and submitted for

 consideration and approval;

 (b) to ensure that approved applications are captured on the Financial Management System;

 and

 (c) to ensure that information on applications are verified and that regular audits are

 executed.

 **“households”** means a registered owner or tenant with or without children who reside on

 the same premises;

 **“indigent** “means any households or category of households, 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 service subsidy,

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

 income;

 **“municipality”** means the Mohokare 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 authorized agent or any employee acting in

 connection with this by-law 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

 **“occupier”** means the person who controls and resides on or controls and otherwise uses

 immovable property, provided that:-

1. 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;
2. where both spouses reside on immovable property and one of them is an occupier thereof, the other shall be deemed an occupier;

 **“owner”** in relation to immovable property, means:-

1. 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 absent from the Republic or his or her address is unknown to the

 Municipality, then any person who is an agent or otherwise receives or is entitled to

 receive the rent in respect of such property;

 (c) 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, 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;

 **“premises”** includes any price of land, the external surface boundaries of which are

 delineated on:-

1. 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); or

1. a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of

1986, and

 (c) situated within the jurisdiction of the Municipality;

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

**2. INTRODUCTION**

 2.1 The Municipal Council must give priority to the use 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, 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 recognizes 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 functions of providing essential services

 to the community within their boundaries.

 2.4 The key purpose of the indigent subsidy is to ensure that households with no or

 lower 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.

 2.5 To achieve the purpose it is important to set a fair threshold level, and then to

 provide a fair subsidy of tariffs.

 2.6 The customer, in order to qualify as an indigent, needs to complete the necessary

 documentation as required and agree to regulation and restrictions stipulated by

 Mohokare Local Municipality.

**3. PURPOSE OF THE POLICY**

The purpose of the policy is to ensure that the subsidy scheme for indigent households forms part of the financial management system of Mohokare Local Municipality and to ensure that the same procedure is followed for each individual case.

**4. POLICY PRINCIPLES**

4.1 It is against the above background that Mohokare Local Municipality undertakes to

 promote the following principles:-

4.1.1 To ensure that the portion for free basic services allocated as part of the equitable

 share received annually will be utilized for the benefit of the poor only and not to

 subsidise rates and service charges of those who can afford to pay.

4.1.2 To link this policy with the Municipality’s Integrated Development Plan (IDP),

 Local Economic Development (LED) initiatives and poverty alleviation

 programmes.

4.1.3 To promote an integrated approach to free basic service delivery and

4.1.4 To engage the community in the development and implementation of this policy.

**5. POLICY OBJECTIVES**

In support of the above principles, the objectives of this policy will be to ensure the following:-

5.1 The provision of basic services to the community in a sustainable manner within the

 financial and administrative capacity of the Council.

5.2 The financial sustainability of the free basic services through the determination of

 appropriate tariffs that contribute to such sustainability through cross subsidization.

5.3 Establishment of a framework for the identification and management of indigent

 households including a socio-economic analysis and an exit strategy.

5.4 The provision of procedures and guidelines for the subsidization of basic charges and

 the provision of free energy to indigent households.

5.5 To ensure co-operative governance with other spheres of government, and

5.6 To enhance the institutional and financial capacity of the Municipality to implement

 the policy.

**6. LEGISLATIVE FRAMEWORK**

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

6.1 The Constitution of the RSA, 1996

6.2 The Local Government Municipal Systems Amendment Act, 2003, Act No. 44 of

 2003

6.3 The Local Government Municipal Finance Management Act 2003, Act No. 56 of

 2003

6.4 The Promotion of Administrative Justice Act, 2000, Act No. 3 of 2000

6.5 The Local Government Municipal Property Rates Act, 2004, Act No. 6 of 2004

6.6 The Promotion of Access to Information Act, 2000, Act No.2 of 2000

6.7 Free Basic Services (FBS) Policy

6.8 White Paper on Local Government

**7. TARGETING OF INDIGENT HOUSEHOLDS**

7.1 The effective targeting of indigent households and the implementation of this policy will

 depend largely on the social analysis included in the IDP, the LED initiatives and other

 poverty relief programme of Mohokare Local Municipality. The socio-economic

 information and performance indicators contained in these documents must be form the

 basis for the targeting of indigent households. Against the background of such socio-

 economic analysis, the municipality must within its financial and institutional capacity

 decide which targeting approach or option should be applied.

 7.2 The Municipality may apply the following targeting methods:-

|  |  |
| --- | --- |
| **Targeting approach** | **Application** |
| * Service levels
 | Lowest service levels normally in informal settlements and rural areas |
| * Property value
 | Applicable only to registered indigents in respect of subsidized or RDP housing to a value determined in addition to the R15 000 in terms of the Property Rates Act, 2004 |
| * Households income
 | Threshold shall be determined in terms of socio-economic analysis equaling two state pension grants per the indigent household or an amount determined by the Council from time to time  |
| * Geographical (Zonal targeting)
 | Specific areas (rural or urban) where households are regarded as poor irrespective of service level |

7.3 For the 2016/17 financial year the Municipality will use household income as the

 targeting approach for the registration and verification of indigent customers.

**7.4.** **Exit strategy**

Empowerment of indigent households through job opportunities etc.

**8. QUALIFICATION CRITERIA**

Qualification criteria for indigent support shall be determined by the Municipality from

 time to time, provided that until MLM determines otherwise, the following criteria shall

 apply:-

8.1 The applicant must be a resident within the Mohokare Municipal area

 8.2 The applicant must be in a possession of a valid South African identity document

 8.3 The total monthly gross income of the registered owner/tenant and his/her or life

 companion is not more than an amount as determined by Council from time to time.

 This amount will be determined at the beginning of every financial year and will be

 applied for the duration of that particular financial year. Currently the income amount

 is deemed to be less or equal to the amount received by two state pensioners as

 determined annually by the Minister of Finance.

 8.4 The applicant must be the owner or tenant who receives municipal services and is

 registered as an account holder on the Municipal Financial System.

 8.5 Any occupant or resident of the single household referred to above may not benefit in

 more than one property in addition to the property in respect of which indigent

 support is provided.

 8.6 A tenant can only apply for the benefits in respect of service charges he/she is billed

 for while the landlord remains liable for all ownership related charges such as rates.

 8.7 The current account of a deceased estate may be subsidized if the surviving spouse or

 dependants of the deceased who occupy the property, applies for assistance. Relevant

 supporting documentation need to be submitted as part of the application in order for

 the municipality to assist (e.g. Death certificate, Court order or Letter of Authority)

 8.8 Child headed families will be assisted upon submission of relevant documentation as in

 8.7 above

 8.9 The applicant whose total monthly household exceed the threshold, but the

 circumstances are such that the applicant is not able to pay for services (e.g. when the

 applicant uses most of the monthly income towards payment of medication) may

 apply. Their applications will be considered by Council on merit.

**9. ASSISTANCE PROCEDURE**

**9.1 Communication**

 9.1.1 The Municipality must develop a communication strategy in terms of which

 communities will be informed and educated in order to have clear understanding of

 this policy and its implementation.

 9.1.2 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 not

 limited to:-

* Ward committees
* Community Development Workers (CDW’s)
* Local radio stations
* Municipal accounts
* Imbizo’s and roadshows

**9.2 Institutional arrangements**

The Municipality must designate existing staff or appoint officials, or engage appointed Community Development Workers who have been trained in terms of the Municipality’s directions to assist with the implementation and development of this and must establish appropriate registration points in its area.

**9.3 Application/Registration**

9.3.1 A person applying for indigent support must complete a formal indigent support

 application form approved by the Municipality.

 9.3.2 Such forms will be available at approved registration points provided by the

 Municipality.

 9.3.3 Applications for the indigent subsidy must be accompanied by the following

 documentation:-

* The latest municipal account
* Proof of the identity document of the account holder
* Proof of income of all occupants on the property i.e. letter from his/her employer, salary slip, envelope, pension grant slip or bank statement showing the grant transferred, unemployment insurance fund (UIF) card
* Bank statement for the last three months certified by the bank (stamped)
* In the absence of any proof to be submitted as listed above, a sworn affidavit must be submitted with the documentation listed above

**9.4 Assessment and Screening of Applicants**

Upon registration of an application, all information will be verified by the

responsible official.

**9.5 Recommendation and Approval**

Once verification has been completed the responsible official must submit the application and recommendation to the relevant official for approval. To ensure credibility Councillors and Ward Committees will be consulted as part of the verification process.

**9.6 Right of Appeal**

An applicant who feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal Systems Act, (Act No. 32 of 2000)

**10. INTRODUCTION TO INDIGENT SUPPORT**

 10.1 The extent of the monthly indigent support granted to indigent households must be

 based on the budgetary allocations for a particular financial year and the tariffs

 determined for each financial year.

 10.2 The general threshold for indigent support is restricted to qualifying households with

 a total monthly gross income of the registered owner/tenant and his/her spouse or

 life companion not more than an amount as determined by Council from time to

 time. This amount will be determined at the beginning of every financial and will be

 applied for the duration of that particular financial year. Currently the income amount

 is deemed to be less or equal to the amount received by two state pensioners as

 determined by the Minister of Finance.

**11. THE EXTENT OF INDIGENT SUPPORT**

Within the above mentioned budgetary process and in striving to create the situation where poor households will be granted access to a full social package, assistance and support to households may be granted as set out below:-

 **11.1 Electricity**

* All registered indigents will receive **50kWh** of electricity per month fully subsidised or an amount to be determined by Council on an annual basis. In an event where electricity is supplied by ESKOM/CENTLEC, the Municipality will pay over an amount equal to 50 kWh of electricity per month based on the customers registered with the Municipality as indigents

**11.2 Water**

* All registered indigents will receive **6 kilolitres** of water plus **basic charge** fully subsidised or an amount as determined by Council from time to time in the annual budget. However, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl.

**11.3 Sanitation**

* All registered indigents shall be fully subsidised for sanitation charges. The relief granted shall not be less than a rebate of ***100%*** on the monthly amount billed for the service concerned.

**11.4 Reuse removal**

* All registered indigents shall be fully subsidised for refuse removal charges. The relief granted shall not be less than a rebate of ***100%*** on the monthly amount billed for the service concerned.

**11.5 Property rates**

* In respect of rates, the amount up to ***R 120 000*** of the valuation amount of the property will be deducted and will considered as a rebate.

**12. PROCESS MANAGEMENT**

**12.1 Applications**

12.1 The indigent application form should be completed in full and then captured onto

 the relevant indigent register and system.

 12.2 Applicants must give permission that the information submitted may be verified by

 a credit bureau or similar agency.

 12.3 All affidavits of unemployment must be sworn by the SAPS or Commissioner of

 Oath on signing.

**12.2 Validity Period**

 12.2.1 The validity 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.

 12.2.2 Households may have to periodically re-apply. The period of validity will be

 determined by the Municipality from time to time. Re-application must be done

 at least once in a three year cycle (with effect from 01 July 2016) or any other

 period as may be determined by the Municipality.

 **12.3 Death of Registered Applicant**

In the event that the approved application passes away the heir/s of the

 property must re-apply for indigent support, provided that the stipulated criteria

 are met.

**12.4 Arrears and Excess Usage of Allocations**

 12.4.1 Upon registration as an indigent household, the arrears on the account of the

 applicant will be written off.

 12.4.2 Where restriction of consumption applies to a particular service, applicants may

 not refuse to be restricted in terms of the Council policy. Where restrictions are

 not possible the account holder will be responsible for the consumption in excess

 of the approved subsidy.

 12.4.3 The registered indigent may be subjected to restriction measures, if a pre-paid

 meter cannot be installed, to only allow for the monthly minimum free basic

 services.

 12.4.4 The writing off of any arrears is strictly subject to the provision that the property

 may not be sold within a period of three years from the date that the owner

 qualify as a registered indigent. In the case of the property being sold inside a

 period of three years the arrear debt, excluding any further accumulated interest,

 will be recovered before a clearance certificate is issued.

**12.5 Termination of Indigent Support**

 Indigent support will be terminated under the following circumstances:-

 12.5.1 Upon the death of the registered indigent customer for that particular property.

 12.5.2 Upon sale of the property in respect of which support is granted, subject to the

 provisions of 12.4.3.

 12.5.3 When the threshold in the indigent household have improved to the extent where

 the income threshold as determined is exceeded.

 12.5.4 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:-

* All arrears will become payable;
* Stringent credit control measures will apply; and
* The applicant will not be eligible to apply for indigent support for a period of three (3) years.

**12.6 Audit and Review**

12.6.1 The Municipality may conduct regular audits of the indigent register with regard to

 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.

 12.6.2 The frequency of audits will depend on the institutional capacity of the

 Muncipality to do so. Targeted audits and reviews should be undertaken to ensure

 the verification and registration of each qualified indigent customer at least once in

 a three (3) year cycle.

 12.6.3 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.

 12.6.4 Where any doubts exists regarding the current status of a registered indigent

 customer, the matter should immediately be referred to the responsible official

 for verification at any time.

**13. SOURCES OF FUNDING**

16.1 The amount of subsidization will be limited to the amount of the equitable share

 received on an annual basis. This amount may vary on a yearly basis according to the

 new allocation for a particular financial year.

16.2 The Municipality resolves to subsidise all registered indigents for electricity, water,

 sewerage, refuse removal monthly and property rates annually on an amount to be

 determined by Council from time to time.

**14. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY**

No amount shall be paid to any person or body, but shall be transferred on a monthly basis as credit towards the approved account holder’s municipal services account in respect of the property concerned.

**15. MONITORING AND REPORTING**

The Municipal Manager shall report on a monthly basis to the Mayor or Council, as the case may be for the month concerned:

* the number of households registered as indigents and a brief explanation of any movements in such numbers;
* the monetary value of the actual subsidies and rebates granted;

The Municipal Manager or Mayor, as the case may be, shall submit the above reports on a quarterly basis to the Council.

**16. IMPLEMENTATION AND REVIEW OF THIS POLICY**

This policy shall be implemented once approved by Council. All future applications for indigent registration must be considered in accordance with this policy.

In terms of section 17 (1) (e) of the MFMA this policy must be reviewed on an annual basis and the reviewed policy tabled to Council for approval as part of the budget process.