



INDIGENT POLICY

2022/2023

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1. DEFINITIONS

In this framework, unless the context indicates otherwise:

Clause headings are for convenience only and will not be used in its interpretation, and the following expressions bear the meanings assigned to them and similar expressions bear corresponding meanings:

‘Basic municipal services’ means a municipal service that is necessary to ensure an acceptable and reasonable quality of life that if not provided, would endanger public health or safety or the environment. For the purposes of this framework “Basic Municipal Services” refers to the following services rendered and subsidized by municipality: water and sanitation.

‘Child headed households’ means households headed by a person under the age of 21 years but with all other requirements for an indigent household as stated in this document.

‘Indigent’ means any household or category of households, including a child headed household, earning less than a combined gross income, as determined by the municipality during the compilation of annual budget in terms of a social and economic analysis of its area, as vested in the municipal policy, which qualifies for rebates or remissions, support or a services subsidy, provided that child support grant is not included when calculating such household income.

‘Indigent register’ means the municipal list of indigent customers as per the municipal policy, which must be updated on a monthly basis, designed to contain all the data contained within completed indigent application forms.

‘Municipal tariff’ means a tariff for a service which a municipality may set for the provision of a service to the local community and includes a surcharge on such tariff.

'Property owner' means a person in whose name property is registered/ the holder of a title deed.

'Representative' means the Board of Trustees/Managing Agents of retirement centres and old age homes.

'Restricted service levels' - refers to metering and billing system that restricts the household's consumption of free basic service to the predetermined level allocated to a particular household

'Household' Household is defined as a registered owner or tenant who live in the same premises for the indigent status application.

Poverty: Poverty is defined within the context of a poverty line. Poverty lines according to the size and composition of individual households in line with the publication by STATS SA. For purposes of uMgungundlovu District Municipality poverty is defined within the context of an Indigent household.

Free Basic Services: The quantity of services that shall be supplied free of charge to an approved indigent household, amounting to a maximum 6 kl of water per month.

Programme Officer: An official duly authorised by the Municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening, and site visits are undertaken and for recommending applicants for approval to receive indigent support.

Verification Officer: An official duly authorised by the Municipality, or an employee of a Service Provider appointed by the Municipality, to assist with the management of Indigents, to visit households and verify the applicant's application and to recommend that the applicants is either a suitable or not a suitable candidate for approval to receive indigent support.

Vulnerable Groups: Population subgroup that experience a higher risk of poverty and social exclusion than the general population. This subgroup includes Children (Under 17 years of age) Youth (People aged between 15 -34) Women, Senior citizens, and People living with Disabilities

“Municipal council” or **“council”** means the council of a municipality referred to in section 18 of the Municipal Structures Act.

2. LEGISLATIVE FRAMEWORK

This policy framework is designed and implemented within the contexts of but not limited to the following prescripts:

- a) The Constitution of the Republic of South Africa, 1996.
- b) The Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- c) The Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000);
- d) The Promotion of Access to Information Act, 2000 (Act No. 2 of 2000);
- e) The Municipal Structures Act 2000, (Act No. of 2000);
- f) The Local Government Municipal Systems Act 2003 (Act No. 32 of 2003);
- g) The Free Basic Water Implementation Guideline for local authorities 2002.
- h) The Free Basic Water Implementation Strategy 2007: Consolidating and maintaining; and
- i) Any other relevant prescripts as may be issued from time to time.

3. APPLICATION

a) The policy framework covers all rural and urban areas under the jurisdiction of uMgungundlovu District Municipality, where indigent households have been identified and registered.

4. PURPOSE

The purpose of this policy framework is to ensure that:

- a) The equitable share for indigent budget allocation benefits the poor households to improve their social, economic and development conditions.
- b) Free basic services are provided to the community in a sustainable manner within the financial and administrative capacity of the Council.

- c) There is a structured methodology for the identification and management of indigent households.

5. QUALIFYING CRITERIA

Subsidies apply to households and not individuals. For a household to qualify as indigent, a household must comply with the following requirements:

- a) The applicant must be a resident of the uMgungundlovu District Municipality.
- b) Have a valid South African Identity Document.
- c) The applicant must be eighteen (18) years of age and above.
- d) The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system.
- e) All households that are child headed.
 - i) Such applicants shall be assisted by the ward councilor and all documentary proof shall serve as evidence prior to qualification.
- f) Maximum combined household monthly income must not exceed R 5000.00 (excluding child grant, foster care grant, disability grant)
- g) If unemployed, the municipality may require:
 - i. An affidavit stating that you are unemployed; and
 - ii. An affidavit stating that you have no other source of income.
- h) If employed:
 - i. Latest salary/wage payslip or a letter from an employer stating your income.
 - ii. If self-employed, an affidavit stating how much you earn per month, or any valid proof of income; and
 - iii. Proof if receiving maintenance grant or pension.

6. APPLICATION PROCEDURE

- a) Applications must be invited on an annual basis through the public advertisement process for registration as indigent households.
- b) Registration must be undertaken on a going basis throughout the year with campaigns done as and when the district sees a need to do so.
- c) The onus for applying for indigent subsidy, in terms of this policy framework, rests with the consumer who has low income and cannot afford to pay the full municipal tariff for services received.
- d) Inclusion to the indigent registration may be done in the following ways:

- i. An indigent application must be completed on a specific council application form obtainable from customer care centres designated at their respective areas and municipal offices or forms brought by the district municipality officials to their areas during campaigns and /or special programs organised by the municipality.
 - ii. A consumer of uMgungundlovu District Municipality who appears on the approved indigent register of their respective local municipality may be automatically added on the municipalities indigent register, once confirm to be a customer of uMgungundlovu District Municipality, the district will then require a copy of the application documents of that individual from the local municipality for record purposes.
- e) Application forms must contain as a minimum, the following information:
- i. Account number.
 - ii. Name of head of household.
 - iii. Address.
 - iv. Total earnings of household.
 - v. Amount of subsidy to be received for water.
 - vi. Amount of subsidy to be received for sewerage.
 - vii. Total subsidy to be received.
- f) The following documentary proof must accompany the indigent application form:
- (i) Applicant's identity document.
 - (ii) Documentary proof of total monthly income of the household (this excludes the child and foster care grants received in that households).
 - (iii) A signed declaration form allowing uMgungundlovu District Municipality to share the applicant's information with other government departments and relevant stakeholders to conduct credit and profile bureau checks.
- g) The customer care centre official or any other person duly authorised by the municipality to do the indigent registration must verify the validity of and correctness of the application form together with the attached supporting documentation.
- h) A social worker may be requested to verify the actual social status of the indigent applicants.

7.

APPROVAL PROCEDURE

- a) The forms and attachments must be reviewed by the Water Services Authority unit and
- b) Any outstanding information may be requested from the applicant prior approval.
- c) Municipality officials or representatives may visit the applicant's household to verify the correctness of the information provided on the application form, which may include verification of unemployment status of individuals with Trans-union or South African Revenue services or any other nominated institution.
- d) Once all forms have been captured, reviewed and applicants verified a recommendation will be forwarded to the office of the Chief Financial Officer for approval.
- e) The Accounting Officer must on recommendation by the Chief Financial Officer, approve or disapprove the indigent register.
- f) Once approval has been granted the approved applicants must be coded according on the municipalities billing system.
- g) Once approved and coded on the system the indigent subsidy recipients will be notified in writing through the monthly billing statements of the outcome of their application.

8. VALIDITY OF INDIGENT SUBSIDY

- a) The indigent subsidy is valid from the day of approval by the accounting officer.
- b) The subsidy will be valid for a period of 5years subject to annual verifications by the municipality, whereafter the recipients of the subsidy will have to re-apply.
- c) State pensioners, child headed households and disabled beneficiaries need not to re-apply for the support at any point, they will however be subjected to annual verification by the municipality.
- d) Should there be a need for re-application for indigent support the application must be screened before granting approval where the customer's account for water:
 - i. Exceeds the free basic service approved by the council and
 - ii. Is not paid up to date, according to the credit control and debt collection policy.
- e) An applicant who is the registered household owner living within the municipal jurisdiction, who feels aggrieved by the decision taken in respect of his/her application may lodge an appeal with the council.

9. INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES AND OLD AGE HOMES

Indigent consumers living in retirement centres or old age homes are eligible to qualify for assistance and support in terms of the municipal policy, subjected to the following rules and procedures:

The onus is on the Property owner to apply to the municipality for indigent status to be granted in respect of charges related to water and sanitation.

The institution's representative must submit applications to the Chief Financial Officer.

The municipality must verify all applications and notify the representative or the property owner, whether the application was successful or not, about water and sanitation; and the respective amounts determined by the municipality.

The Chief Financial Officer must credit the monthly municipal accounts with water, and sewerage charges of the Retirement Centre or Old Age Home, where the municipality serves as a provider.

The amount credited must be calculated as per the municipal credit control and debt management policy, but up to a maximum of 200 litres of water per day for each unit that qualifies for assistance.

- f) The institution's representative must, in respect of monthly water credits allowed under indigent support:
 - i. Ensure that such credits are off set against the monthly levies of the relevant individual units.
 - ii. Provide proof to the Chief Financial Officer that the monthly levies of units which qualify for assistance, have been adjusted by the amount's credits to the account of the Retirement Centre or Old Age Home. Such information must be provided once every six months, or at such intervals as may be determined by the municipality.

10. TARGETING APPROACH

The Municipality in consultation with community based public participation structures must adopt and implement an approach that:

- i. Meets its diverse needs.
- ii. Is cost effective.
- iii. Maintains consistency and equal treatment of indigent households; and
- iv. Ensures that all and only indigent households are the beneficiaries of the programme.

11. SOURCES OF FUNDING

- a) The council must provide funds annually on the budget for the subsidization of indigent households on water and sanitation.
- b) Funds are already allocated to the municipality to fund the implementation of free basic services through the equitable share grant disbursed by the National Treasury to municipalities.
- c) Free basic service subsidies must be determined during the compilation of the annual budget and must be calculated by dividing the budget provision for indigent support by the number of applications already approved less 10 percent.
- d) The 10 percent of the provision held back may be used to finance applications received after the budget date.
- e) The subsidy must only be credited to the qualifying customer accounts until the amount provided on the budget by the municipality has been exhausted whereupon no further credits must be made.
- f) Existing indigent arrears on water and sanitation services charges must be written off against the provision for bad debts in line with the municipality's credit control and accounting policies.

12. EXTENT OF INDIGENT SUPPORT

- a) The extent of the monthly, indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.
- b) Subsidised service charges must be limited to water and sanitation.

13. FREE BASIC SERVICES

The free basic services social package or integrated basic social services and provision include the following:

Water and sanitation – an approved indigent registered household must receive fully subsidised water and sanitation at a minimum of 6kl per month, including the basic charges for such supply, provided that:

- Where the consumption exceeds 6kl per month the municipality must restrict water supply to the property or must bill the excess consumption used at a normal rate.
- b) Where excessive consumption is partly due to leaking or poor plumbing, the municipality must install a yard connection to the outside of the dwelling and meter the consumption.
- c) Alternative water supply (e.g. water tanks) is provided to areas where there is no infrastructure within the Municipal jurisdiction.
- d) The value of the subsidy must be recorded monthly on the financial system and reconciled on a quarterly basis to the indigent register`

14. COMMUNICATION PROCEDURES

The following are recommended communication procedures and free basic services implementation strategies:

- a) The municipality must develop a free basic services communication and implementation strategy through which communities must be informed and educated about the indigent programme in line with this policy framework

and its implementation, and this must be translated to at least two popular languages within the municipal boundaries.

b) Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for the free basic services subsidy as well as the services that are rendered in general. The following are methods of communication that must be used, but not be limited to:

- i. Ward committees.
- ii. Traditional leaders, where applicable
- iii. Community based organisations.
- iv. Local radio stations and newspaper.
- v. Social media platforms
- vi. Bulk Short Messaging Systems (SMS)
- vii. Municipal accounts.
- viii. Customer Care Centres.
- ix. Preparation of a separate notice to accompany the annual report publication.
- x. Izimbizo and road shows.
- xi. Public participation structures.
- xii. Jamborees where government and municipal officials are made available to assist residents with the certified copies that must be attached to applications; and
- xiii. Street billboards in terms of signage and adverts as well as taxi ranks.

15. ARREARS AND EXCESS USAGE OF ALLOCATIONS

a) Upon registration as an indigent household, the arrears on the account of the applicant must be kept pending for a period of up to six months after which it may be written off, interest may be calculated on the arrears as contemplated.

b) If the applicant exits from the indigent support programme within the six (6) months period, the arrears must be re-introduced in the account and be subjected to the credit control and debt management policy of the municipality.

- c) Council may from time to time decide to write-off indigent arrears based on a council resolution and/or credit control and debt management policy. No further legal action must be taken on such indigent arrears.
- d) Customers who qualify for an equitable share subsidy must be placed on restricted service levels to limit further escalation of debt.
- e) Where a qualifying customer's account is paid in full at the date of application, or after receiving the subsidy, and regularly maintains a paid-up monthly account including any arrangements made, the restriction on service levels must be waived.
- f) If the level of consumption of the indigent household exceeds the consumption level approved by the Municipality, the household will be obliged to pay for the excess consumption monthly based on the approved tariff structure for the financial period

16. CHANGE OF PROPERTY OWNERSHIP

- a) In the event of property ownership and or tenant change, the indigent support provided will be cancelled.
- b) The onus is on the account holder to notify the municipality of the change.

17. DEATH OF REGISTERED APPLICANT

- a) If the account holder is deceased, death certificate of the account holder and a letter of authority from the Master of High Court
- b) The heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

18. UNDER-USAGE OF ALLOCATION

If the level of consumption of the indigent household is less than the consumption level approved by the municipality, the household cannot claim or accrue the unused portion, be it in cash or rebates.

19. DISHONESTY AND NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

In a case of dishonesty and non-compliance from the applicants, the following shall apply:

- a. The indigent status of a customer must be reviewed at intervals determined by Council. This must be done by either physical audit or external verification check using the data obtained from, but not limited to, Trans-union, SARS and the Department of Social Development. Where the requirements are not met, the subsidy for that consumer must be cancelled.
- b. Comprehensive checks must be performed upon on the verification process and on an annual basis to ensure employees of other municipalities, district municipalities, Provincial Departments and National Departments as well as Councillors are not included on the Indigent Register. Any offences found must be reported to the Head: Financial Services for action.
- c. Where a registered indigent is found to have provided fraudulent information to the municipality with regard to any material condition for registration as an indigent, such person must immediately be removed from the register of indigents and must be liable to repay the municipality with immediate effect all indigent relief received from the date of such fraudulent registration. Moreover, such a person must not be considered for indigent relief for a period of five years beyond the financial year in which the misdemeanour is detected.
- d. A property owner or accountholder who has registered as an indigent and who fails to comply with any arrangements or conditions materially relevant to the receipt of indigent relief must forfeit his or her status as a registered indigent with immediate effect and must thereafter be treated as an ordinary accountholder for the financial year concerned.
- d. The onus is on each registered indigent to advise the Municipal Accounting Officer in writing of any changes likely to impact or impacting on their qualifying criteria.
- e. If an indigent household falls into arrears, the property owner or accountholder concerned must make an arrangement with the municipality to pay off these arrears. If these arrangements are not made, no subsidies must be paid or free services provided, and services must be terminated in terms of the municipality's credit control and debt collection policy

20. EXIT PROGRAM

- a. An indigent customer must immediately request deregistration where his or her circumstances have changed to the extent that he or she no longer complies with the requirements set out in this indigent policy framework.
- b. In addition to the circumstances stated above, indigent support must be terminated under the following circumstances:
 - i. Upon death of the accountholder or the head of the household where no accounts are rendered.
 - ii. Upon sale of the property in respect of which support is granted.
 - iii. When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.

21. THE EXIT STRATEGY

The exit strategy of indigent beneficiaries from the approved indigent register must ensure:

- a) Continuous verification of the register.
- b) Participation of members of households registered as indigent
- c) The municipality may promote exit from the subsidy by identifying indigents for inclusion in public works projects.

22. ROLES AND RESPONSIBILITIES

- a) The municipality has designated the administration of this policy to the Water Services Authority Divisional Manager in collaboration with the Finance Department.
- b) Policy and guidelines provided by the Department of Cooperative Government and Traditional Affairs state that:

c) The Municipal Manager must report monthly to the mayor for the month concerned and by municipal ward:

- i. The number of households registered as indigents and brief explanation of any movement in such numbers.
- ii. The monetary value of actual subsidies and rebates granted.
- iii. The budgeted value of the actual subsidies and rebates concerned; and
- iv. The above information cumulatively for the financial year to date.

d) The mayor must submit a summation of the indigent reports submitted to him/her monthly by the Municipal Manager to the Council quarterly.

e) The municipalities must submit quarterly reports regarding the execution of the policy on indigent households in the affected areas within their jurisdiction to the Department of Cooperative Governance and Traditional Affairs.

f) The Department of Cooperative Governance and Traditional Affairs may:

- i. Request quarterly reports from municipalities regarding the execution of the policy on indigent households in the affected areas within their area of jurisdiction.
- ii. Report to cabinet regarding the execution of the policy on indigent households.

23. POLICY MONITORING

a) The implementation of this policy framework must be monitored by the Department of Cooperative Governance and Traditional Affairs (CoGTA)

24. POLICY REVIEW

a) This policy framework on the indigent households must be reviewed every three years or as and when the need arises, subject to major changes in the demographic, social and economic conditions of communities and individual households.

b) The reviewed policy framework must be endorsed by the Executive Committee of the Municipality and approved by the district council.

25. DISCLAIMER

- a) The uMgungundlovu District Municipality reserves the right to conduct audits and verifications regarding the indigent register.

26. EFFECTIVE DATE

- a) The policy comes into effect on the date of signature by the accounting officer, following approval of policy by council (both these dates must be clearly reflected on the policy).
- b) The council resolution must be an attachment to the policy.
- c) The approved and signed policy must form part of the municipalities legal documents and uploaded on the website accordingly.

27. POLICY ADOPTION

This policy has been considered and approved by the COUNCIL OF UMGUNGUNDLOVU **DISTRICT MUNICIPALITY** as follows:

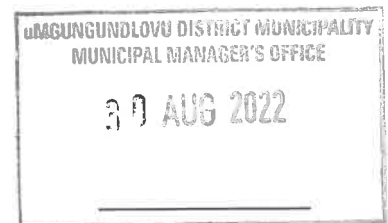
Resolution No:

Approval Date: **30 August 2022**

Duly Signed



DR RMB. NGCOBO
UMGUNGUNDLOVU DISTRICT MUNICIPALITY
MUNICIPAL MANAGER



DATE