

MORETELE LOCAL MUNICIPALITY



INDIGENCY MANAGEMENT POLICY

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1. PREAMBLE:

The purpose of the policy is to establish strategies to support poverty alleviation within Moretele Local Municipality in line with the changing needs of the community.

The policy links with the Council's Credit Control and Debt Collection Policy, Tariff Policy and respective by-laws by providing a support programme for the subsidisation of basic services to indigent households.

2. OBJECTIVE

The policy is based on the following legislation:

- ✓ Constitution of the Republic of South Africa Act, Act no. 108 of 1996 (Section 27).
- ✓ Municipal Systems Act, Act 32 of 2000.

The objective of this policy will be to ensure the following:

- ✓ The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.
- ✓ Establish the framework for the identification and management of indigent households.
- ✓ The provision of procedures and guidelines for the subsidisation of basic charges to indigent households.

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.

3. WHO QUALIFIES FOR INDIGENT SUPPORT

Persons who are claiming indigent status (i.e. an inability to pay assessment rates and service accounts in full) must qualify in terms of the following criteria:

- ✓ Must be a south African citizen
- ✓ Must be a resident of Moretele Local Municipality.
- ✓ Must be in possession of a valid South African identity document.
- ✓ Must be the owner or tenant who receives Municipal services and is registered as an account holder on the Municipal financial system and must not be in possession of more than one property.
- ✓ Must have an active Municipal Account.
- ✓ A household whose combine gross monthly income of all members over 18 years of age must not exceed combined monthly government grants R4000.00 per month.
- ✓ He/she must own one property in South Africa.
- ✓ The applicant must be a registered owner of the house/property.
- ✓ If an indigent consumer has attained the age of 60 years on or after a current financial period, he/she should automatically qualify for renewal as an indigent consumer for all subsequent years (no annual renewal is necessary).
- ✓ Indigent applicants can further be targeted through the approved municipal valuation roll. The households are referred to as deemed households. These individuals who live together in a single residential property and qualifies for indigent relief based on the use and value of property as determined in terms of general valuation roll. Municipal value of property does not exceed maximum value as determined by Council's assessment rates tariff policy (not to exceed R150 000.00). These indigents will be approved automatically on the basis of the value of the house being that of an RDP standard or below.

Relief for qualifying households:

Indigent households will qualify for a subsidy on property rates and service charges for sewerage and refuse removal, and will additionally receive 6 kilolitres of water per month free of charge.

Qualifying households and child headed 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.

For a household to qualify for subsidies or rebates on the major service charges (see part 3 below), the registered indigent must be the full-time occupant of the property concerned, and if also the owner of the property concerned, may not own any other property, whether in or out of the municipal area.

For a household to qualify for a rebate on rates, the registered indigent must be both the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the municipal area.

To register as an indigent, the relevant property owner or accountholder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies. The municipal manager 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. Registration will take place on dates and at times and places determined by the council from time to time.

4. CHILD-HEADED HOUSEHOLD

Child-headed households will be treated as special cases subject to the following conditions:

- ✓ the normal qualifying criteria for indigent support in respect of remaining members of household is complied with;
- ✓ the account of the deceased parents is closed;
- ✓ the oldest child signs the user agreement assisted by appointed legal guardian in possession of "Letter of authority" issued by local magistrate court. Letter of authority will only be accepted during period of winding up of estate, not to exceed period of 24 months from date of issue unless proof of address can be submitted.
- ✓ property is not occupied by any member other than minor dependent children of deceased owner and or tenant;
- ✓

5. DEEMED HOUSEHOLDS

Households within the following categories of properties will be deemed to be indigent households and qualify automatically for receiving the indigent subsidy:

- (a) the property is used for residential purposes only as reflected in General Valuation roll;

(b) residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property;

(c) municipal value of property does not exceed maximum value R 150 000

Indigent relief will be withdrawn where upon verification the deemed indigent household, including occupants/residents and/or dependants residing on the property, as the case may be, -

(a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;

(b) owner of property owns more than one (1) property, registered individually or jointly.

6. APPLICATION OF THE POLICY

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.

In respect of water, a 100% subsidy of the fixed availability charge and of metered consumption up to 12 kilolitres per household per month will apply; however, if consumption exceeds 12 kilolitres per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kilolitres. If unmetered water is provided, a 100% subsidy of the fixed availability charge will apply.

In respect of sewerage charges and charges for household refuse removal, the relief granted shall be determined in each annual budget, in accordance with the municipality's means.

In respect of property rates, the rebate shall be 100% of the rates based on the rateable value up to R110 000 and 75% of the rates based on the rateable value above R110 000.

7. ALTERNATIVE ENERGY

- ✓ Indigent household in informal settlement within municipal jurisdiction where limited or no electricity available. The municipality will make provisioning of alternative energy sources for lighting and cooking
- ✓ A ward will identified as part of the pilot study, where stove and gel will be provided for cooking purpose, the gel and the lighting jar will be also provided for lighting

- ✓ A service provider will be contracted to provide such services based on the performance management criteria and in terms of references developed by the municipality, municipality will credit and monitor the roll out of alternative energy

8. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

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.

The onus is on each registered indigent consumer to advise the municipal manager. Failure to advise the municipal manager will result in a person losing the classification as an indigent consumer and thus he/she will be liable for the services in full.

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 as 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 restricted in terms of the municipality's credit control and debt collection policy.

The relief to indigents may be withdrawn at the discretion of the municipal manager 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.
- ✓ If an indigent household exceeds the allocated relief, the municipality will impose restrictions.
- ✓ Change in indigent status without informing the municipality

9. PENALTIES FOR FRAUDULENT INFORMATION

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 to 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 5 (five) years beyond the financial year in which the misdemeanour is detected.

If an indigent household exceeds the allocated relief of 6 kilolitres, the municipality will impose restrictions. Should this also be exceeded, then the municipality would charge for the over consumption.

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

10. REPORTING REQUIREMENTS

The municipal manager shall report on a monthly basis to the mayor and executive committee, 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 executive committee shall submit the above reports on a quarterly basis to the council and to the municipality ward committees.

11. PROMULGATION OF BY-LAWS AND REVIEW OF POLICY

The council shall ensure that by-laws are promulgated to give effect to this policy.

The council shall further review this policy as part of the process of preparing each annual budget, and any amendments to such policy shall be consequentially effected in the water and sanitation by-laws.

Policy enforcement and administration:

- ✓ The onus is on the indigent household to report any improvement/ changes to their economic life situation to the municipality. Fraudulent declaration of a person's position will result in the individual being struck off the register.
- ✓ The ward councillor with the assistance of the ward committee will continuously monitor the situation and update an indigent register in the ward.
- ✓ The gathering of indigent data and application is the responsibility of the councillors, assisted by the administration office with logistical matters.
- ✓ Councillors will approve the application forms as verification and authorization that the indigent subsidy may be granted to the applicant.
- ✓ The finance department will do due diligence to make sure that the particular report is evaluated and monitored.

12. FREE BASIC SERVICES

Free Basic Services will be defined in the following Council policy documents:

- ✓ Credit Control and Debt Collection
- ✓ Subsidised rates and refuse removal
- ✓ Free Basic Water
- ✓ Free Basic Electricity
- ✓ Free Basic Sanitation

Free basic alternative energy, such as coal, solar panels, paraffin, primer stoves



13. REPORTING AND QUALITY CONTROL

Quarterly reports shall be submitted by the Directorate: Community Services, with financial implications to relevant Portfolio Committees and to the Executive Committee on progress made and any changes in the status of registered indigents.

14. EXTENT OF MONTHLY INDIGENT SUPPORT

The extent of the monthly indigent support granted by Council to indigent households in the Municipal area will be determined based on budgetary allocations for a particular financial year and the tariff increases for that specific financial year. This should be based on the amount of an average monthly service account as indicated in the National Allocation Guideline as reviewed annually (Equitable share) stated as follows:

- ✓ Water
- ✓ Refuse collection
- ✓ Electricity
- ✓ Sewerage
- ✓ House rentals
- ✓ Assessment rates on residential property

The subsidy for the above should be in line with the Municipality's tariffs which will change from time to time as tariffs increase.

The following forms of assistance could also be given to indigent households:

- ✓ The accounts of successful applicants should be flagged to prevent credit control measures.
- ✓ No interest should be charged on arrears.
- ✓ The accrued arrears of an indigent household should be placed in suspense account and be reviewed annually.
- ✓ The account of an indigent household that applied for an Indigent Grant should be credited with an amount totalling the amount as approved by the Council.

- ✓ The Municipality reserves the right to install prepaid meters in all the households classified as indigent.
- ✓ The accounts of indigent consumers may be written off after a consideration and motivation by each councillor and the finance department.

15. SHORT-TERM ASSISTANCE

An indigent person in incidental distress may be assisted for a shorter period not exceeding six months. Incidental distress will mean a person that is:

- Temporarily unemployed.
- Persons who are hospitalised.
- ✓ Such persons qualify for assistance if they are not in receipt of any assistance from any other source.
- ✓ Indigent people falling within this category will be re-assessed on a three monthly basis.

16. PROCESS MANAGEMENT

Validity Period

- ✓ The indigent register is a living document, it is therefore not linked to the term of office of council rather to the life of the household owner and or indigent applicant.
- ✓ State pensioners need not reapply as they automatically qualify by virtue of them being aged and their unchanging status
- ✓ Deemed households are reviewed every 5 years as per the MPRA

- ✓ Reapplication process to continuous for the duration of each financial, to be conducted by means of verification by councillors to verify status change for all applicants other than pensioners and deemed indigent households.

17. DEATH OF REGISTERED APPLICANT

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

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 Directorate: Community Services who will be responsible for investigating the validity of the complaint and referral to the Directorate: Finance for appropriate action.

18. UNDER-USAGE OF ALLOCATION

If the level of consumption of the indigent household is less than the consumption level approved by the Municipality, the household cannot claim or accrue the unused portion, be it in cash or rebates.

19. AUDITING AND REPORTING

A three monthly auditing must be conducted regarding the indigent register, usage rate of allocations and credit control measures.