



# **DIPALESENG LOCAL MUNICIPALITY**

## **PRINCIPLES AND POLICY ON INDIGENT CONSUMERS**

**2017/18**

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## **1. INTRODUCTION**

- 1.1 The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.
- 1.2 Basic services are generally regarded as to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.
- 1.3 The Constitution recognizes Local Government as a distinct sphere of Government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform their basic function of providing essential services to the community within their boundaries.
- 1.4 The key purpose of an indigent subsidy policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary the Municipality Authority is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.
- 1.5 To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.
- 1.6 The consumer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Dipaleseng Municipality.
- 1.7 The indigent registration process should happen annually for the financial year of the Municipality and should preferably begin two months before financial year end

## **2 PURPOSE OF THE POLICY**

- 2.1 The purpose of this policy is to ensure that the subsidy scheme for indigent households forms part of the financial management system of Dipaleseng Municipality and to ensure that the same procedure be followed for each individual case.

## **3 CRITERIA FOR IDENTIFICATION TO QUALIFY FOR INDIGENT SUPPORT**

- 3.1 Grants-in-aid may, within the financial ability of the Municipality, be allocated to owners or tenants of premises who receive electricity (directly from Eskom or the Municipality), water, sanitation, refuse removal or assessment rate services from the Municipality, in respect of charges payable to the Municipality for such services

3.2 These grants may be allocated if such a person or any other occupier of the property concerned can submit proof or declare under oath that all occupants over 18 years of age had no income or a verified total gross monthly income of less than the amount indicated in terms of the definitions below for the preceding three consecutive months.

- a) Definition of an Indigent. If the total monthly income of all occupants is not more than an amount as determined by the Council from time to time. This amount will be determined at the beginning of every financial year and will be applied for the duration of that particular financial year. For the 2017/2018 Financial Year this amount is deemed to be R 3010 (Three thousand and ten rand). Definition of an Indigent with Pensioner Status. Where two or more pensioners in one household earn more than R 3010 such a household will not be disqualified to receive such subsidy.

3.3 Only one application per person (household consumer) in respect of one property only shall qualify for consideration.

3.4 A business, school, body association, club or governing body shall not qualify for consideration.

3.5 The subsidy will apply to the owner or tenant of the property concerned.

3.6 The subsidy will not apply in respect of households owning more than one property whether within or outside the Municipal boundary.

3.7 If a person is registered as indigent and subsequently that person obtains employment and paid above the indigent threshold, such person will cease to qualify as an indigent

#### **4 APPLICATION AND AUDIT FORM**

4.1 Attached, as Annexure A is an Application for Indigent Household Subsidy, which must be completed by all consumers who qualify in terms of this policy.

4.2 The account holder must apply in person and must present the following documents upon application:-

- a) The latest Municipal account in his/her possession.
- b) The accountholder's identity document.
- c) An application form indicating the names and identity numbers of all occupants / residents over the age of 18 years, who reside at the property.
- d) Documentary proof of income where available or an affidavit of financial status.
- e) Bank statement not older than three months for all occupants over the age of 18 years, except where the applicant states under oath that they are not in possession of a bank account)

- 4.3 All applications must be verified by an official or municipal agent appointed by Council. The relevant Ward Councillor must be involved during the evaluation process and must verify the application together with the relevant officials and local community leaders or any ward committee members appointed by Council in this regard.
- 4.4 The list of indigent households may be made available at any time to registered credit bureaus for the purpose of exchanging credit information. Households qualifying for consumer credit elsewhere (whether or not within the boundaries of the Municipality) will be disqualified as indigents.
- 4.5 If an application is favorably considered, a subsidy will only be granted during that municipal financial year and the subsequent twelve (12) month budget cycle. The onus will rest on the approved account holders to apply for relief on an annual basis.

## **5 DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER**

- 5.1 The Chief Financial Officer will be responsible to compile and administer the database for households registered in terms of this policy.
- 5.2 Registration will take place on dates and at times and places determined by the Council, but shall generally be undertaken on an annual basis. The municipal manager or his / her delegate 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.
- 5.3 Council reserves the right to send officials or its agents to premises / households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied.

## **6 PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION**

- 6.1 Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.
- 6.2 Any person who supplies false information will be disqualified from further participation in the subsidy scheme. He / she will also be liable for the immediate repayment of all subsidies received, and the institution of criminal proceedings, as the Municipality may deem fit.
- 6.3 The onus also rests on indigent support recipients to immediately notify the Municipality of any changes in their indigence status.

## 7 SERVICES TO BE SUBSIDISED

### 7.1 Electricity

All registered indigents will be entitled to 50KWh free basic electricity. In addition, all registered indigents qualify for a discounted charge on their electricity consumed. The discounts on the normal rate are:

Prepaid indigents	R1.06/ KWh
Postpaid indigents	R1.32/KWh

### 7.2 Water

All registered indigents will be entitled to the 6kl free basic water, no additional support will be given with regard to water and additional consumption will be charged at the normal rate.

### 7.3 Sewerage and Refuse Removal

All registered indigents will receive a 100% subsidy for refuse removal.

### 7.4 Property Rates

All registered indigents will receive a 100% subsidy for property rates.

### 7.5 Interest

All registered indigents shall be exempted from paying interest on overdue accounts.

### 7.6 Total subsidy

The total subsidy for electricity, water, sewer and refuse shall be limited to R200.00 (Two hundred only) per month per indigent Household.

## TARIFF POLICY

The Local Government Municipal Systems Amendment Act (MSA), 2003, Act No 44 of 2003 stipulates that a Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements and which complies with the provisions of the Act and with any other applicable legislation.

A tariff policy must reflect, amongst others, at least the following principles, namely that:-

- The amount individual users pay for their services should generally be in proportion to their use of that service;
- Poor households must have access to at least basic services through-

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

**The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.**

## **8 SOURCES OF FUNDING**

- 9.1 The amount of subsidisation will be limited to the amount of the equitable share received on annual basis. This amount may be varied on an annual basis according to the new allocation for a particular financial year.

## **9 METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY**

- 10.1 No amount shall be paid to any person or body, but shall be transferred as a credit towards the approved account holder's municipal services account in respect of the property concerned.
- 10.2 Arrear amounts shall not qualify for any assistance and shall not be taken into consideration. Calculations shall be based on the monthly current accounts only and in accordance with the approved tariff policy.

## **10 ARREAR ACCOUNTS**

- 10.1. Indigents outstanding balance will be written off annually once approved by council.
- 10.2. The indigent will remain responsible for all future charges arising from the rendering of services.
- 10.3 All other indigents will still be required to settle their arrear accounts irrespective of their indigent status for the year under review.

## **11 RESTORING SERVICES TO QUALIFIED HOUSEHOLDS**

If an application is approved services will be restored at a charge of R150.00. If services are to be suspended thereafter in terms of the approved credit control policy the approved tariff for reconnection will be payable.

## **12 SERVICES IN EXTENT TO AVAILABLE FUNDING**

Where restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of Council policy. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.

### 13 CREDIT CONTROL POLICY TO BE APPLIED FOR INDIGENT HOUSEHOLDS

#### 14.1 Aim of the Credit Control Policy

The credit control policy aims to achieve the following:-

- To distinguish between those who can and cannot genuinely pay for services;
- To get those who cannot pay to register with the municipality so that they could be given subsidies;
- To enable the municipality to determine and identify defaulters to ensure appropriate credit control procedures; and
- To establish an indigent directory of all persons who complies with the policy.

#### 14.2 Obligation to Pay

14.2.1 The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidisation.

14.2.2 It is however important to note that the subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy received.

14.2.3 Where applicable, credit control must still be applied, in accordance with the approved credit control policy, for these outstanding amounts.

### 14 REPORTING REQUIREMENTS

15.1 The municipal manager shall report on a monthly basis to the mayor or executive committee, as the case may be, for the month concerned and by municipal ward:

15.1.1 The number of households registered as indigents and a brief explanation of any movements in such numbers;

15.1.2 The monetary value of the actual subsidies and rebates granted; and

15.1.3 The budgeted value of the actual subsidies and rebates concerned; and the above information cumulatively for the financial year to date.

15.2 The mayor or executive committee, as the case may be, shall submit the above reports on a quarterly basis to the council.

15.3 The expected cost of the subsidization shall be included in each annual budget

### 15 IMPLEMENTATION AND REVIEW OF THIS POLICY

16.2 This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy.



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- 16.2 In terms of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

**16 EFFECTIVE DATE**

This policy comes in effect on date of approval.

<b>Implementation Date</b>	<b>Council Resolution no.</b>	<b>Adopted Date</b>
1 July 2017		