

SUNDAYS RIVER VALLEY  
MUNICIPALITY

# INDIGENT POLICY

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## SUNDAYS RIVER VALLEY MUNICIPALITY INDIGENT POLICY

### DEFINITION OF CONCEPTS

**“child headed household”** means a household where both parents are deceased and where all occupants of property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the state;

**“household”** means as a registered owner or tenant with children who reside on the same premises;

**“indigent”** means any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than two times the Government pension grant as prescribed by the National Department of Social Development or in line with the National Indigence Framework issued by the Department Local Government (DLG), who qualify, according to the policy, for rebates/remissions, support or a services subsidy. Examples hereof include pensioners, the unemployed and child-headed families who are unable to fully meet their obligations for municipal services consumed and property taxes on their monthly accounts.

**“Indigent Management System”** an electronic management system used by Baviaans Local Municipality for the management of the register of indigent households.

**"municipality"** means the municipality of Sundays River Valley, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

**“programme officer”** an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken.

**'occupier'** means the person who controls and resides on or controls and otherwise uses immovable property, provided that -

[a] the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;

[b] where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

**'owner'**, in relation to immovable property, means - 2

[a] the person in whom is vested the legal title thereto provided that -

[i] the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and

[ii] the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;

[b] if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;

[c] if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or

[d] if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

**'premises'** includes any piece of land, the external surface boundaries of which are delineated on -

[a] a general plan or diagram registered in terms of the Land Survey Act, 1997 [Act No. 8 of 1997] or in terms of the Deeds Registries Act, 1937 [Act No. 47 of 1937];

[b] a general plan registered in terms of the Sectional Titles Act, 1986 [Act No. 95 of 1986], and situated within the jurisdiction of the municipality;

**“programme officer”** an official duly authorised by the municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken.

**'rates'** means any tax, duty or levy imposed on property by the Council;

## 1. INTRODUCTION

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

## 2. POLICY PRINCIPLES

It is against the above background that the municipality undertakes to promote the following principles:

2.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay;

2.2 To link this policy with the municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;

2.3 To promote an integrated approach to free basic service delivery; and

2.4 To engage the community in the development and implementation of this policy;

## 3. POLICY OBJECTIVES

In support of the above principles the objective of this policy will be to ensure the following:

3.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;

3.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;

3.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy;

3.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households; and

3.5 Co-operative governance with other spheres of government.

#### **4. THE LEGISLATIVE FRAMEWORK**

This policy is designed and implemented within the framework of the following legislation:

- ⌚ The Constitution of the RSA, 1996;
- ⌚ The Municipal Systems Act, 2000 (Act 32 of 2000);
- ⌚ The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- ⌚ The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- ⌚ The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- ⌚ The Property Rates Act, 2004 (Act 6 of 2004).

#### **5. QUALIFICATION CRITERIA**

Qualification criteria for indigent support and the municipal services qualifying for such support shall be determined by the municipality from time to time, provided that until the municipality determines otherwise, the following criteria shall apply:

- 5.1 The applicant must be a resident of the municipality.
- 5.2 The applicant must be in possession of a valid South African identity document.
- 5.3 The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality does not exceed two times the government pension grant;
- 5.4 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system;
- 5.5 Any occupant or resident of the single household referred to above does not own any property in addition to the property in respect of which indigent support is provided.
- 5.6 A tenant can apply for the benefits in respect of the charges he/she is billed for and the landlord will still be liable for all ownership related charges such as rates.
- 5.7 The account of a deceased estate, may be subsidised if the surviving spouse or dependants of the deceased, who occupy the property, applies for assistance.

#### **6. ASSISTANCE PROCEDURES**

##### **6.1 Communication**

The municipality will develop 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. Regular information dissemination through ward committees, community based organisations and face-to-face contact by means of imbizo's will be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general.

##### **6.2 Application/Registration**

- 6.2.1 A person applying for assistance must complete a formal indigent support application form approved by the municipality. Such forms will be available at approved registration points provided by the municipality (Paterson, Addo, Valencia and Kirkwood offices).
- 6.2.2 Applications must be accompanied by the following:
  - 6.2.2.1 A copy of the applicant's identity document;
  - 6.2.2.2 The latest municipal account;

6.2.2.3 Documentary proof of income, or an affidavit declaring lack of income and/or proof of registration as unemployed, plus bank statements (where applicable);

6.2.2.4 Particulars of any other grants received by the accountholder;

6.2.2.5 Proof of ownership of business or second properties;

6.2.3 The applicant must consent to the installation of any form of pre-paid meters as a system to limit the consumption of services and to abate the accumulation of debt;

6.2.4 As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks;

6.2.5 If the application is approved, the assistance and support given will be valid for a period of 12 months without guarantee of renewal. The onus remains on the applicant to re-apply for assistance each year, failing which will render the assistance invalid.

### **6.3 Assessment & Screening of Applicants**

After the application/registration process all information must be verified by the Programme Officer or a person approved by the municipality as follows:

#### **6.3.1 Indigent Management System Check**

The information on the municipality's Indigent Management System must be checked to determine whether an applicant is already registered within the system as well as to determine dates when these existing applicants should be reviewed.

#### **6.3.2 Data Capture**

The indigent registration data must then be captured in an Indigent Management System as per the application form.

#### **6.3.3 Verification – Site Visit**

The Indigent Management System must assign an application to a duly appointed official to perform an on-site verification if necessary.

The Programme Officer must then verify and assess the registration application and may make recommendations for the acceptance of the application, or for further investigation which may include an external scan.

#### **6.3.4 Verification**

the information gathered through verification terms of 6.3.3 must be entered into the into the indigent Management System within 72 (seventy-two) hours after receipt thereof for finalisation of the application

### **6.4 Recommendation**

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database. Those applications that qualify for indigent support in accordance with the system are then to be referred to the Indigent Committee for final approval.

### **6.5 Indigent Committee**

6.5.1 An Indigent Committee comprising of designated officials and councilors, preferably ward councilors, must be established for the purpose of consideration and finalisation of applications received.

6.5.2 The Indigent Committee must meet regularly, but at least once per month.

6.5.3 The Indigent Committee must consider each recommended application, assess it in terms of the application and any other knowledge or information which members may have in respect of the applicant.

6.5.4 The Indigent Committee must monitor, in conjunction with ward councillors, ward committees and other persons or organisations it may appoint, the implementation of the indigent support programme, subject to the policy directions of the municipality and in consultation with the municipal manager;

## **6.6 Right of appeal**

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal with the Chief Financial Officer of the municipality within 10 (ten) days from the date on which the decision was communicated to the applicant.

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

The extent of the monthly indigent support granted to indigent households will be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year. Within the above framework, the following assistance and support will be granted:

### **7.1 Free Basic Water**

Each registered indigent household shall receive water fully subsidised to a maximum of 6 kl per month; provided that where the consumption exceeds 6 kl per month the municipality shall be entitled to restrict water supply to the property.  
All other households also receive 6kl of water free

### **7.2 Free Basic Electricity**

Each registered indigent household shall receive electricity fully subsidised to a maximum of 50 kWh per month, If they have a prepaid electricity meter other households can also apply for a 50kwh free if they have a prepaid electricity meter at their homes.

### **7.3 Refuse removal**

Each registered indigent household shall be fully subsidised for refuse removal as provided for in the annual budget

### **7.4 Free Basic Sanitation**

Each registered indigent household shall be fully subsidised for sanitation as provided for in the annual budget.

### **7.5 Property Rates**

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget, If household income is state pension or less the household will receive 100% subsidy.



## **7.6 Property rates subsidy for pensioners**

Registered Pensioners whose income is less than R5000 per month will receive the following rebate on the property they own.

100% rebate on the first R75 000 of the value of their property, then

A 60% rebate on the next R75 000 value of their property, but

A 70% rebate on the value above R100 000 of their property.

This only applies if the owner has only 1 property. The owner must stay at the property.

## **7.7 Rental (Dwellings and Sites)**

100% subsidy will be granted in respect of all dwellings or sites belonging to the municipality.

## **7.8 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 only 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.

# **8. PROCESS MANAGEMENT**

## **8.1 Validity period**

Validity period of assistance will be for a maximum period of 12 months. Households must re-apply at the end of a 12 months period.

## **8.2 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.

## **8.3 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 Senior Revenue Accountant who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

## **8.4 Excess Usage of Allocation**

If the level of consumption of the indigent household exceeds the consumption level approved by the municipality, the household will be obliged to pay for the excess consumption on a monthly basis. Such accounts will be subject to the municipality's credit control and debt collection measures.

## **8.5 Termination of Indigent Support**

Indigent Support will be terminated under the following circumstances:

8.5.1 Death of account-holder.

8.5.2 End of the 12 months cycle, except in the case of pensioners and child-headed households.

8.5.3 Upon sale of the property.

8.5.4 When circumstances in the indigent household have improved in terms of a gross income exceeding two times the government pension grant.

8.5.5 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:

8.5.5.1 All arrears will become payable immediately;

8.5.5.2 Stringent credit control measures will apply; and

8.5.5.3 The applicant will not be eligible to apply for indigent support for a period of 2 years.

## **8.6 Audit and review**

The municipality will conduct an audit of the indigent register on a quarterly basis with regard to the information furnished by applicants and possible changes in status, the usage of allocations and debt collection measures applied.

## **8.7 Exit Programme**

Members of households registered as indigent should be prepared to participate in exit programmes coordinated by the municipality in collaboration with other government departments and the private sector.

As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

## 9. MONITORING AND REPORTING

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

10.1.1 Number of indigent households applied;

10.1.2 Amount of subsidy allocated per service category;

10.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);

10.1.4 Performance of all areas against targets set in the municipality's performance management system.

10.1.5 Changes in the registered status of indigents.

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**APPROVED BY COUNCIL ON 31 JULY 2018**

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NG BIXA  
MAYOR

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DATE