

# **PHUMELELA LOCAL MUNICIPALITY**



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## **INDIGENT POLICY**

## **1. Introduction**

The key purpose of an indigent subsidy policy is to ensure that households with lower income are not denied a reasonable service, and on the contrary the local Authority is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact for a period of 12 months.

To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs. The consumer, in order to qualify for indigency, needs to complete the necessary documentation as required and agrees to regulations and restrictions stipulated by the Municipality.

## **2. Purpose of the Policy**

The purpose of this policy is to ensure that the subsidy scheme for indigent households forms part of the financial system of the Municipality and to ensure that the same procedure be followed for each individual case.

## **3. Criteria for identification to qualify for Indigent support**

Households where verified total gross monthly income of all occupants over 18 years of age does not exceed sum of two old-age pensions 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.

Only households where the accountholder or property owner has registered as indigent in terms of the municipality's annual registration Programme, an into the register of indigents shall qualify for the above concessions.

For a household to qualify for subsidies or rebates on the major service charges (see part 4 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, whether in or out of the municipal area.

For a household to qualify for a rebate on rates, the registered indigent must be both the owner and fulltime 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. 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 throughout the year.

## **4. Application of the Policy**

Indigent 30 days after approval of the application, approval to be done by the Unit Manager.

The following procedures should be followed on every application;

- An Indigent person need not pay registration for electricity and water deposit.

- If an indigent parent transfers his property to children he/she should make arrangements to pay any outstanding debt.
- An affidavit should be signed by applicant.
- Should be a resident of South Africa and Phumelela Local Municipality.
- Should complete an application form.
- 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 councillor 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.
- Any transfer of stands or forfeiting of stands from indigents will lead to the arrangement of paying the outstanding debt on the stand

**Annual** verification of indigents will be performed to ensure accuracy of the indigent database.

**Comment [MS1]:** Half yearly was not practical

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 policy

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 100% 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.

If an indigent becomes deceased, the amount owed to the municipality will be written off to ensure that the property can be transferred to their next of kin without having to first settle their arrears. This will assist with the issuing of the necessary clearance certificate.

##### **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 municipality 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 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 5 (five) 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. Method of transference and the value of the subsidy**

No amount shall be paid to any person or body, but shall be transferred as a credit towards the approved account holder's municipal services account tariff policy.

#### **7. Arrear Accounts**

The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges.

The arrears on the accounts of households, approved as indigent, will be suspended until such time as the status of the approved account holder has changed. No interest continues to accrue on arrear amounts from the date of suspension and account holders must sign an acknowledgement of debt in respect of arrears so suspended.

#### **8. Restoring Services to qualified Households**

If an application is approved services will be restored free of charge. If services are to be suspended thereafter in terms of the approved credit control policy the approved tariff will be payable.

#### **9. Credit Control Policy to be applied for Indigent Households**

##### **9.1 Aims of the Policy**

The Credit Control Policy aims to achieve the following:

- to distinguish between those who can and cannot genuinely pay for services;
- to get those who cannot pay to register with the municipality so that they could be given subsidies;
- to enable the municipality to determine and identify defaulters to ensure appropriate credit control procedures; and
- to establish an indigency directory of all persons who complies with the policy.

## **9.2 Obligation to Pay**

The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidisation.

It is however important to note that the subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy received.

Where applicable, credit control must still be applied, in accordance with the approved credit control policy, for these outstanding amounts.

## **7. 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 shall submit Quarterly reports to the frequently to any ward committees if so requested.