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GREATER TZANEEN MUNICIPALITY

FINANCE DEPARTMENT

INDIGENT POLICY

POLICY STATEMENT

The Greater Tzaneen Municipality believes that an indigent policy should be adopted to promote social and economic development and to provide services to the poorest of the poor (indigent Households).

1. AIM

The aim of this policy is to set clear guidelines how Council will assist Indigent Households and what the roles of the different departments are.

This policy will further set broad principles, resulting in the adoption of a By-Law for the implementation and enforcement of a Tariff Policy.

2. OBJECTIVES

- 2.1 To determine which households qualify as Indigent Households according to laid down criteria.
- 2.2 To set clear guidelines on the level of services that will be supplied to Indigent Households
- 2.3 To determine the role of the department of the Financial Manager and the department of the Strategy and Development Director respectively.
- 2.4 To lay down guidelines on the cross subsidisation and funding of the Indigent.

3. TERMS OF REFERENCE

Section 214 (1) of The Constitution of the Republic of South Africa, Act no. 108 of 1996 (hereafter referred to as the Constitution) stipulates inter alia the following:

***"An act of parliament must provide for:-
The equitable division of revenue raised nationally among the national, provincial and local spheres of government."***

Section 74 (2) © of the Municipal Systems Act, Act 32 of 2000 stipulates inter alia the following:-

- "poor households must have access to at least basic services through:-"**
- (i) **Tariffs that cover only operating and maintenance costs;**
- (ii) **Special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or**
- (iii) **Any other direct or indirect method of subsidisation of tariffs for poor households;"**

4. DELEGATION

The overseeing responsibility for implementation of this policy is delegated to the Municipal Manager in terms of Section 59 of the Municipal Systems Act, Act 32 of 2000. The responsibility for implementation is delegated to the Financial Manager in terms of the Municipal Systems Act, Act 32 of 2000, as far as it is stipulated to be their individual responsibility.

5. RESPONSIBILITY OF GREATER TZANEEN MUNICIPALITY

5.1 Council accepts that the improvement of the general welfare of the community is a governmental responsibility and therefore is committed to this goal.

5.2 As the sphere of Government closest to the people the role that the Greater Tzaneen Municipality can play in developing the community is acknowledged and supported.

5.3 Legislation determines that the Greater Tzaneen Municipality is responsible for the supply of services at affordable levels and tariffs to consumers and to effectively limit the accumulation of arrear debts.

5.4 The Greater Tzaneen Municipality also accepts its responsibility to creatively develop ways and means to recover all arrear debts from consumers in a manner which is affordable to Council and which ensures effective financial management.

5.5 All concessions that will be made to a category of consumers will be carefully considered in order to minimize the impact of cross subsidisation by other groups.

5.6 Cash flow limitations will determine the extent of concessions that will be made.

5.7 The onus to be registered as an Indigent Household lies with the individual consumer, and Council has the responsibility to communicate this policy to the consumers.

6. QUALIFICATION AS INDIGENT HOUSEHOLDS

6.1 Criteria for identification

In order to set clear guidelines for the identification of an Indigent Household the following criteria will be made applicable on all households within the Council's area of jurisdiction.

6.1.1 Income

All households with a gross income of R1 100,00 per month and less will qualify to complete an application form to be registered as an Indigent Household. This amount is based on the amount set by the Department of Provincial and Local Government (DPLG).

6.1.2 Registration

All consumers regarding themselves as being indigent should apply at the office of the Financial Manager. The Financial Manager will then register these consumers on a data base from where it will be verified by their ward committees, respective ward Councillor and social workers to investigate the household circumstances as indicated on the application form and these parties are jointly and severally responsible for the contents of such applications.

Further to the registration the following:

6.1.2.1 All applicants will have to register annually as Indigent, failing which they will be de-registered.

6.1.2.2 An unemployed person will have to provide proof of their registration as unemployed at the Department of Labour.

6.1.2.3 A social worker's report will have to be submitted together with the application form indicating the social welfare of the applicant; if such report does not exist then Council may undertake its own evaluation.

6.1.2.4 Bank statements must be provided to motivate the application.

6.1.2.5 The applicant's last income tax return form should be provided where available.

6.1.2.6 Applicants must declare by means of an affidavit that they indeed are indigents.

6.1.2.7 Applicants must take note that should their applications be successful their names will be displayed to offer the public an opportunity to comment and/or object to the registration.

6.1.2.8 Objections by the public will be forwarded for further investigation of the applicant's socio-economic circumstances / situation.

6.1.2.9 Fraudulent applicants will be disqualified, the subsidy granted by Council will be recovered, and legal steps will be instituted against such offender.

6.2 Handling of accounts

6.2.1 Arrear Debt

Where an account is in arrears and the debtor is registered as indigent, and remains indigent for a fixed period of 12 months, the debt is written off as irrecoverable.

6.2.2 Credit Control

6.2.2.1 The Indigent Policy is linked to the Credit Control Policy.

6.2.2.2 Indigents who fail to pay their accounts or keep to the terms of their arrangement will have their subsidy withdrawn and will be dealt with in terms of the Credit Control Policy.

7. LEVEL OF SERVICES

Services will be rendered to all debtors that are regarded as Indigent but the following levels are set:

7.1 Water

7.1.1 The provision of water as a free basic service will be in accordance with the provisions of the Policy / By-Law passed / promulgated by Mopani District Council.

7.1.2 A household that qualifies as an indigent will qualify for free basic services referred to in 7.1.1 above, to a maximum of 6 kl water per month.

7.1.3 Where the consumer consumes more than 6 kl between readings the full tariff will be applicable.

7.2 Refuse

The same service will be rendered as to other households.

7.3 Sanitation

The same service will be rendered as to other households.

7.4 Electricity

7.4.1 The provision of free basic electricity to indigent households is available to the entire area of the Greater Tzaneen Municipality, including Eskom's licensed area. Where a consumer applies for indigent status, he/she will be informed of the consequences of their choices because they will be provided free of charge with a 10 Amp circuit breaker in terms of the Electricity Basic Support Services Tariff (EBSST). Consequences include tripping, other possible inconveniences created by the 10 Amp circuit breaker. Should they want to have a bigger circuit breaker they will have to pay for the upgrading.

7.4.2 Use will also be made of the self-targeting without current limitation approach. This means that if the consumer indicates that he/she does not want to go on the 10 Amp circuit breaker, he/she will automatically be charged at a higher tariff if he/she uses more than 150 kWh.

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7.4.3 Only the operational and maintenance cost will be collected from consumers but for the indigent who qualifies for the free basic services a charge of R30 per month will be levied for all the services.

7.4.4 The first 50 kWh be free of charge, and Council reserves the right to amend this downwards at any time.

8. TARIFF FOR INDIGENT

Tariffs for the indigent will be charged in terms of Council's Tariff Policy.

8.1 Exceptional Cases

In exceptional cases a committee consisting of the Municipal Manager, Chief Financial Officer and the Strategy and Development Director (or any delegated official) would decide about the granting of assistance to a household in need. Exceptional cases would include amongst other things: a drastic change in the family structure, e.g. the death of a spouse/breadwinner, where a spouse/breadwinner has been jailed, child-headed families for whatever reason, where a spouse/breadwinner is hospitalised because of HIV/Aids, etc..

The committee will be delegated to write off amounts to be approved by Council should circumstances in a household warrant such a write off.

9. ROLES OF DEPARTMENTS

9.1 Department of Chief Financial Officer

The department of the Financial Manager will have the following responsibilities:-

9.1.1 To register every applicant in a temporary register;

9.1.2 To assist consumers in completing the application form;

9.1.3 To verify all related financial answers that were given by the applicant on the application form.

9.1.4 To inform the department of the Strategy and Development Director of every new application that has been received on a

monthly basis for the department to send out social workers to verify the applicant's household circumstances;

9.1.5 To ensure that the applicant has an agreement with Council for the rendering of services.

9.1.6 To ensure that the income for the household does not exceed the amount in paragraph 6.1.1 or any amendment thereof;

9.1.7 To ensure that no false information is provided;

9.1.8 To inform the Department of the Civil Engineering Manager of the Indigent Households at which the water flow valve must be installed to restrict the monthly water consumption to 6 kl per month.

9.1.9 To inform the Department of the Electrical Engineering Director of the Indigent households at which the circuit breaker must be reduced to a 10 Amp circuit breaker in terms of EBSST;

9.1.10 Ensure that tariffs are set so that the first 50 units of electricity would be free of charge.

9.2 Department of Strategy and Development Director

The department of Strategy and Development will have the responsibility to liaise with social and welfare services for the purpose of helping with the processing of indigent applications.

9.3 Department of the Civil Engineering Director

The department of the Civil Engineering Director will have the responsibility to install the water flow valve at each household which qualifies as an Indigent Household.

9.4 Department of the Electrical Engineering Director

The department of the Electrical Engineering Director will have the responsibility to install the 10 Amp circuit breaker (if so requested by the debtor) at each household which qualifies as an indigent household. Should a debtor request an upgrading after the initial downgrading, the Electrical Engineering Director is also to liaise with ESKOM with regard to technical and other related issues.

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10. FUNDING OF INDIGENT HOUSEHOLDS

All indications are that the equitable share will be for the indigent. The indigent are the category of people being the unemployed, disabled and pensioners who are unable to pay the full cost of the average municipal account. The Constitution requires from Council to ensure that all residents have access to basic services. Certain basic services are identified as a necessity:

- > Access to clean water within a reasonable distance,
- > Basic sanitation (VIP)
- > In some cases limited access to electricity, and
- > Roads with storm water drainage
- > Electricity
- > Public amenities (including Fire Brigade Services)

11. REFERENCE TO OTHER POLICIES

- a) Credit Control and Debt Collection Policy
- b) Tariff Policy

12. CONCLUSION

As the sphere of government closes to the people Greater Tzaneen Municipality takes pride in presenting this Indigent Policy and hopes that through this policy Council can contribute to the improvement of the general welfare of all its people. Through the Indigent Policy this municipality will endeavour to improve the general welfare of its people, by supplying services at affordable levels and tariffs and thereby limit the accumulation of arrear debts.