



## **UBUHLEBEZWE MUNICIPALITY**

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**INDIGENT POLICY APPROVED BY COUNCIL ON 23-03-2023**

## **INDEX**

- 1) DEFINATIONS
- 2) LEGISLATIVE FRAMEWORK
- 3) OBJECTIVE
- 4) PURPOSE OF THE INDIGENT POLICY
- 5) CRITERIA FOR QUALIFICATION
- 6) EXTENT OF INDIGENT SUPPORT
- 7) ARREARS ON INDIGENT ACCOUNTS
- 8) NON-COMPLIANCE OF HOUSEHOLDS
- 9) REGISTERED AS INDIGENT
- 10) REPORTING REQUIREMENTS

## 1. DEFINITIONS

**“Child headed household”** means a household where both parents are deceased and where all occupants of property are children of the deceased and under the legal age to contract for services/ under the age of 21.

**“Household”** means a registered owner or tenant with or without children who reside on the same premises. This includes biological/ foster/adopted children.

**“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, as vested in the municipal policy, which qualifies for rebates or remissions, support or a services subsidy, provided that child support grant is not included when calculating such household income;

**“Poor household”** refers to a house and its occupants regarded as a unit of people in a family or other group that are living together in one house but cannot afford to sustain or afford basic services for themselves, including biological/ foster/adopted children.

**“Representative”** mean the Board of Trustees/ Managing Agents of retirement centers and old age homes.

**“Municipal tariff”** means a tariffs for a service which a municipality may set for the provision of a service to the local community, and includes a surcharge on such tariffs

**“Occupier”** means any person who occupies any premises or part thereof, without regard to the title under which he or she so occupies.

**“Indigent register”** means the municipal list of indigent customers as per the municipal policy, which has to be updated on a monthly basis, designed to contain all the data contained within completed indigent application forms.

**“Property owner”** means a person in whose name property is registered/ the holder of a little deed.

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

**“Basic Municipal Services”** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life that is necessary to ensure an acceptable and reasonable quality of life if not provided, would endanger public health or safety or the environment i.e. Electricity, refuse removal etc.

## **2. LEGISLATIVE FRAMEWORK**

This policy is designed and implemented within the framework of the following legislation, but not limited to other prescripts:

- a) The Constitution of the Republic of South Africa, 1996;
- b) The Local Government : Municipal Structures Act, 2000 (Act of 2000);
- c) The Local Government : Municipal Systems Act, 2003 (Act 32 of 2003);
- d) The Local Government : Municipal Property Rates Act, 2004 (Act No 6 of 2004);
- e) The Local Government : Municipal Finance Management Act, 2003 (Act 56 of 2003);
- f) The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- g) The Promotion The of Access to Information Act, 2000 (Act 2 of 2000);
- h) The Property Rates Act, 2004 (Act 6 of 2004).

## **3. 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.

## **4. PURPOSE OF THE INDIGENT POLICY**

4.1. 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.

4.2. 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

## **5. CRITERIA FOR QUALIFICATION**

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

- 5.1. Households where verified total joint gross monthly income of all occupants or dependents in a single household must be less than two (2) state pensions grant income.
- 5.2. Subsidised services may include refuse removal, property rates and electricity.
- 5.3. Only households where the account holder or property owner has applied as indigent, and whose application has been approved shall qualify for the above concessions.
- 5.4. 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. The property value will be assessed in line with the Municipal Property Rates. In the event of recognised polygamous customary marriages the applicant should provide property registration documents (title deed/lease agreements) for each property.
- 5.5. All households that are child headed, even if they are below eighteen (18) years of age, are eligible to apply for the indigent support.
- 5.6. Households must formally apply for relief on the prescribed documentation and satisfy the qualifying criteria/principles determined by the Council.
- 5.7. The status of indigent is conferred for a period of not more than twelve months after which re-application must be made.

## **6. APPLICATION PROCEDURE**

- 6.1. Registration must be undertaken three months before the beginning of each financial year.
- 6.2. The onus for applying for indigent subsidy rests with the consumer who has low income and cannot afford to pay the full municipal tariff for services received.
- 6.3. An indigent application must be done on a specific council application form obtainable from municipal offices.
- 6.4. The programme officers must provide the applicant with a reference number during application and verification phases.
- 6.5. The following documentary proof has to accompany the indigent application form:
  - (i) Applicant's identity document;
  - (ii) The applicant biological/foster/adopted children's identity documents;

- (iii) Proof of residence;
- (iv) Proof of ownership or Lease of the premises where the applicant is not yet connected to electricity, or water, or sewer;
- (v) Proof of connection to electricity, or water or sewer latest municipal or Eskom account
- (vi) Documentary proof of total monthly income of the household;
- (vii) In addition, a recommendation by a Ward Councillor or local traditional council (Induna/Secretary/Inkosi) detailing qualifying reasons;
- (viii) Bank Statement where applicable;
- (ix) Copy of a certified Government grant card (state pensioners, disability, foster etc.)
- (x) A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared; and

## **7. EXTENT OF INDIGENT SUPPORT**

- 7.1. 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.
- 7.2. 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.
- 7.3. 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.
- 7.4. 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.
- 7.5. The annual rates and service charges on the indigent's account will automatically be converted to monthly instalments.
- 7.6. 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.

## **8. ARREARS ON INDIGENT ACCOUNTS**

- 8.1. 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.
- 8.2. 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 above.
- 8.3. 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.

## **9. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT**

- 9.1. 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.
- 9.2. The onus is on each registered indigent to advise the municipal manager, or his nominee, of such failure to comply.
- 9.3. 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.
- 9.4. 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.

- 9.5. 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.
- 9.6. 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.
- 9.7. Indigency relief will not apply in respect of property owners owning more than one property, whether in or outside the municipal area.

### **10.1. 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.

### **11. EXIT PROGRAM**

- 11.1. An indigent customer must immediately request deregistration where his or her circumstances have changed to the extent that he or she no longer qualifies.
- 11.2. In addition to the circumstances stated in section 5, 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 sales of the property in respect of which support is granted.
  - (iii) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.
- 11.3. 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.

This policy shall take effect from the 1 July 2023