



**FETAKGOMO TUBATSE  
LOCAL MUNICIPALITY**

# **PRINCIPLES AND POLICY ON INDIGENT CONSUMERS**

**2018/2019**

**Resolution No.SC51/2018**

**FETAKGOM TUBATSE LOCAL MUNICIPALITY**  
**PRINCIPLES AND POLICY ON SUBSIDY SCHEME FOR INDIGENT HOUSEHOLDS**

**1. INTRODUCTION**

- 1.1 The Municipal Council must give priority to the basic needs of the community, promote the social and economical development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1) (b) and 153(b) of the Constitution.
- 1.2 Basic services are generally regarded to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.
- 1.3 The Constitution recognises Local Government as a distinct sphere of Government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform their basic function of providing essential services to the community within their boundaries.
- 1.4 The key purpose of an indigent subsidy policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary the Municipality is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.
- 1.5 To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.
- 1.6 The consumer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Fetakgomo-Tubatse Municipality.

**2. PURPOSE OF THE POLICY**

- 2.1 The purpose of this policy is to ensure that the subsidy scheme for indigent households forms part of the financial management system of Fetakgomo- Tubatse Municipality and to ensure that the same procedure is followed for each individual case.

**3. CRITERIA USED FOR IDENTIFICATION TO QUALIFY FOR INDIGENT SUPPORT**

- 3.1 Grants-in-aid may, within the financial ability of the Municipality, be allocated to household owners or tenants of premises who receive electricity (directly from Eskom), refuse removal,

water and sewer (rendered per service level agreement for Greater Sekhukhune DM) and assessment rate services, in respect of charges payable to the Municipality for such services.

3.2 These grants may be allocated if such a person or any other occupier of the property concerned can submit proof or declare under oath that all occupants over 18 years of age or in the case of child headed household consumers had no income or a verified total gross monthly income of less than the amount indicated in terms of the definitions below for the preceding three consecutive months.

3.2.1 Definition of an Indigent.

3.2.1.1 If the total monthly income of all occupants is not more than an amount as determined by Council from time to time. These amounts will be determined at the beginning of every financial year and will be applied for the duration of that particular financial year. Currently the income amount is deemed to be **equal to 3 (three) times the social pension**. This criterion applies to both the proclaimed and non-proclaimed areas.

**3.2.1.2 Must only have one property in the country and the property must be occupied as his/her normal residence. Property value of the property must not be more than R400 000-00 . If a house is built for the parents with a valuation of more than R400 000-00 the parents will not qualify to be seen as indigent. This criterion does not apply to those who are living in non- proclaimed areas.**

3.2.2 Definition of Child Headed Families. Families headed by children qualify for special rebates according to monthly household income. To qualify for the rebate the head of the family must:-

- a. **Only have one property in the Country and the property must be occupied as his/her normal residence. Property value must not be more than R400 000-00**
- b. Not be older than 18 years of age.
- c. Still be a student or jobless.
- d. Be in receipt of a total monthly income from all sources not exceeding an amount to be determined annually by the Municipality.
- e. Entry level amount for the 2018/2019 financial year is determined as equal to three times the social pension.

3.3 Only one application per person (household consumer) in respect of one property shall qualify for consideration. A business, school, body association, club or governing body shall not qualify for consideration.

3.4 The subsidy will apply to the owner or tenant of the property concerned.

**3.5 The subsidy will not apply in respect of households owning more than one property and will therefore not be classified as indigent.**

#### **4.1 APPLICATION AND AUDIT FORM**

4.1 An application form for Indigent Household Subsidy must be completed by all consumers who qualify in terms of this policy.

4.2 The account holder must apply in person and must present the following documents upon application:-

4.2.1 The latest Municipal account in his/her possession.

4.2.2 The accountholder's identity document.

4.2.3 An application form indicating the names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.

4.2.4 Documentary proof of income where possible or an affidavit of financial status.

4.2.5 Statement of monthly income and expenditure.

**4.3 All applications must be verified by an official or municipal agent appointed by Council. The relevant Ward Councillor must be involved during the evaluation process and must verify the application together with the relevant officials and local community leaders or ward committee members appointed by Council in this regard.**

4.4 Application forms must be read in conjunction with the policy proposed and form part of Council's indigent policy.

4.5 The list of indigent households may be made available at any time to the Information Trust Corporation (ITC) for the purpose of exchanging credit information. Households qualifying for consumer credit elsewhere will not be regarded as indigents. Indigents with pensioner status are excluded.

4.6 If an application is favourably considered, a subsidy will only be granted during that municipal financial year and the subsequent twelve (12) month budget cycle. The onus will rest on the approved account holders to apply for relief on an annual basis.

4.7 Any aggrieved person who was not successful in the application to be recognised as indigent may lodge an appeal with the Chief Financial Officer within a period of ten (10) days from the date on which the aforesaid decision was communicated to the applicant.

4.7.1 The Appeals Board whose composition shall be approved by council shall review all appeals within thirty (30) days from receipt of the appeal.

4.8 For the purposes of transparency, on an annual basis, the following key information of the recipient's indigent support will be made available to the public for scrutiny:-

- ❑ Names of household consumers receiving relief for the prescribed period;
- ❑ Stand number where services are rendered to the recipients; and
- ❑ Number of dependants residing on the property.

4.9 Any resident may query the qualification of a recipient in writing, within 30 days from the date of publication, to the Council.

## **5. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER**

5.1 The Chief Financial Officer will be responsible to compile and administer the database for households registered in terms of this policy.

5.2 Registration will take place on dates and at times and places determined by the Council, but shall generally be undertaken during February and /or March each year. The Municipal Manager or his/her delegate will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.

5.3 Council reserves the right to send officials or its agents to premises/households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied.

## **6. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION**

6.1 Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.

6.2 Any person who **supplies false information will be disqualified** from further participation in the subsidy scheme. He/she will also be liable for the immediate repayment of all subsidies received and all debts including arrears that have previously been written off, and the institution of criminal proceedings, as Council may deem fit.

6.3 The onus also rests on indigent support recipients to immediately notify Council of any changes in their indigence status.

## **7. SERVICES TO BE SUBSIDISED**

### **7.1. Refuse Removal**

All registered indigents shall be subsidised for refuse removal services as determined and provided for by the Council in the annual budget from time to time. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will

be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

## **7.2 Electricity**

This service is not rendered by the Municipality but by Eskom directly

## **7.3. Property Rates**

All registered indigents shall be subsidised for property rates services as determined and provided for by the Council in the annual budget from time to time. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

## **8. TARIFF POLICY**

8.1 The Local Government Municipal Systems Amendment Act (MSA), 2003, Act No 44 of 2003 stipulates that a Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements and which complies with the provisions of the Act and with any other applicable legislation.

8.2 A tariff policy must reflect, amongst others, at least the following principles, namely that:-

8.2.1 The amount individual users pay for their services should generally be in proportion to their use of that service;

8.2.2 Poor households must have access to at least basic services through-

- ❑ tariffs that cover only operating and maintenance costs;
- ❑ special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
- ❑ any other direct or indirect method of subsidisation of tariffs for poor households; and

8.2.3 The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

## **9 SOURCES OF FUNDING**

9.1 The amount of subsidisation will be limited to the amount of the equitable share received on an annual basis. This amount may be varied on a yearly basis according to the new allocation for a particular financial year.

9.2 If approved as part of the tariff policy the amount of subsidisation may at any time be increased through cross subsidisation, i.e. step tariff system in which case paragraph 8.2.3 shall apply.

## **10 METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY**

10.1 No amount shall be paid to any person or body, but shall be transferred on a monthly basis as a credit towards the approved account holder's municipal services account in respect of the property concerned.

10.2 Arrear amounts shall not qualify for any assistance and shall not be taken into consideration. Calculations shall be based on the monthly current accounts only and in accordance with the approved tariff policy.

## **11 ARREAR ACCOUNTS**

11.1 The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges.

11.2 **The arrears on the accounts of households, approved as indigent, will be submitted to the CFO( for amounts less than R20000-00) to be written off in full (including any interest charged) or to the Municipal Manger if the amount is between R20001 and R50000 or to Council if the amount is more than R50000 to be written off in full. This will be done after the expiry of 3 months from the date of being registered as an indigent.**

This submission will only be valid as a once-off exercise after approval and will not be applicable for future consumption in excess of the approved subsidy accumulated.

## **12 RESTORING SERVICES TO QUALIFIED HOUSEHOLDS**

12.1 If an application is approved services will be restored free of charge. If services are to be suspended thereafter in terms of the approved credit control policy the approved tariff for reconnection will be payable.

## **13 SERVICES IN EXTENT TO AVAILABLE FUNDING**

13.1 Not function of the Municipality.

## **14 CREDIT CONTROL POLICY TO BE APPLIED FOR INDIGENT HOUSEHOLDS**

### **14.1 Aim of the Credit Control Policy**

14.1.1 The credit control policy aims to achieve the following:-

- ❑ To distinguish between those who can and cannot genuinely pay for services;
- ❑ To get those who cannot pay to register with the municipality so that they are given subsidies;
- ❑ To enable the municipality to determine and identify defaulters to ensure appropriate credit control procedures; and
- ❑ To establish an indigent directory of all persons who comply with the policy.

### **14.2 Obligation to Pay**

14.2.1 The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidisation.

14.2.2 It is however important to note that if the subsidy received does not cover the full account the consumer is still responsible for the balance between the full account and the subsidy received.

14.2.3 Where applicable, credit control must still be applied, in accordance with the approved credit control policy, for these outstanding amounts.

## **15. REPORTING REQUIREMENTS**

15.1 The municipal manager shall report on a monthly basis to the Executive Committee for the month concerned and by municipal ward:-



- 15.1.1 The number of households registered as indigents and a brief explanation of any movements in such numbers;
- 15.1.2 The monetary value of the actual subsidies and rebates granted; and
- 15.1.3 The budgeted value of the actual subsidies and rebates concerned; and the above information cumulatively for the financial year to date.
- 15.2 The Executive Committee shall submit the above reports on a quarterly basis to Council and to the municipalities ward committees if so requested.

**16 IMPLEMENTATION AND REVIEW OF THIS POLICY**

- 16.1 This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy.
- 16.2 In terms of section 17(1) (e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

\*\*\*\*\*