



# The Msunduzi Municipality

## MSUNDUZI MUNICIPALITY



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# **INDIGENT POLICY**

**2018/2019**

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## DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

**“authorised representative”** The person or instance legally appointed by the Council to act or to fulfill a duty on its behalf.

**Life Line Service** The amount or level of any municipal service that is necessary to ensure human dignity and a reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this Policy are restricted to electricity, refuse, sewerage and water services. It is also to be understood that the national norms will be used as guidelines for the determination of the amount/level of the services.

**“Chief Financial Officer”** Refers to the person so designated in terms of Section 80 (2)(a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) or any person duly authorised to act on behalf of such person;

**“Council” or “municipal council”** A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Msunduzi Municipality.

**“customer”** Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).

**“defaulter”** A person who owes money to in respect of a municipal account after the due date for payment has expired.

**“Child Headed Household”** This includes all persons who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one

meter. A household where both parents are deceased and where all occupants of property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the State. Child headed households are automatically considered indigent unless proven otherwise.

- “Indigent”** Lacking the necessities of life such as sufficient water, basic sanitation, refuse removal, environmental health, basic energy, health care, housing, food and clothing. This is a household which, due to a number of factors as set out in par. 4, is not financially capable of paying for the delivery of Basic Services – including poor households.
- “interest”** A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council.
- “municipal account” or “billing”** The proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to.
- “Municipality”** The institution that is responsible for the collection of funds and the provision of services to the customers of the council.
- “the Act”** The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.

## 1. INTRODUCTION

Council receives Equitable Share to subsidise those who cannot afford to pay for the minimum needs in life. The objective in calculating the amount to be subsidised, must be to prevent an increasing balance on the account of an indigent as it will be difficult to recover the debt in a humanly way. According to the Municipal Systems Act 2000, Section 74(3) and 75(2) stipulates, "A tariff policy may differentiate between different categories of users/debtors."

## **2. OBJECTIVES OF POLICY**

The objectives of this Policy are to:-

- 2.1. The objective of this policy is to close the gap between indigent and non-indigent citizens of Msunduzi Municipality, through the targeted assistance with free allocations of electricity, water and other services, together with broader based access to community services.
- 2.2. Provide a framework within which the Municipality to implement a lifeline service to indigent households in respect of their municipal account.
- 2.3. Determine the criteria for qualification of indigent households.
- 2.4. Ensure that the criteria is applied correctly and fairly to all applicants;

## **3. QUALIFYING CRITERIA**

### **3.1 Criteria for Applied Indigent Status**

To qualify for "Applied Indigent Status", a household must comply with all the following criteria:-

- 3.1. The total household income must not exceed the amount approved by council from time to time.
- 3.2. The applicant must be a South African citizen.
- 3.3. The applicant must not be the registered owner of more than one property.

- 3.4. The applicant must be a resident of Msunduzi Municipality and have a registered account with the Municipality.
- 3.5. The requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered, nor in rural areas where no accounts are rendered.
- 3.6. Recognised refugees must provide proof of such status.
- 3.7. A tenant or occupier as described in Council's Credit Control and Debt Collection Policy can apply for the benefits in respect of the charges as billed for, while the landlord remains liable for all ownership related charges such as rates.

**4. CRITERIA FOR THE APPROVAL AS INDIGENT ARE AS FOLLOWS:**

- 4.1 That the gross household income for qualification as a registered Indigent be determined each year by Council in terms of the tariff register.
- 4.2 That the prescribed application forms be completed annually.
- 4.3 The Municipality reserves the right to conduct in loco visits to the premises of applicants to verify the actual status of the household.
- 4.4 The Municipality will maintain a register of addresses of account holders receiving subsidies.
- 4.5 The Municipality may publish the register of Indigents and disclose the names and address of registered applied indigents.
- 4.6 The applicant will be subjected to a verification process using all information and systems at the disposal of the Municipality.

**5 SUBSIDY**

The subsidies below will be funded from the “equitable share” contribution received from National Treasury, plus an amount from the Municipality’s own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the above mentioned funds are available for allocation.

Where the municipal account exists, the subsidy amount allocated will be calculated and will be credited into the consumer’s municipal account every month.

**Service levels:**

- 5.1 100% of the basic charge and MCB Charge for electricity for one service point per month.
- 5.2 In order to qualify for the indigent subsidy the applicant must have a maximum of 20 amps and in the event that the supply is in excess of 20 amps Council shall down grade the amperage to the maximum of 20 amps.
- 5.3 100% of Scale 2 domestic charge for sewerage per month for one service point.
- 5.4 100% of the domestic refuse removal tariff for one service point per month.
- 5.5 70 kWh of electricity.
- 5.6 6kℓ of free water to all registered indigent households. Water is calculated on a daily tariff, therefore water is calculated based on 200 litres per day which is multiplied by the number of days the water is consumed by the customer. In the event that water charged is for a period of 28 days rather than 30 days, the applicable billing will be 200 litres multiplied by 28 days which equates to 5.8 kl free basic water. If water charged was for period of 32 days rather than 30 days the applicable billing will be 200 litres multiplied by 32 days which equates to 6,2 kilolitres.
- 5.7 100% of the domestic unmetered water tariff for non-metered consumers.

**6. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES / ORPHANAGES/ DISABILITY CENTRES**



Indigent consumers living in retirement centres / orphanages / and disability centres shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures:

- 6.1 The onus will be upon the board of trustees / managing agent / chairperson of the retirement centre to apply to the municipality for indigent status to be granted in respect of water consumption on behalf of the owners of those units who meet the criteria and conditions for qualification.
- 6.2 The onus will be upon the unit owner/consumer to apply to the municipality for indigent status to be granted in respect of service charges. The representative of the retirement centre will submit applications to the Municipality.

## **7. PROCESS MANAGEMENT**

### **7.1 Validity period**

The validity period for assistance will be for a maximum period of one financial year.

### **7.2 Death of registered applicant**

In the event that the approved applicant passes away, the heirs of the property must re-apply for indigent support and meet the stipulated criteria.

### **7.3. Termination of indigent support**

Indigent support will be terminated under the following circumstances:

7.3.1 Death of the applicant.

7.3.2 Upon change of ownership of the property in respect of which support is granted.

7.3.3 When circumstances in the indigent household have improved in terms of gross income threshold as prescribed by Council.

7.3.4 If the applicant is found to have furnished false information about his/her personal circumstances or regarding the declaration in respect of the indigent status, the following will apply:

7.3.4.1 All arrears will become payable immediately

7.3.4.2 Credit control and Debt Collection measures will apply

7.3.4.3 The applicant will not be eligible to apply for indigent support for a period of Two (2) years.

7.3.5 If the usage category changes to anything other than residential.

## **8. APPEALS**

Any aggrieved person who was not successful in the application to be regarded as an indigent, may lodge an appeal to the Municipality within a period of 14 days from the date on which the aforesaid decision was communicated to the applicant.

## **9. ASSISTANCE PROCEDURES APPLICABLE TO THIS POLICY**

### **9.1 Communication**

The municipality may develop a communications strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy.

### **9.2 Communities**

Members of the community should monitor responsible use and prevent misuse, e.g. illegal connections and help to distribute information to their neighbours.

### **9.3 Application / Registration**

A person applying for assistance must complete a formal indigent support application form approved by the Municipality and must meet the qualification criteria as stipulated in this policy.

### **9.4 Approved applications**

9.4.1 All applications that meet the prescribed qualification criteria are then processed on the financial system.

9.4.2 The applicant is flagged as Indigent in the prepayment system.

## **10. PUBLICATION OF NAMES OF QUALIFYING APPLICANTS**

The applicant must grant permission for the Municipality to publish his/her name and address on a list of account holders receiving subsidies in terms of this policy and be submitted to credit authorities

Any person may inspect or scrutinise the list at a Customer Care Office and inform/notify the Municipality of any person who, according to their true circumstances, should not be in receipt of a subsidy as envisaged in this policy.

#### **11. CURRENT AMOUNTS IN ARREARS**

Applied Indigents, whose municipal accounts are in arrears amounts, will be treated in terms of the provisions of credit control and debt collection policy of the council regarding their status as indigent,

#### **12. REGISTER**

The Municipality shall keep a register of approved indigent households.