



**FINAL DRAFT**

**INDIGENT SUPPORT POLICY**

**FINAL DRAFT - ANNUAL BUDGET OF**

**Bitou Municipality**

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## DEFINITIONS

**“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 of 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 rate, 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 issues by the Department Local Government (DLG), who qualify, according to the policy, for 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 Bitou Local Municipality for the management of the register of indigent households.

**“municipality”** means the Municipality of Bitou, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councilor, 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 subdelegated to such political structure, political bearer, councilor, agent of employee;

**“program officer”** and official duly authorized by the municipality, or an employee of a service provider appointed by the municipality, who is responsible for the following:

- (a) to ensure that applications for indigent support are received and assessed;
- (b) to ensure that applications are captured on the Indigent Management System; (c) to ensure that information on applications are verified and that regular audits are executed; and
- (d) to authorize expenditure with regard to indigent support.

**“indigent register”** means the Electronic Municipal database, which has to be updated on a monthly basis, designed to contain all the captured data contained within completed indigent application forms which contains the following key information:

- Indigent customer details
- Socio-economic details

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- Skills details

In addition the indigent register is able to provide reports relating to, but not limited to the following:

- Indigent application exceptions
- Skills reporting required for LED/exit strategy
- Socio economic reporting

**“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 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 this 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;

[e] if the owner is deceased and the family or a member on behalf of the family issues an affidavit that the occupier are the legal beneficiaries of the estate.

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

[a] a general plan 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

“rates” means any tax, duty or levy imposed on property by the Council;

“tenant” means any person other than the main family members described as a household, occupying the premises i.e. lodger, paying guest, renter etc.

## **1. INTRODUCTION**

As a development 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 program not only providing procedures and guidelines for the subsidization of services 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 a portion identified by Council of the Equitable Share received annually will be utilized for the benefit of the poor;

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

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**

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

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

3.2 The provision of procedures and guidelines for the subsidization of basic charges and the provision of free basic energy and water to indigent households; and

3.3 To control the indigent register of the Bitou Municipality

## 4. THE LEGISLATIVE FRAMEWORK

This policy is designed and implemented with 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, 2000 (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;

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- 5.3 The combined or joint gross household income of all occupants or dependents in a single household which receives services from the municipality does not exceed R3 500;
- 5.4 Child support and foster care grant not forming part of a household income;
- 5.5 Where there are income earning tenants or any other people living on the property with income it has to be declared on the application form.
  - a. These applications have to be dealt with and investigated on an individual basis.
  - b. These application to be recommended by the CFO or delegated official.
  - c. These applications have to be submitted separately to the indigent committee for approval.
  - d. The norm should be that the applicant do not receive indigent benefits for services also used by people living on the premises or a tenant with income
  - e. The elderly status of applicant and if or not married should also be taken into account under 5.5(a).
- 5.6 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system;
- 5.7 Any occupant or resident of the single household referred to above must not own any property in addition to the property in respect of which indigent support is provided. A vacant erf is not regarded as an additional property;
- 5.8 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 and other services or basic charges applicable to the property.

### 5.9 Estate accounts

- (1) Where the applicant is deceased the surviving next of kin (husband/wife/child/grandchild) who then is responsible for the running of the household will qualify for the same benefits as the deceased applicant once a new application form has been completed by the above person and received by the Municipality.
- (2) Where the house has already been an Estate house for a period of time the heir to the house (husband/ wife/ child/ grandchild) which has applied for indigent status may receive the same benefit as the deceased owner.
- (3) In both of the above mentioned events the following must be done:
  - (a) the applicant must indicate on the application form that the owner is deceased and that the house is an estate house

**AND;**

  - (b) the applicant must attach an affidavit (declaration) starting that he or she is the person to whom the house has been allocated to in the estate.

5.10 All supporting documentations that accompany the applicant must be certified and not be older than 2 months.

## 6. TARGETING OF INDIGENT HOUSEHOLDS

The municipality's targeting approach is as follows:

Targeting approach	Application
Household income	Maximum threshold determined as R3 500 excluding child support and foster care grant.



## **7. ASSISTANCE PROCEDURES**

### **7.1 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, awareness campaigns, community based organizations 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.

### **7.2 Application/Registration**

7.2.1 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. These forms will be reviewed annually and adopted by council.

7.2.2 Applications must be accompanied by the following:

7.2.2.1 Certified copies of all occupants' identity documents;

7.2.2.2 The latest municipal account;

7.2.2.3 Certified documentary proof of income, or an affidavit declaring lack of income and /or proof of registration as unemployed, plus bank statement (Where applicable);

7.2.2.4 Particulars of any other grants received by the accountholder;

7.2.2.5 Recent pre-paid electricity token.

7.2.3 Consent for the installation of any form of pre-paid electricity meters or flow limited water meters as a system to limit the consumption of services and to abate the accumulation of debt, needs to be obtained from the applicant.

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

7.2.5 If the application is approved, the indigent debtor who is in arrears will have the initial arrears on approval of indigence written off by the Municipality.

7.2.6 Applications will remain indigent until such time that the applicant informs the municipality of a change in status, provided that the municipality may verify the indigent status at any time.

7.2.7 An annual indigent verification process will be undertaken to determine if the indigent still meet the requirements.

### **7.3 Assessment & Screening of Applicants**

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

#### *7.3.1 Indigent Management System Check*

The information registration data 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.

#### *7.3.2 Data Capture*

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

#### *7.3.3 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 Program 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.

#### *7.3.4 Verification – External Scans*

An external scan of applicants recommended as suitable candidates for indigent support, may be conducted with UIF, SARS, Department of Welfare, Credit Bureau or any other organisation after the site visitation has been captured.

The information gathered through verification in terms of 7.3.3 and 7.3.4 must be entered into the Indigent Management System promptly after receipt thereof for finalization of the application.

### **7.4 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 approval.

### **7.5 Indigent Committee**

7.5.1 An Indigent Committee comprising of designated officials and councillors must be established for the purpose of consideration and finalization of applications received.

7.5.2 The Indigent Committee must meet regularly. (At least quarterly)

7.5.3 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 and approve applications for indigent relief.

7.5.4 The Indigent Committee must monitor, the implementation of the indigent support program, subject to the policy directions of the municipality and in consultation with the municipal manager.

## **7.6 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.

## **8. 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:

### **8.1 Free basic water**

Each registered indigent household shall receive water fully subsidized to a maximum of 6 kiloliters per month, including the basic charges for such supply; provided that-

- Where the consumption exceeds 6kl per month the municipality shall be entitled to restrict water supply to the property.
- Where excessive consumption is partly due to leaking the household should apply for rectification under 8.8 of this Policy.

### **8.2 Free basic electricity**

Each registered indigent household shall receive electricity fully subsidized to a maximum of 50 kWh per month.

### **8.3 Free basic refuse removal**

Each registered indigent household shall be fully subsidized for refuse as provided for in the annual budget.

#### **8.4 Free basic sanitation**

Each registered indigent household shall be fully subsidized for sanitation as provided for in the annual budget. Where an indigent household has a sewerage tank, only 1 (one) sanitation suction will be granted free of charge per month.

#### **8.6 Rental (Dwellings and sites)**

100% subsidy on rates will be granted in respect of all dwellings or sites registered in the name of the municipality in the event of an existing contract between the municipality and the beneficiary to pay rent.

#### **8.7 Burials**

In the event of the death of a member of an indigent household, the municipality may exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery. The affected household has to apply for above benefit. No other benefit or financial contribution will be made or allowed by the municipality in favour of or in respect of the burial of indigent persons.

#### **8.8 Unforeseen property expenditures**

The municipality may, upon its discretion and based on merit subsidise an indigent household in full for any unforeseen expenditure associated with:

- Water leakages
- Faulty electricity meters etc.

This benefit will be dealt with by the municipal help desk.

### **8.9 Assistance on arrears**

- (a) Any first time indigent applicant qualifies for a once-off write-off of that household municipal debt.
- (b) An indigent account holder qualifies for a write-off if the arrears are linked to a water leakage and evidence of such a repair can be shown by the municipal help desk.

Any write-off regarding (a) & (b) above have to be approved by the indigent committee and full details recorded for audit purposes.

### **8.10 Transfer of property**

Transfer of the property in the name of a deceased debtor to a beneficiary.

8.10.1 If a beneficiary was legally appointed (testament) by the deceased account holder, and the beneficiary is an indigent person the beneficiary (occupant) of the property will continue to qualify for indigent subsidy until the property is transferred into the beneficiary's name.

Where it is found that the beneficiary (occupant) will also qualify for indigent subsidy, all the costs associated with the transfer of the property into the beneficiary's name to be paid from the equitable share relating to the indigent subsidy **earmarked subject to the availability of budget and/or legal aid.**

Annually the Bitou Municipality has to budget for 10 houses to be transferred under this policy. The names of the beneficiaries' under this scheme have to be approved by Council.

The above process will be executed by the appointed attorneys of the Bitou Municipal Council.

8.10.2 If there is no legal beneficiary for the property of the deceased account holder and the deceased name appears on the list for transfers to be made and approved by council the deceased account will be handed over to the attorneys of the Bitou Municipality to get hold of the legal beneficiary of the property. The procedure as described in 8.10.1 will then take place. The cost of the above will also be paid out of **the Indigent subsidy vote subject to availability of budget and/or legal aid.**

## **9. INDIGENT HOUSEHOLD IN BODIES CORPORATE AND RETIREMENT CENTERS**

Indigent consumers living in body corporate or retirement centers shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures:

- 9.1 The onus will be on the Board of Trustees/Managing Agent/Chairperson of a Body Corporate (hereinafter referred to as the representative of the Body Corporate of Retirement Centre) to apply to the municipality, for indigent status to be granted in respect of water consumption on behalf of the owners of those units, who meet the criteria and conditions for qualification.
- 9.2 The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect of indigent related charges.
- 9.3 The representative of the Body Corporate or Retirement Centre will submit applications to the Chief Financial Officer which applications must be accompanied by a certified copy of the Sectional Title Plan of the Body Corporate or Retirement Centre, which indicates the participation quota for each unit, as registered in the Deeds Office.
- 9.4 The Program Officer must verify all applications and after consideration by the Indigent Committee he or she must notify:
  - 9.4.1 The representative or the Body Corporate or Retirement Centre whether an application was successful or not, with regard to the water consumption; and
  - 9.4.2 The unit owner whether an application was successful or not, with regard to the property rates and other related charges.
- 9.5 The Chief Financial Officer will credit the monthly municipal:-
  - 9.5.1 account of a Body Corporate or Retirement Centre with related indigent subsidy charges, the amount of which will be calculated by dividing the total

number of kiloliters of water consumed by Body Corporate by the number of units in the complex, but up to a maximum of 200 liters of water per day for each unit that qualifies for assistance **or** by opening a separate . separate account for the indigent and bill the normal non-indigent levies for normal consumers on the account of the Body Corporate or retirement village.

9.6 The representative of the Body corporate or Retirement Centre in respect which monthly indigent credits are allowed under indigent support, must ensure that such credits are off-set against the monthly levies of the relevant individuals units; such representative also being required, once every six months, or at such intervals as may be determined by the municipality, to provide proof to the Chief Financial Officer: that the monthly levies of poor households which qualify for assistance, have been adjusted by the amounts of the account of the Body Corporate or Retirement Centre. This will be applicable if the indigent doesn't have a separate account in his own name.

## **10. PROCESS MANAGEMENT**

### **10.1 Validity period**

10.1.1 An indigent consumer will remain indigent until he/she de-registers from the program when his/her circumstances improves to such an extent that he/she no longer meet the requirements for the subsidy.

10.1.2 An indigent consumer can apply for de-registration at any time.

### **10.2 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.

### **10.3 Publication of registered 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 Program Officer who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.



#### **10.4 Excess usage of allocation**

10.4.1 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.

10.4.2 If a consumer's consumption or use of a municipal service is less than the subsidized service, may the unused portion not be accrued to the consumer and will it not entitle the consumer to cash or a rebate with regard to the unused portion.

#### **10.5 Termination of indigent support**

##### **10.5.1 Indigent Support will be terminated under the following circumstances:**

10.5.1.1 Death of account-holder and where 5.9 is not applicable.

10.5.1.2 Upon application for de-registration as an indigent.

10.5.1.3 Upon sale of the property.

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

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

- (a) All arrears will become payable immediately;
- (b) Stringent credit control measures will apply; and
- (c) The applicant will not be eligible to apply for indigent support for a period of 2 years.

10.5.1.6 If in the case of a tenant, the indigent have to evacuate the house and not moving into another house. The tenant has to inform Bitou Municipality.

10.5.1.7 In the case of an owner or tenant the indigent family leaving the house temporarily for a period more than three months.

### **10.5.2 Moving of indigent people**

- (i) When an indigent family move from one house to another the family has to inform the Municipality of the move by way of an affidavit. Then the administration will verify the account and original application of applicant.
- (ii) When a non-indigent family move into a house where free services were provided the indigent support for the previous occupant has to be stopped and a new application form needs to be filled in.
- (iii) On all application forms indigent applicants should be informed that they have to report their movement to the Bitou Municipality.
- (iv) When a tenant indigent family move out of a house, any debt that may occur after moving out will be on the account of the owner.
- (v) If an indigent family leave their house temporarily for more than 3 months their benefits cease and if the house is being occupied by another family they have to make a new application.
- (vi) The indigent technical assistance will not be applicable to those indigent people not living in their houses.

### **10.6 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.

### **10.7 Exit program**

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

As part of its broader poverty reduction program 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 programs where possible.

## **11. MONITORING AND REPORTING**

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

11.1.1 Number of indigent households applied;

11.1.2 Amount of subsidy allocated per service category;

11.1.3 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);

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

11.1.5 Changes in the registered status of indigents.

## **12. CONCLUSION**

This policy will be reviewed annually after which the By-laws on the Indigent households will be amended.

Policy for Review

**Summary of Indigent Policy review changes – March 2016**

**Pg8 & Pg 9**

Propose to change the indigent threshold from 2 times state pension to R3 500 gross household income.