



# **ILEMBE DISTRICT MUNICIPALITY**

## **DRAFT INDIGENT POLICY 2021/22**

**ILEMBE DISTRICT MUNICIPALITY**

Ilembe House

Finance – Revenue Department

032437 9300

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## 1. PREAMBLE

**WHEREAS** section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000, requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households;

**WHEREAS** Council therefore needs to approve an Indigent Support Policy;

**WHEREAS** such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households; and

**WHEREAS** the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life, which takes into account health and environmental considerations;

**NOW THEREFORE** the Council of the ILembe District Municipality has adopted the **Indigent Support Policy** set out hereunder:

## 2. DEFINITIONS

In this Indigent Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act No. 56 of 2003 and other related legislations/Regulations, has the same meaning as in that Act.

**“Act”** means the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time;

**“Authorised Officer”** means any official of the Council who has been authorised by the Council to administer, implement and enforce the provisions of this Policy;

**“by-law”** means a by-law adopted by the Council;

**“Municipal manager”** means the person appointed by the Council as the Municipal Manager of the ILembe District Municipalities in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person:

- (a) Acting in such position; and
- (b) to whom the Municipal Manager has delegated a power, function or duty;

**“Council”** means –

The Council of the ILEMBE DISTRICT MUNICIPALITY established by Provincial Notice

No. 1264 of Government Gazette 21807 of 28 November 2000, as amended, exercising its legislative and executive authority through the municipality; or

- (a) its successor in title; or
- (b) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Act; or
- (c) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the act, or any other by-law, as the case may be;

**“indigent person”** means a person who meets criteria of qualifying for indigent support.

**“municipality”** means municipalities within ILEMBE DISTRICT MUNICIPALITY

**“services”** means the basic services referred to in this policy

**“household”** means all the people who permanently reside in the dwelling.

**“dwelling”** means property registered in the deeds office or allocated to a family by the Traditional Authority, with an ILembe water connection.

**“child headed household”** refers to a household where both parents are deceased and where all occupants of the property are children of the deceased and all are under the legal age to contract for services and are considered as minors in law by the state.

**“consumption”** means the ordinary use of municipal services, including water, sanitation, and electricity services for domestic or household purposes.

**“Indigents”** means owners and/or occupiers of residential property where the combined municipal value of the land and buildings or the vacant land value of such property is equal to, or less than, the values determined by resolution of the Council.

**“indigent burial/ cremation” refers** to any burial/cremation of an indigent (in terms of this policy), motivated by a ward councilor, excluding a pauper.

**“application for indigent”** means a process whereby the resident in charge of a household, and who is responsible for payment of municipal charges and also whose combined household income is equal to or less than the amount as determined by the Council to qualify for indigent status, makes an application to the Council and is accepted to be classified as an indigent.

**“municipal value”** means the total combined value of land and buildings on a property, as reflected in the municipal valuation roll.

**“municipal services”** means electricity, water, and sanitation provided by the Municipality.

**“owner”** means the person who, from time to time, is vested the legal title to the property.

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### **3. LEGISLATIVE FRAMEWORK**

This framework is designed and implemented within the contexts, but not limited to other prescripts:

- 3.1 the Constitution of the Republic of South Africa, 1996;
- 3.2 the Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- 3.3 the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000);
- 3.4 the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
- 3.5 the Property Rates Act, 2004 (Act No. 6 Of 2004);
- 3.6 the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 3.7 the Municipal Structures Act 2000, (Act No. of 2000);
- 3.8 the Local Government Municipal Systems Act 2003 (Act No. 32 of 2003);
- 3.9 the Free Basic Water Implementation Guideline for local authorities 2002;
- 3.10 the Free Basic Water Implementation Strategy 2007: Consolidating and maintaining;
- 3.11 the National Policy for the Provision of Basic Refuse Removal Services to Indigent Households 2011;
- 3.12 the Local Government Equitable Share Municipal Demonstration Spreadsheet for 5 year (2013/14 to 2017/18 financial year.

### **4. POLICY OBJECTIVE**

The objective of the policy is to ensure the following:

- 4.1 The provision of basic services to the community in a sustainable manner, within the financial means of Council;
- 4.2 To provide procedures and guidelines for the subsidisation of service charges to its indigent persons, using a portion of the Equitable Share for this purpose;
- 4.3 Council also recognizes that many of the residents can simply not afford to pay for the required services, Council will endeavor to ensure affordability;
- 4.4 Setting tariffs which will balance the economic viability of continued service delivery; and
- 4.5 Determine appropriate service levels.

## **5 CRITERIA TO QUALIFY FOR INDIGENT SUPPORT**

- 5.1 The applicant must be a resident of the municipality;
- 5.2 Indigent subsidy shall apply to household per dwelling and not individuals.
- 5.3 The property must be zoned as residential, church or worship.
- 5.4 The total gross monthly income of all members of the household must not exceed R4,000/two old age grants (excluding disability and child grant) and the monthly income for the church must not exceed two old age grants.
- 5.5 Indigent support will apply to all households whose total monthly income is less than or equal to the above-mentioned amount, irrespective of the source of income.
- 5.6 Child headed households that are dependent on foster care social grants qualify.
- 5.7 Households headed by old age pensioners qualify.
- 5.8 The applicant as well as any other member of the household may not own any other fixed property, whether in or out of the municipal area other than the one on which they reside.
- 5.9 Multi-unit residential-bulk users and non-government organizations are excluded from this policy.
- 5.10 Only households where the accountholder or property owner has registered as indigent in terms of the Municipality's annual registration programme, and whose registration has been accepted and entered into the register of indigents shall qualify for the above concessions.

## **6 FREE BASIC PROVISION TO HOUSEHOLDS**

### **6.1 WATER**

- 6.1.1 Each approved household and churches are entitled to receive 10kl of water free per month, and then approved tariffs will apply on the excess of 10kl.



- 6.1.2 If the excess account is not paid for as and when due, the services shall be restricted to the basic level and the normal credit control and debt collection policy shall be implemented.
- 6.1.3 Indigent persons are not allowed to offer or sell services to the people who do not qualify for indigents as this may result in termination of indigent status.
- 6.1.4 If an indigent person consumes more than **10kl** of water per month, the incidence must be investigated. Should it be discovered that water is being misused necessary action will be taken.

## **6.2 SEWER RATE REBATE**

- 6.2.1 All applications will be considered on the following basis:
- 6.2.2 The Sewer Rate Rebate subsidy per approved tariffs policy will apply to a household per dwelling and not to an individual.
- 6.2.3 The first **R130 000.00** for all registered indigent consumers will be exempt from the sewerage calculation.
- 6.2.4 Each household shall receive a rebate on the fixed sanitation basic charge as determined by Council.
- 6.2.5 The legal owner/occupier (both accountable) of a dwelling who is responsible for the payment of the water and sewer rates account must apply for the household to be registered as a beneficiary.
- 6.2.6 The applicant as well as any other member of the household shall not own other fixed property other than the one on which they reside in per the application.
- 6.2.7 The sewer rates rebate shall be withdrawn by the Municipality in the event of the beneficiary misusing the system or providing incorrect information.

## **7 BUDGET FOR FREE BASIC SERVICES**

- 7.1 The municipality must budget for free basic services to cater for indigents and 10kl in respect of free basic water and the first R130 000.00 for sanitation.

## **8 DURATION OF RELIEF**

- 8.1 Indigent support is only provided for a **period of 12 months**, from date of approval, where after the applicant must submit a form, confirming that his or her circumstances have not changed since his or her initial application and that he or she still qualifies for indigent support in terms of the latest criteria.
- 8.2 Failure to comply herewith shall result in the applicant's indigent status being revoked.
- 8.3 The Municipality will send a written notice to the approved household, at least two months prior to expiry of the approval, but the onus still rests with the applicant or another permanent adult occupant on the property to submit a form confirming the status.
- 8.4 Random verifications may be performed by the municipality or an appointed agent without prior notice.

## **9 APPLICATION FOR INDIGENT SUPPORT**

- 9.1 Registration is open throughout the year.
- 9.2 In order to register as an indigent, the relevant property owner or account holder must personally complete and sign the prescribed registration form provided by the Municipality for this purpose, and the following documents should be submitted together with the application form:
- i) Copies of identity documents for household's members 18 years and above
  - ii) Copies of birth certificates of household members younger than 18 years.
  - iii) Copies of proof of income or written affidavits confirming status of employment or circumstances from each household member 18 years and above.
  - iv) Proof of ownership or occupancy e.g. title deed or letter from ward councillor confirming occupancy status.
  - v) Where property owner or account holder is deceased, copy of the death certificate and letter from ward councillor confirming that applicant resides in such dwelling.
  - vi) A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared;

- 9.3 Application forms shall be made available from any of the (Water Schemes) Satellite Offices within the ILEMBE DISTRICT MUNICIPALITY, in all local municipalities and can also be posted on request from the office of the Chief Financial Officer. **Refer to annexure A**
- 9.4 The Municipality 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.
- 9.5 Should at the most, 4 to 6 weeks lapse without receiving any feedback regarding the application, the applicant should enquire as to the status of the application through the municipal offices.
- 9.6 Persons may apply for registration as indigents in respect of any financial year at any time.
- 9.7 The onus is on the indigent beneficiary to inform the Municipality of any change in his/her status or personal household circumstances that might affect his or her Indigent status.

#### **9.8 VERIFICATION OF STATUS OF BENEFICIARY**

- 9.8.1 Verifications of the status of the beneficiary may be done by a 3rd party as directed by Council.
- 9.8.2 Indigent beneficiaries may be subjected to verification at any time, disqualification and reinstatement of the account to its state prior to write-off where circumstances on the ground do not tie up with what was presented on the application.
- 9.8.3 The indigent status of a customer will be reviewed from time to time at intervals as determined by Council. This could be done by either physical audit or external verification checks including amongst others, ITC Credit Bureau, Department of Labour or any other sources of verification. Should the requirements not be met, the subsidy for that consumer will be terminated with immediate effect.
- 9.8.4 If a registered indigent person of a household is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall:
- (a) immediately be removed from the register of indigents, and
  - (b) Shall be liable to repay the municipality with immediate effect for all indigent relief received from the date of such fraudulent registration.

- (c) Such person shall not again be considered for indigent relief for a period extending for 5 years beyond the financial year in which the misdemeanor is detected.

9.8.5 Indigent relief will not apply in respect of property owners owning more than one property, whether in or outside the municipal area.

## **10 WHAT DOES THE INDIGENT SUPPORT BENEFIT COVER**

On approval of the application the Municipality shall provide the following:

10.1 Basic Municipal Services which include:

- i) Access to a minimum safe water supply as determined by Council
- ii) Adequate sanitation as determined by Council.
- iii) **Once off** Write-Off of all debt outstanding balance on the approval of indigent application (on the dwelling at the date of approval).
- iv) Where there are leaks in the meter or in the property, they may be attended to in terms of the bylaws and the cost may be recovered from the indigent support allocation.
- v) Cost of restriction shall be recovered from the Indigent Support allocation.

- vi) Excess usage in the event of death (**funeral service**) shall be recovered from the indigent support allocation. On a prepaid there would be a procedure to be followed **with a possible 10kl token**.
- x) Full rebate on the first R130 000.00 for all registered indigent consumers will be exempt from the sewerage calculation.

## **11 AVENUES FOR SUBMISSION OF APPLICATION FORMS**

- 11.1 Submit through Ward Councillors. Would be assisted via Helpdesk requests.
- 11.2 Submit personally to any of ILEMBE DISTRICT MUNICIPALITY offices or via Helpdesk.

## **12 PROCESSING OF APPLICATION**

- 12.1 The process will be announced and publicised
- 12.2 Each application will be given a number, for reference purposes.
- 12.3 The application form will be processed **within 14 (1 to 2 weeks)** working days of receipt by Municipality in a manner prescribed by the internal processes.
- 12.4 The municipality may communicate in the form of an SMS, MMS, Email, Telephone call, letter to inform the applicant of the status of the application will be sent to the applicant within 14 working days of finalizing the application scrutiny process.
- 12.5 For the purposes of transparency, on an annual basis, the following key information of the indigent support recipients shall be displayed on all notice boards of Local Municipalities:
  - 12.5.1 Names of households benefiting from the indigent support.
  - 12.5.2 Stand number where services are rendered to the recipients
- 12.6 Any resident may query the qualification of a recipient in writing in the district municipality.

**13 DEVELOPMENT OF INDIGENT REGISTER**

- 13.1 Indigent register must be developed to register all indigents
- 13.2 Indigent register must be updated **monthly** on an annual basis.

**14 USAGE IN EXCESS OF THE BASIC SERVICE LEVELS**

- 14.1 All services used in excess of the basic municipal services level shall be levied at the current scale of tariff and payable on the due date.

**15 NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT**

- 15.1 When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions that are materially relevant to the receipt of indigence relief, or if such person ceases to qualify for indigent relief as contemplated in Paragraph 4 above, 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 accountholder for the financial year concerned.
- 15.2 The onus is on each registered indigent to advise the Municipal Manager if such person ceases to qualify for indigent relief.
- 15.3 It may happen that even with the introduction of the indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder concerned will have to make immediate arrangements with the Municipal Manager to pay off these arrears owing within a reasonable time determined by the Municipal Manager in terms of the Municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the Municipality's credit control and debt collection policy.
- 15.4 The relief granted to any indigent person in terms of this policy may be withdrawn at the discretion of the Municipal Manager if such person fails to observe the terms of this policy.

15.5 If a registered indigent person is found to have provided fraudulent information to the Municipality in regards to any material condition for registration as an indigent, such person:

- i) shall immediately be removed from the register of indigents;
- ii) shall cease to receive any benefit under this policy;
- iii) shall be liable to repay to the Municipality with immediate effect all indigence relief received from the date of such fraudulent registration. Normal credit control in accordance with the Municipality's credit control policy will apply;
- iv) shall not be considered for indigent relief for a period extending for two years beyond the financial year in which the misconduct is detected, and
- v) shall be subject to a criminal charge of fraud against the recipient.

15.6 The municipality reserves the right to investigate all indigent registered households who use water in the excess of 10 KL on a monthly basis. In the event that the investigation is conducted and it is evident that a consumer doesn't qualify for indigent support, the municipality has a right to withdraw and apply the credit control policy

## **16 EXTENUATING CIRCUMSTANCES**

16.1 In the event of death of one of the member of the household, and where the flow has been limited, full flow will be reinstated from the day of death to the day of the funeral after which the flow shall be limited again.

16.2 In the event of a household member suffers from a sickness requiring excessive usage of water and is under a home based care programme, such a household will be eligible to apply for additional allocation of water, approval of which is subject to the Municipality's conditions.

## **17 EXIT PROGRAM**

(a) An indigent customer must immediately request deregistration where his or her circumstances have changed to the extent that he or she no longer complies with the requirements set out in section 6 of this framework.

(b) In addition to the circumstances stated in section 6, indigent support must be terminated under the following circumstances:

(i) Upon death of the account-holder or the head of the household where no accounts are rendered.

(ii) **Upon application or use of a borehole.**

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

(c) The exit strategy of indigent beneficiaries from the approved indigent register must ensure:

(i) continuous verification of the register;

(ii) involvement of all stakeholders including government departments, stakeholders involved, sector departments and private sector;

(iii) participation of members of households registered as indigent(d) The municipality may promote exit from indigence by identifying indigents for inclusion in public works projects.

## **18 MISCELLANEOUS**

18.1 Should any circumstances not covered by this policy regarding the administration of the indigent Support policy arise, and are urgent, it shall be referred to the Chief Financial Officer.

## **19 COMMUNICATION**

19.1 From time to time the municipality will endeavour to communicate its policy adequately, so that members of the community are apprised of the existence of such a policy or any amendments that may have been done by Council.

19.2 Structures, processes and or platforms that shall be used to communicate the benefits of the policy shall include:

i) The Ward Committee

ii) The Ward Councillors

iii) Community meetings

iv) Budget and IDP road shows

v) Special events

vi) Local media

19.3 Any communication issued by the municipality must be coordinated by the Communications Unit or the Municipal Manager or his delegated authority.



## **20 REVIEW OF THE POLICY**

20.1 The municipality will review this policy on an annual basis.

## **21 COMPLIANCE AND ENFORCEMENT**

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken as per the Municipality's disciplinary code of conduct.

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- b) It will be the responsibility of Chief Financial Officer to enforce compliance with this policy.

**22 EFFECTIVE DATE**

The policy shall come to effect upon approval by Council of ILEMBE DISTRICT MUNICIPALITY.

This policy shall be effective from 01 July 2021.

**23 POLICY ADOPTION**

This policy has been adopted/approved by the **COUNCIL OF ILEMBE DISTRICT MUNICIPALITY. Refer to Annexure B for more details:**

Resolution No:.....

Approval Date: .....

\_\_\_\_\_ / \_\_\_\_\_ /20\_\_\_\_\_

Date

