



**THABAZIMBI LOCAL MUNICIPALITY 2016/17
INDIGENT MANAGEMENT
POLICY**



DEFINITIONS

Municipality: Thabazimbi Local Municipality

Approved Registration Point: Civic Centre, 7 Rietbok Street, Northman Lapa, Rooiberg, Raphuti or any other point defined by the Municipality, as may be necessary.

Basic Municipal Services: Means municipal services that are necessary to ensure an acceptable and reasonable quality of life, if not provided would endanger public health or safety or the environment.

Department: Means the Department: Finance of Thabazimbi Local Municipality that has been tasked with managing the Indigent Support Programme.

Free Basic Services: The quantity of services that shall be supplied free of charge to an indigent household, amounting of 6 kl of water per month, 50 kWh free electricity per month when less than 150 kWh is utilized per month, subsidized sanitation services, and refuse removal services. Rated will be covered by the Municipality's Property Rates Policy.

Household: Household is defined as a registered owner or tenant with children who live in the same premises with parents.

Child-headed Family: means a household where the main caregiver of the said household is younger than 18 years of age. Also, a Child headed household as defined in the section 28(3) of the Constitution.

Pensioner: means a person who is 60 years of age or more, or a state pensioner or someone receiving a pension/allowance for being disabled.

Indigent: Any household owning the property on which it resides, which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than two times the Government pension grant as prescribed by the National Department of Social Development or in line with the National Indigence Framework issued by the Department Local Government (DLG), who qualify, according to the policy, for rebates/remissions or a services subsidy. Examples hereof include social pensioners, the unemployed and child-headed families who are unable to fully meet their obligations for municipal services consumed and property taxes on their monthly accounts. Any other Government grants received by such households will not be considered as additional income.

Indigent Management System: An electronic management system used by Thabazimbi Local Municipality for the management of the Indigent Register.

Poverty: Poverty is defined within the context of a poverty line. Poverty lines vary according to the size and composition of individual households. The poverty line of two adults and three children is approximately R840. For purposes of Thabazimbi local Municipality, poverty is defined within the context of an Indigent household.

Programme Officer: An official duly authorised by the Municipality, or an Indigent Officer 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.

Tenant: Registered occupant of a property owned by the Municipality, or an individual/family sharing the same property with the legal owner, who may or may not be related to the owner, and who has the responsibility to pay for their own Municipal Services.

Indigent Officer/Programme Officer: An official duly appointed and authorized by the Municipality to assist with the management of Indigents, to visit households and verify the applicant's application and to recommend in terms of this Policy whether the applicant is either a suitable or not a suitable candidate for approval to receive indigent support.



Rural: Areas outside the town and related suburbs. In the case of Thabazimbi, this covers Northam, Regorogile, Raphuti, Leeupoort, Rooiberg and Skilpadnes.

A. Aim of the policy

A.1 This policy aims to address the key issues and challenges of indigents. The strategic aim is to create an enabling environment in which the objectives of revenue generation can be realized, given that many of the residents can simply not afford the cost of full provision of services.

B. Background and concept

B.1 Local government in South Africa has undergone an unprecedented change. This includes socio-economic issues in the wake of socio-political reform. The Municipal Systems Act, the Municipal Structures Act, the Municipal Finance Management Act (MFMA), and other legislation created a new dispensation for local government in South Africa.

B.2 Increased revenue forms the base for effective service delivery, infrastructure development, and economic growth. It also contributes to poverty alleviation, the eradication of unemployment, and the redistribution of resources including economic empowerment.

B.3 In line with the objective of creating a vibrant and growing Municipality, the indigent policy is also aligned to the principles of Batho-Pele.

Service delivery is one of Government's eight priorities as set out in the White Paper on the Transformation of the Public Service. To this effect, government has launched an initiative in South Africa under the banner of Batho-Pele – meaning 'People First' in Sesotho – aimed at improving the delivery of public services. Batho-Pele further aims to ensure that attitudes, systems and procedures are capable of delivering enhanced public services. Batho-Pele is also about ensuring that the resources available are used to the best possible extent, eliminating wasteful and expensive procedures and reducing unnecessary expenditure on inefficient processes and systems.

C. Structure of the policy document

C.1 This policy is divided into (2) chapters, excluding the aim, background and the structure of the document. The first chapter provides an overview of the indigent policy principles. The second chapter outlines the indigent policy.



Chapter 1: Indigent Policy Principles

Introduction

1.1 In terms of section 74 of the Local Government Municipal Systems Act 2000, a municipal council (hereinafter referred to as *the council*) must adopt and implement a tariff policy. In terms of section 74(i) of the Act in adopting a tariff policy, the council should at least take into consideration the extent of subsidization of tariffs for poor households. Arising from the above, the council needs to approve an indigent support policy. The indigent support policy must provide procedures and guidelines for the subsidization of basic services and tariff charges to its indigent households.

Objective

2.1 The objective of the indigent support policy is to ensure the following:

2.1.1 The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the council; and

2.1.2 to provide procedures and guidelines for the subsidization of basic service(s) charges to its indigent households, using the council's budgetary provisions received from central government in accordance with prescribed policy guidelines.

2.2 The council also recognizes that many of the residents can simply not afford the cost of full provision and for this reason the council will endeavor to ensure affordability through:

2.2.1 setting tariffs in terms of the council's tariff policy, which will balance the economic viability of continued service delivery; and

2.2.2 Determining appropriate service levels and extent of service delivery to indigents.

3. Purpose of the indigent policy

3.1 The purpose of this policy is to consider the socio-economic and other conditions presently prevalent in South Africa and locally in Thabazimbi, such as the level of unemployment and poverty. The policy aims to address this through the application of principles for services rendered to members of society who have very limited capacity to pay.

3.2 The council accepts that it is responsible for the rendering of services in terms of schedules 4 and 5 of the constitution as well as other services which may be delegated by national and provincial government. The council endeavors to render a basic level of service necessary to ensure an acceptable and reasonable quality of life and which takes into consideration affordability, health and environmental concerns. None of the residents should fall below the minimum level of services.

4. Responsibility/Accountability

4.1 Section 62 of the Municipal Finance Management Act, 2003 states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality. This officer must, for this purpose, take all reasonable steps to ensure that the municipality has and implements an indigent policy.

4.2 Should an accounting officer and his/her designate experience undue interference or influence by a municipality or councilor that prohibits the execution of his/her responsibilities with regard to this policy, he/she should report this to the relevant MEC.

4.3 In terms of section 173 of the MFMA, the accounting officer is guilty of an offence if that accounting officer contravenes or fails to comply with credit control and debt collection provisions in terms of the MFMA.

4.4 A person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years, or to an appropriate fine determined in terms of applicable legislation.



- 4.5** The council has the overall responsibility for laying down the indigent support policy.

5. Policy principles

5.1 The following should be the guiding principles in implementing the indigent support policy

- 5.1.1** The indigent support policy is in accordance with the Local Government Municipal System Act, 2000 and other amending or related legislation.
- 5.1.2** Relief will be provided by the council to registered residential consumers (households) of services.
- 5.1.3** The council must, wherever possible, ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of households. There should be no differentiation whatsoever of any residential consumers. It should only differentiate in the level of service rendered.
- 5.1.4** The subsidy for the minimum service level should not result in a massive bureaucratic administration that would not be cost effective to implement.
- 5.1.5** 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.
- 5.1.6** The level of services rendered to the indigent as well as the tariff structure for these services should be such that it falls within the financial means/affordability levels of the indigent.
- 5.1.7** It should be based on a predetermined period or financial year.
- 5.1.8** The indigent support policy will prevail as long as funds are available.
- 5.1.9** The council may review and amend the qualification for indigent support and therefore the provision of continued basic services annually eg 6 kl to Indigent only.
- 5.1.10** The collective or joint gross income of the household will be taken into account.
- 5.1.11** The household income must be correctly reflected on the application for requesting indigent support.
- 5.1.12** The residents must formally apply on the prescribed application forms for the relief. The application forms will be evaluated and, if successful, the resident(s) will qualify for the indigent support according to the prescribed criteria/principles laid down by the council. An effective and efficient evaluation system is imperative to obtain the outcome within a reasonable time determined by the council subject to Ward Councillor / Ward/Indigent management Committee verification.
- 5.1.13** If a person is found to be indigent, he/she should be registered on a database linked to the debtors system.
- 5.1.14** The onus is on the recipient to inform the council of any change in his/her status or personal household circumstances.
- 5.1.15** Disciplinary measures decided by the council, will be imposed on people who misuse the system and provide incorrect information (see item “non compliance” below).
- 5.1.16** An approved community communications programme, embodying the principles of transparency and fairness, is to be implemented in respect of the indigent support programme.
- 5.1.17** Facilitation of skills training and other education related programmes should be attempted to develop the indigent to become self-sufficient and thereby reduce the rate of indigency.
- 5.1.18** Temporary employment in lieu of account payment may be considered for indigent households, should such job opportunities arise within the municipality.
- 5.1.19** Any other principle decided by the council.
- 5.1.20** Water supply to Indigent must be restricted to 6 kl per month.



5.1.21 Electricity supply to indigent households should be limited to a 20 amp circuit breaker and via a prepayment meter.

CHAPTER 2: INDIGENCY POLICY

QUALIFICATION CRITERIA

Persons who are claiming indigent status (i.e. an inability to pay assessment rates and service accounts in full) must qualify in terms of the following criteria: Must be a South African citizen resident in the jurisdiction of Thabazimbi Municipality. Must be the owner or tenant who receives Municipal services and is registered as an account holder on the Municipal financial system. Must have an active Municipal Account have a household income of not more than R2040.00.

Criteria for qualification for tenants

A tenant can apply for the benefits in respect of the consumption he/she is billed for. The landlord will still be liable for all ownership related to relevant Municipal rates and taxes.

Temporary Relief

Possible temporary relief whilst unemployed or hospitalized.

Special Cases

Where the monthly income is R500 above two times the Government pension grant as prescribed by the National Department of Social Development but, on assessment by the Indigent Management Committee, is insufficient to cater for the said household.

PROPERTY OWNERSHIP

Should a household, own more than one property, they will be expected to declare all additional properties to the Municipality. The indigent management Committee will assess each case on merit and advise the Municipality. The property value of the applicant/ prospective indigent household, in line with the Municipal Property Rates Policy, shall not exceed R 2 900.00. Should the applicant sell/ dispose or bequeath their property within 12 months from the date of approval of cancellation of debt, he/she will be liable for all the debt previously cancelled, with interest for months post cancellation.

ASSISTANCE PROCEDURE

1.1 Communication

The Communications Section will, within the framework of the Communication Strategy for the Indigent Programme, champion communication to: Inform the residents of Thabazimbi Municipality about the indigent programme; Highlight the benefits of the programme; Remove the potential perceived negatives of the programme; Seek maximum participation from residents; Facilitate community participation as a key factor to superior service delivery.

1.2 Application/Registration

A person applying for assistance must complete a formal indigent support application form approved by the Thabazimbi Municipal Council. Such forms will be available at the approved registration point.

Applications must have certified copies of their identity document, municipal account, proof of income of the entire household, an affidavit declaring lack of income and/or proof of registration as unemployed, plus bank statements (where applicable). Any other grants received by the applicant household must be clearly indicated and confirmed, although these will not necessarily be considered as additional income. The signing of the indigent application form, if approved, will entitle the applicant

to an allocation of free basic services defined under "Free Basic Services". As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks and:



Households must consent to the installation of an electricity circuit breaker, water restriction technology or pre-paid meters as a system to limit the consumption of services and to abate the accumulation of debt.

1.3 Assessment & Screening of Applicants

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

(a) 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.

(b) Data Capturing

The indigent registration data must be captured in an Indigent Management System as per the application form or as automatically identified on the Municipality's Financial System. The record must then be flagged in the system as being an "application in progress".

(c) Verification – Site Visit

The Indigent Management System must assign an application to a duly appointed Verification Officer to perform an on-site verification. The Verification Officer must then verify the registration application, complete a questionnaire, which contains the inventory. The applicant must then sign the completed questionnaire. The Verification Officer then assesses the application and recommends that the application be considered for further investigation using an External Scan (see (d) below).

This information shall be entered into the Indigent Management System after receiving the information from the Verification Officer.

(d) Verification – External Scans

An external scan, of applicants recommended as suitable candidates for an indigent grant, must be conducted with UIF, SARS, Department of Welfare, Retail and Credit Bureau. The external scan must immediately follow the process after the information from the site visitation has been captured. The information of the external scan must then also be captured in the Indigent Management System within 72 (seventy two) hours after receiving the information from the Verification Officer. The external scan must be done separately from the site verification.

Comment: External scan will only be conducted on special cases

The applicant should, as part of the application, be willing to give consent for external scans as may be deemed necessary by the Municipality.

1.4 Recommendation

Once the verification has been completed the Indigent Management System must generate a recommendation 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 Indigent Committee for final approval. Letters of acceptance or rejection should be signed by the Municipal Manager:

1.5 Indigent Management Committee

Indigent Committees must be established who approve/disapprove indigent support to applicants. The Indigent Committee must be established to comprise of councilors and relevant officials of the Municipality. The Indigent Committee must meet at least once per month. The Indigent Committee must consider each recommended



application; assess it in terms of the application and any other knowledge or information which members may have in respect of the applicant.

The recommended application must then be captured in the Indigent Management System. The date which the record was submitted to the Indigent Committee should be noted in the system in order to track the status of the application within the process.

In the event that the application is declined it must be captured as such in the Indigent Management System, and the system must be flagged and a letter should be sent to the applicant informing them of the disapproval.

In the event of a successful application the Indigent Management System should be updated to show this, the system should be flagged to indicate that the application has been approved and a letter should be sent to the applicant informing them of approval of their application.

1.6 Re-evaluation

The system should generate, on an annual basis, a list of site visits to be performed of the registered indigents, and assign these to a Verification Officer. The Indigent Management System must evaluate each visit the same as a new application and any changes must be noted when being re-submitted to the Indigent Committee.

SPECIAL PROVISION FOR THE RURAL AREAS

Though the above Criteria for Qualification require that an applicant have a Municipal account, this Policy makes special provision for low indigent households in the rural communities. These households will benefit from the Indigent Management Programme only through access to free basic water delivered in water tankers. Introduction and sustenance of water tankers will be subject to written permission granted by the land owner. Costs for the water and related tankers will be covered from the Equitable Share.

FREE BASIC SERVICES

Free Basic Services will be defined in the following Council policy documents:

- Credit Control and Debt Collection
- Subsidised rates and refuse removal
- Free Basic Water
- Free Basic Electricity
- Free Basic Sanitation

REPORTING AND QUALITY CONTROL

Quarterly reports shall be submitted by the Department: Finance, with financial implications to relevant Portfolio Committees and to the Executive Committee on progress made regarding the status of registered indigents.

EXTENT OF MONTHLY INDIGENT SUPPORT

The extent of the monthly indigent support granted by Council to indigent households in the Municipal area will be determined based on budgetary allocations for a particular financial year and the tariff increases for that specific financial year. This should be based on the amount of an average monthly service account as indicated in the National Allocation Guideline as reviewed annually (Equitable share) stated as follows:

- Maximum of 6 kilolitres of water
- Maximum of 50kW/h of electricity
- Credit towards monthly refuse collection charges (ie no charge for refuse removal)
- Credit towards monthly sewerage charges (ie. No charge for sewerage service), provided this is part of the Municipality's waterborne sewerage system.



- The subsidy for the above should be in line with the Municipality's tariffs which will change from time to time as tariffs increase.

The following forms of assistance will also be given to indigent households within the financial capacity of the Municipality:

The accounts of successful applicants will be flagged and installation of prepay meters and service restriction technology be put on schedule/prioritized. The account of an indigent household that applied for an Indigent Grant should be credited monthly with an amount totaling the cost of free basic services as defined in this Policy. In instances where metered consumption is billed the applicant will be responsible to pay for water usage exceeding free 6 kl of water and/or 50kW/h of electricity.

Any arrear debt owed by a successful applicant will be written off against the budgeted expenditure for indigency assistance, permitting the availability of funds on this account.

The Municipality has the right to install prepaid meters and service consumption restricting technology in all the households classified as indigent,

SHORT-TERM ASSISTANCE

An indigent household in incidental distress may be assisted for a shorter period not exceeding six months. Incidental distress covers instances of:

- Temporary unemployment.
- Hospitalization.

Such persons qualify for assistance if they are not in receipt of any assistance from any other source. Indigent people falling within this category will be re-assessed on a three monthly basis.

PROCESS MANAGEMENT

Validity Period

Validity period of assistance will be for a maximum period of 12 months. Households will be re-assessed at the end of a 12 months period.

Death of Registered Applicant

In the event that the approved applicant passes away the heir/s of the property must reapply for indigent support in terms of this policy.

Publication of Register of Indigent Households

Names of indigent beneficiaries, whether qualified automatically or non-automatically, must be open for public perusal and comment.

Written objections from the public must be referred to the Department: Indigent Officer, who will be responsible for investigating the validity of the complaint and referral to the CFO and Municipal Manager for appropriate action.

Under-usage of Allocation

If the level of consumption of the indigent household is less than the consumption level approved by the Municipality, the household cannot claim or accrue the unused portion, be it in cash or rebates.

Excess Usage of Allocation

If the level of consumption of the indigent household exceeds the consumption level approved by the Municipality, the household will be obliged to pay for the excess consumption on a monthly basis. Accounts not settled on a monthly basis will be subject to Credit Control measures.

Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:



Death of account-holder, except if the account is transferred to an heir who has applied for registration and qualifies in terms of the Criteria outlined in this Policy,
 End of the 12 months cycle, subject to re-assessment,
 Upon sale of the property,
 Upon purchase of an additional property,
 When circumstances in the indigent household have improved in terms of a gross income exceeding two times the Government pension grant as prescribed by the National Department of Social Development.

The Municipality has the right to reassess circumstances of any household registered as indigent plus to review and revise the entire Policy, criteria and benefits.

Exit Programme

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. The expectation of this clause excludes pensioners and child-headed households.

BUDGETING FOR INDIGENT SUPPORT

The Municipality shall include in its annual budget the amount required (expenditure) for indigent Subsidies & Assistance (including arrears write-offs) in line with the respective policy and By-laws. Such amount shall be increased annually, based on the Municipal Infrastructure Grant (MIG) and the Equitable Share plus the amended rates and tariffs for the particular financial year. This amount shall be allocated against the budgeted expenditure above to finance all the tariff and arrears write-off benefits which were already credited to the services accounts of approved indigents

NON-COMPLIANCE

If the applicant is found to have lied about his/her personal circumstances the following will apply:

- All arrears will become payable immediately;
- Stringent credit control measures will apply; and
- The applicant will not be eligible to apply for this assistance for a period of 5 years.

AUDITING

A three monthly auditing must be conducted by the Internal Audit Section regarding the indigent register, usage rate of allocations and credit control measures applied.

Application for indigent support

Sworn Declaration/Affirmation

To: Thabazimbi Municipality

7 Rietbok Street
 Thabazimbi
 0380

Attention: Indigent Officer/Divisional head Revenue
 CFO/Municipal Manager

I the undersigned (insert full name) _____



do hereby in terms of the Council's Credit Control and Debt Collection Policy, make application for indigent support.

Only if you reply "YES" to each of the questions in A to G below, you need to complete the rest of these application forms.

Questions:

No:	Question	YES	NO
A	Is your property used predominately as a private residence?		
B	Are you the registered owner of the property or an occupant of a child headed household registered in the name of your deceased parent/s?		
C	Is your household income from all sources, less than R <u>2040</u> per month?		
D	Do you only own one (1) immovable property in the Republic of South Africa?		
E	Are you, the applicant, a full-time occupant of the property?		
F	If you already have an energy dispenser installed, reply YES. If not, have you completed the application form (For Thabazimbi Municipality electricity consumers, Sections 1,2,3,5 and 7) for conversion to a PPM meter, attached hereto?		
G	If you do not have a water management device installed, do you agree to the installation of such device at the minimum consumption setting?		

The following information must be furnished:

Applicant's particulars:

Municipal Account No.	
Erf No.	
Address of Property	
Surname	
First Name(s)	
Date of Birth	
Residential Address	
Postal Address	



Identity Number		Home Tel No.		Cell	
Name of Employer					
Employer's Address					
Work Tel No		Total number of people living on the property *			

*** Details of all occupants at the property, for which this application is being made:**

Initials and surname	Relationship to account holder	I.D Number	Gross monthly income	Source of Income	Employed		Proof of income	
					Y	N	Y	N
Total gross monthly income R								

Copies of certified documentation required to register:

If employed:-

- RSA identity book;
- Latest salary/wage payslip or a letter from an employer confirming income;
- An affidavit of a person who is self employed, that indicates the income earned;
- Proof of receipt of disability grant, maintenance grant or pension.
- A bank statement for the last three(3) months;

If unemployed-

- RSA identity book;
- A sworn affidavit confirming unemployment and a declaration that there is no other source of income;

Occupants under eighteen (18)-

RSA identity book, copy of a birth certificate or affidavit

Declaration by applicant:

I, the undersigned, _____
 (Insert all first names and surname) hereby certify that:



I do not own any other immovable property in the Republic of South Africa;
 I will immediately inform the Indigent Officer/Divisional Head: Revenue/Income or CFO, in writing, should there be any change in my status, that disqualifies me as an indigent;
 I agree that if I have misrepresented myself with the qualifying criteria, in order to benefit from Council's indigent relief. I would be committing an offence and all benefits that have been received in terms of the indigent relief, will be reversed. Any amounts due, will be for my account and I will be subject to normal debt collection procedures.
 All information furnished by me on this form, is to the best of my knowledge, true and correct;
 I agree that in order to qualify for the benefit as set out in the credit control and Debt collection Policy, an electricity prepayment meter and Water management device must be installed where applicable;
 I understand that should my monthly consumption exceed the free allocation of water and remains unpaid, my supply may be restricted. I will then only have access to my free allocation of water;
 The Council may conduct any investigation to confirm any of the information provided by me and hereby agree to any on site visit, by any Municipal Official;
 I accept that this application, if successful, will only be valid for 12 months from date of approval and the onus will be on me to re-apply by the expiry date;
 I acknowledge that if my application is successful, the Council will suspend any debt collection action for 12 months from that date, or until I no longer qualify as an indigent, whichever date occurs first.

.....
Signature of Applicant

.....
Date

I CERTIFY THAT THE APPLICANT HAS ACKNOWLEDGED THAT HE/SHE KNOWS AND UNDERSTANDS THE CONTENTS OF THE ABOVE DECLARATION WHICH WAS SWORN TO/TRULY AFFIRMED BEFORE ME

Date - / /

At this.....Day.....20

.....of.....

**COMMISSIONER OF OATH
 OFFICIAL STAMP**

**OFFICE RECEIVING THE APPLICATION:**

	OFFICIAL'S FULL NAME (print)	DATE	SIGNATURE
All information and documentation supplied			
Please insert the Notification Number		DATE	

FOR OFFICE USE ONLY

	OFFICIAL'S FULL NAME (print)	DATE	SIGNATURE
All information and documentation supplied			
Recommended			
Approval by authorised official of Debt Management			
Not approved			
If not approved reasons to be supplied:			
	OFFICIAL'S FULL NAME (print)	DATE	SIGNATURE
Letter advising applicant of outcome: (Attach copy to application form)			

REASONS FOR WITHDRAWAL:**FOR OFFICIAL USE ONLY**

After approval and if withdrawn, then reasons for such withdrawal are to be supplied here:			
	OFFICIAL'S FULL NAME (print)	DATE	SIGNATURE
Recommend withdrawal			
Approval for withdrawal			
Letter advising applicant of withdrawal: (Attach copy to application form)			