

UMJINDI LOCAL MUNICIPALITY

INDIGENT MANAGEMENT POLICY

Core Business Area	Financial Services Directorate
Operational Area	Revenue Management

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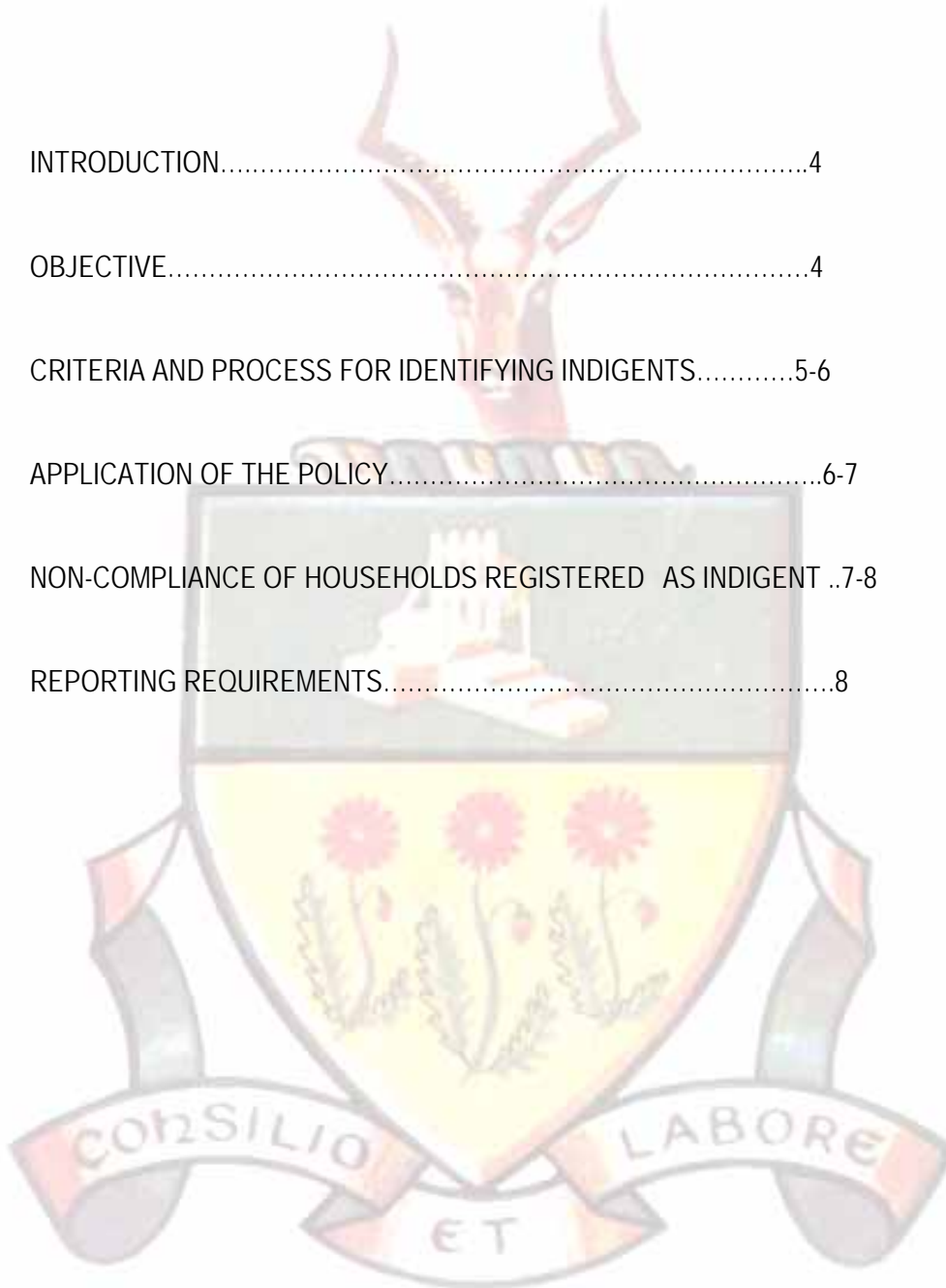
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Section 97(1)(c) of the Municipal Systems Act requires municipalities to formulate an Indigent Policy that is consistent with Council's rate and tariff policies and also meets the requirements of S152 of the Constitution.

1. Introduction

In terms of Section 74(i) of the Act, in adopting a Tariff Policy, the Council should at least take into consideration the extent of subsidisation of tariffs for poor households. Arising from the above, Council needs to approve an **Indigent Management Policy**. This policy must provide procedures and guidelines for the subsidisation of rates and basic services and tariff charges to its indigent households.

The Council accepts responsibility for the rendering of services in terms of Schedules 4 and 5 of the Constitution as well as other services which may be delegated by National and Provincial Government. The Council will endeavour to render a basic level of services necessary to ensure an acceptable and reasonable quality of life and which takes into account health and environmental considerations.

2. The Objective

The objective of the Indigent Management Policy is to ensure the following:

- 2.1 The provision of basic services to the community in a sustainable manner, **within** the financial and administrative capacity of the Council; and
- 2.2 To provide procedures and guidelines for the subsidisation of rates and basic service charges to its indigent households, using the Council's budgetary provisions received from National Government, according to prescribed policy guidelines.
- 2.3 *Council also recognises that many of the residents can simply not afford the cost of full provision and for this reason Council will endeavour to ensure affordability through:*
 - 2.3.1 Setting rates and tariffs in terms of the Council's Rates and Tariff Policy, which will balance the economic viability of continued service delivery; and
 - 2.3.2 Determining appropriate service levels.

3 WHO QUALIFIES FOR INDIGENT SUPPORT

Households where verified combined total gross monthly income of all occupants over 18 years of age does not exceed R1 200 or such other amount as the council may from time to time determine, qualify for a subsidy on property rates and service charges for sewerage and refuse removal, and will additionally receive 6 kl of water per month and 50 kWh of electricity per month free of charge.

The following households will also be considered as indigent households:

- A household occupied by husband and wife who are both receiving a social grant/disability pension
- A household with a pensioner receiving a pension and a child grant as determined annually by the Minister of Finance

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.

For a household to qualify for the subsidies on the major service charges (see part 4 below), the registered indigent must be the full-time occupant of the property concerned, and may not own any other property, whether in or out of the municipal area.

Indigency 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.

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, e.g

- Applicants certified identity document
- Latest municipal account and proof of ownership
- Documentary proof of total monthly income of the household (e.g UIF card, salary advice or letter from an employer etc)
- A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared
- A recommendation from the ward councillor

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 during January and/or February each year.

4 APPLICATION OF THE POLICY

The following procedures should be followed on every application;

- An affidavit should be signed by applicant.
- Should be a resident of South Africa and Umjindi Municipality.
- Should complete an application form.
- All supporting documentation must be verified
- Should stay on the property where they apply for indigency and be older than 18 years of age (**special consideration in conjunction with the ward councilor will be given to orphans staying on stands**).
- Only one application per household is allowed.
- Businesses (formal or informal) are not allowed to apply for indigency.
- Consumers staying in backrooms are not allowed to apply for indigency.
- An on-site audit to be conducted by Municipal employees or designated agents to verify the information supplied on the Application form.

Half yearly verification of indigents will be performed to ensure accuracy of the indigent database.

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 up to 6 kl per household per month will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl.

In respect of 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 consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 50 kWh.

In respect of sewerage charges and charges for household refuse removal, the relief granted shall not be less than a rebate of 50% on the monthly amount billed for the service concerned.

In respect of property rates, the rebate shall be 100% of the rates based on the rateable value.

5 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 to advise the municipal manager of such failure to comply.

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 paid or free services provided, and services may be terminated 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 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 3 (three) years beyond the financial year in which the misdemeanour is detected.

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

6 REPORTING REQUIREMENTS

The municipal manager shall report on a monthly basis to the 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.

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, or monthly frequently to any ward committees if so requested.