

Ubuntu Municipality



*menswaardigheid • hoop • erfenis
ubuntu • ithemba • izithethe
humanity • hope • heritage*

FINAL INDIGENT SUPPORT POLICY 2024/2025

**MUNICIPAL INDIGENT SUPPORT POLICY
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

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1. DEFINITIONS

The following words and expressions shall have the meanings respectively assigned to them hereunder, unless such meanings are unacceptable to or inconsistent with the context in which they occur: -

- a) **Indigent**: means an indigent household whose total household income is as determined by Council annually during the budget process. For the 2024 fiscal year it is R 5000.00 (R2210 grant)
- b) **Indigent support policy** means the policy for the provision of indigent support subsidies to qualifying indigent debtors in terms of the Council's policy relating to the following:
- (i) as determined by Council annually during the budget process, in line with National norms and guidelines;
 - (ii) Free basic electricity
 - (iii) Free basic water
 - (iv) Subsidized sewerage, (one free suction per month)
 - (v) rates (impermissible R15 000 per annum plus an additional R5000 = R20 000.00
 - (i) and refuse
 - (ii) Assisted arrear debt recovery programme as determined by Council annually during the budget process, in line with National norm and guidelines; (To note only one write off per household in a cycle of 10 years)
- c) **Indigent debtor** means the head of an indigent household, inclusive of destitute indigents and indigents, being old age pensioners, the unemployed and households with a total monthly income as determined in this policy:
- (i) who applies for the provision of services from the municipality;
 - (ii) who makes application for indigent support in terms of this Policy;
 - (iii) who shall be regarded as the representative of all members of his/her household; and
 - (iv) which indigent household members shall not own any other fixed property other than the property for which the application is made, or hold fixed deposits and investments;
- d) **Indigent Households** shall include all individuals residing at the residential premises of the indigent debtor, inclusive of destitute indigents and indigents, by whom and for which application is made, which premises has access to municipal services;
- e) **Child-Headed Households** is deemed to be minor dependents of registered

owner or tenant of property where due to death of parent(s) or legal guardian who is also registered owner or tenant, minor child is responsible for management of households. The age of a minor will be 18 years and younger

- f) **Municipality** means the Municipality of Ubuntu, a local municipality established in terms of Section 12 of the Local Government: Municipal Structures Act, No 117 of 1998, and includes any political structure, political office bearer, councillors, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillors, agent or employee;
- g) **Council** means the Council of the Municipality of Ubuntu and includes any duly authorised political structure or office bearer as defined in the Local Government: Municipal Finance Management Act 56 of 2003 and/or any duly authorised official of the Council;
- h) **Gender** is the range of characteristics pertaining to, and differentiating between and from masculinity and femininity. Any reference to the one gender shall include reference to the other.
- i) **Household Income** means all sources of income being formal and/ or informal of nature including, but not restricted to, salaries, revenue generated, pensions, fixed deposits, investments, state subsidies and private financial support/contributions from outside the indigent household (must be same as Creditor Control & Debt Collection Policy). Child support grants/maintenance shall be excluded from household income.
- j) **Accounting Officer** means the Municipal Manager of the Ubuntu Municipality or his/her nominee acting in terms of power delegated to him/her by the said Municipal Manager with the concurrence of the Council
- k) **Poverty** is defined with reference to poverty line i.e. if a household earns gross income lower than a set amount that household and its members are deemed to be living in poverty.
- l) **Consumer** a person who purchases goods and services for personal use.
- m) **Household** consists of one or more people who live in the same dwelling and also share at meals or living accommodation, and may consist of a single family including the tribal areas.
- n) **Free basic service** is defined as the minimum amount of basic levels of services, provided on a day to day basis, sufficient to cover or cater for the basic

needs of the poor households

o) **Income** is defined as the amount of money or its equivalent received during a period of time in exchange for labor or services, from the sale of goods or property, or as profit from financial investments.

p) **Threshold:** any total income as determined by the council on their annual budget for the qualification criteria of indigent household.

2. PREAMBLE/INTRODUCTION

a) With reference to the Constitution in particular Chapter 7 Section 152, which states:

The objects of Local Government are –

- a) “To provide democratic and accountable government for local communities;
- b) to ensure the provision of services to communities in a sustainable manner;
- c) to promote social and economic development;
- d) to promote a safe and healthy environment and
- e) to encourage the involvement of communities and community organisations in the matters of local government.”

It is essential that the Municipality should strive within its financial and administrative capacity, to achieve the objectives quoted.

b) The Indigent Support Policy is a legal imperative, a tool designed to ensure that persons and households classified as indigent have access to basic services as defined in the Constitution of the Republic of South Africa, Act No 108 of 1996. The policy is a result of continuous prevalence of indigence and poverty within communities. This policy therefore is a tool of intervention to alleviate the plight and to encourage indigent households to live within affordable consumption levels. The Indigent Support Policy is aimed at ensuring that the State fulfil its constitutional obligation contained in the Bill of Rights. This policy must be read in conjunction with the Credit Control Policy and applicable legislative frameworks.

3. POLICY BACKGROUND

a) Due to the high level of unemployment and consequent poverty in the

municipality, there are households which are unable to pay the normal tariffs for municipal services. The municipality accordingly adopts this Indigent Management Policy to ensure that these households have access to at least basic municipal services and is guided in the formulation of this policy by the national government's policy in this regard.

- b) The Council recognises its Constitutional obligation to give priority to the basic needs of the community, to promote the social and economic development of the community and to ensure that all residents and communities in the municipality have access at least to a basic level of municipal services.
- c) The Constitution entitles the municipality to an equitable share of nationally raised revenue, which will enable it to provide basic levels of essential services to the community and the Council commits its equitable share to the provision of basic services.

4. THE POLICY OBJECTIVES

The objective of this policy will be to ensure the following:

- a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.
- b) Establish the framework for the identification and management of indigent households including an economic rehabilitation plan.
- c) The provision of procedures and guidelines for the subsidisation of basic charges to indigent households.

5. PRINCIPLES OF THE POLICY

- a) Section 74 (2) (c) 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 for basic levels of service; or*
 - (iii) any other direct or indirect method of subsidisation of tariffs for poor households;”*
- b) Section 97 (1) (c) of the Municipal Systems Act, Act 32 of 2000 stipulates the following: - A credit control and debt collection policy must provide for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigent.

c) The following are the guiding principles for the formulation of an Indigent Support Policy:

- (i) the Indigent Support Policy must be formulated in accordance with the Constitution of the Republic of South Africa, 1996, (Act No 108 of 1996 and other applicable legislation, amongst others, the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) which provides that everybody has a right to administrative justice that is lawful, reasonable and procedurally fair.
- (ii) relief must be provided by the Ubuntu Municipality to registered residential consumers of services who are indigent.
- (iii) Council must, wherever possible, ensure that any relief is in accordance with the Constitution and is cost effective, sustainable, practical, fair, equitable and justifiable.
- (iv) the subsidising of minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.
- (v) differentiation must be made between those households who cannot afford to pay for basic services and those who do not want to pay for these services.
- (vi) other municipal services in addition to free basic services should, where possible, be affordable and beneficial to the indigents.
- (vii) the relief should be valid for a maximum period of 24 months.
- (viii) the Council may review and amend the qualification criteria for indigent support.
- (ix) the joint gross income of all the household occupants will be taken into account in determining the validity of indigent support application.
- (x) the indigent data-base shall be updated on an annual basis.
- (xi) misuse of any support or grant or supply of invalid information will lead to punitive action by Ubuntu Municipality against indigent support beneficiaries.
- (xii) the Ubuntu Municipality reserve the right to verify new applications and existing approved indigents against any relevant external data source.
- (xiii) the Council must/may use external services and/or references to verify the information provided by the applicants.

6. SCOPE OF POLICY APPLICATION

- a) The Indigent Support Policy shall be applicable within the areas of jurisdiction of the Ubuntu Local Municipality.
- b) The Indigent Support Programme must be accessible to all qualifying indigent persons.

7. LEGISLATIVE FRAMEWORK AND GUIDELINES

- Constitution of the Republic of South Africa, Act No 108 of 1996.
- Local Government Municipal Systems Act, Act No 32 of 2000.

Guidelines

- ✓ Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
- ✓ Free Basic Strategy and guidelines prepared by the Department of Water Affairs and Forestry.
- ✓ Electricity Basic Support Tariff (free basic electricity) Policy prepared by the Department of Minerals and Energy.

8. QUALIFICATION CRITERIA FOR THE SELECTION OF INDIGENTS

- a) Child headed households will be declared indigents upon reporting the death status of the parents at the Municipality. The following documents are required:
 - ✓ Certified copies of death certificates of parents or breadwinner
 - ✓ Certified copies of identity documents of parents or breadwinner.
 - ✓ An affidavit that states that the oldest child is responsible for other children.
 - ✓ Outstanding debt as at date of death of the last parent should be written off as irrecoverable.
- b) On-site inspection may be performed by municipal officials without prior notice
- c) A person found to be indigent must be registered in a database linked to a debtor's system after the application has been checked and authorised by a senior official in the debt collection department.
- d) The Municipality may impose other conditions and procedures deemed necessary from time to time.

- e) The Council may from time to time appoint agents or use community development workers and ward committees to assist the Financial Manager on a yearly basis to determine by survey, which of the households could be classified as indigent.
- f) Combined household income of all occupants/ residents and/or dependants residing on the property and are over the age of 18 years of age, is less than two (2) state monthly pension grants, as amended by Minister of Finance from time to time.
- g) The Executive Committee will however consider merit cases on an individual basis for approval. The subsidy paid will only be applicable in respect of sewerage, water, electricity and refuse charges with the provision that the subsidy cannot be guaranteed up front as it will be funded with a grant from the National Government to the Municipality. Therefore, should no grant or a reduced grant be received from the National Government, then no or fewer consumers will receive a subsidy in part or in whole in respect of certain services.
- h) If an applicant however falls under the following category his/her application must first be approved by the Executive Committee:
 - (i) Consumers that became unemployed during the 3 months before his/her application.
 - (ii) Consumers that had received lump sums from their past employer or pension funds.
 - (iii) Consumers that have more than one property and that rents out the other properties.
 - (iv) Any other applications identified by the Council.
- i) Arrears on water, sewerage and refuse up to the date of registration of an indigent consumer will be written off as per Council Resolution and Management must report back to Council on a quarterly basis (stringent measures to monitor and control water usages must be in place).
- j) For a household to qualify for subsidies or rebates on the major service charges (**see section 15 below**), the registered indigent must be the full-time occupant of the property concerned, and if not also the owner of the property concerned, may not own any other property, unless approved by the Executive Committee, whether in or out of the municipal area.

9. RIGHT TO APPEAL

- a) 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 Systems, Act 32 of 2000.

10. REGISTERING INDIGENTS

The following steps are used to register indigents and indigent households from time to time:

- a) Accessible registration points identified by Council, which are made publicly known.
- b) Completion of an official registration form by the indigents on which the onus lies to submit the form at the identified registration points.
- c) The required documentation, i.e. proof of income/affidavit must be attached where applicable for example letter from employer, salary advice, pension card, UIF card.
- d) The municipality relies on ward councillors for approvals and disapprovals

11. ADMINISTRATIVE PROCEDURES

- a) The indigent committee consisting of a Finance Director, Revenue manager, Free Basic Officer and ward councillors will approve the application and arrange the implementation of the indigent subsidy to the account holder.
- b) The approval will be valid for a financial year, provided funds are available and the circumstances of the household are unchanged.
- c) Indigent households where the Municipality is providing basic services will be obliged to apply any time during the financial year at the Municipality offices.
- d) Indigent households where the Municipality is not providing basic services will be obliged to register any time during the financial year at the ward councillor's office.
- e) The subsidy will not apply to households owning more than one property and receiving rental income that when is combined with other income of the family exceeds two old aged pension grants.

12. CHILD-HEADED HOUSEHOLD

- a) Child-headed household means a household headed by a child as defined

in section 28(3) of the Constitution, i.e. a household in which:

- (i) the parents of the household has died,
- (ii) a minor has assumed the role of care giver in respect of another minor in the household,
- (iii) such minors reside permanently on the property, and
- (iv) the situation pertaining to the household has been verified by a social worker.

b) Child-headed households will be treated as special cases subject to the following conditions:

- (i) they occupy the property as his/her normal residence;
- (ii) the account of the deceased parents is closed;
- (iii) not be older than 18 years of age;
- (iv) still be a scholar or jobless
- (v) be in receipt of a total monthly household income from all sources not exceeding an amount equal to twice the amount of two state pensions;
- (vi) The situation pertaining to the household must be verified in writing by a Registered Social Worker and Ward Councillor.
- (vii) In the case where an executor of the estate is appointed and has jurisdiction over the minor children, the executor would be required to make provision for payment of the consolidated account. The consolidated account may continue in the name of the deceased parent/s until the estate is transferred to the heir or heirs of the estate.
- (viii) the oldest child signs the user agreement assisted by appointed legal guardian;
- (ix) property is not occupied by any member other than minor dependent children of deceased owner and or tenant;
- (x) the status of the household is reviewed in terms of this policy at least on three monthly basis.

13. EXCLUSIONS – REGISTERED HOUSEHOLDS

Indigent relief will NOT be granted where the applicant, household, occupants/ residents and/or dependants residing on the property, as the case may be, -

- a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
- b) where the applicant is not registered as consumer of services in the records of Council;
- c) where the applicant own/s more than one (1) property, registered individually or jointly;
- d) where the applicant rent/s or subleases his property or part thereof to any third party during the duration of the grant period; or
- e) applicant tampers or illegally connects or reconnects services prior to this

application, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the Council have been paid in full.

14. APPLICATION OF THE POLICY

- a) The subsidies on the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.
- b) In respect of water, a 100% subsidy up to 6 kl per household per month will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl.
- c) In respect of electricity, a 100% subsidy up to 50 kWh per household per month will apply.
- d) In respect of sewerage charges and charges for household refuse removal, the relief granted shall not be less than a rebate of 100% on the monthly amount billed for the service concerned or one free suction per month

15. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- a) When a property owner or account holder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigence relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.
- b) The onus is on each registered indigent to advise the municipal manager of such failure to comply but ward committee, ward councillors may also advise municipal manager of such non-compliance.
- c) It may happen that even with the introduction of the indigent support policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder concerned will have to make immediate arrangements with the municipal manager to pay off these arrears owing within a reasonable time determined by the municipal manager in terms of the municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.
- d) The relief to indigents may be withdrawn at the discretion of the municipal manager

if:

- a registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
 - any tampering with the installations of the municipality is detected.
- e) If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay to the municipality with immediate effect all indigence relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigence relief for a period extending for 3 (three) years beyond the financial year in which the offence is detected.

16. MONITORING AND EVALUATION

- a) The Chief Financial Officer with the assistance of Revenue Manager shall be responsible for the monitoring and evaluation of implementation of the free basic subsidy and report monthly to the Accounting Officer.
- b) The municipal manager shall report on a monthly basis or quarterly to the executive committee for the month concerned and by municipal ward:
- the number of households registered as indigents and a brief explanation of any movements in such numbers;
 - the monetary value of the actual subsidies and rebates granted;
 - the budgeted value of the subsidies and rebates concerned; and
 - the above information cumulatively for the financial year to date.
- c) The executive committee shall submit the above reports on a quarterly basis to the council and to the municipality's ward committees, or monthly frequently to any ward committees if so requested.

17. TERMINATION OF INDIGENT SUPPORT

Indigent Support will be terminated under the following circumstances:

- a) Upon death of the account-holder or the head of the household where no accounts are rendered
- b) At the end of the (12) twelve months cycle, except in the case of pensioners and disabled.
- c) Upon sale of the property in respect of which support is granted.

- d) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded
- e) If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply;
 - All arrears will become payable immediately;
 - Stringent credit control measures will apply; and
 - The applicant will not be eligible to apply for indigent support for a period of 2 years;
- f) Upon death of the indigent, If the indigent had dependents the dependents will need to re-apply for the support as subsidies are not transferable
- g) When the indigent's circumstances change or the indigent criteria for approval changes to the extent that approval no longer applies.
- h) If the indigent fails to pay the account of his/her consumption or use of a municipal service in excess of the subsidized service or fails to honour any arrangements made by him/her for payment for outstanding accounts

18. BUDGET FOR THE INDIGENT SUPPORT

- a) The Municipality accepts the principle of uniform tariff structures and that the equitable share is there to provide basic services but also accept the responsibility to ensure that the poor receive basic services by tailoring affordable tariffs.
- b) The Municipality will utilise transparent cross-subsidies within and between services as well as equitable share allocations to enable poor households to gain access to at least basic services through tariffs that cover only operating and maintenance costs.
- c) Indigent households qualify for exemption from assessment rate payment, refuse removal and sewerage basic charges and services but only upon registration as indigents.

19. INDIGENT EXIT PROGRAMME

Ward councillors are encouraged to inform individuals who have been on the indigent register for a long time to apply for contract workers positions and EPWP and LED projects to assist in poverty alleviation that will result in the indigent moving away from poverty trap.

20. COLLECTION OF OUTSTANDING ARREARS AMOUNTS

The conditions of the Debt Collection Policy and By-law will prevail for the collection of any arrears amount to be collected from an indigent household.

21. COMMUNICATION OF THE POLICY

- a) Details of the Indigent Policy must be communicated in an easily understandable manner to the communities of Ubuntu Local Municipality.
- b) This policy will be published on the municipal website and be made available at the municipal office for access to the community members.

22. LIST OF STAKEHOLDERS

- The following stakeholders were present during the draft and/or review of the indigent support policy:
 - Mayor, Speaker and Councilors
 - Ward Committees
 - Municipal Manager
 - Community members
 - Traditional Leaders
 - Municipal Officials

23. REVIEW OF THE POLICY

- The indigent support policy shall be reviewed annually.

24. RESPONSIBILITY FOR MANAGING INDIGENT REGISTER.

- a) Indigent register will be managed in the Budget and Treasury Office and indigent support policy will be applied in line with credit control and debt collection policy.
- b) All clarity seeking question of the policy can be directed to following officials:

Chief Financial Officer

Income Accountant

Name:.....

Name:.....

Tel no:.....

Tel No:.....

Date and signed aton this.....dayof.....20.....

By.....for Council (Meeting
held.....)