

Chris Hani District Municipality



INDIGENT SUPPORT POLICY

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1. PREAMBLE

- 1.1. The Chris Hani District Municipality has a constitutional mandate to ensure the provision of basic services to poorer communities.
- 1.2. The District Municipality shall endeavour to ensure that within its jurisdiction basic municipal services relating to potable water are provided to poor households in an affordable and sustainable manner.

2. PURPOSE OF THE POLICY

- 2.1. To create a guideline for the district municipality to ensure that poor households are able to access basic municipal services relating to potable water in a sustainable manner within the financial and administrative capacity of the municipality.
- 2.3. To assist municipality to reduce the level of debtors by crediting the indigent accounts;
- 2.4. For the establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy.
- 2.5. To provide procedures and guidelines for the subsidization of basic charges and the provision of free basic services to indigent households.

3. POLICY PRINCIPLES

- 3.1. The following are guiding principles for the implementation the indigent support policy;
 - a) The indigent support policy should be in accordance with the Local Government Municipal Systems Act, Act No. 32 of 2000 and other related legislation.
 - b) The district municipality should provide relief to registered residential consumers of services as defined in the Municipality Credit Control and Debt Collection Policy.
 - c) The district municipality must ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of households.
 - d) Differentiation must be made between those households who cannot afford to pay for basic services and those who simply do not want to pay for these services.
 - e) Indigent support shall be based on a predetermined period or financial year.
 - f) The Municipality may review and amend the qualification for indigent support annually which may have a bearing on the continued provision of basis services.
 - g) The collective or joint gross income of all occupants of a household will be taken into account.

4. DEFINITIONS

- 4.1. **“arrears”** means any amount due owing and payable by a customer in respect of municipal services not paid on the due date;
- 4.2. **“basic municipal services”** means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and, if not provided, would endanger public health or safety or the environment
- In terms of the potable water function rendered by the District the following three levels of service are provided namely:-
- **RDP standard** for the Rural areas (water provided by standpipes and sanitation for VIP latrines);
 - **Public Benefit Organisations** such as old age homes (a blanket subsidy is provided based on the number of individuals taken care of within that institution – (1,5 kl per person for potable water and 0,6 kl for sanitary purposes, representing a total of 2,1 kl per person); and
 - **Full service** provided for residents in towns and serviced areas (10 kl for water per household - 6 kl for potable and 4 kl for sanitary purposes)
- 4.3. **“child-headed household”** a household where all the occupants of a residential property are younger than 18 years old, i.e. a child-headed household is a household consisting only of children.
- 4.4. **“customer”** means a person with whom the Municipality or its authorized agent has concluded an agreement for the provision of municipal services;
- 4.5. **“household”** means a traditional family unit consisting of a maximum of eight persons (being a combination of four persons over the age of eighteen and four persons eighteen years and younger);
- 4.6. **“household customer”** means a customer that occupies a dwelling structure, or property primarily for residential purposes;
- 4.7. **“indigent customer”** means a household customer qualifying and registered with the Municipality as an indigent in accordance with the credit control and debt collection bylaws of the Municipality;
- 4.8. **“owner”** means a person in who from time to time is vested the legal title to premises; in case where the person in whom the legal title to premises is vested is insolvent or deceased, or is under any form of legal disability what so ever, the person in whom the administration and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
- 4.9. **“Indigent officer”** means an official duly authorised by the Municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken and for recommending applicants for approval to receive indigent support;

- 4.10. **“Municipal area”** means the municipal areas covered by the Chris Hani District Municipality.

5. **CRITERIA AND IDENTIFICATION AS INDIGENT**

- 5.1. The qualification criteria for indigent support and the municipal services for which this support is applicable shall be determined by the municipality from time to time to identify households that qualify for indigent status and support including among others:
- a) **The poverty threshold**- for this purpose the council, as part of the budgetary process, determines the poverty threshold that will be applicable for that particular year. The poverty threshold shall be based on the total income of the household applying for consideration as indigent (as per local municipality indigent poverty threshold).
 - b) **Unemployment** - the council shall consider whether the applicants are of a working age or should they be of working age, the reasons for being unemployed and any other steps taken to find employment will be considered.
 - c) The applicant must reside within the Chris Hani District.
 - d) The applicant must be in possession of a valid South African identity documents and a marriage certificate if married.
 - e) The combined or joint gross income of all occupants or dependants in a single household which receives an indigent grant from the Municipality does not exceed two times the government social grant (old age pension).
 - f) Subsidy may be provided to applicants whose income exceeds the threshold mention in clause (e) above on a reducing sliding scale to a maximum determined by council from time to time (as tabulated under clause 7.2 below)
 - g) The applicant must be the property owner or occupier who receives municipal services and is registered as an account holder on the Municipality’s financial system.
 - h) The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased, who occupy the property, also apply for the indigent support. Upon submitting of letter of authority, the account can be then transferred to the authorised person’s name without charging any fees.
 - i) A person (occupier) applying for indigent support must complete a formal Municipal indigent application form approved by the municipality at any of the satellite offices of the municipality.
 - j) This completed form will then be forwarded to the Head Office of the municipality where it will be checked by the indigent office for compliance with the requirements set for indigent support.
 - k) All indigent applications will at a set date be submitted to Council for approval.

- l) The grant will take effect from the first day of July of the year following the expiry of the previous three year period.
- m) Proof of unemployment, All Pay pension slip (bank statement) or salary advices must be submitted with the application. Letter from the employer (in cases of domestic employees that are paid wages)
- n) The grant is only given if the occupier of municipal property or owner is staying on the premises.
- o) The subsidy grant is determined annually by the Municipality which will be credited towards the current account during the monthly billing run.
- p) Indigent subsidies may not be converted to cash
- q) Water management devices may be installed in the properties of qualifying indigent consumers so as to reduce consumption to affordable levels. This will ensure that consumers do not accumulate services debt that they will not be able to pay.

6. REGISTRATION AS INDIGENT

- 6.1. The Accounting Officer shall delegate the assessment of the indigent applications to the Chief Financial Officer or his/ her delegate.
- 6.2. The Chief Financial Officer or his/ her delegate shall ensure that relevant application forms are made available by the district municipality at all offices for the public or communities.
- 6.3. The application form (CHDM-1-IND) must be completed and accompanied by prescribed documents which include among others the following:
 - a) Breadwinner's proof of income;
 - b) Proof of income for all other members of the household above the age of 18 years (excluding tenants where applicable);
 - c) Proof of property ownership or rental agreement;
 - d) Identity documents of qualifying members appropriately certified;
 - e) Ward Councillor's or Traditional Leader's report;
 - f) Endorsement by a Commissioner of Oath as categorized by the Minister of Justice;
 - g) Proof of registration as unemployed (for residents other than pensioners with no source of income); and
 - h) Latest municipal account / statement where applicable.

I) Applicants will be requested to sign and submit a sworn affidavit, to the
That all information supplied to the municipality is true and correct.
- 6.4. The municipality must ensure that all indigent's application forms are duly signed and that all requirements as set out 6.3 have been complied with.

- 6.5. The list of applicants for indigent status shall be displayed for a period of one month (beginning February up to end of the same month of every year) at the municipal offices and at any other place deemed relevant for members of the public to scrutinize and if they so desire, raise objections.
- 6.6. In assessing all application forms, the responsible official shall consider all information supplied on the application forms and any other information at his/ her disposal.
- 6.7. The provision of subsidies will commence from the beginning of a financial year and shall continue to be provided as valid for three financial years unless deemed otherwise by council.
- 6.8. The Chief Financial Officers shall within one month of publication period, submit a final indigent report to the Mayoral Committee for recommendation to council. The local municipalities shall publicize in writing the outcome of all applications.
- 6.9. Unsuccessful applicants will have the right to appeal the decision within 60 days of the date of approval. Appeals shall be in writing to the municipality.
- 6.10. All indigents will have to re-apply for registration at the end of three financial years, unless deemed otherwise by council. Indigents not applying for re-registration as indigents will be removed from the indigent register and will henceforth be considered as normal consumers i.e. from the month they are removed from the register.
- 6.11. The information submitted by the consumer must be checked against the indigent management system information in order to determine whether an applicant is already registered within the municipality as well as to determine dates when these existing applicants should be reviewed.
- 6.12. The indigent Officer must capture the information into the municipality indigent register.
- 6.13. An external scan of applicants recommended as suitable candidates for indigent support, may be conducted with SARS, SASSA and Credit Bureau.

7. INDIGENT TARIFFS AND SUBSIDY

- 7.1. The extent of the monthly indigent support granted to indigent households will be based on the budgetary allocation for a particular financial year and the tariffs determined for each financial year. Council will determine an indigent tariff that will be charged to indigent households to recover maintenance and operational costs.
- 7.2. Once approved, the historical debt of an indigent household will be written off and their monthly services will be subsidised.

A formula will be used to determine the amount payable by an indigent household. The formula will be as follows:

- a) 2 x SASSA grant: 100% subsidy;
- b) 2 x SASSA grant + 10%: 90%;
- c) 2 x SASSA grant + 20%: 80%;

- d) 2 x SASSA grant + 30%: 70%;
- e) 2 x SASSA grant + 40%: 60%;
- f) 2 x SASSA grant + 50%: 50%;
- g) 2 x SASSA grant + 60%: 40%;
- h) 2 x SASSA grant + 70%: 30%
- i) 2 x SASSA grant + 80%: 20%
- j) 2 x SASSA grant + 90%: 10%

7.3. Council will determine the indigent subsidy based on the equitable share received from national government, the poverty threshold and any possible cross-subsidy in the tariff structure and will amend it from time to time.

8. SUBSIDISED SERVICES FOR INDIGENTS

8.1. The DM shall in consultation with local councils, determine the municipal services and levels thereof which will be subsidized in respect of indigent customers in accordance with national policy, but subject to principles of sustainability and affordability.

The potable water function rendered by the District Municipality is however rendered for the following three levels of services namely:-

- a) RDP standard for the rural areas (water provided by standpipes and sanitation for VIP latrines);
- b) Public Benefit Organisations such as old age homes (a blanket subsidy is provided based on the number of individuals taken care of within that institution – (1,5 kl per person for potable water and 0,6 kl for sanitary purposes, representing a total of 2,1 kl per person);
- c) Full service provided for residents in towns and serviced areas (10 kl for water per household - 6 kl for potable and 4 kl for sanitary purposes);
- d) The accountholder will be liable for all payments relating to monthly water consumption in excess of 6kl and the Municipality shall be entitled to restrict water supply to the property where payment obligations are not met;
- e) Each registered indigent household shall be subsidised for sanitation and water as provided for in the annual budget as well as the municipal tariff structure adopted by the council.

9. FUNDING OF SUBSIDISED SERVICES

9.1. The subsidized services to be determined by The DM shall be funded from the portion of revenue raised nationally which is allocated to the Municipality and if such funding is insufficient the services may be funded from revenue raised through rates, fees and charges in respect of municipal services.

10. EXISTING ARREARS OF INDIGENTS

- 10.1. Arrears accumulated in respect of the municipal accounts of customers prior to registration as indigent customers will be written off.

11. REPORTING REQUIREMENTS

- 11.1. The Chief Financial Officer shall report monthly to the Municipal Manger in a suitable format to enable the Municipal Manager to report to Council and other interested parties.

Such report shall reflect on the following:-

- a) Total number of registered indigent households and related trends;
- b) The monetary value of subsidies and rebates granted for that period;
- c) The budgeted value of subsidies and rebates concerned; and
- d) Detailed reasons for noticeable variations of budgeted to actual subsidies and rebates.
- e) Performance of all areas against targets set in the Municipality's performance.
- f) Change in the registered status of indigent.

12. AUDITS

- 12.1. The Municipality will conduct an audit of the indigent register on a quarterly basis with regard to the information submitted by the consumers to-

- a) Verify the information provided by indigent customers;
- b) Record any changes in the circumstances of indigent customers; and
- c) Make recommendations on the de- registration of the indigent customer.

13. CONDITIONS FOR THE TERMINATION OF INDIGENT SUPPORT

- 13.1. Termination of indigent support will occur in the following instances:-

- a) Certified death of the accountholder;
- b) When the registered indigent sells his property;
- c) When the indigent's circumstances materially change;
- d) When the approval criteria for indigent status changes to the extent that approval no longer applies;
- e) If the indigent fails to honour any arrangements made for the payment of outstanding debts on the account, where that household knowingly uses more than their allocation;
- f) In the event of a fraudulent application being detected;

- g) If any tampering with consumption metering or illegal connections are detected;
and
- h) When the registered indigent fails to renew as required, his status prior to the expiry of such status remaining valid.

14. IMPLEMENTATION AND MONITORING

- 14.1. The Municipal Manager and the Chief Financial Officer shall be responsible for the implementation of this policy.

15. DEBT MANAGEMENT ACTIONS

- 15.1 Subject to provision of the Municipality's Credit Control and Debt Collection, no disconnections, or legal action will be instituted against any debtor, who has registered for and been accepted as an indigent for a period of 12 months, or while they still qualify as indigent and meet all the indigent qualification criteria during the financial year.
- 15.2 However, where indigent consumer fail to utilise water in an economical manner, levels of services may be reduced to avoid situations where indigent consumers accumulate high amounts of debt for municipal services that may be deemed irrecoverable.

16. PUBLICATION OF REGISTER OF INDIGENT HOUSEHOLD

- 16.1 Names of indigent beneficiaries must be open for public perusal and comment. Written objections from the public must be referred to the Indigent Officer who will be responsible for investigating the validity of the complaint and referral to the Chief Financial Officer for appropriate action.

17. APPENDICES

Indigent Registration form	CHDM-1-IND
Indigent Registration check-list	CHDM-2-IND