

VENTERSDORP LOCAL MUNICIPALITY



INDIGENT POLICY

2012/2013

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1. Background

According to the Division of Revenue Act published every year, Ventersdorp Local Municipality is receiving funding in the form of Equitable Share for the purpose of subsidizing less privileged households in the provision of basic services.

2. Objective

There are households that are unable to pay for normal Municipal services due to the level of unemployment and subsequent poverty within the Municipal area. These economic challenges have influenced the Municipality to adopt an Indigent Management Policy to ensure that households have access to at least basic Municipal services. The policy is guided by the National Government Policy on indigents.

3. Purpose of Indigent Policy

3.1 The purpose of the indigent policy is to ensure:

3.1.1 That the provision of Basic Services to the community in a sustainable manner, within the financial and administrative capacity of the Municipality,

- 3.1.2 To provide procedures and guidelines for the subsidization of Basic Service Charges to its indigent households, using the Municipality's Budget provisions from National Government according to prescribed policy guidelines.
- 3.2 The council also recognizes that many residents can simply not afford the cost of full provision and for this reason, the Council will endeavor to ensure affordability through:
 - 3.2.1 Setting tariffs in terms of the Council's Tariff Policy, which will balance the economic viability of continued service delivery, and
 - 3.2.2 Determining appropriate service level.

4. Criteria for Indigent Qualification

In order to qualify for Indigent support, the following criteria must be met:

- 4.1 Households, where verified total combined Gross Monthly Income of all occupants over eighteen (18) years of age does not exceed **R2,440.00** or such other amount as the Council may from time to time determine, qualify for a subsidy.
- 4.2 The qualified occupant in terms of 4.1 supra will receive the subsidized free 6kl of Water per month.
- 4.3 The qualified occupant in terms of 4.1 supra will receive the subsidized 50 kwh of Electricity per month.
- 4.4 The subsidized services will include Sewerage charges to Residential stands up to 600 square meters and Refuse Removal.
- 4.5 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 approved

and entered into the register of indigents, shall qualify for the above concessions.

- 4.6 The registered Indigent must be the full time occupant of the property concerned in order to qualify for subsidies or rebates on the major service charges.
- 4.7 The registered Indigent may not own any other property, whether in or out of the Municipal area.
- 4.8 For a household to qualify for a rebate on rates, the registered indigent must both be the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the Municipal area.

5 Process for Indigent qualification.

- 5.1 Households must formally apply for relief on the prescribed documentation and satisfy the qualifying criteria/principles as determined by the Council.
- 5.2 The status of Indigent is conferred for a period of not more than twelve (12) months after which re-application must be made.
- 5.3 To register as an indigent, the relevant property owner or accountholder must personally complete and sign the registration form provided by the Municipality for this purpose, and furnish such further documentation as the Municipality specifies.
- 5.4 The Municipal officials 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.
- 5.5 Registration will take place on dates, times, and places as determined by Council, but shall generally be undertaken during January and /or February each year

6 Application for registration

6.1 The following procedures should be followed on every application:

6.1.1 Any application must be accompanied by:

6.1.1.1 Documentary proof of Income, such as letter from the employer, a salary advice, a pension card, unemployment fund card, a certificate of proof of registration as a work seeker.

6.1.1.2 A customer's latest Municipal account in his/her possession,

6.1.1.3 A customer's Identity book and copy thereof and,

6.1.1.4 The names and Identity numbers of all occupants over the age of 18 who are residents at the property.

6.1.2 A customer that qualifies for application for registration as Indigent customer must complete an application form entitled:

"APPLICATION FOR REGISTRATION AS INDIGENT CUSTOMER"
attached as annexure A.

6.1.3 An Indigent person need not pay for registration of Electricity and Water deposit.

6.1.4 If an Indigent parent transfers ownership of his/her children, he/she should make arrangements to pay any outstanding debt.

6.1.5 An affidavit should be signed by the Indigent applicant.

6.1.6 Indigent applicant should be a **South African** and a resident of the **VENTERSDORP** jurisdiction area.

6.1.7 Indigent applicant should stay the same on the property where the application for indigent is made.

6.1.8 Indigent applicant must be 18 years or older.

6.1.9 Special consideration in conjunction with the ward Councilor will be given to orphans who stay on stands.

6.1.10 only one application per household is allowed.

6.1.11 Households whose total combined gross monthly income does not exceed **R2, 440.00** or such other amount as the Council may from time to time determine, may apply. Generally the income is based on pensioner's income which is presently at **R1, 220.00** per month. Two pensioners are considered in a household and the total combined income will therefore be **R2, 440.00**.

6.1.12 Businesses (formal or informal) are not allowed to apply for indigent status.

6.1.13 Consumers staying in backrooms are not allowed applying for Indigent status.

6.1.14 One or more members of a household who own a business or have been awarded a Tender by council for a period that exceeds six (6) months are not allowed to apply for Indigent status.

7. Approval of application

7.1 The Council may send authorized personnel to premises or households applying for registration as Indigent customers to conduct an on-site Audit of information provided prior to the approval of an application.

7.2 An application received shall be considered by Council and the applicant shall be advised within 14 working days of receipt of such application by the Council as to whether or not the application is approved. If it is not approved, the applicant shall be given reasons thereof

8. Annual Application

8.1 An Indigent customer must **after two calendar year re-apply** for registration as an Indigent customer, failing which, the assistance cease automatically.

8.2 The Municipality gives no guarantee of renewal,

8.3 An application shall be approved for a **period of two Financial year** i.e. July to 30 June

9 Extent of Indigent support

- 9.1 The subsidies on Rates and the specified Service Charges will be determined a part of each Annual Budget and in terms of the Municipality's Policies on Property Rates and Tariffs.
- 9.2 The Source of funding of the Indigent subsidy is that portion of the Equitable Share contribution to the Municipality made from the National Government's fiscal and is provided for in the Budget.
- 9.3 The subsidy can only be credited to the qualifying customer's accounts until the amount received by the by the municipality from the National Government for this purpose has been exhausted, wherein no further credits will be made.
- 9.4 In respect of Water, a 100% subsidy up to 6kl per household per month will apply.
- 9.5 In respect of Electricity, a 100% subsidy of up to 50kwh per household per month will apply, and upon qualification, the Indigent will receive Free Basic Electricity every month.
- 9.6 If consumption exceeds any of the aforementioned per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding the abovementioned limits.
- 9.7 If a customer's consumption or use of Municipal Services is less than the subsidized service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 9.8 In respect of Sewerage and Refuse Removal charges, the relief grant shall not be less than a basic charge per month on these charges.
- 9.9 In respect o Property Rates, the rebates shall be 100% of the Rates based on the ratable value.
- 9.10 The Annual Rates and Services Charges on the Indigent's account will automatically be converted to monthly installments.

- 9.11 In a situation where the consumer is a minor due to circumstances, the support will be determined as per Council decision from time to time.

10. Arrears on Indigent Accounts

- 10.1 The value of write-off granted on arrears of Indigent Accounts, will be as per Council decision from time to time. No further action will be taken on these arrears.
- 10.2 Customers who qualify for an Equitable Share subsidy will be placed on restricted service levels in order to limit further escalation of debt.
- 10.3 In the case where a qualifying customer's account is paid up in full at the date of application, or regularly maintains a paid up monthly account including any arrangement for arrear debt, after receiving the subsidy, the restriction on service levels will be waived.
- 10.4 Council reserves the right to take a 60/40 % of the rand value when electricity is bought on an arrear account.

11 Non compliance of households registered as indigents.

- 11.1 When a Property owner or account holder who is registered as an Indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigent relief, such a person will forfeit his/her status as a registered Indigent with immediate effect, and will thereafter be treated as an ordinary residential Property owner or accountholder for the Financial year concerned.
- 11.2 The onus is on each registered indigent to advise the Municipal Manager or his nominee, of such failure to comply.

- 11.3 It may happen that even with the introduction of the Indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or account holder concerned will have to make immediate arrangements with the Municipal Manager, or his/her nominee, to pay of these arrears owed within a reasonable time determined by the Municipal Manager in terms of the Municipality's Credit Control and Debt Collection Policy.
- 11.4 If these arrangements in 11.3 supra are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the Municipality's Credit Control and Debt Collection Policy.
- 11.5 The relief to Indigents may be withdrawn at the discretion of the Municipal Manager, or his/her nominee if:
- 11.5.1 A registered Indigent who qualifies for such relief fails to keep to the terms of the Policy agreement; or
- 11.5.2 Any tampering with the installations of the Municipality is detected.
- 11.6 The Indigent status of a customer will be reviewed from time to time, at intervals as determined by Council. This could be done by either physical audit or external verification check. Should the requirements not be met, the subsidy for that customer will be cancelled.
- 11.7 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 register of the Indigent, and shall be liable to repay the Municipality with immediate effect all Indigent relief received from the date of such fraudulent actions, such person may not again be considered for Indigent relief for a period of five (5) years beyond the Financial year in which the misdemeanor is detected.

12. Audits

- 12.1 The Municipality shall ensure that regular random audits are carried out by the Municipality or its authorized agent to:-

- 12.1.1 Verify the information provided by the Indigent customer,
- 12.1.2 Record any changes in the circumstances of Indigent customer,
- 12.1.3 Make recommendations for the de-registration of the Indigent customer.
- 12.1.4 Conduct by visits to the properties occupied by Indigent customers

13. De-registration

- 13.1 Any customer who provides false information in the application form and/or any documentation and information in connection with the application shall:-
 - 13.1.1 Automatically, without notice, be de-registered as an Indigent customer from the date on which the Municipality or its authorized became aware that such information is false; and
 - 13.1.2 Be held liable for the repayment of all subsidies received, in addition to any other legal actions, the Municipality or its authorized agent may take action against such a customer.
- 13.2 An Indigent customer must immediately request registration by the Municipality or its authorized agent that his/her circumstances have changed to the extent that he/she no longer meets the qualifications as set out in section 4.
- 13.3 An Indigent customer shall automatically be de-registered if the application in accordance to paragraph 8.1 is not made, such application is not approved.
- 13.4 An Indigent customer shall automatically be de-registered if an audit in verification concludes that the financial circumstance of the Indigent has changed to the extent that he/she no longer meets the qualification as set out in section 4.
- 13.5 In an event of de-registration, the Municipality or it's authorized representative shall notify the customer of such, in writing, of such de-registration within seven (7) working days after de-registration.

14. Reporting requirements

- 14.1 The Municipal Manager or his nominee shall report on a Quarterly basis to the Mayor for the quarter concerned and by Municipal ward:-
 - 14.1.1 The number of households registered as Indigents and a brief explanation of any movements in such numbers,
 - 14.1.2 The monetary value of the actual subsidies and rebates granted,
 - 14.1.3 The Budgeted value of the subsidies and rebates concerned, and the above information cumulatively for the financial year to date.
- 14.2 The Mayor shall submit the above reports on a half yearly basis to the Council and to the Municipality's ward committees, or frequently to any Ward Committees, when applicable.