

# **GREATER TZANEEN MUNICIPALITY**



## **POLICY INDIGENT SUPPORT**

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### **1. PREAMBLE:**

Whereas the provision of free basic social services by local government is part of the broader social agenda and anti-poverty strategy of Government,

and whereas Government at all levels has a constitutional obligation to take measures towards the realization of the social and economic rights of all people as contained in the Bill of Rights, namely, inter alia, health care, water, housing, social security and the environment,

and whereas Section 27 of the South African Constitution Act , 1996 (Act 108 of 1996) stipulates that:

1. “Everyone has the right to have access to –
2. Sufficient food and water, and
3. ...., appropriate social assistance”

and whereas section 74(2)(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended, provides that municipalities can provide poor households with access to basic services through specially subsidized tariffs,

and whereas Section 97(1)(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must make provision in its Credit Control and Debt Collection policy for indigent debtors consistently with its rates and tariffs and any national policy on indigents.

The Greater Tzaneen Municipality within the jurisdiction of this municipality, for that portion of the community which are challenged with poverty, the following policy is applicable

### **2. PURPOSE**

The purpose of this policy is to establish a registration mechanism and to ensure that registered indigent households have access to basic municipal services and that provision is made for financial and service delivery assistance to them.

### **3. PRINCIPLES**

- 3.1 Indigent debtors must have access to basic services in terms of the South African Constitution; those services delivered by this municipality which are regarded as being basic to the indigent are included in this policy.
- 3.2 The criteria for the identification of indigent households must be clear and transparent
- 3.3 Indigent debtors are mostly not able to fully meet their obligations for services consumed and property taxes on their monthly accounts; hence this policy must provide guidelines on affordability of tariffs for property tax and municipal services for indigent debtors.
- 3.4 The historic arrears of newly registered indigents must be dealt with according to guidelines set in this policy.
- 3.5 Consumption of metered services by indigent debtors must be maintained at lowered levels to increase affordability of charges on their municipal accounts; hence this policy must give guidance on technical aspects for the delivery of such services.
- 3.6 The municipality shall maintain a register of all indigent households residing within its area of jurisdiction.
- 3.7 The municipality shall within its financial and administrative capability render basic services to the indigent households.
- 3.8 The following values in this policy will be included into the compilation and approval by the council of its annual budget:
  - The gross household income threshold to qualify for indigent support
  - Tariffs and rebates applicable to indigents
  - The monthly quotas of free basic metered services to be provided to the indigent in Kiloliter and kilowatt-hours.
  - The property rates exemption level.
  - The free basic services on refuse removal and sanitation.

#### **4. DEFINITIONS**

For the purpose of this Policy the following words and expressions shall have the corresponding meaning, unless the contents clearly indicates otherwise:

##### **Basic Municipal Services**

Basic municipal services means a municipal service, subsidized by the municipality that is necessary to ensure an acceptable and reasonable quality of life and if not provided, would endanger public health or safety or the environment. For the purpose of this policy, basic municipal services refer to the following services supplied by the municipality:

- *Rates (non-trading services & institutional costs)*
- *Sewerage*
- *Refuse removal*
- *Water*
- *Electricity*
- *Housing Rental: Municipal Properties*

##### **Child headed households**

Child headed households for the purpose of this policy refer to households headed by a person under the age of 18, who permanently resides at the address of the household and upon whom the household relies on survival.

##### **Chief Financial Officer**

means such Municipal official appointed in terms of section 57 of the Municipal Systems Act, 2000 and administratively in charge of the budget and treasury office;

##### **Credit Control and Debt Collection Policy**

means the Credit Control and Debt Collection Policy of the municipality as adopted by Council in terms of section 96(b) of the Municipal Systems Act ,2000 as amended;

##### **Council**

means the Municipal Council of the Greater Tzaneen Municipality in terms of section 18 of the Municipal Structures Act, 1998 as amended;

##### **Greater Tzaneen Municipality**

means such Municipality established in terms of section 12 of the Local Government Structures Act , 1998 (Act 117 of 1998).

##### **Indigent**

Indigent means those residents with South African citizenship each representing one residential unit/family who are extremely poor, whose households are unemployed, who are state pensioners or disabled and receiving a state grant, who are single parents in receipt of

a child grant and who are , due to a number of economic or social factors, unable to pay for municipal services. Only residential debtors who permanently live within the municipal area of jurisdiction can be registered as being indigent.

**Municipal Account**

means an account in terms of section 3 of the Credit and Debt Collection Policy.

**Occupier**

means a person who lives in an informal or formal settlement on land which does not belong to him/her, without the objection of the owner of the property.

**Owner**

Owner for the purpose of this policy means:

- (a) The registered owner of the residential property on which an indigent family resides, or
- (b) A person appointed by the Master of the Supreme Court or another competent court of law as a responsible person to take care of all the affairs of a contractual incapacitated or deceased person (to mainly provide for assistance of child headed households and elderly widows/ers)

**Registered Indigent Household**

Registered indigent household means those households who have met the indigent registration criteria and are registered in terms of this policy.

**Social Package**

Social package means those service delivery levels and financial benefits that the municipality can afford and package together to the benefit of the poor and the registered indigent households within its geographic area of jurisdiction.

**Tenant**

Tenant in terms of this policy refers to a person residing on municipal owned property and who has a formal lease agreement with the municipality for housing purposes.

**5. DETERMINATION OF THE SUBSIDY AND INDIGENT TARIFF**

5.1 The subsidy for each service rendered by Greater Tzaneen Municipality will be determined by Council from time to time. Such determination will take into account the National allocated funds and revenue generated or to be generated by the district. The process will form part of the budget process of Greater Tzaneen Municipality.

5.2 The council may as part of the budgetary process, determine an indigent tariff that will be charged to indigent households to recover only maintenance and operational costs.

5.3 The indigent tariff will be charged in terms of the Council's tariff policy.

## 6. REGISTRATION CRITERIA

A residential household can be registered once as an indigent if the applicant for registration meets all of the following criteria:

- 6.1 The property must be a residential property ; and the applicant , or combination of applicants must be
- (a) The registered owner of the residential property ; or
  - (b) An occupier of a child- headed household where the residential property is registered in the name of the deceased parent or deceased parents; or
  - (c) A purchaser of a residential property from any of the spheres of government on a delayed transfer basis; or
  - (d) the party to whom the residential property is awarded in the event of a divorce; or
  - (e) Where a deceased estate has not been wound up;
    - (i) in the case of a deceased estate, in whose name the residential property is registered , any heir to whom the registered property has been bequeathed; or
    - (ii) a surviving spouse , where the surviving spouse was married in community of property to the deceased, and where the residential property is registered in both spouse's names, and the surviving spouse is the sole heir; or
    - (iii) a surviving spouse , who was married in community of property to the deceased, together with any other heirs , if any, where the residential property is registered in the name of that deceased ; or
    - (iv) in the case where a portion of a residential property is registered in the name of the deceased estate, the surviving registered owners together with the heirs to the deceased estate, or
  - (f) in the event of the residential property being registered in the name of a trust ,
    - (aa) the beneficiaries , for the meantime, of a testamentary trust established in terms of the Administration of Estates Act , 66 of 1965; or
    - (bb) the trustees together with any beneficiaries, for the meantime , of a trust established in the terms of the Trust Property Control Act , 57 of 1988; or
  - (g) a usufructuary(somebody who is entitled by usufruct to the use of somebody else's property)

- (h) or habitation where such usufruct(the legal right to use and enjoy the advantages or profits of another person's property) or habitatio; or
- (i) where there is more than one person residing at the residential property who meet any of the criteria set out in this sub-item then they must jointly make application in terms of this item;

6.2 the total gross monthly income of all the members of the applicant's household does not exceed the sum of two old age state grants, unless the approved annual budget of the Council specifically states a different amount, then that amount.

6.3 the applicant as well as any other member of the household may not be the registered owner of more than one immovable property nationally and internationally; and

6.4 Be a full time occupant of the residential property or where the registered owner is unable to occupy the property due to no fault of such registered owner , the spouse or minor children may satisfy the occupancy requirement; and

6.5 The applicant must be a South African citizen and must be the occupier, owner or tenant as defined in this policy and must be resident on the property referred to on the application form. Applicants residing in formal areas with municipal accounts, must present the municipal account as proof of residence

6.6 In cases of child headed households, the applicant for registration may either be a guardian adult older than eighteen (18) years not residing on the property or an orphaned minor residing on the property. The person applying on behalf of a child headed household must certify that only orphaned children reside at that property.

## **7. NEW APPLICATION AND REGISTRATION**

The applicant must complete an indigent application form at the designated facilities of the Chief Financial Officer and the following documentary proof must be submitted with each application:

- Certified copies of proof of existence of each member of the household i.e. birth certificates or identity documents
- A copy of the most recent municipal account of the property and the election ward number
- Documentary proof of total monthly income of the household (e.g. Pension receipt advice, UIF Cards, Salary advice, letter from employer) or a written declaration certified by a Commissioner of Oath stating the alternative sources and approximate amounts of the total income monthly generated by the household.

- In case of tenants on municipal properties, a copy of the rental contract.
- In case of occupants, proof of identification of the registered owner of the property and written confirmation from the registered owner of the property, that the applicant has permission to stay on the property at the cost of the owner.
- In the case of the applicant being a spouse or dependent of a deceased owner of a property a death certificate should be submitted.

## **8. APPROVAL OF INDIGENT APPLICATION**

8.1 The new application for indigent status shall be verified by the Ward Councillor, or duly appointed agent of the Chief Financial officer, together with the verification officer and the indigent officer that the information on the application and supporting documents have been verified to be true and conforming to the registration criteria.

8.2 Existing indigent's status will be verified upon the register of the previous year. They do not need to fill in new applications.

8.3 The new applications will be captured on the indigent register/database kept by the Municipality and the entire register shall be reviewed annually.

8.4 New indigent applicants may start benefitting from the date of verification and the balance as on that date they started benefitting will be forwarded to Council for write-off for the year. In the event that Council do not approve indigent status all benefits will be reversed.

8.4. The register will be open for inspection by ward councillors and the community to verify the information of the registered indigents(new and existing) within their wards. Verification may include visits to the household or ad hoc evaluations may be requested based on new information of registered indigents.

8.5 Once the inspection period close the register will be approved by the Finance Cluster then by Council for implementation 1 July every year.

8.6 The Chief Financial Officer shall every year submit a report to the municipal council with regard to the indigent register approved by the Finance Cluster and the indigent household debts to be written off as bad debt.

8.7 All approved indigent households will be entitled to a maximum subsidy as approved by Council from time to time to cover basic services.

8.8 Council will determine the amount of targeted subsidies on a yearly basis which may vary between categories of indigent customers.



## **9 RESPONSIBILITIES OF REGISTERED INDIGENT HOUSEHOLDS**

### **9.1 Restriction**

The applicant must accept technical assistance by the municipality to make his/her current monthly consumption of services more affordable through the supply of limited services, as soon as the application is successful. If the applicant is not the owner of the property so affected, then the owner needs to give consent to the installation of the technical restrictive device/s on his/her property's service installation/s

### **9.2 Duration**

The successful applicant must accept the limited levels of services and must stay in the program for at least 12 months.

### **9.3 Metering**

The registered indigent must ensure that his/her monthly consumption does not materially deviate from the limited level of services allocated in terms of this policy. Consumption exceeding such levels will be billed to the municipal account of the property and be payable by the consumer. Consumptions below such levels will not entitle the consumer to accrue the unused portion for future use or to claim any financial benefits. Wherever the municipality may install prepayment meters as an assisting technology, it must be accepted.

### **9.4 Account/Statement**

The indigent household shall receive a municipal account on a monthly basis reflecting the amounts charged for different services and rates, and also the rebates and subsidies granted.

### **9.5 Non- Payment**

Credit control and/or debt collection measures will be instituted against the indigent account holder if the account for consumption over and above the free use, after the historic arrears were written off, is not paid in full every month.

Debts incurred by existing indigents due to exceeded consumption will not form part of this indigent write-off.

### **9.6 Status Updates**

Should the situation of the registered indigent household change, then the onus is on that household to either inform the municipality that re-evaluation may be considered or to apply for de-registration.

## **10. SOCIAL PACKAGE**

### **10.1 Property Tax**

The municipality may rebate 100% for registered indigents for as long as they remain registered.

### **10.2 Free basic services**

Indigent households will receive a pre determined quantity of electricity, water, sewerage and refuse removal free of charge on a monthly basis. The free monthly quantities will be determined and stated in the approved annual budget of the council.

### **10.3 Arrears of indigent household – new applications**

Pending the outcome of the application for indigent status, credit control and debt collection actions to recover the total outstanding amount will be suspended as at date of receipt of application. All future new monthly levies after this suspension must be paid every month to ensure that the arrear debt does not increase on such an account, the usage must also be monitored closely. After the evaluation and assessment of applications have been completed the total outstanding amount will then be written off as a once off for all **new** successful applicants.

### **10.4 Benefit to child headed households**

As almost every child headed household has a zero base income, they will be referred to social workers to be linked to social, economic and educational initiatives.

### **10.5 Rental arrears of Indigent Households**

The rental arrears of new successful indigent applicant which is a residential tenant with a legal lease agreement with the municipality will also be written off. The monthly rent levy will then be reviewed to the lowest of either 25% of the family income or the full cost recovery rental of that specific housing scheme.

## **11. AFFORDABILITY OF METERED SERVICES**

In an attempt to make services more affordable to the indigent household, the following additional measures will be implemented:

### **11.1 Electricity**

A lower amperage (20 amp) circuit breaker will be installed to limit the available capacity and thereby lower the consumption of electricity for increased affordability to the relevant household.

### **11.2 Water**

Metered consumption of water will be reduced to the quantities determined in the annual budget per 30 day period to increase affordability for poor household, by

installing water devices at individual residences to either limit the water flow or to distribute daily water quotas.

### 11.3 Prepaid Meters

Subject to the availability of funding and installation capacity, metered services of all indigent households will be supplied via prepaid vending systems.

## 12. EXITING THE INDIGENT REGISTER

12.1 The registration will be terminated under any one of the following circumstances:

- Upon reviewing the current indigent register yearly and finding that the financial status of a registered indigent household has improved sufficiently.
  - For this purpose, indigency status re-valuation may be performed as soon as the consumption of electricity exceeds 200Kwh per month or water consumption exceeds 12 Kiloliters on average over any 3 consecutive months).
  - Collecting data from SASSA /UIF/SARS and other information bureaus to validate credit worthiness.
- Upon the death of the account holder.
- Upon the sale of the property
- If the registered indigent is not resident on the property any more.
- If it is discovered after approval that the applicant has supplied false information: this will also result in the household's municipal account being debited with all monies previously credited.
- As soon as the finances of an indigent household have improved, the registered indigent may apply to be de-registered at the designated facility of the municipality. The tariffs on the account of the property will be normalised upon de-registration and the debtor must apply to indicate which of the restricted services must be un-restricted to allow increased consumption. Any restrictions carried out due to credit control will not be un-restricted and no increased consumption will be enabled if the municipal account is in arrears again.

### 12.2 Ad hoc Evaluation

Ad hoc evaluations will be undertaken on all registered indigent households exceeding the consumption levels, or if false or incomplete information on applications is suspected.

### **13. PENALTY**

The municipality has the right to claim back all benefits given in case of fraudulent registration

### **14. SALE OF PROPERTY**

In cases of properties of registered indigent households being sold after receipt of indigent benefits, the following will apply:

Benefits allocated within the financial year will be debited back onto the account if the account is in arrears relating to exceeded consumption levels and will be claimed as outstanding debt in terms of section 118 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

### **15. DISCRETIONARY POWERS**

The council has the discretionary powers to amend any clause, stipulation or tariff embodied in the indigent support policy in the interest of the parties concerned.

### **16. SHORT TITLE AND COMMENCEMENT**

This Policy will be known as the Indigent Support Policy and shall commence on the date of adoption by the Municipal Council.

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<sup>i</sup> Reviewed March 2019