

# **OVERSTRAND MUNICIPALITY**



## **INDIGENT POLICY**

## **P R E A M B L E**

**Whereas** section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

**And whereas** section 97 of the Systems Act prescribes that such policy must provide for “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.”

**Now therefore** the Municipal Council of the Municipality of Overstrand adopts the Indigent Policy as set out in this document:-

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**1 DEFINITIONS**

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means:-

<b>“Indigent”</b>	This is a household which, due to a number of factors as set out in par. 2, is not financially capable of paying for the delivery of Basic Services – including poor households.
<b>“Household”</b>	This includes all persons who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter
<b>“authorised representative”</b>	the person or instance legally appointed by the Council to act or to fulfil a duty on its behalf
<b>“basic service”</b>	The amount or level of any municipal service that is necessary to ensure human dignity and a reasonable quality of life and which, if not provided, could endanger public health or safety of the environment and for the purposes of this Policy are restricted to electricity, refuse, sewerage and water services. It is also to be understood that the national norms will be used as guidelines for the determination of the amount/level of the services
<b>“Chief Financial Officer”</b>	An officer of the Municipality appointed as the Head of the Finance Department and includes any person:- a. acting in such position; and b. to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty
<b>“Council” or “municipal council”</b>	A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand
<b>“customer”</b>	Any occupier of any property to which the has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property
<b>“defaulter”</b>	A person who owes money to in respect of a municipal account after the due date for payment has expired
<b>“interest”</b>	A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as determined by the Municipality.
<b>“Municipality”</b>	The institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand
<b>“municipal account” or “billing”</b>	The proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to
<b>“the Act”</b>	The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time

## 2 OBJECTIVES OF POLICY

The objectives of this Policy are to:-

- a. provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
- b. determine the criteria for qualification of indigent and poor households;
- c. ensure that the criteria is applied correctly and fairly to all applicants;
- d. allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household ;
- e. allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

## 3 PRINCIPLES OF POLICY

- a. The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for making of policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b. All applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy;
- c. Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English. Officials designated to control and manage these documents must be able to explain the contents thereof in the three languages of the Western Cape;
- d. The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

## 4 CRITERIA FOR INDIGENT HOUSEHOLDS WITH A PROPERTY VALUE GREATER THAN R50 000

To qualify as “Indigent household with a property value greater than R50 000”, a household must comply with all the following criteria:-

- a. The total household income may not exceed the sum of four times the amount of state funded social pensions;
- b. The average monthly consumption of electricity by the household over the previous 12 months may not exceed 400 kWh ;
- c. The average monthly consumption of water by the household over the previous 12 months may not exceed 18kℓ;
- d. Must be a permanent resident of Overstrand;
- e. Must be a South African citizen;
- f. The applicant may not be the registered owner of more than one property.

## 5 CRITERIA FOR INDIGENT HOUSEHOLDS WITH A PROPERTY VALUE OF R50 000 OR LESS.

To qualify as “Indigent household with a property value less than R50 000”, a household must comply with all the following criteria:-

- a. The property may only be used for residential purposes;

- b. The average monthly consumption of electricity by the household over the previous 12 months may not exceed 400 kWh ;
- c. The average monthly consumption of water by the household over the previous 12 months may not exceed 18kℓ;
- d. Must be a permanent resident of Overstrand;
- e. Must be a South African citizen;
- f. The applicant may not be the registered owner of more than one property.

## 6 CRITERIA FOR POOR HOUSEHOLDS

To qualify as a “poor” household, a household must comply with the following criteria:-

- a. The total household income may not exceed the sum of four times the amount of state funded social pensions or the property value must be less than R50 000;
- b. The average monthly consumption of electricity by the household over the previous 12 months may not exceed 500 kWh;
- c. The average monthly consumption of water by the household over the previous 12 months may not exceed 18 kℓ;
- d. Must be a permanent resident of Overstrand;
- e. Must be a South African citizen.

## 7 SUBSIDY

The subsidies below will be funded from the “equitable share” contribution received from National Treasury, plus an amount from the Municipality’s own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the abovementioned funds are available for allocation.

The subsidy amount allocated will be calculated and rounded off to the nearest lower R5, and will be paid into the consumer’s municipal account every month and be indicated as such on the account.

- a. Indigent households with a property value greater than R50 000, will receive the following per month as qualified above:

A subsidy of:

- ◆ 100% of the basic levy for electricity for one service point per month;
- ◆ 100% of the basic levy for water 1 RUE per month ;
- ◆ 100% of the basic levy for sewerage per month for one service point;
- ◆ 100% of the basic levy for refuse removal for one service point per month;
- ◆ 6 kℓ of water;
- ◆ 50 kWh of electricity;
- ◆ 4.2 kℓ of water consumption for sewerage.

- b. Indigent households with a property value less than R50 000, will receive the following per month as qualified above:

A subsidy of:

- ◆ 100% of the basic levy for electricity for one service point per month;
- ◆ 100% of the basic levy for water for one service point per month;
- ◆ 100% of the basic levy for sewerage for one service point per month;
- ◆ 100% of the basic levy for refuse removal for one service point per month;
- ◆ 6 kℓ of water;
- ◆ Indigent households with a property value of R50 000 or less, may apply for 50kWh of free electricity units where the household income does not exceed four times the social pension amount plus R1 per month and where the

average monthly consumption of electricity over the previous 12 months does not exceed 400 kWh;

- ◆ 4,2 kℓ of water consumption for sewerage.

c. “Poor” households will receive the following per month as qualified above:-

A subsidy of:

- ◆ 100% of the basic levy for sewage per month for one service point;
- ◆ 100% of the basic levy for refuse removal for one service point per month;
- ◆ 6kℓ of water.

## 8 APPLICATION FOR A SUBSIDY

The account holder must apply in person at a customer care office of the Municipality on the prescribed application form.

The following items must accompany the application:-

- a. The latest municipal account of the household;
  - i) Proof of the account holder’s identity;
  - ii) Proof of income of the account holder (e.g. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card, or a certificate to confirm registration as a job-seeker);
  - iii) Proof of medical condition when requiring additional water and electricity.

Should the account holder be unable to apply in person, due to medical reasons, his/her application may be certified by a commissioner of oaths, preacher/pastor of church or a community worker.

The applicant must complete the sworn statement that forms part of the application form. Failure to do so will render the application invalid.

## 9 PUBLICATION OF NAMES OF QUALIFYING APPLICANTS

The applicant must grant permission for the Municipality to publish his/her name and address on a list of account holders receiving subsidies in terms of this policy.

Any person may inspect or scrutinize the list at a Customer Care Office and inform/notify the Municipality of any person who, according to their true circumstances, should not be in receipt of a subsidy as envisaged in this policy.

## 10 FALSE INFORMATION

A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition, he/she will be held liable for the immediate re-payment of any subsidies already granted and legal action, civil or criminal may be instituted against the guilty party(ies).

## 11 LOCAL AUDIT (VERIFICATION)

The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time, with the aim of carrying out a local verification of the accuracy of the information provided by the applicant(s).

Such audit will be conducted on a continuous basis.

**12 DURATION OF SUBSIDY**

There is no restriction on the duration of the subsidy, **except** where the beneficiary's circumstances have changed to the extent that he/she no longer qualifies or when the budgeted amount has been depleted.

If the municipality obtains information that indicates that the circumstances of the applicant have changed to such an extent that he/she no longer qualifies for the subsidy, the Municipality reserves the right to suspend the subsidy. If any of the criteria, as set out in this policy, is not complied with any more, there is an onus on the recipient of the subsidy to notify the Municipality within **seven (7) days** after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.

**13 CURRENT AMOUNTS IN ARREARS**

Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy, will have to make arrangements with the Municipality for paying off the amounts in arrear.

**14 REGISTER**

The Municipality will complete a register of households that qualify as "indigent". The register will be continually updated and reconciled with the relevant subsidy account in the general ledger on a monthly basis.

<b>POLICY SECTION:</b>	<b>MANAGER: REVENUE</b>
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