

# REVISED INDIGENT POLICY



2023/2024

## THABA CHWEU LOCAL MUNICIPALITY

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# INDIGENT DEBTORS AND CHILD-HEADED HOUSEHOLDS

## 1. PREAMBLE

Due to the level of unemployment and poverty within our municipal area, there are households who are unable to access or pay for assessment rates and/or basic municipal services. Arising from the foregoing, the council designed and approved this Indigent Policy that provides for the procedure and guidelines for the subsidization of assessment rates and/or basic municipal services provided to Indigent households.

## 2. DEFINITION

**In this policy, unless the context indicates otherwise –**

**“chief financial officer”** means a person designated in terms of section 80(2)(a) of the Municipal Finance Management

Act

**“the municipality”** means Thaba Chweu Municipality

**“arrears” in respect of an amount**, means an amount that remains unpaid after the due date;

**“Child-headed household”** means a household consisting only of persons younger than 18 years, irrespective of the number of persons constituting it, which ordinarily resides within the Municipality without an adult person living with such household, irrespective whether such adult person is a relative of the other members of the household concerned.

**“total household income or household income”** refers to the total formal and informal gross income of all people living permanently or temporarily on the property on which the account is based except in case of child headed families.

**“consumer”** includes a rate-payer;

**“consumer account”** includes a rates account;

**“debtor”** in relation to the Municipality means any person owing money to the Municipality regardless of the reason for the debt arising;

**“default”** includes making only a partial payment of the amount indicated on a consumer account issued by the Municipality.

**“due date”** in relation to an account, means the date stipulated on the relevant account;

**“overdue”** in respect of an amount, means an amount that remains unpaid after the due date;

**“property”** means immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person; and

**“Systems Act”** means the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000).

### **3. PRINCIPLES**

- a) All indigent persons should have access to basic services in terms of the South African Constitution.
- b) The level of affordability by Council for the supply of free basic services should be determined.
- c) The escalation of debt on accounts of consumers not in a position to pay should be prevented.
- d) The level of utilization of consumer services for people who cannot afford to pay should be restricted.
- e) The access of consumers to free basic services should be regulated.
- f) Pensioners appearing on the Indigent register will be vetted annually for the purpose of renewing their Indigent status without re-application.
- g)
- h) Non pensioners are required to apply for the renewal of their Indigent status annually.
- i) When a debtor is registered for the first time as indigent, the debt of the consumer existing on the day of registration shall be written off.

### **4. OBJECTIVES**

The objective of this policy is to guide the council and municipal officials in ensuring that poverty-stricken households have access to basic services in a sustainable manner. This policy aims to achieve this objective by providing guidelines on;

- Criteria for qualification as Indigent.
- Mechanism for providing subsidy where conventional municipal services are not available.
- Registration as Indigent
- Exit strategy for Indigent

### **5. LEGISLATIVE FRAMEWORK**

This policy is designed and implemented within the framework of the following legislation:

- The Constitution of the Republic of South Africa, 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, 2004 (Act 6 of 2004).

## 6. CRITERIA

A debtor who meets the criteria contained in the paragraph below may apply to be registered as indigent.

### The following conditions should be met to qualify to be registered as Indigent:

- a) The applicant must be a natural person.
- b) The gross total monthly household income of all persons ordinarily residing at the premises concerned from all sources may not exceed R5000. Child Support and Foster Care Grants may not be regarded or deemed as additional income in determining the monthly household income.
- c) The applicant must be the registered owner of the property/ in possession of the letter of authority, for which application is made. If the applicant has more than one property, he/she will only be subsidized for one (1) property.
- d) The applicant must ordinarily reside at the premises concerned, including properties categorized as undeveloped but occupied and owned by the applicant and properties registered in the name of the Municipality not yet transferred to the name of the individual residing on the property.
- e) The amount written off will be reinstated should the owner sell the property. In a case of a failed or unsuccessful sale transaction, the owner will be expected to reapply for Indigent subsidy and the reinstated amount may be written off.

## 7. REGISTRATION DOCUMENTS

7.1 An application in terms of this paragraph shall be made on the prescribed application form

and shall be accompanied by –

- (a) A sworn affidavit stating the gross total monthly household income of all persons ordinarily residing at the address concerned and three month's bank statements.
- (b) the applicant's latest pay slip, if she/he is employed and the latest pay slips of any other persons ordinarily residing on the property concerned who are employed;
- (c) A certified copy of the applicant's identity document; and certified copies of all persons above eighteen years who ordinarily reside at the address concerned.
- (d) A certificate issued by the applicant's ward councilor that the applicant is entitled to be registered as indigent.
- (e) In case of one partner being deceased or divorced the following documents may be used:
  - (i) a letter of authority obtained from the court of law and or;

- (ii) a certified copy of a marriage certificate
  - (iii) a decree of divorce documents
  - (f) employment verification form signed or issued by the Department of Labour
  - (g) a letter and or a report from SASSA confirming the status of child headed family.
  - (h) Letter from Social Services confirming the status of child headed household.
- 7.2 A completed application, together with the certificate issued by the ward councilor concerned and other documents required, must be handed in at any office of the Municipality.
- 7.3 No indigent application will be approved if the electricity meter is tampered with. A replacement of such meter will be done before any approval.
- 7.4 Upon receipt and approval of an application form enlisted consumers will qualify for the following service levels –

#### **7.4.1 Electricity**

- (a) Indigent Consumers with electricity supplied by the Municipality will receive the first 50 kwh units free each month.
- (b) Indigent status for consumer utilizing more than 300 kwh per month of electricity will be reviewed and indigent status may be terminated
- (c) All registered indigent debtors **MUST** be on a prepaid electricity meter with only 20 Amp capacity.

#### **7.4.2 Water**

- (a) Indigent consumers will receive the first 10kl free each month
- (b) If a debtor uses more than the total free water allocated and does not pay for the additional water by the due date (normally the 7<sup>th</sup> of each month), the water supply may be restricted, and will remain restricted until the account is paid in full or reasonable payment is received and an arrangement is made in line with the Credit Control and Debt Collection Policy

#### **7.4.3 Assessment Rates**

- (a) The first R15 000 of the property value of residential households is exempted from tax.
- (b) Registered indigents will get a 100% rebate on assessment rates.

#### **7.4.4 Refuse Removal**

- (a) The indigent debtor will be granted a rebate of 100% on refuse removal charged on the consumer account monthly,

#### **7.4.5 Sewerage**

- (a) The indigent debtor will be granted a rebate of 100% on sewerage charged on the consumer account monthly,

### **8. VERIFICATION**

8.1 Council reserves the right to verify details provided in section 6 above.

8.2 Councilors, Ward Committees, Council staff or its accredited agents may undertake house visits to confirm the indigent's claim and living conditions. Where an indigent debtor is found to be living at a standard inconsistent with his indigent application or fails to allow access or provide any further information as may be required, the indigent benefits may be cancelled at Council's sole discretion retrospective to the date of approval of the Indigent

### **9. LIMITATIONS**

- (a) The above free issues and discounts are based on the expected equitable Share to be paid to Council by National Treasury annually. The annual adjustment to these benefits is subject to the increase in the Equitable Share

### **10. RE-EVALUATION**

- a) Should an applicant in his application present any fraudulent statement he/she will be denied approval or, if already been approved, will immediately be deregistered. He/she will be held responsible for any monies written off and will repay all benefits received at the discounted rates.
- b) The Chief Financial Officer may refuse to register a consumer as indigent if that consumer at any time during the 12 months immediately preceding her/his application was removed from the indigent register
- c) In the event of the death of an indigent debtor a relative or an adult member of the household of the deceased must provide a certified copy of the death certificate in respect of the debtor issued in terms of section 22 of the Births and Deaths Registration Act 1992 (Act No 51 of 1992) to the Municipality
- d) Any amount written off because of debtor being approved as indigent will be reinstated should the owner sell the property or found to have purposely neglected to disclose other information related to the total income.
- e) Interest shall not be charged on arrear charges owing by indigent debtors.

### **11. CHILD HEADED HOUSEHOLDS**

- (a) Whenever the ward councilor has reason to believe that premises are occupied by a child-headed household (regardless whether municipal services are supplied to such

premises), she/he shall make such enquiries, which may include inspecting the premises concerned, as she/he may deem necessary to establish the facts.

- (b) If the belief of the councilor is confirmed, she/he shall forthwith in writing report the matter to the relevant authority responsible for child welfare and thereafter to the Chief Financial Officer.
- (c) The Chief Financial Officer shall, when she/he receives a report that a child-headed household occupies premises within the Municipality, immediately –
  - (1) in writing request the relevant department to restrict the supply of any services to the premises to the service levels applicable to indigents.
- (d) The departmental head concerned shall inform the Chief Financial Officer in writing of date on which services to premises have been restricted.
- (e) If it is established on a balance of probabilities that the adult person(s) who previously occupied premises together with children –
  - (i) is dead and that her/his heir(s) is a child, the Municipal Manager may write the debt owing in respect of services supplied to the premises and rates off as irrecoverable;
  - (ii) on receipt of a report from the authority responsible for child welfare, declare the child-headed household indigent.

## **12. COMMUNICATION STRATEGY**

The council shall, with aid of ward committees and consumer education pamphlets, embark on an extensive community communications programme aimed at informing communities of the contents of this policy and duty on them to pay service charges and contribute to the funds of the municipality.

## **13. EXIT STRATEGY**

The municipality acknowledges that the financial circumstances of Indigents may improve from time to time.

The following processes are put in place in order for Indigent to exit from the indigent support program;

### **a) By the municipality**

- All Indigent households are required to reapply after every twelve months to remain on the indigent register, except pensioners who will be vetted annually with the Department of Home Affairs.
- The municipality will, as part of the verification process, determine whether an application still meets the criteria to qualify as indigent or not.
- The municipality will, as outlined in its IDP, endeavor to intensify its efforts to improve the socio-economic situation of the area to create more job opportunities.



**b) By the Indigent**

- An indigent debtor must immediately request de-registration if his/her circumstances have changed to the extent that she or he no longer complies with the requirement set out in the definitions.
- This should be done by notifying the office of the Municipal manager in writing.

**14 Monitoring and reporting**

The Chief Financial Officer will report quarterly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties such report shall reflect on:

- a) Number of indigent household's applications received.
- b) All debts written off in terms of the Indigent programme.

**15. SHORT TITLE AND COMMENCEMENT**

This Policy shall be called Indigent Policy and takes effect on the 1<sup>st</sup> of July each year after council approval.

**Indigent Office**

Revenue Section

Contact Details:

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