



VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

INDIGENT POLICY

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1. INTRODUCTION

The Indigent Support Policy is a legal imperative, a tool designed to ensure that persons and households classified as indigent have access to basic services as defined in the Constitution of the Republic of South Africa, Act No 108 of 1996. The policy is a result of continuous prevalence of indigence and poverty within communities. This policy therefore is a tool of intervention to alleviate the plight and to encourage indigent households to live within affordable consumption levels. The Indigent Support Policy is aimed at ensuring that the State fulfil its constitutional obligation contained in the Bill of Rights. This policy must be read in conjunction with the Credit Control Policy and applicable legislative frameworks.

2. PREAMBLE

WHEREAS Section 74 of the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000), requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households.

WHEREAS Council needs to have an approved Indigent Support Policy.

WHEREAS such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households.

HEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life which takes into account health and environmental considerations.

NOW THEREFORE the Council of the Victor Khanye Local Municipality has adopted the Indigent Support Policy set out hereunder:

3. PURPOSE

- To ensure and maintain access to basic services and/or benefits for all identified and deserving poor households including emergency services rendered by the Victor Khanye Local Municipality;
- To improve monitoring systems, provide support and to strengthen capacity of the Victor Khanye Local Municipality to implement the policy;
- To ensure that subsidisation for indigent support is funded and allocated as per policy directives to the qualifying households;
- To effectively manage co-ordination between internal departments with regard to the policy implementation;
- To ensure the implementation of an exit strategy to support the increased mobility of the poor from the indigent register;
- To ensure that the Victor Khanye Local Municipality remains financially sustainable while meeting the needs of the indigents;
- To ascertain appropriate targeting options for the defined indigent households so as to ensure inclusiveness in the approach and application of the policy in an equitable manner;

4. OBJECTIVE OF POLICY

The objective of the Indigent Support Policy is to ensure:-

- a) the provision of basic services to indigent households in communities falling under the jurisdiction of the Victor Khanye Local Municipality in a sustainable manner, within the financial and administrative capacity of the Victor Khanye Local Municipality.

- b) the establishment of procedures and guidelines for the effective of subsidisation of basic service charges to such approved indigent households, within budgetary and Intergovernmental grant guidelines.

5. PRINCIPLES OF THE POLICY

Section 74 (2) (c) of the Municipal Systems Act, Act 32 of 2000 stipulates inter alia the following:-

“poor households must have access to at least basic services through:

- i. *tariffs that cover only operating and maintenance costs;*
- ii. *special tariffs or life line tariffs for low levels of use or consumption of services for basic levels of service; or*
- iii. *any other direct or indirect method of subsidisation of tariffs for poor households;”*

The following are the guiding principles for the formulation of an Indigent Support Policy:

- a) the Indigent Support Policy must be formulated in accordance with the Constitution of the Republic of South Africa, 1996, (Act No 108 of 1996 and other applicable legislation, amongst others, the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) which provides that everybody has a right to administrative justice that is lawful, reasonable and procedurally fair.
- b) relief must be provided by the Victor Khanye Local Municipality to registered residential consumers of services who are indigent.
- c) Council must, wherever possible, ensure that any relief is in accordance with the Constitution and is cost effective, sustainable, practical, fair, equitable and justifiable.

- d) the subsidising of minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.
- e) differentiation must be made between those households who cannot afford to pay for basic services and those who do not want to pay for these services.
- f) other municipal services in addition to free basic services should, where possible, be affordable and beneficial to the indigents.
- g) the relief should be valid for a maximum period of 36 months.
- h) the Council may review and amend the qualification criteria for indigent support.
- i) the joint gross income of all the household occupants will be taken into account in determining the validity of indigent support application.
- j) the indigent data-base shall be updated regularly.
- k) misuse of any support or grant or supply of invalid information will lead to punitive action by Victor Khanye Local Municipality against indigent support beneficiaries.
- l) the Victor Khanye Local Municipality reserve the right to verify new applications and existing approved indigents against any relevant external data source.
- m) the Council must/may use external services and/or references to verify the information provided by the applicants.

6. DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise:

“Authorised Officer” : means any official of the Council who

		has been authorised by the Council to administer, implement and enforce the provisions of this policy.
“By-law”	:	means a by-law adopted by the Council.
“Basic Services”	:	means the supply of the following basic services within the budgetary and legislative guidelines: Energy supply Water supply Sanitation services Refuse removal service
“Calendar days”	:	means all days in the month inclusive of Saturdays and Sundays.
“Child Headed Households”	:	is deemed to be minor dependants of registered owner or tenant of property where due to death of parent(s) or legal guardian who is also registered owner or tenant, minor child is responsible for management of households.
“City Manager”	:	means the person appointed by the Council as the City Manager of the Victor Khanye Metropolitan Municipality in terms of section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person: (a) acting in such position, and (b) to whom the City Manager has delegated a power, function or duty.

"Council"	:	<p>Means -</p> <p>(a) the "Municipality" and vice versa;</p> <p>(b) the Council of the Victor Khanye Metropolitan Municipality established by Provincial Notice No. 6768, as amended, exercising its legislative and executive authority through the municipality;</p> <p>(c) its successor in title;</p> <p>(d) a structure or person exercising a delegated power or carrying out an instruction, where any power in these by-laws has been delegated or sub-delegated, or an instruction given, as contemplated in section 59 of the Local Government Municipal Systems Act, 2000 (Act No 32 of 2000); or</p> <p>(e) a service provider fulfilling a responsibility under these by-laws, assigned to it in terms of section 81(2) of the Act, or any other by-law, as the case may be.</p>
"Deemed Indigent Household"	:	<p>means individuals who live together in a single residential property and qualifies for indigent relief based on the use and value of property as determined in terms of general valuation roll.</p>
"Dependant"	:	<p>means a person under the age of 18 years who is financially dependent and resides permanently with the owner and/or tenant of property in a single</p>

		residential property within the area of jurisdiction of Victor Khanye Metropolitan Municipality.
“Essential household services package”	:	means provision of water supply, sanitation, refuse removal, supply of basic energy.
“Household Income”	:	means any form of remuneration and/ or income as defined in the Sixth Schedule to the Income Tax Act, 58 of 1962 but excluding State Children Support grants.
“illegal connection”	:	a connection to any system through which municipal services are provided, which is not authorised or approved by the Municipality or its authorised agent.
“Indigent Household”	:	means individuals who live together in a single residential property and collectively qualifies for indigent relief in terms of this policy.
“Indigent Person”	:	means a person lacking the basic necessities of life such as insufficient water, basic sanitation, refuse removal, health care, housing, environmental health, and supply of basic energy, food and clothing as defined in this policy.
“Municipality”	:	means the “Council” as defined above.
“Occupants”	:	means the owner and/or legal tenant of property and all individuals who live together in a single residential property.

“Pensioner” : means a person whom -

- (i) is at least than 60 years of age on date of application, provided that where couples are married in community of property and the property is registered in both their names , the age of the eldest will be the qualifying factor;
- (ii) is the registered owner of the property or registered as “Life right use” tenant in deeds office;
- (iii) is the owner/occupant and account holder of the property concerned, which will consist of one dwelling only and no part thereof will be sub-leased;

7. LEGISLATIVE FRAMEWORK AND GUIDELINES

Constitution of the Republic of South Africa, Act No 108 of 1996.

Local Government Municipal Systems Act, Act No 32 of 2000.

Guidelines

- a) Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
 - b) Free Basic Strategy and guidelines prepared by the Department of Water Affairs and Forestry.
 - c) Electricity Basic Support Tariff (free basic electricity) Policy prepared by the Department of Minerals and Energy.
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8. SCOPE OF APPLICATION

The Indigent Support Policy shall be applicable within the area of jurisdiction of the Victor Khanye Local Municipality.

The Indigent Support Programme must be accessible to all qualifying indigent persons.

9. CHARACTERISTICS OF INDIGENTS

They are generally located/concentrated in one particular spot or area (Though this is not always the case) such as:

- Appalling living conditions
- Basic stable diet
- Rudimentary utensils e.g.
 - Basic furniture
 - Basic cooking
- High birth rates
- Abuse of alcohol and violence
- High illiteracy rate
- Malnutrition
- Basic shelter as a home

10. CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT

10.1 REGISTRATION CRITERIA

10.1.1 INDIGENT HOUSEHOLD

A private residential household will be registered as indigent on the following conditions:-

1. The applicant agrees to the limited supply of electricity to a 20 ampere pre-paid installation. The first application to change ampere to the lower level will be free of charge
2. The total gross monthly income of all members of the household must not exceed the amount of R3000.00 i.e. **2 old age pensioner's grant**
3. account in respect of Basic Services and/or Assessment rates is held with Council in the name of the applicant
4. applicant is a South African citizen;
5. the property is used for residential purposes only; and
6. municipal value of property does not exceed maximum value as determined by Council's assessment rates tariff policy

10.1.2 CHILD-HEADED HOUSEHOLD

Child-headed households will be treated as special cases subject to the following conditions:

- a) the normal qualifying criteria for indigent support in respect of remaining members of household is complied with;
- b) the account of the deceased parents is closed;
- c) the oldest child signs the user agreement assisted by appointed legal guardian;
- d) property is not occupied by any member other than minor dependent children of deceased owner and or tenant;
- e) the status of the household is reviewed in terms of this policy at least on three monthly bases.

10.1.3 EXCLUSIONS – REGISTERED HOUSEHOLDS

Indigent relief will NOT be granted where the applicant, household, occupants/ residents and/or dependants residing on the property, as the case may be, -

- a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
- b) where the applicant is not registered as consumer of services in the records of Council;
- c) where the applicant own/s more than one (1) property, registered individually or jointly;
- d) where the applicant rent/s or subleases his property or part thereof to any third party during the duration of the grant period; or
- e) applicant tampers or illegally connects or reconnects services prior to this application, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the Council have been paid in full.

10.2 DEEMED INDIGENT HOUSEHOLD

Households within the following categories of properties will be deemed to be indigent households:

- a) the property is used for residential purposes only as reflected in General Valuation roll;
- b) residential exclusion as per Property Rates Act 2004 (Act No 6 of 2004) is applicable to property;
- c) municipal value of property does not exceed maximum value R 150 000.

10.3 EXCLUSIONS – DEEMED INDIGENT HOUSEHOLD

Indigent relief will be withdrawn where upon verification the deemed indigent household, including occupants/residents and/or dependants residing on the property, as the case may be, -

- a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
- b) owner of property owns more than one (1) property, registered individually or jointly.

- c) owner of property rent or sublease his property or part thereof to any third party.
- d) deemed indigent household tampers or illegally connects or reconnects services.
- e) business activities are being conducted on property.
- f) properties registered in name of National, Provincial or Local Government.
- g) owner of property applies to be excluded from deemed indigent relief.

10.4 INDIGENT

Indigent relief in respect of other services provided by Council, *excluding household free basic services and assessment rates grants*, will be granted to approved **indigent person** where:-

- a) applicant is a South African citizen;
- b) applicant is over the age of 18 years of age but includes financially dependent minors of applicant;
- c) applicant benefits or regular monetary income is less than one (1) monthly state pension grant, as amended by Minister of Finance from time to time.

11 EXTENT OF INDIGENT SUPPORT

11.1 REGISTERED INDIGENT HOUSEHOLD / PERSON

- a) Indigent support will be given on a monthly basis, and the extent of the monthly support will be determined by the national policy guidelines and the Council's budgetary provisions in respect of:
 - i. free basic water;
 - ii. free refuse collection;
 - iii. free basic electricity or energy (depending on which service level is applicable);
 - iv. free basic sanitation; and

- v. assessment rates in respect of residential property registered in name of qualifying indigent owner subject to the maximum amount as determined by Council from time to time.
- b) the level of indigent support granted shall not exceed the actual monthly billing to the account in respect of the services referred to in the preceding paragraph.
- c) the relief will be subject to national policy guidelines and the Council's budgetary provisions.
- d) the recipient's monthly account will be credited with the amount of indigent relief granted in terms of this policy.
- e) a household may apply for the continuation of relief on expiry of relief period as specified in Section 11 below - subject to compliance with policy qualification criteria.
- f) the Council may determine special tariffs and/ or grant rebates in respect of the following social services subject to the availability of funds and compliance with qualifying criteria in terms of this policy:
 - i. Sports grounds, pools;
 - ii. Fire Protection
 - iii. Transport;
 - iv. Market;
 - v. Museums;
 - vi. Mayor's Relief Fund;
 - vii. Hiring of halls;
 - viii. Cemeteries and crematoria;
 - ix. Damage to property as a result of natural disaster;
 - x. Any other services as determined by Council; and
 - xi. Emergency and ambulance services.

11.2 DEEMED INDIGENT HOUSEHOLD

- a) Indigent support will be given on a monthly basis, and the extent of the monthly support will be determined by the national policy guidelines and the Council's budgetary provisions in respect of:
 - i. free basic water;
 - ii. free refuse collection;
 - iii. free basic electricity or energy (depending on which service level is applicable);
 - iv. free basic sanitation; and
 - v. assessment rates.
- b) the level of indigent support granted shall not exceed the actual monthly billing to the account in respect of the services referred to in the preceding paragraph.
- c) the relief will be subject to national policy guidelines and the Council's budgetary provisions.
- d) the recipient's monthly account will be credited with the amount of indigent relief granted in terms of this policy.
- e) the accumulated debt in respect of **deemed indigents** be written off on date of qualification in terms of this policy and all debt incurred after the date of qualification will be due and payable.

12 PERIOD OF RELIEF

Application based Indigent relief is granted for a reviewable period of 12 months which is determined by Council from time to time. The indigent register will be reviewed annually and updated annually.

~~Deemed indigent household relief is granted based on value of property.~~

13 ADMINISTRATION OF INDIGENT SUPPORT

The applying citizen must present his/her Identity Document at the point of application for which the following steps will occur:-

- a) if registered owner or tenant of property, property details to be supplied with copy of monthly account statement and / or prepaid meter token along with SAPS certificate affidavit of names and identity number of individual residing on property.
- b) after the application form has been completed, an effective and efficient evaluation system must be used in order to verify the information furnished by the applicant and to reach a decision within 21 days after the date on which the application was lodged.
- c) if a household is found to be indigent, his/her personal particulars must be registered on a database linked to the debtors system with immediate effect.
- d) the onus is on the recipient of relief in terms of this policy to inform the Council of any change in his/her status or personal household circumstances.
- e) the declaration of residence in a household will be captured as an appended record to the relevant Identity Document number, and that will be the only property for which the individual bearing that Identity Document number can claim subsidy. In the case of there being any dispute as to the residence of a given individual, that individual's declaration IN PERSON at his or her indigent/finance office will take precedence over any declaration made by another individual that the person in question resides in their household.
- f) all indigents should be re-evaluated after 36 months from the date on which relief was authorized in order to assess the need for the continuation of relief in terms of this policy. The Health and Social Development Department must complete the re-verification prior to the expiry of the 36 months approved status period. In the event where the

socio-economic status of the household is improved beyond the indigent threshold the applicant has a responsibility to apply for cancellation of the indigent status as prescribed.

- g) Relief will be stopped with immediate effect if it is found that an approved indigent has supplied information known to have been untrue in order to obtain relief. It will further be stopped if it is discovered that an approved indigent failed to inform EMM of changes in his/her/their financial circumstances which would disqualify them from receiving assistance in terms of this policy. Providing misleading information constitutes fraud and EMM may claim any financial benefits that have been granted, from the indigent. In addition to having to repay the financial benefits, the indigent who has received the benefits will be guilty of committing an act of fraud which is a criminal offence and criminal charges may be brought against such person/s.

14 CONTROL MEASURES FOR THE DISTRIBUTION OF INDIGENT SUPPORT

- a) any resident of the municipality who is aware of malpractice may lodge an objection to the Council for granting such relief to such a person.
- b) the details of all applicants and their respective households must be submitted to the Council on a quarterly basis.
- c) restrict the level of utilization of consumption services for the people who cannot afford to pay.
- d) the consumption of metered services by indigent households must be lowered to increase affordability of service charges
- e) applicants who agree to the limited electricity supply of 20 ampere pre-paid installation, ~~will be registered as indigents, but their average electricity consumption levels must be monitored.~~
- f) If average consumption levels exceed 300 units per month, taken over a period of three months, the department of Financial services will receive

such information on which the relevant officials must physically investigate and evaluate the household for qualification in accordance with the other criteria of the policy

- g) Once a registered indigent consumer has been de-registered after evaluation, he/she will not again be considered as indigent for a period of 12 months from date of de-registration.

15 CORRECTIVE STEPS

If the extent of the indigent support as per Section 10 above is exceeded the following may be implemented:

- a) Installation of a **Pre-paid Electrical Meter**.
- b) Installation of a **Water Demand Meter**.
- c) Indigents, who qualify to receive subsidies and using conventional meters, be assisted by council to install Pre-paid meters and be funded through the Equitable share

16 ACTION AGAINST MALPRACTICES TO MISREPRESENTATION OR MISUSE

Customers found to have misrepresented themselves in order to benefit from any of the Councils relief and / or benefit in terms of this policy, will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief and / or benefits that have been received will be reversed to account of customer from date of offence.

- a) the Council may refer any misrepresentation to the committee, who must take such action as ordered by the Council, or any of the following steps deemed appropriate by the committee:
 - i. request the resident to provide full proof of his/her banking account, receipt of income details as well as pension registration where applicable.

- ii. the details of the objector shall remain anonymous.
 - iii. request a social worker's report on the household, and
 - iv. institute criminal proceedings against the recipient.
- b) if it is established that incorrect information was furnished in obtaining relief any of the following actions may be taken:-
- i. suspend or stop the relief immediately.
 - ii. recover from the recipient the amount of relief furnished by debiting his/her account.
 - iii. apply the credit control and debt collection procedures of the municipality.
 - iv. institute criminal proceedings against the recipient.

Customers found to have tampered, or illegally connects or reconnects services, will be deemed to have committed an offence and remedial measures will be taken in a manner as determined by the Council from time to time, and all relief and/or benefits that have been received will be reversed to account of customer from date of offence and relief suspended or stopped immediately.

17 EXITING THE PROGRAMME

Upon the expiry of the 12 months period as contained in above the debtor may apply to be de-registered. The application for de-registration will be administrated by the Health and Social Development Department who will advise Finance accordingly where after the affected departments will be requested to restore the full services at the property.

All approved applicants will be captured in the indigent data base, from which all skills development and job creation programmes developed by the Victor Khanye Metropolitan Municipality will draw their intake from. Any department developing a measure or programme designed to target the poor will use this database as

the source of their programme participants. This is designed to systematically assure that households qualifying for indigence are subject to the full range of interventions delivered through (or in collaboration with) the EMM, in accordance with the Growth and Development Strategy Pillars, one of which is poverty alleviation.

18 RIGHT TO APPEAL

An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal Systems, Act 32 of 2000.

19 PROCEDURE FOR INDIGENT VERIFICATION

- The applicant should personally reside on the property.
- There will be three levels of evaluation that an application for indigence will undergo. The first level will be the visit and evaluation by the **fieldworker**, who will collect information and supply it to the ward councilor. The **ward councilor** will conduct a level 2 investigation, to verify the data collected by the field worker. The ward councilor will make recommendations to the municipal manager. The **municipal manager** will approve and authorize the subsidization of the indigent and forward the application to the **Budget and Treasury directorate to effect**.
- The applicants for indigence registration should be issued with a reference number. These applications should be handled by the Budget and Treasury Directorate.
- The maximum period for completion of assessment of an applicant's support should be determined as 3 months from date of application.
- That an indigent registration be valid for up to one year where after subsidies / rebates must terminate and the balance in the indigent suspense account must be debited back to the account.

- The indigents should re-apply for assistance. No application should be transferred to the following year without completing the process again.
- Indigent customers are compelled to inform council about any change of their indigence status. The declaration that an applicant signs when applying for assistance will be used to impose penalties to those who misled Council. The penalties may include but not be limited to the discontinuation of services and the arrears to be paid in full.
- That application forms in respect of approved indigents be submitted to the Budget and Treasury directorate for capturing within 7 days after approval.
- That all outstanding balances up to the date of approval be placed into a special indigents suspense account.
- Council will determine from time to time, the maximum amount allowed per indigent as a subsidy or a rebate.
- The registered indigent consumers be held responsible for any consumption up and above the assistance indicated by the agreement which has been determined by council.
- Service be suspended to indigents who fail to pay for services consumed up and above the subsidized amount.
- No legal action, must be instituted against special indigent consumers.

20 FACTORS TO BE CONSIDERED

The council will determine the subsidy to be allocated to indigents as per guidelines provided in the National Legislation.

The following factors will be considered:-

-
- i. Cost of living of the area.
 - ii. Economic development of the area
 - iii. Minimum living level (MLL is the lowest sum possible on which a specific size of family can live in our existing social environment)

- iv. Population size etc.
- v. Council Budget (Income)

Also taking into consideration that IGTs should be targeted to subsidise the provision of local public services and is the responsibility of the municipality to ensure that eligible households have access to those life-line services.

Utmost care has to be taken that those consumers who can and are able to pay for services do not use indigence as an excuse for non-payment.

21 REGISTRATION OF INDIGENTS

This process should not create unfounded expectations from the communities. It is advised that the council first come up with evaluation criteria according to, which indigent people can be classified, like visible perceptibility.

Visible perceptibility

- Possible to identify indigents by visiting individual households
- Indigents in all cases live under precarious circumstances as the poorest of the poor.
- No one is working at that particular household

Advantage of using perceptibility method

- Minimum services can be supplied to cater for a determined number of households.
- If possible, prepaid water stand pipes can be installed
- Fixed minimum tariffs can be implemented i.e. life-line tariffs
- Upgraded informal areas be created, each area with its own applicable tariff

22 JOB CREATION

The council will use all possible methods to create job opportunities through capital project and Local Economic Development (LED) initiatives for all sectors possible, including emerging contractors and also through the formulation of a policy on LED, which deals with job creation.

23 ASSESSMENT OF INDIGENTS

Look at different households:

- a. Size of households
- b. Number of employed individuals
- c. Number of users of services etc
- d. Number of self employed

24. EXIT STRATEGY

- a. It is imperative to provide subsidized services to indigent households, it is also important for the municipality and other sphere of Government to create economic opportunities to indigent households.
- b. The indigent household may exit from the subsidy
 - If the household income exceed the threshold (R3 000.00)
 - If the household employment status changes
 - If the indigent passes away

25.SHORT TITLE

This policy shall be called the Indigent Support Policy of the Victor Khanye Local Municipality.
