

NGWATHE LOCAL MUNICIPALITY

INDIGENT SUBSIDY POLICY



2013/2014

TABLE OF CONTENTS

1. INTRODUCTION	
2. WHAT IS FREE BASIC SERVICES.....	3
3. OBJECTIVE.....	3
4. WHO QUALIFIES FOR INDIGENT SUPPORT.....	3 - 4
4. APPLICATION OF THE POLICY.....	4 - 5
5. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT	5 - 6
8. REPORTING REQUIREMENTS.....	6

INTRODUCTION

The municipality needs to commit to supporting measures that assist and empower its community. The duty of the municipality is to support and ensure that citizens are able to access their constitutional right to have access to basic level of services. Through the adoption the adoption of indigent support policy a municipality is able to increase the quality of life of the beneficiaries at large by assisting poor households to exist from indigence

1. WHAT IS FREE BASIC SERVICES

Free Basic Services refers to a basket of free services that are linked to an indigent policy which targets the poor in every municipality. The basket of services include, water, electricity, refuse removal, sanitation and rates taxes. These services are capped and provided to people who qualify, based on pre-determined criteria, as stipulated in the municipal indigent policy.

2. POLICY OBJECTIVE

The right of all citizens to have at least a basic level of service is a right that is entrenched within the South African Constitution (Act 108 of 1966).

As the SA Constitution determines, Ngwathe Municipality is committed to ensure the provision of services to the community in a sustainable manner and improve the quality of live. The provision of basic services to community in a sustainable manner within the financial and administrative capacity of the Council to have a financial sustainability of free basic services through the determination of appropriate tariffs that contribute through cross subsidization.

Establishment of framework for the identification and management of indigent household; including socio-economic analysis and an exit strategy together with Co-operative governance with other spheres of government. To enhance the institutional and financial capacity of the municipality to implement the policy.

3. THE LEGISLATIVE FRAMEWORK

- The Constitution of the RSA, 1996
- The Municipal Systems Act, 2000 (Act 32 of 2000)
- The Municipal Finance Management Act, 2003, (Act of 2003)
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000)
- The Property Rates Act, 2004 (Act of 2004)

4. INDIGENT SUBSIDY POLICY

The council must adopt an Indigent Subsidy Policy, which must embody and provide procedures and guidelines for the subsidization of basic service and tariff charges to indigent household in its municipal area. The object of the indigent Subsidy Policy must ensure:

- The provision of basic service to the community in a sustainable manner within the financial and administrative capacity of the Council; and
- The provision of the procedure and guidelines for the subsidization of basic service charges to indigent household.

According to the 2001, Statistic SA, a total number of 32 534 household in Ngwathe Municipality are households which are unable to afford to pay for normal municipal services, and they earn between R0 to R42 000 per annum.

IDP 2012-2017 extract shows a Number of households by income category:

	0-2400	2400-6000	30000-42000	42000-54000	54000-72000	360000-600000	600000-1200000	1200000-2400000	Total
Province	1 289	592	108 559	77 931	70 568	37 810	21 337	5 661	820 884
FDDM	146	63	16 474	12 480	11 863	8 216	4 746	1 310	139 046
NLM	44	27	4 788	3 450	3 156	1 377	609	117	36 272

(Source global Insight)

Because of the high level of unemployment and; the subsequent poverty, in the Municipal area; 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.

An indigent register will be maintain to provide the basis for managing and tracking the applications for services received, the approval and verification process and the subsequent services provided to beneficiaries for FBS.

5. WHO QUALIFIES FOR INDIGENT SUPPORT

- 5.1 Household with a total gross monthly income of all occupants over 18 years of age does not exceed R1 300 (Category A) and R2 140 (Category B), or such other amount as the council may from time to time determine, is qualifying for a subsidy on basic municipal services, namely,

property rates, water, electricity, sewerage and refuse removal. Qualified indigent will receive an additional 6 kl of water per month and 50 kWh of electricity per month.

5.2 OFFENCES

Any indigent household who

- 5.2.1 Obstruct or hinders the Council in the exercise of its powers or performance of functions or duties under this policy;
- 5.2.2 Uses or interferes with Council equipment or consumption of services supplied;
- 5.2.3 Tampers or breaks any seal on any meter installed, or with the water restrictor system installed or any equipment belonging to the Council, or for any reason as determined by the Chief Financial Officer causes interference with the services provision and the services and the service used;
- 5.2.4 Furnishes misleading information knowing it to be false or misleading;
- 5.2.5 Contravenes or fails to comply with a provision of these policy;
- 5.2.6 Is guilty of an offence and be liable upon conviction to a fine as approved by Council on tariffs and in line with Credit Control Policy or as may be determined by resolution of the Council from time to time.

6. APPEAL AGAINST DECISION OF THE COUNCIL

An indigent household application, which has been declined, may appeal against such decision which appeal must be done through the office of the Chief Financial Officer.

7. COMMUNICATION STRATEGY

Municipality will review a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation thereof

8. METHOD OF COMMUNICATIONS MAY INCLUDE

- 8.1 Political Offices
- 8.2 Ward committee members
- 8.3 Traditional leaders, where applicable
- 8.4 Community based organisations
- 8.5 Local radio stations and newspapers
- 8.6 Municipal accounts
- 8.7 Imbizo and road shows

8.8 Categories are classified as follows:

- Two categories of indigents {A & B}
- Rebates { Households where gross monthly income of all occupants over 18years}:

R0 - R1 300: The whole amount on basic services

R1 301- R2 140: R180 on the ratable value (rebate excluding electricity and vat)

8.9 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.

8.9 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 not also the owner of the property concerned, may not own any other property or rent a property, whether in or out of the municipal area.

8.10 In case of the sectional title properties (Flats or Unit) the property owner has to submit the legal proof from the deeds office as well as from the attorney. The property owner has to be a full-time occupant of the property concerned.

8.11 Indigence relief shall apply for a period not extending beyond the financial year in which the particular household is registered as indigent. Registration must be renewed in each registration programme if relief is to continue.

8.12 To register as an indigent, the relevant property owner or accountholder must personally complete and sign the prescribed registration form provided by the municipality for this purpose, and furnish such further documentations as the municipality may specify.

8.13 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, but shall generally be undertaken from May and June each financial year, to ensure accuracy of the indigent database.

8.14 Business owners and tenderpreneurs are not allowed or qualify to be indigent.

9. GRANTS EXCLUDED AS INCOME

The following income is noted but not included as the determining income for the household

9.1 Forster Child Grant

9.2 Care Dependency Grant (Sick Grand)

9.3 Child Support Grant

10. APPLICATION OF THE POLICY

Provisional Indigent status may be granted within 30 days after date of application, pending the outcome of the final verification process.

The following procedures should be followed on every application:

- 10.1 Category A and B of a registered indigents and should appear on the municipal indigent register need not to pay registration for electricity and water deposit. Except on exceptional cases.
- 10.2 If an indigent owner (B category) parent, transfer his property to children (A Category indigent) the category B owner should make arrangements to pay his/her debt
- 10.3 In case where the applicant is not working an affidavit should be signed by applicant under oath.
- 10.4 The applicant should be a resident of South Africa and Ngwathe Municipality and should complete an prescribed application form.
- 10.5 The applicant should stay on the property where they apply for indigency and be older than 18 years of age (except on special consideration in conjunction with the Ward Councilor will be given to orphans staying on stands and on exceptional cases).
- 10.6 Only one application per household is allowed and only owners with one residential stands should apply
- 10.7 Backroom income should be added to the income of the indigent applicant
- 10.8 Businesses (formal or informal) are not allowed to apply for indigency.
- 10.9 Tenants or Consumers staying in backrooms are not allowed to apply for indigency.
- 10.10 Owners renting their properties to tenants are not allowed to apply for indigency.
- 10.11 Owners of vacant stands are not allowed to apply for indigency.
- 10.12 Any transfer of stands or forfeiting of stands from non- and category B indigents will lead to the
- 10.13 Arrangement of paying the outstanding debt on the stand
- 10.14 The subsidies on rates and specified service charges will be determined as part of each annual
- 10.15 Budget and in terms of the municipality's policies on property rates and tariffs.
- 10.16 In respect of indigents on water, a 100% subsidy up to 6 kl per household per month will apply;
- 10.17 However, if consumption exceeds 6 kl per metering period (month) the indigent consumer will be obliged to pay all exceeded services at a normal tariff as determined by the municipal tariffs for
- 10.18 In respect of non-indigent a subsidy up to 6kl per household per month will apply, however, if consumption exceeds 6 kl per metering period (month) the non-indigent consumer will be obliged to pay all exceeded services at a normal tariff as determined by the municipal tariffs for actual consumption on the quantity exceeding 6 kl.
- 10.19 In respect of indigents on electricity, a 100% subsidy up to 50 kWh per household per month will

apply; however, if consumption exceeds 50 kWh per metering period (month), the indigent consumer will be obliged to pay all exceeded services at a normal tariff as determined by the municipal tariffs for actual consumption on the quantity exceeding 50 kWh in respect of non-indigent a subsidy for electricity will not apply;

11. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- 11.1 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.
- 11.2 The onus is on each registered indigent to advise the municipal manager of such failure to comply.
- 11.3 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 granted.
- 11.4 The relief to indigents may be withdrawn at the discretion of the municipal manager if:
- 11.5 A registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
- 11.6 Any tampering with the installations of the municipality is detected.
- 11.7 If a registered indigent is found to have provided fraudulent information to the municipality regarding 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, 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 1 (one) year beyond the financial year in which the discrepancy was detected.

12. REPORTING REQUIREMENTS

The municipal manager shall report on a monthly basis to the executive mayor or executive committee, as the case may be, 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.

13. RESPONSIBILITY OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer shall report monthly to the Municipal Manager in a sustainable format to enable the Municipal Manager to report to Council and other interested parties. Such reports shall reflect on:

- number of indigent households applications received
- amount of subsidy allocated per benefit category
- performance of all arrears against targets set in the respect of indigent support and poverty relief with regard to the following:
 1. time taken to process and finalise applications
 2. site visit undertaken
 3. awareness initiative and Exit initiative

14. RESPONSIBILITIES OF THE MUNICIPAL MANAGER

It is the responsibility of the Municipal Manager:

- To create, maintain and update a register of all debtors receiving indigent support subsidies from the Council in terms of the these policy;
- To reflect the indigent status of debtors in the accounting record of the Municipality;
- To advice and keep indigent debtors informed of the approval, amendment, suspension or withdrawal of an application for indigent support in terms of these policy and the conditions under which such support will be granted, including the renewal of indigent support application;
- To report any instance of misuse of the Council's indigent and Free Basic Service Subsidy Policy to the Council;
- To report at regular intervals as may be required by Council on the progress or otherwise of the implementation of the Council indigent and Free Basic Service Subsidy Support Programme.
- To publish the copy of the policy and amendment thereto on the official website of the Municipality.
- The Mayor or Executive Committee, as the case may be, shall submit the above reports on a quarterly basis to the Council and to the municipality's Ward Committees. The Ward Committees may request the above information at any time needed from the office of the Speaker.