



UMDONI LOCAL MUNICIPALITY

DRAFT INDIGENT POLICY

2024/2025

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1. PREAMBLE

The uMdoni Local Municipality is committed to support and to ensure that its citizens have access to a basic level of services and goods in order to facilitate their productive and healthy engagement in society. In doing this, the Municipality undertakes to strive at all times to fulfil the constitutional objectives as contemplated in the Constitution of the Republic of South Africa. The Municipality hereby adopts the Indigent Policy in an effort to meet the criteria laid down in the National Framework for Municipal Indigent Policies provided by the Department of Provincial and Local Government. This Policy is subject to the availability of funding from the National or Provincial Government and based on section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic service through tariffs that cover only the operating and maintenance costs.

2. PURPOSE

The purpose of this Policy is to:

- 2.1 Substantially eradicate those elements of poverty over which local government has control. This means that all citizens in the municipality's area of jurisdiction must have access to basic water supply, sanitation, energy and refuse services by this date. Furthermore, by this date the Municipality will have undertaken major initiatives to facilitate the access of the indigent to land for housing, in cooperation with provincial government.
- 2.2 Lay out a plan for how these rights, inherent in the Constitution, can be achieved through the activities of the Municipality by provision of an essential minimum package of services to those who cannot afford to pay for basic services, in a sustainable manner within the overall integrity, financial and administrative capacity and natural resource base of the Municipality- ;
- 2.3 Provide procedures and guidelines for the subsidisation of basic charges;
- 2.4 Ensure co-operative governance with other spheres of government; and
- 2.5 Enhance the institutional and financial capacity of the municipality to implement policy.

3. REGULATORY FRAMEWORK

This Policy is guided by the following legislative framework:

- 3.1 The Constitution of the Republic of South Africa, 108 of 1996;
- 3.2 The Municipal Finance Management Act 56 of 2003;

- 3.3 The Municipal Systems Act 32 of 2000;
- 3.4 The Promotion of Administrative Justice Act 3 of 2000;
- 3.5 The Promotion of Access to Information Act 2 of 2000;
- 3.6 The Property Rates Act 6 of 2004;
- 3.7 The Free Basic Alternative Energy Policy 2007;
- 3.8 The Free Basic Electricity Policy 2003; and
- 3.9 National Framework for Municipal Indigent Policies issued by the Department of Provincial and Local Government from time to time

4. DEFINITIONS

- **“Child headed household”** means a household where both parents are deceased and where all occupants of the property are children of the deceased and under the legal age to contract for services;
- **“Household”** means a registered owner or tenant with or without children who reside on the same property;
- **“Indigent”** means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, as vested in the municipal policy, which qualifies for rebates or remissions, support or a services subsidy, provided that child support grants ~~is~~ are not included when calculating such household income;
- **“Indigent Management System”** an electronic management system applied by the uMdoni Municipality in consideration of other municipality for the smooth and efficient management of the register of indigent households;
- **“Municipality”** means the uMdoni Municipality, established in terms of Section 12 of the Municipal structures Act 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorized agent or any employee acting in

connection with this by- law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

- **“Programme officer”** an official duly authorised by the municipality, or an employee of a services provider appointed by the municipality, who is responsible for the following:
 - a) to ensure that applications for indigent support are received and assessed;
 - b) to ensure that applications are captured on the Indigent Management System.
 - c) to ensure that information on applications are verified and that regular audits are executed; and
 - d) to authorise expenditure with regard to indigent support.
- **“Occupier”** means the person who controls and resides on or control and otherwise uses immovable property provided that:
 - a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
 - b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

“Indigent register” means the municipal list of indigent customers as per the municipal policy, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms which contains the following:

1. Indigent customer details

- a) Socio-economic details
 - b) Skills details
 - c) In addition the indigent register is able to provide reports relating to, but not limited to the following
 - i. indigent application exceptions;
 - ii. Socio economic reporting.
- **“Owner”** in relation to immovable property means:
 - a) The person in whom is vested the legal title thereto provided that:

- The lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be owner thereof, and
 - The occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;
- b) If the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;
- i. If the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
 - ii. If the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;
- **“Property”** includes any piece of land, the external surface boundaries of which are delineated on:
- A general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937);
 - A general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality;
- **“Rates”** means any tax, duty or levy imposed on property by the Council;

5. POLICY PRINCIPLES

In recognition of the abovementioned National Framework the municipality undertakes to promote the following principles:

- (1) to ensure that the funding received from the National and Provincial

Government, or any other organ of state for purposes of implementing this policy, is utilised for the benefit of the indigent only and not to subsidize rates and services charges of those who can afford to pay for the services and goods;

- (2) to promote and ensure an integrated approach to free basic service delivery; and
- (3) to engage the community in the development and implementation of this policy.

6. QUALIFICATION CRITERIA FOR INDIGENT SUPPORT

Qualification criteria for indigent support shall be determined by the Municipality from time to time, provided that until the Municipality determines otherwise, the following criteria shall apply :

- i. The applicant must be a resident of the municipality- ;
- ii. The applicant must be eighteen (18) years of age or older to qualify, with exception of child headed households- ;
- iii. The monthly joint gross income of all occupants or dependents in a single household must be equal or less than two (2) state welfare pensions. For the purposes of determining the total household income of all applicants, the combined or joint gross income of all occupants/residents/dependents in such household shall be taken into account;
- iv. The registered indigent/applicant must be, either the owner or occupant (tenant) of the property concerned, who receives municipal services and is registered as an account holder on the municipal financial system, save that this requirement of being a registered account holder does not apply to households in informal settlements and rural areas where no municipal services are rendered- ;
- v. The occupants or dependents of the household must not directly or indirectly jointly own two or more properties (stands)- ;
- vi. All households applying for free basic electricity must have electricity connected to the property concerned- ;
- vii. Indigent subsidies will apply to households and not individuals- ;

- viii. The onus for applying for indigent subsidy rests with the indigent individual or household who cannot afford to pay the full municipal tariff for services received- ;
- ix. The account of a deceased estate may be subsidized if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance;
- x. Identified households with no electricity connection, utilizing alternative energy; and
- xi. Applicants and/or any occupants/resident/dependant of the applicants household shall not own any fixed property in addition to the property in respect of which indigent support is required for in terms of the Policy.

7. Sources of funding

7.1 The National Treasury provides funds to municipalities for the implementation of free basic services and Free Basic Alternative Energy program through the equitable share grant.

7.2 The equitable share contribution provided by the National Treasury to the municipality will be utilised for the indigent subsidies.

7.3 Where no electricity infrastructure exists then these funds must be utilised to fund Free Basic Alternative Energy and the municipality will supplement the free basic electricity grant from its own revenue to ensure that indigent households receive the free basic alternative energy.

7.4 The funds required for the subsidization of indigent households for rates, refuse removal, electricity and other services specifically determined by Umdoni Municipality must be provided for annually on the municipality's budget.

8. APPLICATION PROCEDURE

8.1 An indigent application must be done on an approved prescribed municipal application form provided by the municipality at its service centres designated in the respective areas.

8.2 Any application for an indigent subsidy must contain the following documents:

- a) the applicant's certified identity document or birth certificate in cases of child headed households;**

- b) Proof of residence;
- c) Original Municipal Account;
- d) the latest municipal or Eskom electricity account as proof of ownership and in the case of being an occupant (tenant), the lease agreement alternatively sufficient proof of occupancy;
- e) Bank statement where applicable;
- f) documentary proof of total monthly income of the household (e.g. UIF or for government grant a certified copy of the government grant card and sworn affidavit, salary advice, or letter from an employer);
- g) a list of all the names and identity numbers of all occupants/residents who reside on the property;
- h) in the case where the owner of the property is deceased, a sworn affidavit accompanied with the relevant death or marriage certificate, if applicable, confirming that the applicant is entitled to the benefits in terms of the scheme and proof of legitimacy;
- i) a sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared;

8.3 The above documentation should be current, i.e not more than three months old and verified by a commissioner of oaths e.g, police station, and should be submitted together with the application form.

8.4 All required documentation must be submitted simultaneously with the completed and signed application form.

8.5 The application form will be processed and assessed by the Revenue section within the Municipality.

8.6 The Municipality will appoint an official to *inter alia* perform a verification exercise by visiting the applicant household in order to verify the correctness of the information provided on the application form. Should the individual and/or household refuse such official(s) access to the property and information requested, then the municipality reserves its right to, in the absence of a reasonable and logical explanation, to terminate the indigent subsidy to such individual and/or household.

8.7 The Municipality's Revenue Manager will review the application and make

recommendations to the CFO, who will then approve or disapprove the application and if approved, determine the subsidy amount granted.

- 8.8 The Municipality will update the indigent register annually and perform the verification process throughout the year in order to establish any change in circumstances.
- 8.9 The indigent household must re-apply for the indigent subsidy every three years. The next reapplication or new application to be submitted by 30 June 2021 to be effected on 1 July 2021. Any new applications granted after 30 June 2021 will receive the benefit for the remaining period until the next cycle in July 2024.
- 8.10 In the circumstances where the monthly subsidy granted to a household is not sufficient to cover the full electricity account, then the balance of the account that exceeds the subsidy granted shall be paid monthly by the respective household. The Municipality reserves its rights to terminate the subsidy and/or refuse the re-application for indigent subsidy for that household.
- 8.11 Should the circumstances of the individual/indigent household change then such individual and/or household must notify the Municipality within 21 days of such changes. Such individual and/or household must immediately request deregistration, if his/her/its circumstances change to such extent that he/she/it no longer complies with the requirements set out in this policy.
- 8.12 The Municipality will notify applicants who have been rejected, in writing.
- 8.13 Electricity users of 20 amps or less are exempt from applying in terms of the application form – all other users are required to complete an application form.
- 8.14 The Municipality shall provide alternative plans for cooking and lighting to indigent households where there are no immediate plans to provide electricity, including areas where energy poverty is prevalent.
- 8.15 Any arrears in the payment of tariffs and charges by the indigent individual or household shall be kept pending for a period of at least six (6) months after which it may be written off. Interest may be calculated on the arrears as contemplated. If the indigent individual or household exits from the indigent support programme within the aforesaid six (6) months period then the arrears will be un-pended and added back to the account;
- 8.16 The capital portion of the rates will remain outstanding with an arrangement to

pay the capital until the property is disposed/transferred upon which all rates will be settled.

9. Extent of indigent support

9.1 The Local Government: Municipal Systems Act 32 of 2003 states that a municipality must ensure that all citizens within its community have access to at least minimal basic services.

9.2 Section 152 of the Constitution further states that a municipality has to ensure that the provision of basic services by the Municipality, is provided in a sustainable and efficient manner so that all indigent customers within the municipal jurisdiction benefit from the free basic services subsidy.

9.3 The monthly indigent subsidy granted to indigent households shall be calculated in accordance with the budgetary allocations and the tariffs determined for each financial year.

9.4 Within the abovementioned budgetary process, and in striving to create a situation where poor households will be granted access to a full social package. Currently the Municipality is providing the following basic services:

i. Electricity

an approved indigent registered household shall receive electricity fully subsidised to a maximum of 50kWh per month - the free basic services subsidy is also applicable to registered indigent households in rural areas where the Municipality or Eskom is the supplier of electricity.

ii. Refuse Removal

a) subject to the municipality's tariff changes annually and the Municipality's resolution every financial year, an approved indigent registered household shall be fully subsidised for refuse removal as provided for in the annual budget.

b) if not fully subsidized, then an indigent registered household is expected to contribute on their accounts

for payment.

iii. **Property Rates**

an approved indigent registered household is subsidised for property rates as provided for in the municipal annual budget and subject to the provisions of the Municipal Property Rates Act 2006.

Alternative Energy (Gel)

The municipality shall make provision for alternative energy sources, such as gel for lighting and cooking to an approved indigent registered household in an informal settlement within the municipal jurisdiction, where limited or no electricity is available.

The municipality will annually determine the amount of targeted subsidies which may vary between categories of indigent consumers.

If an indigent consumer's consumption or use of municipal services is less than the subsidised service or free basic services, then the unused portion shall not be accrued and the indigent consumer shall not be entitled to a rebate in the form of cash or any other form in respect of the unused portion.

If the indigent consumer consumes or uses a municipal service in excess of the subsidised services of free basic services (in excess of 50KwH of electricity) then such customer will be obliged to pay for such excess consumption at the applicable normal rate.

10. Indigent households in retirement centres and old age homes

10.1 The indigent subsidy is available to individuals residing in retirement centres or old age homes excluding PBO registered in terms of the Income Tax Act, subject to the following rules and procedures:

- i. The onus will be on the unit owner and/or Board of Trustees/Managing Agent of the applicable retirement centre or old age home (hereinafter the representative) to apply to the municipality for indigent status to be granted in respect of property rates and related charges.
- ii. The representative will submit applications to the Chief Financial Officer of the Municipality.
- iii. The Chief Financial Officer will credit the monthly municipal charges of the applicable retirement centre or old age home as follows:
 1. Rates and refuse charges: the amount for each unit as determined by the Municipality.

10.2 Such representative shall at least every six months, or at such intervals as may be determined by the Municipality, provide proof to the Chief Financial Officer of the Municipality that the monthly levies of the units that qualify for indigent assistance, have been adjusted by the amounts credited to the account of the applicable retirement centre or old age home.

11. Communication procedures

11.1 The Municipality shall ensure that the community is adequately informed and educated so as to have a clear understanding of this policy and implementation thereof.

11.2 Regular information dissemination and awareness campaigns will be undertaken to eliminate unrealistic expectations in the community.

11.3 Approved methods of communication include, but not limited to:

- (a) ward committees;
- (b) traditional leaders, where applicable;
- (c) community based organisations;
- (d) local radio stations and newspapers;
- (e) municipal accounts;
- (f) imbizo's and road shows; and
- (g) jamborees where government and municipal offices are made available to assist residents with applications such as ID applications, pension and social grant applications.

12. Appeal

An applicant who is the registered household owner or occupant, living within the municipal jurisdiction and who feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in writing in terms of section 62 of the Municipal System Act 32 of 2000. Such appeal must be submitted within 21 days from the date the notification of the decision received by the owner or occupant.

13. Validity period

- 13.1 The validity period of indigent assistance will be for the duration that the applicant remains an indigent in terms of the provisions of this policy.
- 13.2 The Municipality reserves its rights to regularly audit and review an approved indigent registered household to determine any changes in status and circumstances.
- 13.3 The indigent register will be distributed to all the municipal pay-points for public perusal.

13.4 Termination of Indigent Support

13.4.1 Indigent Support will be terminated under the following circumstances:

- 13.4.1.1 Upon the death of the indigent account-holder or the head of the household where no accounts are rendered. In the event of the death of the approved registered indigent applicant then the dependents have to re-apply for indigent support- ;
- 13.4.1.2 At the end of the cycle (June 2024);
- 13.4.1.3 Upon the sale of the property in respect of which indigent support is granted- ;
- 13.4.1.4 When circumstances in the indigent household have improved to the extent where the policy no longer applies to the household- ;
- 13.4.1.5 If the indigent applicant is found to have been untruthful about his/her personal circumstances or furnished false information regarding indigent status, in which case the following will apply:
 - 13.4.1.5.1 all arrears will immediately become payable;
 - 13.4.1.5.2 stringent credit control measures will apply; and
 - 13.4.1.5.3 The applicant will not be eligible to apply for indigent support for a period of 2 financial years.
- 13.4.1.6 When the indigent disposes his /her property;
- 13.4.1.7 If the indigent fails to pay the account of his/her consumption or use of a municipal service in excess of the subsidised service or fails to honour any arrangements made by him/her for payment of outstanding accounts.

13.5 Exit Strategy

- 13.5.1 An indigent customer must immediately request deregistration where his or her

circumstances have changed.

13.5.2 The exit strategy of indigent beneficiaries from the approved indigent register must ensure :

- a) Continuous verification of the register;
- b) Participation of members of households registered as indigent.

14. Monitoring and reporting

14.1. The Chief Financial Officer shall provide a report every year containing the following information to the Municipal Manager to enable the him/her to report the following to Council and other interested parties:

14.1.1 The number of indigent household applications received;

14.1.2 The amount of subsidy allocated per benefit category;

14.1.3 The amount of debt accumulating and debt recovery information (number of customers; enquiries; default arrangements; growth or diminishing of arrears debtors, ideally divided into wards, domestic, state institution and other such divisions)

14.1.4 The performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:

14.1.4.1 number of applications for indigent support dealt with;

14.1.4.2 time taken to process and finalise applications;

14.1.4.3 site visits undertaken;

14.1.4.4 awareness initiatives;

14.1.4.5 exit initiatives- and

14.1.4.6 changes in the registered status of indigents.

15. Capacity building

15.1. The Municipality will ensure that all officials and councillors are appropriately trained in the provision of Free Basic Services, in terms of the following key areas:

15.1.1 Database Management;

15.1.2 Demand and Revenue management; and

15.1.3 Policy and by-law implementation.

16. Indigent burials

16.1. As agreed by Council the municipality will provide 50 holes per annum for indigent burials.

17. Date of adoption:

17.1 The Council of the Umdoni Local Municipality resolves to adopt the following as the official Indigent Policy of the Umdoni Local Municipality.

17.2 This Policy has been considered and approved by the Council of the Umdoni Local Municipality as follows:

- Resolution No:
- Approval Date:

APPROVED:

Mrs TC Ndlela
Accounting Officer