



UMZUMBE INDIGENT SUPPORT POLICY 2018

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1. DEFINITIONS

- Council/Municipality - means Umzumbe Local Municipality.
- Household – means a group of people who occupy a common dwelling.
- Child headed household – means a household that has both parents deceased or cannot be traced and children are looking after themselves.
- Indigent – means a person or a household that is categorised as in terms of living standards as below poverty line according to the policy.
- Indigent Register – means is a compiled list that is comprised of households which are regarded as indigent, affected by high level of poverty.
- A Councillor – means a dully authorised person acting on behalf of the Municipal Council.

2. INTRODUCTION

The indigent policy framework is an imperative document that the municipality should have to ensure the welfare of the poor households which should be identified and supported, with appropriate policies and practices and it should be reviewed every three years. As a development agent it is important to commit in supporting this section of the population by developing measures aimed at assisting and empowering the community through various initiatives, interventions and innovations towards access to basic services. According to the South African Constitution all residents have the right to basic services. The Municipalities are mandated to provide access for all residents to basic services. The Local government is expected to focus on the activities towards making a provision for access by all residents within its jurisdiction such as water, sanitation, electricity, housing, health services as well as other social reliefs.

3. PURPOSE

The purpose of this policy framework is to ensure the following;

- 3.1 The equitable share for indigent budget allocation benefits the poor house to improve their social, economic and development conditions.
- 3.2 There is proper and consistent indigent management by the municipality.
- 3.3 There is proper accountability on the use of indigent budget allocation.
- 3.4 The indigent policy of the municipality has fraud prevention measures to ensure that only qualifying households benefits from free basic services allocation.
- 3.5 Free basic services are provided to the community in a sustainable within the financial and administrative capacity of the council.
- 3.6 Free basic services are financially stabilised through the determination of appropriate tariffs that contribute to such sustainability through cross subsidization.

- 3.7 A framework for the identification, verification and management of indigent households is established including a socio-economic analysis and the indigent exit strategy.
- 3.8 Procedures and guidelines for the subsidization of basic charges and the provision of free basic energy to the indigent households are provided.
- 3.9 Cooperative governance with other spheres is achieved, and
- 3.10 The institutional and financial capacity of the municipality to implement the policy is enhanced.

4. INDIGENT POLICY PRINCIPLES

- 4.1 To ensure that poor segment of the population have a right to basic services.
- 4.2 To ensure that this policy is linked with the IDP for the proper implementation of poverty alleviation programmes in a sustainable manner.
- 4.3 To promote an integrated approach towards service delivery.
- 4.4 Administrative Integrity must be maintained at all costs including policy and execution are legally separate and must also be practically separate.
- 4.5 Communications of policies, rights and responsibilities, must be understandable, effective and regular.
- 4.6 Poor households are to be identified and supported, with appropriate policies and practices.
- 4.7 Fraud and criminality will lead to loss of rights and severe penalties.
- 4.8 Results will be regularly and efficiently reported.
- 4.9 Policy for Indigent will be agreed by Council and Management, and supported thereafter by these parties.

5. QUALIFYING CRITERIA

Subsidies apply to households not individuals. For a household to qualify as indigent, a household must comply with the following requirements;

- 5.1 The applicant must be a South African citizen with a bar coded identity document;
- 5.2 The applicant shall be the resident of Umzumbe Municipality and should be confirmed by the ward councillor;
- 5.3 The applicant must be eighteen (18) years of age and above; (what about child headed households)
- 5.4 The total joint gross income of all occupants or dependants in a single household must not exceed two (02) pension grant income;
- 5.5 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system;
- 5.6 The applicant must be the resident of a single property (stand) and applicants with one property registered under their names will be considered however the applicant should not be unfairly excluded from the indigent register in a case where there is more than one properties qualifying for exemption in terms of municipal property rates, therefore the value of each property must be taken into account during the assessment of the application. In the event of recognized polygamous customary marriages the applicant should provide property registration documents (title deeds/lease agreement/PTO) for each property;
- 5.7 All households that are child headed, even if they are below eighteen (18) years of age, are eligible to apply for the indigent support. In a case of a minor, there should be a sworn statement or a letter from the ward councillor confirming that the applicant is a minor and is heading the household with no possession of a bar coded identity document.
- 5.8 All households applying for free basic electricity must have electricity connected to the household.

6. REGISTRATION AND APPLICATION OF THE POLICY

- 6.1 To institute an appropriate subsidy framework, it is necessary to determine who should benefit from operating subsidies, what benefits they should receive, how they should receive the subsidies and how the revenue required to provide the subsidies should be raised;
- 6.2 The onus for applying for an indigent subsidy rests with the consumer who cannot afford to pay the full municipal tariff for services received;
- 6.3 The onus of ensuring that indigent budget allocation is spent on indigent households rests with the municipality who has the responsibility to identify indigent households, provide and maintain services, and implement an indigent exit strategy;
- 6.4 The registration must be undertaken three months before the beginning of each financial year;
- 6.5 An indigent application must be done on a specific council application form obtainable from the municipal offices or community centres;
- 6.6 The applicant must complete an application form, and submit it together with the necessary supporting documentation to Community Services Unit that includes;
- a) A certified copy of applicant's identity document;
 - b) Applicant's biological/foster/adopted children's certified copies of identity documents or birth certificates;
 - c) Proof of residence;
 - d) Documentary proof of total monthly income of the household;
 - e) a salary advice slip;
 - f) A recommendation by ward councillor or local traditional council (Induna/Secretary/Inkosi) detailing qualifying reasons;
 - g) Confirmation letter of pension recipient from SASSA or any such proof of income;
 - h) Sworn affidavit to confirm correctness of documents submitted.**
- 6.7 The municipality may visit the applicant's household to verify the correctness of the information provided in the application form, which may include verification of unemployment status of household members including that of biological/foster/adopted children with Trans-union South African Revenue Services, Compu-scan (verification of people in the employ of the state.), residential addresses of household members including that of biological/foster/adopted children with home affairs;
- 6.8 The Accounting Officer must, on recommendations by the Director: Social & Community Services, approve or disapprove the submitted application form and also approve the list of identified indigent beneficiaries and determine the subsidy amount granted as per indigent policy for Chief Financial Officer's implementation;

- 6.9 Once the forms are captured on the municipal indigent database the indigent management system must generate a recommended draft indigent register that must be dealt with in terms of the municipal indigent management systems guidelines and policy;
- 6.10 All applicants must be informed through advertising in the local newspaper about the outcome of their applications, which should include the date of commencement and termination of the subsidy, where applicable.
- 6.11 The subsidy must only be valid for a period of 12 months where after the consumers who occupy or own the property must reapply.
- 6.12 The reapplication for indigent support must be done before the end of March every year.
- 6.13 State pensioners and disabled beneficiaries need not reapply for the support provided that the municipality is satisfied that these are active consumers.
- 6.14 The reapplication for indigent support must be screened before granting approval in consultation with Eskom.
- 6.15 An applicant living within the municipal jurisdiction who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal with the council in line with the municipality's appeals procedures.
- 6.16 In the event that the approved applicant is deceased, the heir/s of the property must reapply for indigent support, provided that the stipulated criteria is met as per the municipal indigent policy.

7. ASSESSMENT AND SCREENING OF APPLICANTS.

- 7.1 On the reception of the application the information would be submitted to the Official Responsible.
- 7.2 The information will be captured in the Municipality's Indigent Management System, the Indigent Register.
- 7.3 Or the application will undergo the Indigent Management System Check for verification if the applicant is already registered.
- 7.4 The application should be captured in the Indigent register.
- 7.5 The Official responsible should perform an on-site visit if necessary.
- 7.6 The application must be assessed and verified by the Official responsible.

7.7 The applications must be recommended to the portfolio committee for recommendation to the Exco for approval.

8. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES

The indigent consumers living in retirement centres or old age homes are eligible to qualify for assistance and support in terms of the municipal policy, subjected to the following rules and procedures;

- (a) The onus is on the Property owner to apply to the municipality for indigent status to be granted in respect of charges related to property rates.
- (b) The institution's representative must submit applications to the Chief Financial Officer.
- (c) The Community Services unit must verify all applications and notify the representative or the property owner, whether the application was successful or not, with regard to property rates, water and electricity consumption; and the respective amounts determined by the municipality taking into account the benefit derived by the tenants or occupants eligible for indigent support residing in the old age homes as a result of giving the concessions to the property owner(s).

9. TARGETING APPROACH

- (1) The Municipality in consultation with community based public participation structures must adopt and implement an approach that:
 - (i) meets its diverse needs;
 - (ii) is cost effective and sustainable;
 - (iii) maintains consistency and equal treatment of indigent households; and

- (iv) ensures that all and only indigent households are the beneficiaries of the Programme.

(2) (a) Approaches that must be considered by the municipality when providing basic services are attached hereto as annexure A and the specific approaches for free basic water and basic electricity are found under annexure B.

(b) The following are additional approaches that the municipality must consider:

- (i) The property value, as an indication of the level of household wealth, and hence income;
- (ii) Means testing, applied with targeted credits or subsidy to those households who are below a household income threshold;
- (iii) Plot size, using a change based on plot size, with a zero for properties under a determined threshold;

10. SOURCES OF FUNDING

- (a) The council must provide funds annually on the budget for the subsidization of indigent households on water, sanitation, electricity, refuse removal and burial services.
- (b) Funds are already allocated to the municipality to fund the implementation of free basic services and for the free basic alternative energy program through the equitable share grant disbursed by the national treasury to the municipality.
- (c) Some of these funds are classified as free basic electricity, and where no electricity infrastructure exists, these funds must be channelled to fund free basic alternative energy.
- (d) The municipality must make provisioning in its expenditure budget for the alternative energy for cooking, in areas where there are no immediate plans to electrify, including areas where energy poverty is prevalent.

- (e) Free basic service subsidies must be determined during the compilation of the annual budget and must be calculated by dividing the budget provision for indigent support by the number of applications already approved less 10%.
- (f) The 10 percent of the provision held back may be used to finance applications received after the budget date.
- (g) The subsidy must only be credited to the qualifying customer's accounts until the amount provided on the budget by the municipality has been exhausted whereupon no further credits must be made.
- (h) Indigent households may be required to convert to prepaid electricity meters.
- (i) Existing indigent arrears on rates, tariffs and services charges must be written off against the provision for bad debts in line with municipality's credit control and accounting policies.

11. INDIGENT SUBSIDIES /EXTENT OF INDIGENT SUPPORT AND ASSISTANCE

- (a) The extent of the monthly, indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.
- (b) Assessment rates in respect of residential property registered in the name of a qualifying indigent owner must be subject to the minimum amount as determined by council from time to time.
- (c) Where a customer's consumption or use of municipal service is less than the subsidised service, the unused portion may not be accrued and the customer is not entitled to a cash rebate in respect of the unused portion.
- (d) Annual service charges on the indigent's account must automatically be converted to monthly instalments.

12. FREE BASIC SERVICES SOCIAL PACKAGE OR INTEGRATED BASIC SOCIAL SERVICES AND PROVISION

- (1) The municipality must determine the suitable social package for its indigent beneficiaries.
- (2) The social package may be extended to include households where eligible applicants are not municipal account holders and registered indigent households in rural areas. The social package comprise of the following:
 - (a) Electricity – all approved beneficiaries for the indigent support automatically qualify for free basic electricity whether on 20Amps or 60Amps supply under the following conditions;
 - (i) Approved indigent register household must receive electricity fully subsidised at a minimum of 50 kw/h per month.
 - (ii) Where an indigent consumer's consumption of municipal services is less than the subsidized service or free basic services, the unused portion must not be accrued by the customers and customers must not cash or receive a rebate in respect of the unused portion.
 - (iii) Indigent households in informal settlements within the municipal jurisdiction where limited or no electricity is available, the municipality must provide alternative energy sources for cooking.
 - (b) Alternative energy – municipality has an alternative to identify a sustainable energy sources for its community and ensure its effective distribution to the identified indigent households
 - (c) Property Rates – Approved indigent households must be fully subsidised for property rates as provided in the municipal annual budget and be subjected to the provision of the municipal Property Rates Act 2006. Approved indigent households accounts must have the interest indicators flagged and included in the arrears which are to be written off in terms of the municipal indigent policy.
 - (d) Depending on annual tariff changes and council's resolution, indigent customers must contribute towards the payment of their accounts.

13. COMMUNICATION PROCEDURES AND FREE BASIC SERVICES IMPLEMENTATION STRATEGY

- (a) The municipality must develop a free basic services communication and implementation strategy through which communities must be informed and educated about the indigent programme in line with this framework and its implementation.
- (b) Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for the free basic services subsidy as well as the services that are rendered in general. The following are methods of communication that must be used , but not be limited;

(i) ward committees;

(ii) Traditional Leaders, where applicable;

(iii) Community Based organisations;

(iv) Local Radio stations and newspapers;

(v) Municipal accounts

(vi) Preparation of separate notice to accompany the annual report publication;

(vii) Izimbizo and Road shows;

(viii) Public participation structures; and

(ix) Municipal events and campaigns where government and municipal officials are made available to assist residents with the following certified copies that must be attached to applications.

14. ARREAS AND EXCESS USAGE OF ALLOCATIONS

- (a) Upon registration as an indigent household, the arrears on the account of the applicant must be kept pending for a period of up to six months after which it may be written off, interest may be calculated on the arrears as contemplated.
- (b) If the applicant exists from the indigent support Programme within the six months period the arrears must be reintroduced in the account and must be subjected to the credit control and debt collection to the credit control and debt collection policy of the municipality.
- (c) Council may from time to time decide to write off indigent arrears. No further legal action must be taken on such indigent arrears.
- (d) Customers who qualify for an equitable share subsidy must be placed on restricted service levels in order to limit further escalation of debt.
- (e) Where a qualifying customer's account is paid in full at the date of application, or after receiving the subsidy, and regularly maintains a paid up monthly account including any arrangements made, the restriction on service level must be waived.

15. DISHONEST AND NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- (a) The indigent status of a customer must be reviewed at intervals determined by council. This must be done by either physical audit or external verification check using the data obtained from, but not limited to, Trans-union, SARS and the Department of Social Development. Where the requirements are not met, the subsidy for customer must be cancelled.
- (b) Where a registered indigent is found to have provided fraudulent information to the municipality with regard to material condition for registration as an indigent, such person

must immediately be removed from the register of indigents, and must be liable to repay the municipality with immediate effect all indigent relief received from the date of such fraudulent registration. Moreover, such a person must not be considered for indigent relief for a period of five years beyond the financial year in which the misdemeanour is detected.

- (c) A property owner or account holder who has registered as an indigent and who fails to comply with any arrangements or conditions materially relevant to receipt of indigent relief must forfeit his or her status as a registered indigent with immediate effect, and must thereafter be treated as an ordinary account holder for the financial year concerned.
- (d) The onus is on each registered indigent to advise the municipal manager of any changes likely to impact or impacting on their qualifying criteria.
- (e) If an indigent household falls into arrears the property owner or accountholder concerned must make arrangements with the municipal manager to pay off these arrears. If these arrangements are not made, no subsidies must be paid or free services provided, and services must be terminated in terms of the municipality's credit control and debt collection policy.

16. REGISTER OF INDIGENT HOUSEHOLDS

- (a) The municipality must in consultation with community based participation structures, other government departments and by consulting Statistics South Africa latest release data develop and keep an updated register of indigent households.
- (b) The indigent register, after approval by the council must be distributed to the municipal offices and Community Halls for public perusal.
- (c) The indigent register must be updated annually and the verification process undertaken throughout the year for any necessary change of circumstances.
- (d) The municipality must conduct regular audits and where necessary review the status of the applicant as indicated under section 16 (a) of this framework. The frequency of such audits is dependent on the institutional capacity of the municipality.

17. EXIT PROGRAM

(a) An indigent customer must immediately request deregistration where his or her circumstances have changes to the extent that he or she no longer complies with the requirements set out in section 6 of this policy.

(b) In addition to the circumstances stated in section 6, indigent support must be terminated under the following circumstances:

(i) Upon death of the accountholder or the head of the household where no accounts are rendered.

(ii) Upon sales of the property in respect of which support is granted.

(iii) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.

© The exit strategy of indigent beneficiaries from the approved indigent register must ensure;

(i) continuous verification of the register;

(ii) involvement of all stakeholders including government departments, stakeholders involved, sector departments and private sector;

(iii) participation of members of households registered as indigent.

(d) The municipality may promote exit indigence by identifying indigents for inclusion in public works projects.

18. ROLES AND RESPONSIBILITIES

(1)(a) The municipality must designate the administration of this policy to the most appropriate unit within the municipality, the Free Basic Services Unit must, capture and verify all information according to the procedures vested on the municipal indigent policy and guidelines provided by the department of cooperative governance and traditional affairs.

(2) The municipal Manager must report on a monthly basis to the executive mayor for the month concerned and by municipal wards:

(a) the number of households registered as indigents and brief explanation of any movement in such numbers.

(b) the monetary value of actual subsidies and rebates granted.

© the budgeted value of the actual subsidies and rebates concerned and

(d) the above information cumulatively for the financial year to date.

(3) The executive mayor must submit a summation of the indigent reports submitted to him on a monthly basis by municipal manager to council quarterly.

(4) The Municipality must submit quarterly reports regarding the execution of the policy on indigent households in the affected areas with their jurisdiction to the department of Cooperative Government and Traditional Affairs.

(5) The municipality must submit quarterly reports to the department of Cooperative Governance and Traditional Affairs to report to cabinet regarding the execution of the policy on indigent households.

19. POLICY MONITORING

The implementation of this policy framework must be monitored by the council.

20. POLICY REVIEW

This framework on indigent households must be reviewed every three years, subject to major changes in the demographic, Social and economic conditions of communities and individual households. The reviewed framework must be endorsed by the council of the municipality.

21. EFFECTIVE DATE

This policy comes into effect on the date of signature hereof by the executive authority.

ACCOUNTING OFFICER – MS N.C MGIJIMA

DATE

EXECTIVE AUTHORITY – CLLR S.R NGCOBO

DATE