



**2019/2020
FINAL INDIGENT POLICY**

KWADUKUZA MUNICIPALITY INDIGENT POLICY

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KWADUKUZA MUNICIPALITY INDIGENT POLICY

1. DEFINITIONS

“Income”	it is the amount of money or its equivalent received during a period of time in exchange for labor and or services rendered, from the sale of goods or property, or as profit from financial investments or any earned or unearned income which is taxable in terms of SARS provision.
“Civil Pension”	Is regarded as income that is taxable in terms of SARS provision.
“Social Pension”	(Old Age grant): Is a monthly income provided by South African Social Security Agency to older people (age 60 and above).
“Child Support Grant”	It is the money paid to the primary care giver, who must be 16 years or older and be a South African citizen or permanent resident of a child to provide for the child’s basic needs.
“Indigent households”	are households that are registered with the municipality as such and meet the criteria of the indigent policy and occupying/ owning a property within the jurisdiction of the municipality.
“Household”	means a traditional family unit consisting of a combination of persons.
“Child headed household”	A household headed by a person under the age of 21 years but with all other requirements for an indigent household as stated in this policy.”
“Indigent”	means a person/ household who is lacking financial affordability to pay for necessities of life such as sufficient refuse removal, basic electricity, health care, housing, food and clothing.
“the Municipality”	for the purpose of this policy it means the KwaDukuza Local Municipality.

2. OBJECTIVE

- 2.1 In terms of Section 74 of the Local Government Municipal Systems Act no. 32 of 2000, a Municipal Council must adopt and implement a Tariff Policy. In terms of section 74(ii) of the Act in adopting a Tariff Policy, the Council should at least take into consideration the extent of subsidization of tariffs for poor households. Arising from the above, Council needs to improve an Indigent Support Policy. This policy must provide procedures and guidelines for the subsidization of basic service and tariff charges to its indigent households.
- 2.2 The Council accepts that they are responsible for the rendering of service 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 service necessary to ensure an acceptable and reasonable quality of life and which takes into account health and environmental considerations. None of the residents should fall below the minimum level of services.

3. PURPOSE OF THE INDIGENT POLICY

- 3.1 The purpose of the indigent policy is to ensure:
- a) The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council;
 - and
 - b) To provide procedures and guidelines for the subsidization of basic service charges to its indigent households, using the Council's budgetary provisions received from Central Government, augmented from time to time by Council's own revenues, according to prescribed policy guidelines,
- 3.2 The Council also recognizes that many residents can simply not afford the cost of full provision and for this reason the Council will endeavor to ensure affordability through:
- a) Setting tariffs in terms of the Councils Tariff Policy, which will balance the economic viability of continued service delivery; and
 - b) Determining appropriate service levels

4. CRITERIA FOR QUALIFICATION

In order to qualify for indigent support the following criteria must be met:

- 4.1. Households where verified total gross of monthly income of all occupants over 18 years of age shall not exceed the threshold as determined by Council from time to time.
- 4.2 Child headed households are automatically considered indigent unless proven otherwise.

- 4.3 Subsidized services may include burial and cremation fees and verge maintenance for indigent areas, refuse removal, and electricity.
- 4.4 Only households where the account holder or property owner has applied for an indigent status, and whose application has been accepted shall qualify for the above relevant concessions.
- 4.5 For a household to qualify for subsidies or rebates on the major service charges, the following will apply:-
- (a) The indigent must be a registered residential consumer of services rendered by council.
 - (b) Household/ occupants/ residents/ dependents who do not own more than one property.
 - (c) May be equipped with a pre-paid meter, the conversion shall be done free of charge or alternatively council shall adopt a special tariff for conventional meters.
 - (d) Only property owners who live in the premises shall qualify for subsidies and/ or rebates.
- 4.6 Households must formally apply for relief on the prescribed documentation and satisfy the qualifying criteria/principles determined by the Council.
- 4.7 The status of an indigent is conferred for a period of not more than twelve months after which re-application must be made.
- 4.8 The onus is on the indigents to declare their indigent status annually also the onus is on the recipient to inform the Municipality of any change in his/her financial status or personal household circumstances

5. EXTENT OF INDIGENT SUPPORT

- 5.1 The subsidies on specified services will be determined as part of the annual budget and in terms of the municipality's policies and tariffs.
- 5.2 The funding of the indigent subsidy shall be sourced from the equitable share contribution as provided for in the budget. As such, the subsidy can only be credited to the qualifying customer's accounts until the budget allocation is exhausted. Whereupon no further credits will be granted until further national funds are received. Notwithstanding the above, if there is a budget surplus, the Council shall set aside funds from own revenue sources for the purposes of augmenting any shortfall in funding received from the National fiscus. Due to timing differences in receiving the National funding, the Council will bridge fund the payment of the indigent support until the Council receives its allocation from the National fiscus, but only to the extent that confirmed funding is granted.

- 5.3 In respect of electricity: a 100% subsidy based on the number of kWh per household per month as determined by Council will apply.
- 5.4 In respect of refuse: All registered indigent consumers will receive a 100% refuse rebate per month. The tariff applicable will be the tariff for indigent customers as per the tariff of charges as approved by Council annually.
- 5.5 If a customer's consumption or use of municipal services is less than the subsidized services, the unused portion may not be accrued by the customer and will not entitle the customer to cash or to a rebate in respect of the unused portion.
- 5.6 Rates and (or) service charges on the indigent's account will automatically be levied monthly.
- 5.7 Any indigent person who owns a government subsidized house, residential improved property shall be exempt from paying rates and refuse on a minimum valuation threshold as determined by Council. Where the property valuation is in excess of the minimum valuation threshold as determined by Council, and the indigent household meets the qualifying criteria by application, then the refuse exemption will apply. Council will supply free refuse collection in these areas through the use of skips.
- 5.8 Any indigent person who owns unimproved property valued at the amount as determined by Council from time to time will be exempted from paying rates and availability charges.
- 5.9 The subsidy for services, on the indigent's account, will automatically be credited, from the equitable share, monthly.
- 5.10 If a situation occurs where it is reported that consumers are minor children (Child headed families) due to unforeseen circumstances then additional support will be determined as per Council's decision from time to time.
- 5.11 In respect of indigent burials and cremations: The tariff applicable will be the tariff for indigent customers as per the tariff of charges as approved by Council annually. Customers who do not appear on the approved annual indigent register will pay the normal applicable burial and cremation tariff unless otherwise authorized by the Municipal Manager in writing.

6. ARREARS ON INDIGENT ACCOUNTS

- 6.1 Customers who qualify for equitable share subsidy and who are in arrears, may be placed on the pre-paid metering system at council discretion.
- 6.2 Where 6.1 is applicable, a notice will display upon the first purchase of power to visit council's Finance department to make suitable arrangements regarding the arrears.

6.3 The non-payment and arrangement as referred to in clause 6.2 above will be as determined in terms of Council's Credit Control and Debt collection policy.

7. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

7.1 When a property owner or accountholder who has registered as an indigent fail to comply with any arrangements or conditions materially relevant to the receipt of indigent 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.

7.2 The onus is on each registered indigent to advise the municipal manager, or his nominee, of such failure to comply.

7.3 The relief to indigents may be withdrawn at the discretion of the municipal manager, or his nominee, if:

- a) A registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
- b) Any tampering with the installations of the municipality services is detected.

7.4 The indigent status of a customer will be reviewed from time to time at intervals as determined by Council. This could be done by either physical audit or external verification checks including amongst others, ITC Credit Bureau, Department of Labour or any other sources of verification. Should the requirements not be met, the subsidy for that consumer will be terminated with immediate effect.

7.5 If a registered indigent person of a household is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent or failed to inform the municipality of any improvement in the financial status of the household leading to the gross income exceeding the indigent threshold as determined by Council, such person shall:

- (a) immediately be removed from the register of indigents, and
- (b) Shall be liable to repay the municipality with immediate effect for all indigent relief received from the date of such fraudulent registration.
- (c) Such person shall not again be considered for indigent relief for a period extending for five years beyond the financial year in which the misdemeanor is detected.

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

8. TERMINATION OF INDIGENT SUPPORT

8.1 Indigent support will be terminated under the following circumstances:

- a) Death of the account holder. In the event the approved applicant passes away, the heirs of the property must re-apply for indigent support provided that the stipulated criteria is met.
- b) End of the 12 month cycle.
- c) Upon change of ownership of the property in respect of which support is granted.
- d) When circumstances in the indigent household have improved in terms of gross income threshold as prescribed by Council.
- e) When the indigent accountholder disposes off the property, either by sale or by means of donation.

9. KWADUKUZA MUNICIPALITY EMPLOYEES ON THE INDIGENT REGISTER

9.1 No KDM employee shall appear on the indigent register or benefit from the indigent programme unless,

- a) The employee's gross income is below the indigent threshold as determined by Council or
- b) The employee lives in one of the Council designated areas and is only receiving the refuse benefit.

10. REPORTING REQUIREMENTS

10.1 The municipal manager or his nominee shall report on a quarterly basis to the council for the quarter concerned and by municipal ward:

- a) The number of households registered as indigents and a brief explanation of any movements in such numbers;
- b) The monetary value allocated per service category of the actual subsidies.
- c) The budgeted value *allocated per service category*

10.2 The Finance Directorate or the responsible official shall keep and monitor a complete register of registered indigent household;

- a) The number of registered child headed families
- b) Performance of all areas against targets as set out in the municipality's performance management system

11. POLICY REVIEW

This policy has been considered and reviewed by the Council of KwaDukuza Municipality and supersedes all other indigent policies that were previously adopted by Council.

Resolution No: **C492**

Approval Date: **29 May 2019**