

# *Chief Albert Luthuli Municipality*

*The transparent, innovative and developmental municipality*

*that improves the quality of life of its people*



## **DRAFT INDIGENT POLICY**

**2022/2023**

**CONTROL SHEET**

<i>Policy Number</i>	
Policy Name	Indigent Policy
Policy Status	Review
Date of last Approval	May
Policy review / Development	Policy to be reviewed
Date of next review	This policy shall remain effective until such time approved otherwise by Council and may be reviewed whenever it is necessary to align it with changes of relevant legislation or operations
Purpose	<ul style="list-style-type: none"> <li>To identify the linkages between the various poverty alleviation programmes that will result in the indigent moving away from the poverty trap</li> </ul>
Aims and objectives	<ul style="list-style-type: none"> <li>The policy objective is to establish the processes that will be used to manage the indigent clientele of the municipality</li> </ul>
Policy custodian	Chief Financial Officer
Related Policies and Legislations	<ul style="list-style-type: none"> <li><i>National Treasury Regulations</i></li> <li><i>Municipal Financial Management Act</i></li> </ul>
Approving authority	Council
Applicability	This policy applies to the entire indigent clients of the municipality
Amendments to the Policy	Joint income social state pension grant increase to R3,980 during 2022/23
Policy Benchmark and References	STLM
Stakeholders Consulted	CALM Finance department
Accountability	The Municipal Manager is accountable for the proper implementation of this policy in terms of the Systems Act.

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## DEFINATION

**Indigent Person**” means any person who is a pensioner, disabled person or unemployed or child headed whose joint social grant not exceeding **R3 980,00** as determined by Council.

**“Child Headed Household** “(*Under Guardianship*) means a household where both parents are deceased and where all occupants of property are children of the deceased and under the legal age to contract for services.

**“Indigent Register**” means the municipal list of indigent customers who are registered as indigent during a specific financial year in terms of the indigent Policy.

**“Free Basic Service**” means the quantity of services that shall be supplied free of charge as determined by Free basic Service Policy of the Council.

**“Indigent Subsidy**” – means an allocation from the equitable share grant as determined by the Council

**“Indigent Verification Committee**” it’s a committee responsible for verification of indigent applications or screening of indigent applications and recommend that the applicant is suitable or not suitable to receive indigent support as per the Council Policy.

**“Community Development Worker**” a public servant who work across the three spheres of government in order to support the existing service delivery programmes of government.

**“Ward Committee**” a member of community who works with ward councillor to identify and express issues affecting the community on daily basis via the ward councillor to the Council.

**“Municipal Official**” mean employee of the municipality.

## **1. Introduction**

(1) The Chief Albert Luthuli Municipality reaffirms its commitment to the national principles that should underpin indigent policy –

- a) Everyone has inherent dignity and the right to have their dignity respected and protected. All process that involves the provision of services to citizens must be done in such a manner as to respect the entrenched rights and dignity of those citizens.
- b) Municipalities must provide basic services to its indigent in a sustainable manner. It is not expected that a municipality will provide Free Basic Services beyond its financial and other capacities.
- c) Indigents must be afforded access to more than just the Free Basic Services package. It is widely acknowledge that the Free Basic Services package on its own will not see indigent communities standards of living improve. It is imperative that linkages be made between the Free Basic Services package and the broader package of social services.
- d) In providing Free Basic Services to indigents, municipalities must provide these services at the recognised and approved minimum basic levels. Municipalities are not dissuaded from providing a higher level of a service if they can afford to do so, and can sustain this higher level.
- e) Free Basic Services are targeted at the indigent. Therefore a municipally can use any approach it chooses to provide Free Basic Services as long as it can ensure and demonstrate that the indigent are benefiting from Free Basic Services.
- f) The municipal indigent policy is not a stand-alone policy which is independent from municipalities' IDP's, its debt and credit control procedures, its municipal by laws etc. Municipalities' indigent policies need to be developed to integrate with these strategic management plans and procedures so as to ensure that the municipalities will be able to sustain their Free Basic Services programme.
- g) Municipalities need to start planning realistic exit strategies for their indigent populations to exit from the indigent registers and subsidies. This will entail that the living circumstance of the indigent has improved significantly so that the indigent can afford to pay for their service. What this implies is that municipalities should integrate their Free Basic Services delivery with structured poverty alleviation programmes.
- h) Due to the varying circumstance and conditions within municipalities it is recognised that municipalities should exercise their right to apply the national indigent framework and these guidelines according to their own circumstances.

## **(2) Purpose of the Policy –**

Allow the municipality to target the delivery of essential services to citizens who experience a lower quality of life;

Identify how the indigent will be accessed;

Establish the process that will be used to manage the indigent;

Identify the process for tracking and assessing the service received by the indigent, as well as the real benefit that has resulted from the subsidies;

Provide policy direction to the municipality's IDP's and financial planning instruments;

Establish the process to set targets (milestones) for the rollout of free basic services to the entire indigent population within the municipal area; and

Identify the linkages between the various poverty alleviation programmes that will result in the indigent moving away from the poverty trap.

### **3. Legislative Framework**

- (1) This policy has been prepared in line with the Guidelines for the Implementation of the National Indigent Policy by Municipalities issued in 2005.
- (2) Legislation that directly impacts upon this policy include –
  - a) Constitution of the Republic of South Africa
  - b) Local Government Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
  - c) Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)
  - d) Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
  - e) Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)
- (3) National policies and guidelines that directly impact upon this policy include –
  - a) Guidelines for the Implementation of the National Indigent Policy
  - b) Framework for a Municipal Indigent Policy
  - c) Communications Handbook on Free Basic Services
  - d) Study to determine progress with and challenges faced by municipalities in the provision of Free Basic Services & supporting those municipalities struggling with implementation
  - e) The Municipality must make provision in its operational budget to subsidise the indigent tariffs.

### **2. Free Basic Services**

- (1) Only qualifying indigent households that have been registered by the Municipality in terms of this Indigent Policy may receive benefits under the Free Basic Services Policy.

- (2) The funding and financial management of this Indigent Policy and the Free Basic Services Policy is covered under the Credit and Debit Control Policy of the municipality

### **3. Qualification**

- (1) In order to qualify as an indigent household of Chief Albert Luthuli, a household must meet all of the following requirements in order to be registered –
- a) Have a total income less than or equal to a joint income of social state pension grant of R3 980,00 per month during 2022/23; excluding social foster care and child support grant.
  - b) Applicant is a South African citizen
  - c) must occupy a dwelling that receives Municipal services;
  - d) The subsidy will apply to the occupant or the owner and the subsidy will not apply to the owner owning more than one property
  - e) Must comply with any other terms or conditions determined by the Council from time to time.
- (2) Council reserves the right to review and revise the scheme conditions, criteria and benefits, as it deems necessary.
- (3) Notwithstanding anything else set out in this policy, Council reserves the right to reject applications or to deregister an indigent household, when such actions are taken by resolution.

### **4. Registration**

- (1) Qualifying households may apply to register as indigent at any time between 1 July until 30 April during the financial year on the prescribed application form of the Council.
- (2) The person applying on behalf of a household must –
- a) be a South African citizen;
  - b) not be younger than 18 years of age, except if the child is appointed executorship by a court of law;
  - c) must reside and be a full-time occupant at that property except in the case of a child headed household; and
  - d) Must be the owner or tenant who receives Municipal services and is registered as an account holder on the Municipal financial system.
- (3) In the case of a deceased estate, the surviving spouse or dependants of the deceased, who occupy the property may apply if they meet the all the above criteria except paragraph 5.2. (d)
- (4) The Board of Trustees / Managing Agent / Chairperson of a Body Corporate of bodies corporate or retirement centres that accommodate households that would otherwise qualify as indigent, may apply to the Chief Financial Officer for registration in order to receive a pro-

rata subsidy on Free Basic Services, although it is at the sole discretion of the municipality as to whether such application is approved.

- (5) An application must be accompanied by –
  - a) documentary proof of income such as a letter from the applicant's employer, salary advice, pension card, unemployment fund card, or an affidavit declaring unemployment or household income;
  - b) details of any other grants or subsidies received by the applicant or any other member of the household must be supplied, although these will not be considered as income in terms of paragraph 4.1;
  - c) the applicant's latest municipal account;
  - d) a certified copy of the applicant's identity document; and
  - e) The names and identity numbers of all occupants over the age of 18 years who are resident at the property.
- (6) As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks.
- (7) As part of the application, the applicant must consent to receiving the service and agree to the terms and conditions specified by the municipality.
- (8) An indigent household must apply / re-apply annually from April to June for the next financial year for registration as an indigent household, failing which any benefits will be withdrawn automatically from 1 July of the new financial year.
- (9) A reapplication must follow the same process and procedure set out above.
- (10) The Municipality does not guarantee the re-registration of indigent households.
- (11) A registered indigent household must be in possession of a letter of registration from the Municipality.
- (12) The Council may cause inspectors to visit indigent households to audit the veracity of the data in the application form and to record any changes in circumstances and make recommendations on the continuation or discontinuation of the registration or any subsidy.

### 13. CHILD-HEADED HOUSEHOLD or UNDER GAURDIANSHIP

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

- (a) the normal qualifying criteria for indigent support in respect of remaining members of household is complied with;
- (b) the account of the deceased parents is closed;
- (c) the oldest child signs the user agreement assisted by appointed legal guardian;
- (d) Property is not occupied by any member other than minor dependent children of deceased owner and or tenant; (e) the status of the household is reviewed in terms of this policy at least on three monthly bases. (

#### **(14) Approval**

- (a) All Indigent applications must be approved by the Chief Finance Officer or delegate.
- (b) Upon approval the applications will be submitted to the clerk for recording and updating to the financial system.
- (c) Simultaneously the application form is submitted to the electrical department for the electricity supply to be restricted.
- (d) Any exceptional cases on the application of the policy must be approved by the chief finance officer or delegate after considering all factors and it does not contradict the principles and / or objectives of the policy.

#### **(15) Recording**

- (a) The Indigent clerk must record all new applications and delistments in the indigent register.
- (b) The register with reconciliation must be submitted to the assistant director treasury office to be verified; thereafter it is submitted to the chief finance officer or delegate for approval.

#### **5. Deregistration**

- (1) A registered indigent household must immediately request de-registration by the Municipality if the circumstances of the household have changed to the extent that the household no longer meets the qualification set out in paragraph 4.

#### **7. Death of Registered Applicant**

- (1) In event that the approved applicant passes away the heir/s of the property must reapply for the indigent support, provided that the stipulated criteria are met.

#### **8. Publication of Register of Indigent Households**

Names of indigent beneficiaries must be opened for public perusal and comment before the beginning of the financial year

#### **9 Disqualification**

- (1) An applicant who provides false information in an application form and/or any other documentation with the application –
  - a) shall automatically, without notice, have their household de-registered as an indigent household from the date on which the Municipality became aware that such information is false;
  - b) shall be held liable for the payment of all services received in addition to any other legal actions the Municipality may take against such a customer;
  - c) Shall never in future be allowed to lodge an application for an indigent household, whatever the circumstances he/she may have to endure in future.
- (2) Households will be disqualified from the scheme if –

- a) the application was filled in dishonestly;
- b) Any audit indicates changes in the financial circumstances of the household that may impact upon their meeting the qualifying criteria.

## **10 Management**

- (1) The Council and Municipal Manager must establish strategies that tackle each of the following four key issues –

- (a) Actively encouraging all qualifying persons to register as indigents under this policy;
- (b) ensuring that all registered indigent households have physical access to the services (i.e. the infrastructure required must be in place);
- (c) ensuring that free basic services are provided in a reliable, appropriate and sustainable manner, and that the service is having the desired impact in improving the lives of the indigent;
- (d) Ensuring that the subsidies offered are properly targeted towards the indigent and that those who can afford to pay do not get subsidised.
- (e) Feedback report on benefitting indigents be provided to Ward Councillors on monthly basis.

- (2) The Municipality must ensure that its IDP prioritises the provision of free basic services to all indigent households

- (3) The Municipal Manager and senior managers must align their poverty alleviation programmes to meet the needs of indigent households, and support these households in their struggle to escape from the poverty trap in which they find themselves.

- (a) Arrears of Indigent

Accumulated arrears in respect of indigent prior registration shall be suspended, outstanding debt interest shall not accumulate interest but the Indigents shall be responsible for payment of current account.

## **11. Communications**

- (1) The municipality should develop its communication strategy for the Indigent Programme in line with the Communications Handbook on Free Basic Services as issued by the DPLG in 2005.

- (2) The Municipal Manager is responsible for communicating with all the residents of the municipality –

- a) What is the municipality trying to achieve with regards to the indigent policy;
- b) How will the municipality be going about implementing the indigent policy;
- c) What is the value for indigent and non-indigent households;

- d) Who qualifies for the service and how the municipality has determined this; and
- e) How should qualifying household access the services

## **12. Monitoring and Evaluation**

- (1) The municipal manager shall report on a monthly basis to the mayoral committee, as the case may be, for the month concerned and by municipal ward –
  - a) the number of households registered as indigents and a brief explanation of any movements in such numbers;
  - b) the monetary value of the actual subsidies and rebates granted;
  - c) The budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.
- (2) The Mayoral committee or executive committee, as the case may be, shall submit the above reports on a quarterly basis to the council and to the municipalities ward committees, or monthly frequently to any ward committees if so requested.
- (3) As far as to the extent resources permit, the municipality should develop a strategy that ascertains whether –
  - a) the service is being offered at the appropriate service level, in view of the environment, financial aspects and the social habits of the community;
  - b) the service is operating adequately;
  - c) the community is making appropriate use of the service;
  - d) the community requires any form of training to make better use of the service;
  - e) the service is meeting the required needs of the community; and the service is beneficially impacting on poverty or the quality of life of the beneficiaries

## **13. Enforcement and Implementation**

This policy has been approved by the Municipality in terms of Resolution

\_\_\_\_\_ dated \_\_\_\_\_ and comes into effect from 1 July 2022.

# SCHEDULE B

## FREE BASIC SERVICES DRAFT POLICY

**2021/22**

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#### **1. Introduction**

- (1) Chief Albert Luthuli Municipality reaffirms its commitment to the national principles that should underpin the Indigent Policy –
- (i) Everyone has inherent dignity and the right to have their dignity respected and protected. All process that involves the provision of services to citizens

must be done in such a manner as to respect the entrenched rights and dignity of those citizens.

- (ii) Municipalities must provide basic services to its indigent in a sustainable manner. It is not expected that a municipality will provide Free Basic Services beyond its financial and other capacities.
  - (iii) Indigents must be afforded access to more than just the Free Basic Services package. It is widely acknowledge that the Free Basic Services package on its own will not see indigent communities standards of living improve. It is imperative that linkages be made between the Free Basic Services package and the broader package of social services.
  - (iv) In providing Free Basic Services to indigents, Municipalities must provide these services at the recognised and approved minimum basic levels. Municipalities are not dissuaded from providing a higher level of a service if they can afford to do so, and can sustain this higher level.
  - (v) Free Basic Services are targeted at the indigent. Therefore a Municipally can use any approach it chooses to provide Free Basic Services as long as it can ensure and demonstrate that the indigent are benefiting from Free Basic Services.
  - (vi) The Municipal Indigent Policy is not a stand-alone policy which is independent from the Municipalities' IDP's, its debt and credit control procedures, its Municipal by- laws etc. Municipalities' indigent policies need to be developed to integrate with these strategic management plans and procedures so as to ensure that the Municipalities will be able to sustain their Free Basic Services programme.
  - (vii) Municipalities need to start planning realistic exit strategies for their indigent populations to exit from the indigent registers and subsidies. This will entail that the living circumstance of the indigent has improved significantly so that the indigent can afford to pay for their service. What this implies is that municipalities should integrate their Free Basic Services delivery with structured poverty alleviation programmes.
  - (viii) Due to the varying circumstance and conditions within Municipalities it is recognised that Municipalities should exercise their right to apply the national indigent framework and these guidelines according to their own circumstances.
- (2) This Free Basic Services Policy will –
- (i) align to the Municipality's poverty alleviation programme;
  - (ii) allow the Municipality to target the delivery of essential services to citizens who experience a lower quality of life;
  - (iii) define the services will be delivered;
  - (iv) define the level of each particular service will be provided to beneficiaries;
  - (v) assist in establishing the resources allocated by a municipality to enable their Indigent Policy.

## **2. Legislative Framework**

- (1) Legislation that directly impacts upon this policy include –

- (i) The Constitution of the Republic of South Africa
  - (ii) Local Government Municipal Property Rates Act, 2004 (Act No 6 of 2004)
  - (iii) Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998)
  - (iv) Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000)
  - (v) Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)
  - (vi) Water Services Act, 1997 (Act No 108 of 1997).
- (2) National policies and guidelines that directly impact upon this policy include –
- (i) Free Basic Water guidelines for local authorities
  - (ii) Free Basic Water Implementation Strategy
  - (iii) Communications Handbook on Free Basic Services
  - (iv) Electricity Basic Services and Support Tariff (Free Basic Electricity) Policy
  - (v) Study to determine progress with and challenges faced by Municipalities in the provision of Free Basic Services & supporting those Municipalities struggling with implementation.

### **3. Free Basic Services**

- (1) Only qualifying indigent households that have been registered by the Municipality in terms of its Indigent Policy may receive benefits under the Free Basic Services Policy.
- (2) The provision of free basic services is based on the expected Equitable Share to be paid to the Council by National Treasury annually. The annual adjustment to these benefits is subjected to the increase in the Equitable Share.
- (3) The Municipal Council will annually, as part of its budgetary process, determine the Municipal services and levels thereof that will be subsidised in respect of indigent customers in accordance with national policy, subject to the principles of sustainability and affordability. This may necessitate a review of the free basic services outlined in this policy
- (4) The Municipal Council shall, in the determination of Municipal services that will be subsidised for indigents, give preference to subsidising at least the following services:
  - (i) 6 kltrs of water supply
  - (ii) 50 kWh of electricity supply
  - (iii) 50% discount of water and electricity basic charges;
  - (iv) 50% discount on sanitation services;
  - (v) 50% discount on refuse removal services;
  - (vi) 100% assessment rates;

- (vii) services to customers billed with a “flat rate” where consumption is not metered; and
  - (viii) suspension of arrears payments.
- (5) When resources permit, the Municipal Council should give consideration to the provision of additional benefits, including –
- (i) child-headed households to be linked to social, economic and educational services; and
  - (ii) burial or cremation benefits.

#### **4. Electricity Supply**

- (1) The Municipality will supply 50 Units month per household to registered indigents will be provided free of charge.
- (2) Should an indigent household use less than the allowance as set out in Section 4.1 above, the balance cannot be carried forward to a following month, nor will any refund be made.
- (3) Electricity usage in excess of the allowance as set out in Section 4.1 above must be purchased at the applicable electricity tariff.
- (4) The necessary activating number to the value of 50 kWh will be obtained from a Municipal pay-point on monthly basis.
- (5) Upon the discovery and confirmation of any tampering to electricity supply equipment or electricity theft, the indigent household will be deregistered as per the Indigent Policy.

#### **5. Water Supply**

- (1) The Municipality will supply free 6 (Six) kilolitres of water per month per household. Indigent registered household's shall receive free 6 (Six) kilolitres of water per month fully subsidised.
- (2) Should an indigent household use less than the allowance as set out in Section 5.1 above, the balance cannot be carried forward to a following month, nor will any refund be made.
- (3) Water usage in excess of the allowance as set out in Section 5.1 above must be purchased at the applicable water tariff.
- (4) Upon the discovery and confirmation of any tampering to water supply equipment or water theft, the indigent household will be deregistered as per the Indigent Policy.

#### **6. Sanitation Services**

- (1) The Municipality will offer a 50% rebate for registered indigents on the cost of Sanitation Services as per the approved tariff of Council from time to time.

#### **7. Refuse Removal Services**

- (1) The Municipality will offer a 50% rebate for registered indigents on the cost of Refuse Removal Services per month as per the approved tariffs of Council from time to time.

**8. Assessment Rates**

- (1) The Municipality will offer a 100% rebate for registered indigents on the assessed rates with a maximum property value threshold the Council will determine as part of the budgetary process annually.

**9. Services to Customers billed with a “flat rate” where consumption is not metered**

- (1) The Municipality will charge a “flat rate” where consumption is not metered.

**10. Suspension of Arrears Payments**

- (1) Arrears accumulated in respect of the Municipal accounts of customers prior to their first registration as indigent customers, will be suspended and interest shall not accumulate on such arrears for the period that a customer remains registered as an indigent customer.
- (ii) Arrears suspended in terms of Section 11.1 shall become due and payable by the customer by de-registration in terms of the Indigent Policy.

In special individual cases, a report can be submitted to the Mayoral Committee to decide if Section 11.2 should be implemented or not.

**11. Verifying of FBS consumers**

The Municipality has a duty to ensure that only the indigent households receive FBS. From time to time the Municipality must verify that all beneficiaries are legitimately designed. All indigent benefiting from the FBS must be registered on the Municipal Indigent register.

**12. Sources of Funding**

- Equitable share

**13. Enforcement and Implementation**

This policy has been approved by the Municipality in terms of Resolution \_\_\_\_\_ dated \_\_\_\_\_ and comes into effect from 1 July 2022.