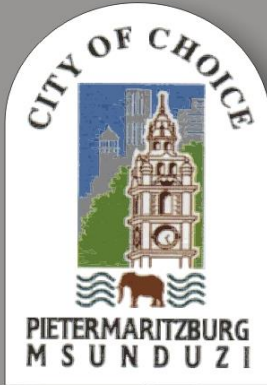


MSUNDUZI MUNICIPALITY



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The Msunduzi Municipality

DRAFT INDIGENT POLICY

2015/2016

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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 Municipality of Msunduzi
“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. CRITERIA FOR THE APPROVAL AS INDIGENT ARE AS FOLLOWS:

- 2.1 That the gross household income for qualification as a registered Indigent be determined each year by Council in terms of the tariff register.
- 2.2 That the property values not exceed the approved limits.
- 2.3 That the prescribed application forms be completed annually.

3. OBJECTIVES OF POLICY

The objectives of this Policy are to:-

- 3.1. 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 housing, community services, employment initiatives and basic healthcare.
- 3.2. Provide a framework within which the Municipality to implement a lifeline service to indigent households in respect of their municipal account;
- 3.3. Determine the criteria for qualification of indigent households;
- 3.4. Ensure that the criteria is applied correctly and fairly to all applicants;
- 3.5. Allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household;
- 3.6. Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

4. QUALIFYING CRITERIA

4.1 Criteria for Automatic Indigent Status

To qualify for “Automatic Indigent status”, a household must comply with all the following criteria:-

- 4.1.1 The total property value must be less than or equal to R100 000.
- 4.1.2 The total household income must not exceed the amount approved by council from time to time.
- 4.1.3 The applicant must be a South African citizen;
- 4.1.4 The applicant must not be the registered owner of more than one property.
- 4.1.5 The householder must be a resident of, and have a registered account with the Municipality, except that 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.
- 4.1.6 Recognised refugees must be South African citizens (with ID card) or have recognised refugee status (proof of status needed).

4.2 Criteria for Applied Indigent Status

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

- 4.1.1 The total property value must not exceed R500 000.
- 4.1.2 The total household income must not exceed the amount approved by council from time to time
- 4.1.3 The applicant must be a South African citizen;
- 4.1.4 The applicant must not be the registered owner of more than one property.
- 4.1.5 The householder must be a resident of, and have a registered account with the Municipality, except that 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.
- 4.1.6 Recognised refugees must be South African citizens (with ID card) or have recognised refugee status (proof of status needed).

- 4.1.7 A tenant or occupier as described in Council's Credit Control 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.

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 rounded off to the nearest lower R1, and will be credited into the consumer's municipal account every month and be indicated as such on the account.

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; 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 the basic charge for water for one service point per month ;
- 5.4 100% of Scale 2 domestic charge for sewerage per month for one service point;
- 5.5 100% of the domestic refuse removal tariff for one service point per month;
- 5.6 70 kWh of electricity;
- 5.7 6kl of free water to all registered indigent households.

6. PROPERTY RATES

Each registered indigent household shall be subsidised for property rates as provided for in the annual budget as approved by Council and in line with The Msunduzi Municipality's Rates Policy.

7. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES / ORPHANAGES/ DISABILITY CENTRES

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

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.

The onus will be upon the unit owner to apply to the municipality for indigent status to be granted in respect of property rates and service charges. The representative of the retirement centre will submit applications to the Municipality.

8. PROCESS MANAGEMENT

8.1 Validity period

The validity period for assistance will be for a maximum period of 12 months.

8.2 Death of registered applicant

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

8.3. Termination of indigent support

Indigent support will be terminated under the following circumstances:

8.3.1 Death of the account holder.

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

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

8.3.4 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:

8.3.4.1 All arrears will become payable immediately

8.3.4.2 Credit control measures will apply and

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

8.3.5 If the rates category changes to anything other than residential.

9. 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.

10. ASSISTANCE PROCEDURES APPLICABLE TO THIS POLICY

10.1 Communication

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

10.2 Communities

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

10.3 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.

10.4 Approved applications

All applications that meet the prescribed qualification criteria are then processed on the financial system. A copy of the approved application is sent to the credit control section for the applicant to be flagged as Indigent in the prepayment system. This ensures that the applicant gets his/her monthly free issue and receive indigent benefits the total monthly subsidy applicable on service charges will be reflected on the monthly statement of account after approval.

11. 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 scrutinize 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.

12. CURRENT AMOUNTS IN ARREARS

Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy will be treated in terms of the provisions of credit and debt collection policy of the council regarding their status as indigent,

13. REGISTER

The Municipality shall keep a register of approved indigent households.