



UBUHLEBEZWE MUNICIPALITY

INDIGENT POLICY APPROVED BY COUNCIL ON 30 MAY 2013

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1. OBJECTIVE

Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for normal municipal services. The municipality therefore adopts this indigency management policy to ensure that these households have access to at least basic municipal services, and is guided in the formulation of this policy by the national government's policy in this regard.

This policy supersedes all financial policy instructions that have previously been issued. Failure to comply with the prescribed policies will result in the institution of disciplinary procedures in terms of the stipulated human resources policies and procedures of UBUHLEBEZWE MUNICIPALITY.

2. PURPOSE OF THE INDIGENT POLICY

2.1 The purpose of the indigent policy is to ensure:

- 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 subsidisation of basic service charges to its indigent households, using the Council's budgetary provisions received from Central Government, according to prescribed policy guidelines.

2.2 The Council also recognises that many residents can simply not afford the cost of full provision and for this reason the Council will endeavour to ensure affordability through:

- Settings tariffs in terms of the Councils Tariff Policy, which will balance the economic viability of continued service delivery; and
- Determining appropriate service levels

3. CRITERIA FOR QUALIFICATION

In order to qualify for indigent support the following criteria must be met:

- 3.1 Households where verified total gross monthly income of all occupants over 18 years of age does not exceed a total of an equivalent of two (2) state pensions or R2500.
- 3.2 Subsidised services may include housing debt, sewerage, refuse removal and property rates, and consumption service charges.
- 3.3 Only households where the accountholder or property owner has applied as indigent, and whose application has been accepted shall qualify for the above concessions.
- 3.4 For a household to qualify for subsidies or rebates on the major service charges, the registered indigent must be the full-time occupant of the property concerned, and if not also the owner of the property concerned, may not own any other property, whether in or out of the municipal area.
- 3.5 Households must formally apply for relief on the prescribed documentation and satisfy the qualifying criteria/principles determined by the Council.
- 3.6 The status of indigent is conferred for a period of not more than twelve months after which re-application must be made.

4. EXTENT OF INDIGENT SUPPORT

- 4.1 The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.
- 4.2 The source of funding of the indigence subsidy is that portion of the equitable share contribution to the municipality made from the national government's fiscus and as provided for in the budget. As such, the subsidy can only be credited to the qualifying customer's accounts until the amount received by the Municipality from National Government for this purpose has been exhausted, whereupon no further credits will be made, or the level of the credits reduced, until further national funds are received.
- 4.3 In respect of refuse removal, a 100% subsidy per household per month will apply. In respect of electricity, a 100% subsidy up to 50kWh per month will apply.
- 4.4 If a customer's consumption or use of municipal services is less than the subsidised service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 4.5 The annual rates and service charges on the indigent's account will automatically be converted to monthly instalments.
- 4.6 If the situation were it occurs that it is reported that the consumers are minors due to circumstances, the support will be determined as per Council decision from time to time.

5. ARREARS ON INDIGENT ACCOUNTS

- 5.1 The value of write-off granted on arrears of indigent accounts, will be as per Council decision from time to time. No further action will be taken on these arrears.
- 5.2 Customers who qualify for an equitable share subsidy will be placed on restricted service levels in order to limit further escalation of debt. Where a qualifying customer's account is paid in full at the date of application, or regularly maintains a paid up monthly account including any arrangement for arrear debt, after receiving the subsidy, the restriction on service levels will be waived up to the maximum levels specified in 3.5 above.

- 5.3 Customers, who qualify for equitable share subsidy and are still in arrears, will not be billed for the twelve months that the indigent application is valid for. However, after the twelve months has elapsed; normal monthly bills will be issued by the municipality until such time that a new application to register as indigent, has been approved by the municipality.

6. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- 6.1 When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigency relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.
- 6.2 The onus is on each registered indigent to advise the municipal manager, or his nominee, of such failure to comply.
- 6.3 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, or his nominee, 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.
- 6.4 The relief to indigents may be withdrawn at the discretion of the municipal manager, or his nominee, if:
- A registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
 - Any tampering with the installations of the municipality is detected.
- 6.5 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 check (ITC – Credit Bureau). Should the requirements not be met, the subsidy for that consumer will be cancelled.

- 6.6 If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay the municipality with immediate effect all indigency relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigency relief for a period extending for five years beyond the financial year in which the misdemeanour is detected.
- 6.7 Indigency relief will not apply in respect of property owners owning more than one property, whether in or outside the municipal area.

7. REPORTING REQUIREMENTS

The municipal manager or his nominee shall report on a monthly basis to the mayor for the month concerned and by municipal ward:

- 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 budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.

The Mayor shall submit the above reports on a quarterly basis to the council and to the municipality's ward committees, or monthly frequently to any ward committees, when applicable.

9. This policy shall take effect from the(date)