

# EMADLANGENI MUNICIPALITY



## INDIGENT POLICY 2020/2021 FINANCIAL YEAR

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## 2. INTRODUCTION

eMadlangeni municipality is committed in supporting and to assist in empowering its community. The large percentage of the population in the jurisdiction of eMadlangeni is in need of the indigent support to ensure that they have access to basic level of services as per the constitution.

The municipality strives to meet the constitutional objectives and the criteria lay down by the credible indigent policy assessment framework provided by the Department of Local Government.

The successful implementation of this policy depends on the affordability and social analysis of the eMadlangeni area as should be included in the municipal Integrated Development Plan. The foundation laid by section 74 of the Municipal Systems Act 2000 stipulates that poor households must have access to basic services through tariffs that cover only the operating and maintenance costs

**Whereas** the municipality receives an equitable share contribution from National Treasury annually

**And whereas** the National Department of Provincial and Local Government has issued guidelines regarding indigent support;

**And whereas** the municipal wishes to give access to basic services for all of its communities;

**Now therefore** the municipal council of eMadlangeni adopts the following indigent Policy

## 2. DEFINATIONS

“For the purpose of this policy any word or expressions to which a meaning has been assigned in the Act shall bear the same meaning in this policy and unless the context indicates otherwise.”

<b>Account</b>	means any account rendered for municipality services provided
<b>Account holder</b>	means any person with whom the Municipality has concluded an agreement for the payment of the consumption of municipal services and he or she is liable thereof
<b>Consumption</b>	means the ordinary use of municipal services, refuse removal and electricity services for domestic or household purposes
<b>Indigent</b>	means any household including a child headed household earning less than the gross monthly income determine by the resolution of the Municipal Council in terms of the social economic analysis of the area.
<b>Child headed household</b>	Means households headed by any person under the age of 21 years but with all the requirements for an indigent household.
<b>Household</b>	refers to a house and its occupants regarded as a unit or the people in a family or other group that are living together in one house, including biological/foster/adopted children
<b>Indigent support</b>	means the assistance given by the Municipal Council to registered indigent households in respect of electricity and rates
<b>Indigent register</b>	means the municipal list of indigent customers as per the municipal policy, which has to be updated on an annual basis.
<b>Municipality</b>	means eMadlangeni Municipality
<b>Municipal services</b>	refers to the services provided by the municipality including refuse removal, electricity and rates
<b>Owner</b>	the person in whom from time to time is vested the legal title to premises
<b>Residential consumer</b>	means a person who resided within the area jurisdiction of the eMadlangeni Municipality
<b>Recipient of indigent</b>	
<b>Support</b>	means a person whose household has been classified, in terms of the council’s determined criteria as being an indigent and receives

assistance and or subsidisation from the municipality with respect to municipal services.

**Financial year** means the financial year of the municipality that runs from July to June.

### **3. POLICY ISSUE**

It provides a foundation upon which eMadlangeni municipality can create its indigent register to meet its responsibility of providing basic municipal services. This policy is intended to improve the lives of indigent.

### **4. OBJECTIVES OF POLICY**

The objectives of this policy are to:-

- a. The objective of this policy is an attempt to close the Gap between those who are indigent and other citizens of eMadlangeni Municipality, through the targeted assistance with free allocations of electricity and other services
- b. This objective should ensure that all citizens of eMadlangeni Municipality are able to participate in the community, and are not barred through their indigent status.
- c. The long term objectives is to move those who are indigent away from the need for free basic services and other support measures into a more positive developmental role as rate paying citizens of the community.
  - i. Provide a framework with which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
  - ii. Determine the criteria for qualification of indigent and poor households;
  - iii. Ensure that the criteria is applied correctly and fairly to all applicants;
  - iv. Allow the Municipality to conduct in loco visits to premises of applicants to verify the actual status of the household;
  - v. Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

## **5. SCOPE OF APPLICATION**

The policy covers all the rural and urban areas under the jurisdiction of eMadlangeni Municipality where indigent residents have been identified and registered.

## **6. POLICY PRINCIPLE**

This policy undertakes to promote the following principles

- To engage the community in the development and implementation of this policy
- To promote integrated approach to free basic service delivery
- To ensure that the equitable share received annually will be utilised to benefit the poor community members.

## **7. LEGAL FRAMEWORKS**

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 No.32 of 2003)
- The Local Government: Municipal Property Rates Act ( Act No. 6 of 2004)
- The Local Government Municipal Finance Management Act,2003 (Act No.56 of 2003)
- The promotion of Access to information Act, 2000 (Act No.2 of 2000)

## **8. ECONOMIC PROFILE**

In terms of the statistics, 29% of our labour force is employed. This represents a 24% decrease in employment from 2001 which was 53%. The global credit crunch and mechanization are some of the factors that may have caused the massive job loss.

One of the challenges that prevent local people from getting decent jobs is lack of skills. A majority of the population (55, 9%) did not reach secondary school and therefore only have primary education.

The types of jobs these people get pay them less than the indigent threshold of the municipality. This in turn creates challenges for the municipality in terms of revenue collection and sustainable service delivery.

## 9. TARGETING APPROACH

To qualify for “Applied Indigent status”, a household must comply with the following criteria:-

- a. The total household income may not exceed R3500 per month;
- b. Disabled Person to also provide medical certificate
- c. Child headed Household,
- d. Pensioner
- e. Must be a permanent resident of eMadlangeni;
- f. The applicant must be a resident of a single property (stand), in the event of recognised polygamous customary marriages the applicant should provide property registration documents (title deed/lease agreement) for each property.
- g. The householder must be a resident of eMadlangeni and living permanently on the property, and have a registered account with the Municipality, except that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where accounts are rendered.
- h. An indigent account holder must immediately request de-registration if his/her circumstances have changed to an extent that s/he no longer qualifies for indigent support.
- i. It is the responsibility of the resident who cannot afford to pay the full municipal tariff for services received to apply for the indigent support.

## 10. APPLICATION PROCEDURE

Registration must be undertaken three months before the beginning of each financial year. The responsibility for applying for indigent support in terms of the policy rests with the resident who has low income and cannot afford to pay the full municipal tariff for services received.

The indigent application must be done on a prescribed form obtainable from the municipal offices and ward committees. and application forms must be submitted **at the public participation office.**

### 10.1 REGISTRATION

The basic point of departure is that Council will assist, through funds received from Central Government, to provide basic services to “poorer” households within the Council’s service provision area. In this regard no discriminations on any grounds will be allowed.

**In order to qualify for financial assistance the following will apply.**

- a. Only registered residential consumers of services delivered by council will qualify.
- b. No residential consumer conducting a business from the residential property, with or without special consent obtained from Council or with or without existing usage rights shall qualify for assistance.
- c. Assistance in respect of electricity or alternative source of energy, and rates charges will only be granted to registered owners of properties consuming the relevant services.
- d. Occupants /residents who own more than one property and occupying a house where application is sought will render such application of the owner/occupier invalid.

**The account holder must apply in person and must present the following documents upon application.**

- a) Account holder's identity document/ certified copy;
- b) An application form duly completed with the necessary proof as required;
- c) Proof of residence/ latest municipal account in his/her possession
- d) Applicants biological/foster/adopted children's identity documents
- e) Recommendation by ward councillor or traditional council detailing qualifying reasons.
- f) Latest payslip or; proof of employment from the employer; or proof of social grant or pension.
- g) In the absence of such documentation, an affidavit declaring the applicant's income, or if unemployed, a declaration of the applicant's unemployment status
- h) Medical certificates for medically boarded applicants/disabled applicants
- i) Death certificated of parents, certification by department of Social welfare as well as affidavit for child headed house holds
- j) Non South African residents will qualify should have valid permits

## **10.2 DEREGISTRATION /EXIT**

**Indigent support will be terminated under the following circumstances:**

- a. Death of the account holder.
- b. End of the 12 month cycle, except for those in receipt of old social (Pension), and disability grants
- 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 of the property, either by sale or by means of donation
- f. If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply.
  - i. All arrears will become payable immediately
  - ii. Credit control measures will apply and
  - iii. The applicant will not be eligible to apply for indigent support for a period of two years.

### 10.3 APPEALS

Any aggrieved person who was not successful in the application to be regarded as an indigent, may lodge an appeal to the Municipality within a period of 14 days from the date on which the aforesaid decision was communicated to the applicant.

## 11. VERIFICATION OF INDIGENT APPLICATIONS

**The indigent support will be approved based on the following verifications**

- Ward Committee verification
- Operation Sukuma Sakhe (through family profiling)
- CDW Verification (through family **profiling**)
- Physical household verifications will be conducted prior approval.

## 12. EXTENT OF INDIGENT SUPPORT

- a. Subsidies will be limited to property rates, electricity, refuse removal and indigent burial support.
- b. Subsidies will be determined during the compilation of annual budget.
- c. The source of funding of the indigence subsidy is that portion of the equitable share contribution received from National Treasury and any additional provisions made by council and provided for the annual operating budget.
- d. In respect of electricity consumed, a subsidy up to 50kWh per month will apply.
- e. In respect of property rates, pensioners will receive 50% rebate. Indigent customers will receive 100%
- f. In respect of refuse removal the pensioners, retirees and disabled persons will receive 10% discount. Indigent customers will receive 100%
- g. If consumption per metering period (month) exceeds any of the norms state in (4.4), usage will be restricted and the account holder will be obliged to pay such excess consumptions at the applicable normal tariffs.

- h. If 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 will not be entitled to a cash rebate in respect of the unused portion.
- i. Indigent customers will be provided with indigent burial support.

### **13. COMMUNITION**

The policy shall be communicated through war rooms, Sukuma sakhe meetings, and different forums so that different members of the community will become aware of the indigent policy

### **14. PUBLICATION OF NAMES OF QUALIFYING APPLICANTS**

The Municipality will publish the approved beneficiary his/her name and address on a list of account holders receiving subsidies in terms of this policy and may be submitted to credit authorities. Any person may inspect or scrutinize the list at a Customer Care Office and inform/notify the Municipality of any person who, according to their true circumstances, should not be in receipt of a subsidy as envisaged in this policy.

### **15. EXIT PROGRAMME**

An indigent customer must immediately request deregistration where his or her circumstances have changed to an extent that he or she no longer complies with the requirements of an indigent person.

The municipality may promote exit from the indigent register by identifying indigent families to be included in the EPWP projects and other LED projects

### **16. PROCESS MANAGEMENT**

#### **i. Validity period**

The period for assistance will be for a maximum period of 12 months. Existing indigent customers must re-apply before the end of April each year to renew their indigent status. Notification to this effect will be advertised annually and ward councillors to cascade the information to their wards for the renewal and new applications in their wards.

#### **ii. Death of registered applicant**

In the event that the approved applicant passes away, the heirs of the property must re-apply for indigent support provided that the stipulated criteria are met.

**iii. Excess usage of allocation**

If the level of consumption of the indigent household exceeds the total package as approved by the Municipality, from month to month or exceeds the monthly charges raised on the indigent's accounts; the household will be obliged to pay the excess consumption on a monthly basis. Such accounts will be subject to the Municipality's credit control and debt collection measures.

**iv. Arrears on indigent accounts**

Once an application for indigent support has been approved all arrears on the consumer account will be written off.

**v. Monitoring and Reporting**

The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time, with the aim of carrying out a local verification of accuracy of the information provided by the applicant(s). Such audit will be conducted on a continuous basis

The municipality will report on a monthly basis on the indigent support

## **17. NON-COMPLIANCE OF HOUSEHOLD REGISTERED AS INDIGENT**

When a property owner or occupier who has registered as an indigent fails to comply with any of the conditions relevant to the receipt of indigent relief, such person forfeit his or her status as registered indigent with immediate effect, and will thereafter be treated as an ordinary accountholder for financial year concerned.

## **18. FALSE INFORMATION**

A person who provides false information be suspended for FIVE (5) years and be refused further participation in the subsidy scheme during that period. In addition, he/she will be held liable for the immediate re-payment of any subsidies already granted and legal action, civil or criminal may be instituted against the guilty party or parties.

## **19. CURRENT AMOUNTS IN ARREARS**

Applicants, whose municipal accounts show arrear amounts at that time of the application for a subsidy will be treated in terms of the provisions of credit policy of the council regarding their status as indigent,

## **20. IMPLEMENTATION AND REVIEW**

- i. The accounting Officer shall be responsible for the implementation and administration of this policy with assistance of the Chief Financial Officer: Budget and Treasury, once approved by council.
- ii. The contact person in respect to this policy is the Chief Financial Officer as well as the Revenue accountant
- iii. The policy shall be reviewed annually as part of the budget process.

## **21. EFFECTIVE DATE**

This policy comes into effect on date of signature hereof by the Executive Authority.

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MUNICIPAL MANAGER

LCT NKOSI

\_\_\_\_\_

DATE

\_\_\_\_\_

MAYOR

LY MHLUNGU

\_\_\_\_\_

DATE

## **22. ANNEXURE A: ROLES AND RESPONSIBILITIES OF DEPARTMENTS**

### **ROLE OF BUDGET AND TREASURY OFFICE (BTO)**

- Verification of registered indigents (segregation of duties & potential audit query);
- Flagging the indigents on the financial management system;
- Completeness and credibility of all municipal debtors including indigent ;
- Accounting for free basic services and the Equitable Share allocation;
- Accounting for indigent debtors including write-offs;
- Budgeting for free basic services;
- Provide for indigents in the tariff policy;
- Determine a stepped tariff where appropriate;
- Provide for the indigent management in the Credit Control and Debt Collection Policy (including write-off of indigent debtors);
- Deal with audit queries around the financial management of indigents

### **ROLE OF PUBLIC PARTICIPATION**

- Creating awareness of the free basic services programme;
- Develop policy on indigent in consultation with the Budget and Treasury Office;
- Manage the application and registration process;
- Develop the indigent register;
- Maintain the indigent register;
- In the case of District liaise with the local municipalities regarding the creation of a comprehensive indigent register and list of beneficiaries;
- Monitoring and evaluation of the indigents;
- Deal with the audit queries around the completeness and credibility of the register

### **ROLE OF TECHNICAL SERVICES**

- Needs to understand indigents and what free basic services that the municipality provides;
- Provide input in the indigent policy based on experiences gained on the ground;

- Share beneficiary details with Public Participation and Budget and Treasury Office regarding new connections;
- In collaboration with the Budget and Treasury Office, install pre-paid meters where necessary and deemed appropriate;
- Support the free basic programme by dealing with illegal connections

### 23. INDIGENT REGISTER

Applicant	Ward	Property	Address	Contact Number	ID Number	Gender	Total Number of Households	Disability Status	Account Number	Member Number	Total Household Income	Total Number of Household	Comment

## 24. ANNEXURE B: INDIGENT MANAGEMENT STAKEHOLDER'S

