

GOVAN MBEKI MUNICIPALITY

Indigent Management Policy



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DEFINITIONS

Basic Municipal Services:

- Basic Municipal Services means a municipal service that is necessary to ensure an acceptable and reasonable quality of life that if not provided, would endanger public health or safety or the environment. For the purposes of this policy “Basic Municipal Services” refers to the following services supplied and subsidized by Govan Mbeki Municipality:
 - Water and Sanitation
 - Electricity

Child headed households:

- Child headed households for the purposes of this policy refers to households headed:
 - By a person under the age of 21 years.

Child headed household under guardianship:

- Child headed household under guardianship for the purpose of this policy refers to:
 - Those exceptional cases where a guardian is appointed for the household but who does not have to:
 - Reside on the property.
 - Be a registered indigent.
 - Reside in the boundaries of Govan Mbeki Municipality.

House owner:

- House owner for the purposes of this policy refers to:
 - Registered owner or Title Deed holder.
 - A person appointed by a competent court of law as a responsible person to take care of all the affairs of the deceased.

Indigent Household:

- Any household of which the members are South African Citizens / permanent resident and tenants who are also South African Citizens, who due to a number of economic or social factors are unable to pay for Municipal services.

Minor:

- A person who has not attained the legal age of majority and, thus, has restricted or no legal capacity.

Days:

- Refers to calendar days.

Registered Indigent Household:

- Registered Indigent household for purposes of this policy refers to those households who have met the indigent registration criteria.

Suspended:

- To stop or to cause to be in-active either temporarily or permanently.

Tenant:

- Tenant in terms of this policy refers to a person residing in a property and who has a:
 - Formal lease agreement with the Govan Mbeki Municipality / the title holder thereof is Govan Mbeki Municipality and the property is used for housing purposes.

Written off:

- A cancelation of an item in account books.

Asset Indigent household:

- Is a household where the applicant is the owner of a property with a value below a certain threshold as contemplated in the Municipal Property rates Policy as been exempted from paying municipal rates.

Income Indigent household:

- Is a household when the applicant meets the criteria for indigent status based on income where such applicant does not meet the criteria for "Asset indigent Household"

Estate Indigent household:

- Is a household when the applicant meets the criteria for indigent status; where such applicant does not meet the criteria for "Asset Indigent Household" and/or "Income Indigent Household" based on the "deceased estate" and/or "law of succession"

Special Indigent Approval Form:

-Is an application form designed specific for debtors without letters of authority, which **must** also be completed by the Ward Councillor, Ward Committee, and approved by the Chief Financial Officer.

1. INTRODUCTION

- 1.1 The Municipal Council recognizes that it must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1) (b) and 153(b) of the Constitution.
- 1.2 The Constitution acknowledges local government as a distinct sphere of government and as such also entitles it to an equitable share of nationally raised revenue, which will enable it to perform its basic function of providing essential services to the community.
- 1.3 Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay the normal tariffs for municipal services. The municipality therefore adopts this Indigent Management Policy to ensure that these households have access to at least basic municipal services.

2. PURPOSE OF THIS POLICY

The purpose of this policy is to:

- 2.1 Ensure the provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Municipality.
- 2.2 Provide procedures and guidelines for the subsidization of basic services to its indigents, using the Municipality's budgetary allocations

through the equitable share.

- 2.3 Set fair criteria and a consistent, transparent and reasonable threshold for the determination of indigent households and set appropriate subsidies consistent with the Municipality's Tariff Policy.
- 2.4 A debtor who meets the criteria contained in this policy may apply, in the prescribed manner, to be registered as indigent.
- 2.5 The applicant must be a natural adult person.

3. LEGISLATIVE FRAMEWORK

Constitution of the Republic of South Africa, (Act No 108 of 1996) The Local Government: Municipal Systems Act (Act No. 32 of 2000) Municipal Finance Management Act (Act No. 56 of 2003)

FINANCING OF THE PROGRAMME

The Municipality must make provision on its annual Operating budget to subsidize the tariffs of registered indigent. Registered Indigent households will receive a pre-determined quantity of electricity, water and sanitation free of charge on a monthly basis. The arrears on services covered by the indigent program may be written off against the provision of bad debt.

4. CRITERIA FOR QUALIFICATION

Indigent households are categorized into three components viz: Asset Indigent, Income Indigent and Estate Indigent.

4.1 ASSET INDIGENT

- 4.1.1 The applicant must be the owner of the property/properties;
- 4.1.2 The property's value may not exceed R60 000.00 as contained on the Municipal Property Valuation Roll;
- 4.1.4 Such property/properties may not be used for business purposes;

4.1.5 The property/properties must have an electricity prepaid meter installed.

4.2 INCOME INDIGENT

4.2.1 Households where the combined and verified total gross monthly income (Excluding social, foster care, disability and child grants) of all occupants over 18 years of age and does not exceed R3500.00 per month shall qualify for an indigent subsidy. The threshold amount may be varied from time to time by the Municipal Council, Municipal Manager or its delegated Official or may be varied in line with the increase of Social Pension Grants for Senior Citizens as determined by from time to time by National Government.

4.2.2 The applicant may not own, either on her/his own or together with other persons, more than one fixed property.

The applicant must ordinarily reside at the premises concerned

4.2.3 Only households where the account-holder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose registration has been accepted, verified and entered into the register of indigents shall qualify.

4.2.4 An approved registered applicant remain enlisted until he/she applies in writing to be deregistered or be requested to apply to be deregistered from the indigent register.

4.2.5 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

4.2.6 A prepaid electricity meter must be installed at the subject property before any debt write-off may be affected in terms of the municipality's Debt Write off Policy.

4.2.7 Debt write-off for indigent households should occur every Twelve (12) months, subject to re-verification of indigent status.

4.2.8 To register as an indigent, the relevant property owner, account-holder or Guardian must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies, subject to clause 4.2.9 (f) below.

4.2.9 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;

(b) the applicant's latest payslip and bank statement, if she/he is employed and the latest payslip and bank statement 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) In the event that an application for Indigent is made by a successor, heir or guardian on behalf of the household who is not in possession of the letter of authority, the Applicant will have to complete the Indigent Special Approval Form, which must be accompanied by an affidavit from the Applicant.

(e) Where the Applicant for Indigent is a divorcee, a certified copy of the decree of Divorce must accompany the application

(f) The Municipality 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 or Municipal Manager.

(g) Efforts should be made to assist indigents whose consumptions of metered water services are excessive due to leakages. Special care will also be exercised to assist indigent child-headed households.

4.3 ESTATE INDIGENT

4.3.1 Is an occupier of a child-headed household where the property is registered in the name of the deceased parent or deceased parents.

4.3.2 The party to whom the property is awarded in the event of a divorce. A decree of divorce must be accompanied by the application for Indigent.

4.3.3 Where a deceased estate has not been wound up a letter of authority is needed.

4.3.4 In the case of a deceased estate, in whose name the property is registered, any heir to whom the registered property has been bequeathed a letter of authority is needed.

4.3.5 Where a letter of authority cannot be obtained due to family feuds or as a result of the unavailability of some of the family members, such applicants must be referred to the Ward Councillor and/or Chairperson of the Ward Committee for a resolution and/or completion of the Special Indigent Approval form.

4.3.6 Where the surviving spouse was married in community of property to the deceased, and where the property is registered in both spouse's names and the surviving spouse is the sole heir.

4.3.7 A surviving spouse, who was married in community of property to the deceased, together with any other heirs, if any, where the property is registered in the name of that deceased.

- 4.3.8 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.
- 4.3.9 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.
- 4.3.10 If it is established on a balance of probabilities that the adult person(s) who previously occupied premises together with children –
- (a) (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.

7. **SERVICES TO BE SUBSIDISED**

- 7.1 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 policies on property rates and tariffs.
- 7.2 In respect of water, a 100% subsidy up to 10 kl per household per month will apply; however, if consumption exceeds 10 kl per metering period (month) the consumer will be charged at normal indigent tariff for actual consumption on the quantity exceeding 10 kl.
- 7.3 With regard to 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 indigent tariff for actual consumption on the quantity exceeding 50 kWh.

- 7.4 In respect of sewerage charges and charges for household refuse removal, the relief granted shall be as determined by council as part of each annual budget, for the monthly amount billed for the service concerned.
- 7.5 Council may from time to time these subsidized services with its annual budget increase or at any time the Municipal Council resolves as such.

8. APPLICATION FOR REGISTRATION

8.1 ASSET INDIGENT

Registration under this category of Indigents will be done automatically using the Municipality's General Valuation Roll and only once a prepaid electricity meter has been installed and is operational on the property as contemplated in paragraph 4.1.5 above

8.2 INCOME INDIGENT / ESTATE INDIGENT

8.2.1 A household wishing to apply as an indigent customer must complete the Municipality's indigent application form; it shall be accompanied by the following documents:

- (i) an affidavit declaring unemployment or income;
- (ii) documentary proof of income, such as a letter from applicants employer; a salary advice, a pension card, or any such proof confirming unemployment status;
- (iii) the municipality's latest municipal account **where possible**.
- (iv) a certified copy of the applicant's identity document; and

the names and identity numbers of all occupants over the age of 18 years who are resident at the property.

- (v) A letter of authority in the case of deceased estates or a Special Indigent Approval Form as referred to in 4.3.5 above
- (vi) A letter of guardianship in the case of the applicant not being the owner and the occupant of the property concerned

8.2.2 Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.

8.2.3 The applicant shall give permission to the Municipality to verify the indigent status of the applicant through access to the applicant's information at the South African Revenue Service or any other such agency as the Municipality may determine.

8.2.4 The Municipality/its authorized official shall counter-sign or stamp the application form and certify that the conditions and consequences of such an application were explained to the applicant and that the latter indicated that the contents of the declaration were understood.

9. **APPROVAL OF REGISTRATION**

9.1 The municipality or its authorized official may send authorized representatives to premises or households applying for registration as indigent customers to conduct an on-site audit of information provided prior to the approval of the application.

- 9.2 An application received shall be considered by the Municipality or its authorized official and the applicant shall be duly advised of the outcome of the application. If the application is not approved, the applicant shall be advised of the reasons thereof.
- 9.3 An application shall be approved for a period of 12 months, pending the annual verification process.
- 9.4 The approved indigents register will be published onto the Municipal notice boards and on the local newspaper for duration of 30 days
- 9.5 The entire indigent registration process must be completed within a period of 6 (six) months.
- 9.6. **An applicant whose application –**
- (a) is successful, will be informed in writing of that fact; and/or published on the prescribed notice boards.
- (b) is unsuccessful applicants will be published on the prescribed notice boards and reason can be obtained from the Indigent office.
- (c) The Govan Mbeki Municipality will inform the public by way of public notice as to when results of applicants will be ready for viewing.
- 9.7. A debtor who is registered as indigent shall receive discounts in respect of municipal services and property rates (if applicable) as determined by the Council from time to time.
- 9.8. Any charges accruing to a debtor account of an indigent debtor in excess of the amount of the discounts granted by the Municipality shall be payable by the debtor concerned on or before the due date.

9.9. Re-evaluation

(a) the decision whether an indigent household remains satisfied with the restriction to the supply of free basic services lies with the member of the household responsible for the payment of services.

(b) regular physical inspections will be carried out at the premises of each of the registered indigents to ensure that the supply installations including the supply limitation are intact.

(c) 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.

9.10. 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 in terms of paragraph 24.10.

9.11. 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. The Chief Financial Officer shall, as soon as practicable after receipt of a death certificate, cancel the registration of the deceased as an indigent debtor. The deceased's heir may, if she/he is an adult person, apply to be registered as an indigent household in the manner prescribed in this policy.

- 9.12. When a debtor is registered as indigent the debt of the consumer existing on the day of registration shall be parked and such a person's name be given through to the credit bureau. The Chief Financial Officer shall as often as is necessary report to the Municipal Manager regarding any debts parked in terms of this paragraph, and may recommend that such debts be written off.
- 9.13. That if a person who was or who is enlisted as indigent sell his property, the arrears written-off be paid before a clearance certificate can be issued.
- 9.14. Interest shall not be charged on arrear charges owing by indigent debtors.

10. OBJECTIONS

- Individuals wishing to object to the approved indigent register must do so on the prescribed objection form during the period of publication of the indigent register ,see clause 10 above
- All objections will be considered by the municipality within a period not exceeding 30 days from the date of the closure of objections
- No late objections will be entertained or considered after the 30 day period has lapsed.

11. INDIGENT REGISTRATION

- 11.1 The income indigent applicant must re-apply for registration as an indigent on or before 30th June of every year during the indigent outreach programme, failing which the status as an indigent will cease automatically.

11.2 The Municipality shall, with the aid of Ward Councilors and Ward Committees, embark on an extensive community outreach programme in **October** annually aimed at informing communities of the content of this policy and the registration periods.

11.3 The Municipality does not give any guarantee of renewal.

12. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENTS

12.1 When a property owner or account-holder who has registered as an indigent fails 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 account-holder for the financial year concerned.

12.2 The Municipality at its own discretion may consider criminal charges against any applicant who submitted false/fraudulent information/documentation **in order to be registered as an Indigent.**

12.3 The onus is on each registered indigent to advise the municipality of any change in indigent status **or change in financial status.**

12.4 The relief to indigents will be withdrawn if a registered indigent:

- (a) Fails to keep to the terms of the policy agreement.
- (b) Tampers with the installed electricity and water meters.
- (c) Household income increasing beyond the threshold prescribed.
- (e) Property is turned into a business.
- (f) Owner is renting or leasing out the

property.

(g) The Property is sold.

12.5 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 indigent register, and shall be liable to repay the municipality with immediate effect the cost of all indigent relief measures received from the date of such fraudulent registration.

12.7 Moreover, such person may not again be considered for any future indigent relief for a period to be determined by Council from time to time.

12.8 Should Indigents who's debt has been written off by the Municipality sell their properties within a period of a year from date of last registration as an Indigent household, such indigent subsidies received within this period shall be recovered prior to the issuance of a signed property rates clearance certificate.

12.9 In the case of the property being transferred to its heir/heirs clause 9.6 and 9.8 will not be applicable.

12.10 The write-off of indigent debts shall be reversed on request for a rates clearance certificate, in cases where the property concerned is sold within two years after the write-off has been made.

Furthermore, the written-off amount shall also be reversed on permission being granted by the municipality for the extension or building of a house by an applicant or household that has been declared indigent within a year after write-off.

13. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

13.1 The Chief Financial Officer will be responsible to compile and administer the database for households registered in terms of this policy.

13.2 Council reserves the right to send its officials to premises/households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied and to verify applications.

14. ARREARS OF INDIGENTS ON APPROVAL OF REGISTRATION

14.1 Accumulated arrears in respect of the indigent's municipal account, prior to registration shall be suspended, and interest shall not accumulate in respect of such arrears for the period that a resident remains registered as an indigent.

14.2 Accumulated arrears so suspended, shall become due and payable by the resident as determined by the credit control and policy of the Govan Mbeki Municipality. Accumulated arrears so suspended, shall be subject to write-off

14.3 Notwithstanding clause 14.2, arrears suspended for a period of One (1) year or longer shall not be recovered from an indigent on de-registration.

15. DE-REGISTRATION

15.1 An indigent household shall be automatically de-registered if an audit or verification concludes that the financial circumstances of

the indigent household has changed to the extent that he or she no longer meets the qualification criteria set out in sections four (4) and nine (9) of this policy.

15.2 An indigent may at any time request de-registration.

15.3 In the event of de-registration, the Municipality shall notify the indigent household of such de-registration in writing.

16. RESPONSIBILITIES OF REGISTERED INDIGENT HOUSEHOLDS

16.1 The registered indigent must be willing to accept technical assistance offered by the Municipality to make her/his current monthly consumption of service more affordable through limiting services

16.2 The applicant must be willing to accept the limited level of service and must stay in the program for at least 12 months unless assessed and approved for voluntary exit on application accordingly

16.3 The registered indigent must always ensure that her/his monthly consumption does not exceed the limited level of services in terms of this programme

15.4 Should the situation of the registered indigent household change the onus is on the household to inform the GMM immediately

16.5 Refusal of a device to control consumption – the suspended debt will be re-instated and the household will be de-registered.

16.6 Reasonable care of the device. The registered household has a responsibility to report any tampering/vandalism to the device to the SAPS and the GMM. If the tampering/vandalism are not reported the beneficiary will be held responsible in terms of the credit control policy and any other measures which the municipality deems fit/necessary.

17. REPORTING REQUIREMENTS

17.1 The municipal manager shall submit a written report on a monthly basis, to the executive mayor concerning:

- (a) The number of households registered as indigents and a brief explanation of any movements in such numbers;
- (b) The monetary value of the actual subsidies and rebates granted;
- (c) The budgeted value of the subsidies and rebates.
- (d) The executive mayor shall submit the above reports on a quarterly basis to council.

18. IMPLEMENTATION AND REVIEW

18.1 The implementation of the amendments of this policy shall take effect on the 1st July 2018.

18.2 This policy shall be reviewed annually.