



The home of harmony, prosperity and growth

## **Indigent Policy**

## **Definitions**

**Reserve:** *means retained surplus set aside for a specific purpose.*

**Statutory Funds:** *means reserves which a municipality is required to create and maintain in terms of specific legislation.*

**Special Funds:** *means those funds which can be created in terms of legislation but at the discretion of Council.*

**Funds:** *means the accumulations included in statutory and special funds. Such accumulations shall usually be represented by cash.*

## **1. Objectives of the Policy**

- a) To ensure that vulnerable individuals and households with limited or no income can access basic municipal services like water, electricity, refuse removal.
- b) To provide a sustainable safety net for those who might otherwise struggle to afford these essential services.

## **2. Legislative Context**

Section 153(a) of the Constitution of South Africa stipulates that a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

## **3. Defining “Indigent”**

For the purpose of this policy, indigent means households where verified combined gross monthly income of all occupants over 18 years of age does not exceed the threshold amount as determined by Council from time to time.

## **4. Service Levels**

Ngwathe Local Municipality is responsible for providing indigent support with respect to the following essential household services which, when provided at a basic level, comprise the social safety net:

- a) Water supply;
- b) Sanitation services;
- c) Refuse removal;
- d) Basic Electricity;
- e) Exemption from property Rates and Taxes;
- f) Graveyard costs; and
- g) Assisting in the housing process.

## **5. WHO QUALIFIES FOR INDIGENT SUPPORT**

For the purpose of this policy, two categories of households within the area of jurisdiction of Ngwathe Local Municipality qualify for indigent support as explained hereunder as follows:

- a) **CATEGORY A:** this is a household where verified combined gross monthly income of all occupants over 18 years of age does not exceed **R 5 300** shall qualify for support for all services listed in section 4 above.
- b) **CATEGORY B:** this is a household where verified combined gross monthly income of all occupants over 18 years of age does not exceed **R 5 300** and the total value of the property in question is over R 1 500 000, shall qualify extra rebate of R 200 per month on property rates and taxes.
- c) However, if the any of the following circumstances applies to an applicant, his/her application must first be approved by the Council:
  - (i) Consumers that became unemployed during the 3 months before his/her application.
  - (ii) Consumers that had received lump sums from their past employer or pension funds.
  - (iii) Consumers that has more than one property and rent out other properties.
  - (iv) Any other applications identified by the Council.

## **5. Application Criteria**

- a) 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. The municipality shall 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 shall take place on dates and at times and places determined by the council, but shall generally be undertaken during **January and/or February** each year.
- b) 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 indigent support.
- c) The following procedures shall be followed for every application to be registered as indigent:
  - (i) An applicant shall be a resident of South Africa and within area of jurisdiction of Ngwathe Local Municipality;
  - (ii) An applicant shall complete an application form.
  - (iii) An applicant should be residing on the property and address for which they apply for indigent.
  - (iv) Applicant must be 18 years of age and older (special consideration in consultation with the ward councilor shall be given to orphans staying on stands).

- (v) The household combined, gross monthly household income may not exceed the levels as determined from time to time by Council, currently as follow:
- **Category A** – R 5 300 per month
  - **Category B** – R 5 300 per month and property value exceeds R 1,5 million
- d) Only one application per household is allowed.
- e) The following documents must be presented by each applicant together with the application form upon registration:
- (i) The latest Municipal account in his/her possession
  - (ii) The accountholder's identity document
  - (iii) Names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.
  - (iv) Documentary proof of income for every occupant / resident over the age of 18 year who reside at the property.
  - (v) Any other documentary proof that may be required by the municipality in order to further assess each individual case.
- f) In addition, applicants shall be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.
- g) If an application is approved, the assistance shall only be valid until the end of that financial year, with no guarantee of renewal. The onus is on account holders to re-apply for support / subsidy each year during the registration window time, failing which the support / subsidy shall cease immediately.

## **6. Exclusions and Special Conditions**

- a) Businesses (formal or informal) are not allowed to apply for indigent subsidy.
- b) Consumers staying in backrooms are not allowed to apply for indigent subsidy.
- c) Category A need not pay registration for electricity and water deposit
- d) Category indigents B have to pay for registration of electricity and water deposit.

## **7. Application of the Policy**

The subsidies on the specified service charges shall be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.

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The support / subsidies shall apply as detailed in the following paragraphs in respect of each category of basic services provided:

#### **7.1 Water Supply**

A subsidy equal to the amount charged for the first 6 kilolitres consumption per month as well as 100% subsidy on the basic charge (availability) for water. The consumer (including indigents) shall be charged at applicable tariffs for actual consumption on the quantity exceeding 6 kl.

#### **7.2 Electricity Supply**

In respect of electricity, a 100% subsidy up to 50 kWh per household per month shall apply.

#### **7.3 Sanitation and Refuse Removal**

100% subsidy on the monthly amount billed for the service concerned.

#### **7.4 Property Rates**

- a) In terms of the Property Rates Act, Act 6 of 2004, section 17(1)(h) all residential sites are exempt from the first R 15,000 of the market value on property. As additional subsidy the municipality shall grant 100% of the rates based on the rateable value to the extent such rateable value does not exceed R 42 000 (*Including the impermissible rates of R15 000*).
- b) Households who are registered as indigents under Category A in terms of this policy, regardless of the value of the property, shall receive a 100% rebate from payment of property rates and taxes per month.
- c) Households who are registered as indigents under Category B in terms of this policy, with value of the property, shall receive a additional R 200 on property rates and tax per month.

#### **7.5 Burial Sites Cost**

- a) A subsidy equal to 100% of the amount charged for burial site. The subsidy shall apply in respect of every deceased member of the indigent household.
- b) The above subsidies shall only be applicable and paid with the proviso that the subsidy cannot be guaranteed upfront as it shall be funded from equitable share allocation from the National Government. Therefore, should no equitable share or a reduced equitable share be received from the National

Government, then no or fewer consumers shall receive a subsidy in part or in whole in respect of certain services.

## **8. Revenue Management Issues**

- a) In order to apply this policy in a sound manner, the municipality shall ensure that a good system for identifying consumer units consumed and bill those who receive the services above the free basic level and ensure that payments are made through in compliance with credit control policy and debt collection policy.
- b) Systems shall also be maintained to ensure that those who are not indigent to not unfairly and unlawfully benefit from resources which would otherwise be allocated to the indigent.

## **9. Non-Compliance of Registered Indigent Households**

- a) 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 indigent support / relief, such person shall forfeit his or her status as a registered indigent with immediate effect, and shall thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.
- b) The onus is on each registered indigent to advise the Accounting Officer of such failure to comply.
- c) 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 shall have to make immediate arrangements with the Accounting Officer to pay off these arrears owing within a reasonable time determined by the Accounting Officer in terms of the municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies shall be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.
- d) The relief to indigents may be withdrawn at the discretion of the Accounting Officer if:
  - (i) a registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement;  
or
  - (ii) any tampering with the installations of the municipality is detected.
- e) 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 indigence relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigence relief for a period extending for 5 (five) years beyond the financial year in which the misdemeanour is detected.

## **10. Monitoring and Review**

- a) Indigent support / relief shall apply for a period not extending the financial year in which the particular household is registered as indigent. Registration shall be renewed in each registration programme if support is to continue.
- b) Half yearly verification of indigents shall be performed to ensure accuracy of the indigent database.

## **11. Reporting Requirements**

- a) The Accounting Officer shall report on a regular basis to the Council up to the month concerned and by municipal ward:
  - (i) the number of households registered as indigents and a brief explanation of any movements in such numbers;
  - (ii) the monetary value of the actual subsidies and rebates granted;
  - (iii) the budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.
- b) The executive committee 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 if so requested.

## **12. Review and Approval**

This policy and underlying strategies shall be reviewed at least annually, or as necessary, to ensure its continued application and relevance.

**Approved by Council on:** \_\_\_\_\_