

# Chris Hani District Municipality



## MUNICIPAL INDIGENT SUPPORT POLICY

CYCLE: 2021/2024

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## **ACRONYMS**

<b>CDW</b>	: Community Development Worker
<b>CFO</b>	: Chief Financial Officer
<b>COGTA</b>	: Department of Cooperative Governance and Traditional Affairs
<b>DM</b>	: District Municipality
<b>DWAS</b>	: Department of Water Affairs and Sanitation
<b>FBS</b>	: Free Basis Services
<b>FBSan.</b>	: Free Basic Sanitation
<b>FBW</b>	: Free Basic Water
<b>H/H</b>	: Households
<b>ID</b>	: Identity Document or a bar-coded RSA ID card
<b>IDP</b>	: Integrated Development Plan
<b>KL</b>	: Kilolitres
<b>LED</b>	: Local Economic Development
<b>LM</b>	: Local Municipality
<b>MFMA</b>	: Municipal Finance Management Act
<b>MIG</b>	: Municipal Infrastructure Grant
<b>MM</b>	: Municipal Manager
<b>PFMA</b>	: Public Finance Management Act
<b>RSA</b>	: Republic of South Africa
<b>SALGA</b>	: South African Local Government Association
<b>SASSA</b>	: South African Social Security Agency
<b>WSA</b>	: Water Services Authority

## **A. MISSION AND VISION OF CHRIS HANI DISTRICT MUNICIPALITY**

### **❖ MISSION:**

To co-ordinate governance for quality service and better communities through co-operative governance, socio-economic development, integrated development planning, and sustainable utilisation of resources.

### **❖ VISION:**

“Leaders in sustainable economic growth and improved quality of life and a people – centered developmental rural district Municipality”.

## 1. DEFINITIONS OF TERMS

1.1 **“arrears”** means any amount due owing and payable by a customer in respect of municipal services not paid on the due date;

1.2 **“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)

1.3 **“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.

1.4 **“customer”** means a person with whom the Municipality or its authorized agent has concluded an agreement for the provision of municipal services;

1.5 **“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);

1.6 **“household customer”** means a customer that occupies a dwelling structure, or property primarily for residential purposes;

1.7 **“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;

**“Indigent Management System”** means an electronic management system used by **Chris Hani DM** for the management of indigent households

1.8 **“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;

1.9 **“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;

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

**“Council”** means the Council of the Municipality of Chris Hani DM or any duly authorized Committee or an official delegated by the said Council;

**“Municipality”** means the **Chris Hani Municipality**, a district municipality established in terms of Section 12 of the Local Government: Municipal Structures Act, No. 117 of 1998, and includes any political structure, political office bearer, councilor, 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, councilor, agent or employee.

## **2. PREAMBLE**

2.1 Chris Hani is a landlocked district situated in the centre of the Eastern Cape and is made up of six local municipalities. Most of the communities live in rural areas. The landscape ranges from moist uplands and grassland hills to the arid Karoo scrubland. Local municipalities that form the district are as follows: Inxuba Yethemba; Enoch Mgijima; Intsika Yethu; Emalahleni; Engcobo and Sakhisizwe

2.1 The Chris Hani District Municipality has a constitutional mandate to ensure the provision of basic services to poorer communities.

2.2 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.

## **3. THE LEGISLATIVE FRAMEWORK**

The provision of the Free Basic Services to indigent households is not a privilege but a fundamental human right which is protected by a number of legislations. This places a mandate on Government to ensure that all citizens are afforded these rights. These legislations include but not limited to:

- Constitution of RSA(Act 108 of 1996)
- Intergovernmental Relations Framework Act (Act 13 of 2005)
- Municipal Finance Management Act (Act 1 of 2003)
- Municipal Property Rates Act (Act 6 of 2004)
- Municipal Structures Act (Act 117 of 1997 as amended)
- Municipal Systems Act (Act 32 of 2000)
- Public Finance Management Act (Act 1 of 1999)
- Water Services Act (Act 108 of 1997)
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000);

## **4. PURPOSE OF THE POLICY**

4.1 The fundamental purpose of Indigent Policy is to guide the process of improving access to Free Basic Services by deserving indigent beneficiaries so that their lives can be improved. Establish a manner in which, these residents can be identified and registered in the municipality's indigent register.

4.2 To create a guideline for the district municipality to ensure that poor households are able to access basic municipal services relating to potable water and sanitation in a sustainable manner within the financial and administrative capacity of the municipality.

- 4.3 To assist municipality to reduce the level of debtors by crediting the indigent accounts.
- 4.4 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.
- 4.5 To provide procedures and guidelines for the subsidization of basic charges and the provision of free basic services to indigent households.

## **5. POLICY PRINCIPLES**

- 5.1 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.

## **6. POLICY OBJECTIVES**

In support of the above principles the objective of this policy will be to ensure the following.

- 6.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.
- 6.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- 6.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy;



- 6.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic Water and Sanitation to indigent households; and
- 6.5 Co-operative governance with other spheres of government.

## 7. SCOPE OF APPLICATION

- 7.1. The District Municipality 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.

## TARGETING APPROACH

### 8. QUALIFYING CRITERIA AS INDIGENT

- 8.1. 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 support from the Municipality does not exceed a **combined income of two state pension 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.

## **9. APPLICATION PROCESS**

- 9.1 The Accounting Officer shall delegate the assessment of the indigent applications to the Chief Financial Officer or his/ her delegate.
- 9.2 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.
- 9.3 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.
  - l) Applicants will be requested to sign and submit a sworn affidavit, to the Municipality that all information supplied to the municipality is true and correct.
- 9.4 The Chris Hani District Municipality may, subject to entering into a service level agreement with Local Municipalities, accept application forms for indigent support from such Local Municipality within its area of Jurisdiction, provided that such applicants for indigent support have access to water and sanitation services. Such application forms must meet with the requirements of the CHDM indigent support policy.

- 9.5 The Chris Hani District Municipality may, subject to confirmation of a council resolution from a local municipality, accept the entire indigent register of that local municipality or part thereof for purposes of subsidising indigent customers listed on such register provided that such customers are connected to water and sanitation services provided by the district.
- 9.6 The CHDM must, prior to subsidising indigent customer listed in the register, subject the register to its own verification methods.
- 9.7 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.
- 9.8 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.
- 9.9 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.
- 9.8 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.
- 9.9 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.
- 9.10 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.
- 9.11 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.
- 9.12 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.
- 9.13 The indigent Officer must capture the information into the municipality indigent register.
- 9.14 An external scan of applicants recommended as suitable candidates for indigent support, may be conducted with SARS, SASSA and Credit Bureau.

## **10. INDIGENT TARIFFS AND SUBSIDY**

10.1. 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.

10.2. 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%
- a. 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.

## **11. FUNDING OF SUBSIDISED SERVICES**

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.

## **12. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION**

If the applicant is found to have submitted false information will be contacted and informed. He/ She will be requested to submit the correct information within 7 working days, if not the He/ She will be disqualified and will be responsible to settle his/her Municipal Debt.

### **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. DEBT MANAGEMENT ACTIONS**

14.1 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.

14.2 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.

### **15. EXIT STRATEGY/ MECHANISM**

Members of households registered as indigent should be prepared to participate in exit programmes coordinated by the municipality in collaboration with other government departments and the private sector.

As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

## **16. MONITORING AND EVALUATION**

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

### **Such report shall reflect on the following:**

- 16.1.1 Number of indigent households applied.
- 16.1.2 Amount of subsidy allocated per service category.
- 16.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 16.1.4 Performance of all areas against targets set in the municipality's performance management system.
- 16.1.5 Changes in the registered status of indigents.

## **17. CAPACITY BUILDING**

The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:

- Database management
- Demand and revenue management
- Policy and by-law implementation

## **18. VERIFICATION OF INDIGENT REGISTER**

After the application/registration process all information must be verified by the Programme Officer or a person approved by the municipality as follows:

### **18.1 Indigent Management System Check**

The information on the municipality's Indigent Management System must be checked to determine whether an applicant is already registered within the system as well as to determine dates when these existing applicants should be reviewed.

### **18.2 Data Capturing**

The indigent registration data must then be captured in an Indigent Management System as per the application form.

### **18.3 Verification – Site Visit**

18.3.1 The Indigent Management System must assign an application to a duly appointed official to perform an on-site verification if necessary.

18.3.2 The Programme Officer must then verify and assess the registration application and may make recommendations for the acceptance of the application, or for further investigation which may include an external scan.

#### **18.4 Verification – External Scans**

18.4.1 An external scan of applicants recommended as suitable candidates for indigent support, may be conducted with UIF, SARS, Department of Welfare, or Credit Bureau after the site visitation has been captured.

18.4.2 The information gathered through verification in terms of 6.3.3 and 6.3.4 must be entered into the Indigent Management System within 72 (seventy two) hours after receipt thereof for finalisation of the application.

#### **19. RECOMMENDATION**

Once the verification has been completed the Indigent Management System must generate a report based on the information captured in the database. Those applications that qualify for indigent support in accordance with the system are then to be referred to the CFO for final approval. The CFO must submit the final Indigent Register to Council noting.

#### **20. EXISTING ARREARS OF INDIGENTS**

Arrears accumulated in respect of the municipal accounts of customers prior to registration as indigent customers will be written off on council approval.

#### **21. FBS COMMUNICATION STRATEGY**

The following methods will be used to communicate with the public:

- FBS Awareness Campaigns
- Traditional Imbizo
- Loud Hailing
- Churches
- Municipal Outreach programmes
- Schools
- Notice Boards
- Flyers
- Community Radio Station
- Local News papers
- Municipal Newsletter
- Social media

#### **22. PUBLICATION OF INDIGENT REGISTER/ INDIGENT HOUSEHOLDS**

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.



## **23. REPORTING REQUIREMENTS**

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:-

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

## **24. LIST OF STAKEHOLDERS**

- COGTA
- Municipality
- CDWs
- Ward Committee Members
- Local Municipalities

## **25. CONTACT DETAILS FOR INDIGENT POLICY**

- CHDM: Miss N Seti – Revenue Manager  
045 808 4676

Miss B. Van Heerden – Senior Accountant  
045 808 4715

Miss S. Mfikili – Indigent Co-ordinator  
045 808 4753

**EFFECTIVE DATE**

This Policy takes effect on the 01st July 2021

Policy Adopted at the Chris Hani District Municipality council meeting, dated \_\_\_\_\_

Council Resolution number .....

**Signed by Municipal Manager:**

\_\_\_\_\_  
*Initial & Surname*      *Signature*      *Date*