



## **GEORGE MUNICIPALITY**

# **DEERNISBELEID / INDIGENT POLICY**

# INDEX

1.	INTRODUCTION.....	3
2.	PREAMBLE .....	3
3.	LEGAL FRAMEWORK AND PRINCIPLES.....	3
4.	DEFINITIONS .....	4
5.	POLICY BACKGROUND .....	5
6.	PURPOSE: .....	5
7.	SCOPE OF APPLICATION.....	6
8.	CATEGORIES OF PROPERTIES.....	6
9.	REGISTRATION AND INSTITUTIONAL ARRANGEMENTS.....	6
10.	TARGETED APPROACH .....	7
11.	ADDITIONAL INFORMATION .....	8
12.	CRITERIA FOR QUALIFICATION .....	8
13.	EXTENT OF INDIGENT SUPPORT.....	10
14.	LEAKAGES, REPAIRS, AND INSTALLATION COSTS .....	11
15.	ARREARS ON INDIGENT ACCOUNTS .....	12
16.	EXIT MECHANISMS OF HOUSEHOLDS REGISTERED AS INDIGENT.....	13
17.	MONITORING AND EVALUATION.....	14
18.	VERIFICATION OF THE INDIGENT REGISTER .....	14
19.	COMMUNICATION PROCEDURES AND IMPLIMENTATION STRATEGY.....	14
20.	REPORTING REQUIREMENTS.....	15
21.	SHORT TITLE.....	16

## 1. INTRODUCTION

George Municipality acknowledges the fact that priority must be given to the basic needs of the Community and that the social and economic development of the Community is assisted to provide access to the basic level of service in terms of the Constitution of South Africa, Section 151(1)(b) and 153 (b), and 156.

The George Municipality receives an Equitable Share contribution from National Treasury annually. The National Department of Provincial and Local Government issued guidelines for Indigent Support.

The George Municipality wishes to give basic services for all its Communities therefore, the George Municipality must have an Indigent Policy.

## 2. PREAMBLE

**Whereas** the Municipality receives an equitable share contribution from National Treasury annually;

**And whereas** the National Department of Provincial and Local Government has issued guidelines regarding indigent support;

**And whereas** the Municipality wishes to give access to basic services for all of its communities;

**Now therefore** the Municipal Council of **George Municipality** adopts an Indigent Policy as set out in this document.

## 3. LEGAL FRAMEWORK AND PRINCIPLES

The legal framework within to provide basic services, are in terms of the Constitution of South Africa:

- Section 151(1) (b) – provision of services in sustainable manner,
- Section 153 (b) – participation in national and provincial programs, and
- Section 156 – powers and functions to be performed by the municipalities.

Section 74(2)(c) of the Systems Act, Act 32 of 2000 deals with the ability of the municipality to make provision for the provision of access to at least basic services for the poor households. Section 118 of the same Act provides the powers to the Municipality to issue clearance certificates and to hold back certificates of owners who are in arrears.

It is also seen that Section 151(1) (b) of the Constitution, read with Section 74(2)(c) of the Systems Act provides enough powers to the Municipality to subsidize the poor regarding other tariffs as well as to ensure that the household can maintain access to basic services when the head of the household should pass away.

## 4. DEFINITIONS

### “Indigent”

A person with a **gross monthly household income** as determined in the Municipality’s tariff list during the budget process.

“**Indigent households**” means households that are registered at the municipality as such and meet the municipality’s criteria in terms of its credit control and debt collection policy and indigent policy and occupying a property within the jurisdiction of the municipality and “poor households” shall have a corresponding meaning;

### “Household income”

The verified combined or joint gross monthly income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline in relation to the household income threshold is an income of not less than two state pensions per month. The following child grants will be excluded in determining household income, provided that proof of such grant is supplied by the applicant:

- Child Foster Care Grant, and
- Care Dependency Grant, and
- Child Maintenance Support, and
- Child Support Grant.
- Disability Grant.

The verified collective gross monthly income of all occupants of the dwelling over 18 years of age may not exceed the amount as determined in the municipal tariff list, (excluding the above listed grants).

### “Backyard dwelling”

This is an occurrence whereby a household, or family unit, live adjacent to, or on the property of the main housing structure, or dwelling. A maximum of two dwellings/structures may qualify for Indigent support on a property (this excludes the main housing structure or dwelling).

### “Backyard dwellers”

A household or family unit occupying a backyard dwelling, with no electricity meter in such a dwelling or structure.

### “Consumer”

Any occupier of a property to which the Municipality has agreed to supply services or already supplies services to, or when the occupier is not the responsible person, then the owner of the property.

**“Pensioner”**

A person who receives old age pension, whether it be a government pension or private pension.

**“Flat rate”.**

Means the unit charge that does not vary, being the same in all situations.

**“Property”**

A property is an immovable property registered in the name of a person, including in the case of a sectional title scheme, a sectional title unit registered in the name of a person.

**“Owner”**

In relation to a property means:

A person in whose name ownership of the property is registered.

**5. POLICY BACKGROUND**

To provide a subsidy for basic service charges to the needy or qualifying indigent households in a sustainable manner, within the financial and administrative capacity of the Municipality.

**6. PURPOSE:**

The purpose of the Indigent Policy is to:

- a) Provide funding/subsidy for basic service charges to the needy, or qualifying indigent households in a sustainable manner, within the financial and administrative capacity of the Municipality;
- b) Provide procedures and guidelines for the subsidisation of basic service charges to indigent households, using the equitable share allocation, received from National Government and other budgetary provisions; and
- c) Ensure affordability by subsidising tariffs calculated in terms of the municipality’s Tariff Policy and by setting appropriate service levels in accordance with the municipality’s service delivery plan.
- d) Ensure that the Municipality recognises that many residents cannot afford the cost of full provision of services and for this reason the Municipality will endeavour to ensure affordability through:
- e) Setting tariffs in terms of the Municipality’s Tariff Policy, which will balance the economic viability of continued service delivery; and
- f) Determining appropriate service levels.

## 7. SCOPE OF APPLICATION

### Who can apply for Indigent Support?

- Registered owner/s and spouse/s of residential properties or;
- Occupier/s and spouse/s or;
- Backyard dweller/s and spouse/s – (maximum of two (2) structures);
- Pensioners;
- Legal Guardian or primary caregiver of minors;

[The above is moved from the Indigent Policy to the Tariff List]

## 8. CATEGORIES OF PROPERTIES

The following services will be subsidized through the Indigent Allocations:

<b>A1</b>	<b>Residential Properties:</b> <ul style="list-style-type: none"><li>• Rates; Water; Electricity; Refuse; Sewerage; Flat rate</li></ul>
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## 9. REGISTRATION AND INSTITUTIONAL ARRANGEMENTS

### 9.1. Institutional arrangement

- a) The municipality has designated staff in all the municipal Client Service Area Offices, who are familiar with the municipal by-laws and the government legislative framework that are in line with the South African Constitution Act 108 of 1996,
- b) The indigent registration process is being facilitated collectively with the relevant stakeholders.

### 9.2. Application/ Registration

- a) An **applicant** applying for indigent support must complete a formal indigent application form approved by the municipality.
- b) Forms are available at all Municipal Client Service Area offices, Main Municipal office, and on the Municipal Website provided by the municipality and shall be dealt with in terms of the policy guidelines.

### 9.3. Assessment & Screening of Applicants

Upon registration of an application, all information will be captured and verified by the Indigent Section in terms of the procedures vested in the municipal

indigent policy and in the National indigent guidelines provided by the National Department of Cooperative Government and Traditional Affairs.

#### **9.4. Approval/Decline**

Once the application forms have been captured on the municipal indigent register and verification has been completed the Indigent section will make a decision based on the information captured and verified. It shall be dealt with in terms of the municipal indigent policy guideline.

#### **9.5. Right of Appeal**

An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal System Act 32 of 2000.

### **10. TARGETED APPROACH**

Cognisance must be taken of the following when Indigent applications are processed:

- a. Indigent approval is based on the person meeting the criteria required for indigent application.
- b. All applicants must complete an official application form, which is to be submitted together with the required supporting documents. The application information will be scrutinized and confirmed by the Municipality prior to being approved.
- c. Should the applicant be found to be providing false or fraudulent information in the application, the following will happen:
  - ca) The indigent benefit will be cancelled, and
  - cb) All previous discounts for the current financial year will be reversed, and
  - cc) The household may not apply to be registered as an indigent household for the next year.
- d. Consumers may be requested to re-apply for the indigent subsidy. The indigent status of a consumer may be reviewed continuously as part of the municipality's ongoing administrative processes for indigents. This could be done by either physical audit or external verification checks (accredited service provider/s). The revised definitions of this policy will be implemented by a phased in approach over the 2022/23 financial year, commencing from the date of policy approval by the Council. After Council approval of this policy, all indigents will be systematically requested re-apply for indigent status, and upon re-application the revised definitions will be implemented.

- e. The writing-off of indigent debts will be reversed for the two (2) financial periods in cases where the property concerned, is sold within 1 (one) year after the write-off has been done.
- f. Should a property, through inheritance, auction, or donation, change ownership, the new occupier and or owner must provide support documentation and evidence to apply for indigent support within 6 months after the change of ownership. The new occupier and or owner must submit an official Indigent application form if he or she believes they meet the Indigent criteria.
- g. The applicant must be the full-time occupant and may not own any other property within the Republic of South Africa, except in cases whereby the second dwelling and/or property has been acquired through inheritance or donation. Supporting documentation must be provided to these cases and a motivation can be presented.
- h. Should a property be occupied by a person who qualifies for indigence relief, in circumstances where the owner cannot be traced, contacted or where property was erroneously registered in an owner's name according to the Municipality, the arrear debt may be written off.
- i. Where the criteria for qualification set above for indigent relief is not met, but special circumstances exist, such applications will be submitted to the relevant Section 80 committee, who will have the discretion, to consider the application and make a recommendation to the Executive Mayor, and
  - In these matters, as an interim measure, services will not be disconnected until the delegated authority has decided regarding the indigency application, and
  - A comment will be made on the Financial Systems (Notepad) to this effect.

## **11. ADDITIONAL INFORMATION**

All registered owners qualifying as Indigent households will receive Indigent support provided that the prepaid electricity meter is installed. The Municipality will endeavour to, within its financial capacity, supply smart water meters to indigent households.

## **12. CRITERIA FOR QUALIFICATION**

To qualify for Indigent support all applicants must meet the following criteria:

- a. The household income may not exceed the level as determined in-Municipality's tariff list during the budget process.
- b. An official application form must be completed and submitted.



- c. The applicant must be the full-time occupant and may not own any other property within the Republic of South Africa.
- d. The applicant's property must only be used for residential purposes.
- e. Where more than one household resides on the property, the following additional criteria will apply (Backyard-dwellers also qualify for free basic water & free electricity units, as determined by the Municipality, if they are deemed to be indigent):
  - i. When water and electricity consumptions are metered separately, consumption may not exceed an average of **15** kilolitres of water per month and/or **400** KWh/month (Kilowatt-hour) units of electricity, inclusive of the free basic service grants;
  - ii. When water and electricity consumptions are metered through one-meter, additional usage of 6kl water and 70Wh/month (Kilowatt-hour) units electricity per additional household will be allowed;
  - iii. The following limitation of usages for Indigent Households may be applied where the municipality believes that misuse or arrear debt occurs:
    - Monthly consumption of electricity by the household may be limited to 400kWh/month; and / or
    - Monthly consumption of water by the household may be limited to 15kl.
    - The indigent status, indigent subsidy and benefits may be cancelled should actual consumption exceed the allowed average of 15 kilolitres of water per month and/or 400 KWh/month (Kilowatt-hour) units of electricity, as measured bi-annually based on monthly average consumptions.
  - iv. Should actual consumption exceed the allowed average of 15 kilolitres of water per month and/or 400 KWh/month (Kilowatt-hour) units of electricity:
    - A water flow restrictor will be installed,
    - The arrear debt will be loaded on the prepaid meter,
    - The debt will be recovered in the form of auxiliary charges at a rate of up to 50% of the value of electricity purchases, and
    - This will be implemented until the arrear debt is settled in full.
  - v. If the monthly consumption of the Indigent Household exceeds **400** kWh/month (Kilowatt-hour) per month, the electricity tariff will be changed to the residential tariff for normal households.
  - vi. In cases where the owner of a property does not qualify for Indigent support, the applicable backyard-dwellers will be excluded from receiving this subsidy.

- f. Consumers in informal settlements with a pre-paid meter will qualify automatically without application for the Indigent subsidy.
- g. The capacity of the pre-paid electricity meter for all Indigent consumers will be set at 20 Amps for One indigent household, 30 Amps with one additional dweller, 40 Amps with two additional dwellers – in order to protect the indigent consumer/s from the negative impact of increased cost of electricity supply.

### 13. EXTENT OF INDIGENT SUPPORT

- i. The extent of indigent support will be determined during the compilation of the annual budget. The subsidy for indigent consumers is contained in the tariff list.
- ii. The source of funding of the indigence subsidy is that portion of the Equitable Share contribution received from National Treasury and any additional provisions made by the Municipality and provided for in the annual budget.
- iii. The subsidy will only be credited to the qualifying customer’s accounts until the amount provided on the budget has been exhausted.
- iv. If a customer’s consumption or use of a municipal service is more than the subsidised service, the customer will be obliged to pay for such excess consumption.
- v. Subsidized services may not be accumulated if or when not utilized in full. No rebates will be applicable.
- vi. The account of the approved indigent applicant principal household will be exempted from interest.

<b>A1</b>	<b>Residential Properties</b>
	<ul style="list-style-type: none"> <li>• Rates; Water; Electricity; Refuse; Sewerage; Flat rate</li> </ul>

#### A1 RESIDENTIAL PROPERTIES

- a. Subsidies may include rates, water, electricity, refuse removal, sewerage disposal services, flat rate and other sundry levies.
- b. In respect of **water a 100%** subsidy on the **basic charge** (and a **6kl Kilolitre**) per month will apply per household.
- c. In respect of **electricity a 100%** subsidy of **70kWh/hour** (Kilowatt-hour) per month will apply per household.

- d. In respect of **refuse removal** services, a **100%** subsidy per month will apply per household.
- e. In respect of all **sewerage disposal** services, a **100%** subsidy per month will apply per household.
- f. In cases where an applicant is reliant on medical equipment like an oxygen concentrator, special circumstances exist and the maximum of 400 kWh/month (Kilowatt-hour) electricity may be exceeded. Excess electricity will be charged at the subsidised tariff. Supporting evidence must be submitted for consideration and approval by the Credit Control Section.
- g. Where it occurs, that consumers are minors and are therefore unable to apply for indigent support a legal guardian or a primary caregiver may apply on their behalf providing supporting documentation and proof for consideration and approval by the Credit Control Section.

## **A2 RURAL AREAS**

- a. In the Eskom Supply area, where meters of indigent households are connected to the Eskom supply grid Eskom will dispense 50 kWh (Kilowatt-hour) units per indigent household.
- b. A total of 6kl (kilolitre) per month of water will be supplied to rainwater tanks for households in times of low rainfall in rural areas.
- c. The cost to supply the water and electricity will be recovered from the Equitable Share Grant.

## **14. LEAKAGES, REPAIRS, AND INSTALLATION COSTS**

- a. Where water leakages occur at indigent principal households, such leakages can be repaired at the Municipality's expense to help eliminate unaccounted water losses due to plumbing leakages and the debt may be written off and the cost thereof recovered from the Equitable Share Grant.
- b. Where electricity meter problems occur at indigent principal households, such problems can be repaired at the Municipality's expense and the cost thereof recovered from the Equitable Share Grant.
- c. Where blocked drains and sewerage problems occur at indigent principal households, such problems can be repaired at the Municipality's expense and the cost thereof recovered from the Equitable Share Grant.

- d. The conversion to Pre-Paid Meters of indigent principal households, such conversions can be converted at the Municipality's expense and the cost thereof recovered from the Equitable Share Grant.

## 15. ARREARS ON INDIGENT ACCOUNTS

- a. Customers who qualify for an indigent subsidy may be placed on restricted service levels to limit further escalation of debt.
- b. Where a qualifying customer's account is paid in full at the date of application, or regularly maintains a paid-up monthly account, including arrangement for arrear debt, after receiving the subsidy, the restriction on service levels will be revoked.
- c. Indigent support will be provided to approved applicants in the form of a writing off of all debt. This include all service-related arrears (rates, water, electricity, refuse removal, sewerage disposal, and flat rate), on the consumer's account.
- d. In terms of Section 118(1) of the Municipal Systems Act, at transfer of property the Municipality will issue a clearance certificate once the preceding two years' municipal debt has been settled. In determining the amount payable, the municipality will calculate all amounts levied in the preceding two years, irrespective of whether such amounts were written off as part of the indigency relief.
- e. Where customers have qualified and received indigent subsidy and where debt was written off, but the account is in arrears again, or where a customer has not fulfilled his responsibilities with regards to an arrangement made, the applicable debt may be allocated to the pre-paid services system. The debt will be recovered in the form of auxiliaries at a rate of up to 50% of the value of electricity purchases. This will be done until the arrear debt is settled in full.
- f. All current account debt must be settled as prescribed by the Customer Care, Credit Control and Debt Collection Policy. Failing to adhere to this prerequisite could result in the constraining of the services being provided. In addition, such debts may be loaded on the prepayment system. The debt will be recovered in the form of auxiliaries at a rate of up to 50% of the value of electricity purchases. This will be done until the arrear debt is settled in full.
- g. Inheritor of an insolvent estate:
  - (a) Where the inheritor of a property, with no/or an insolvent estate, qualifies for an indigent subsidy, the outstanding debt can be written off by Council in order for clearance to be given and the property to be transferred.

h. Deceased Estates:

- (a) a death certificate of the deceased should be presented;
- (b) Proof from the Registrar of Estates should be obtained that the deceased estate is not liable for any claims;
- (c) should the estate however be liable for claims, a claim should be laid against the said estate;
- (d) if a death certificate was obtained while no estate was registered, such debts should be written off with effect from the date of death;
- (e) should the new owner/occupier qualify for indigent, the total outstanding amount should be written off;
- (f) however, if the new occupier/owner does not qualify for a subsidy, the client shall be obliged to settle the outstanding amount from the date of death up to the current date or to arrange for a settlement agreement;
- (g) child headed families, where the parents are deceased and only unemployed minor children lives in the dwelling, the debt can be written off;
- (h) in the case where a property owner is deceased, the authorised person(s) may give permission via an affidavit to the occupier of the property, to be responsible for all services and rates on the property. This occupier may apply for indigent or subsidy benefits. The account will stay in the name of the registered owner but will be the responsibility of the authorised occupier.

## 16. EXIT MECHANISMS OF HOUSEHOLDS REGISTERED AS INDIGENT

- a. When an approved indigent consumer fails to comply with any of the conditions relevant to the receipt of indigent relief, such person will forfeit his or her status as a registered indigent with immediate effect and will thereafter be treated as an ordinary accountholder.
- b. Documentation and information to advise the Municipality of changes to their indigent status will remain the responsibility of the applicable consumer.
- c. The indigent status of a customer is reviewed continuously. This could be done by either physical audit or external verification checks (accredited service provider/s). Should the requirements not be met, the subsidy for that consumer will be cancelled.
- d. The indigent status, indigent subsidy and benefits may be cancelled should actual consumption exceed the allowed average of 15 kilolitres of water per month and/or 400 KWh/month (Kilowatt-hour) units of electricity, as measured bi-annually based on monthly average consumptions.
- e. If a registered indigent is found to have provided false or fraudulent information to the municipality regarding any material condition for registration

as an indigent, such person will immediately be removed from the indigent register.

- f. George Municipality retains the right to claim back all benefits granted in terms of this policy should it become apparent that registration was based on fraudulent conduct and false information by the applicant. This condition will apply even after the indigent's status has been terminated.
- g. A first tamper offence does not stop the subsidy, but a split electricity or smart meter, where possible must be installed to prevent tampering and the escalation of debt. In addition, the tamper fee must be settled immediately and any other losses that may have occurred will be loaded on the prepaid meter and be recovered in the form of auxiliaries at a rate of up to 50% of the value of electricity purchases. This will be done until the arrear debt is settled in full.

## **17. MONITORING AND EVALUATION**

Conduct regular audits of information completeness and correctness continuously.

## **18. VERIFICATION OF THE INDIGENT REGISTER**

The application for financial assistance will be registered and the information of the Indigent beneficiaries will be compiled in an Indigent Register.

The Indigent status of a customer will be confirmed continuously as determined by the Municipality's , either by physical audit or external verification checks (accredited service provider/s). Should the requirements not be met, the subsidy for the consumer will be cancelled.

## **19. COMMUNICATION PROCEDURES AND IMPLEMENTATION STRATEGY**

- 19.1 The municipality has a program for communication and implementation strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and implementation thereof.
- 19.2 Regular information dissemination and awareness campaigns will be undertaken and eliminate unrealistic expectations both in terms of qualifying for the free basic services subsidy as well as the services that will be rendered and the qualifying for subsidy as well as service delivery in general and methods of communication that will be used, but not be limited to;
  - 19.2.1 Local radio stations and newspapers;
  - 19.2.2 Municipal accounts;
  - 19.2.3 Izimbizo's and road shows; and
  - 19.2.4 Jamborees where government and municipal officials are made available to assist residents.

## 20. REPORTING REQUIREMENTS

- a. The Municipal Manager (MM) will report monthly to the Executive Mayor (EM) in respect of:
  - i. The number of households registered as indigents and a brief explanation of any movements in such numbers;
  - ii. The monetary value of the actual subsidies and rebates granted;
  - iii. The budgeted value of the subsidies and rebates concerned; and
- b. The above information cumulatively for the financial year to date.
- c. The Municipal Manager (MM) shall through the Section 80 committee report to the Executive Mayor all indigent support provided.

In the event of a National State of Disaster, the Municipal Manager may grant permission to deviate from the approved Indigent Policy, but only as per the directive that may be issued by National Treasury under such circumstance.

**21. SHORT TITLE**

As approved by Council at the Council meeting which was held on 30 May 2022.

Signed at GEORGE on the **01<sup>st</sup>** day of **June 2022**.



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**Municipal Manager**