

**INDIGENT MANAGEMENT POLICY**

**DEFINITIONS**

- Approved Registration Point:** Civic Centre, c/o Commissioner & Market Streets, Krugersdorp
- Basic Municipal Services:** Means municipal services that is necessary to ensure an acceptable and reasonable quality of life, if not provided would endanger public health or safety or the environment.
- Directorate:** Means the Directorate: Community Services of Mogale City Local Municipality that has been tasked with managing Indigent Support.
- Free Basic Services:** The quantity of services that shall be supplied free of charge to an indigent household, amounting of 6 kl of water per month, 50 kWh free electricity per month when less than 150 kW/h is utilised per month, subsidized sanitation services, refuse removal services and rates to the total value of R86 per month.
- Household:** Household is defined as a registered owner or tenant with children who live in the same premises with parents.
- Indigent:** Any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than two times the Government pension grant as prescribed by the National Department of Social Development or in line with the National Indigence Framework issued by the Department Local Government (DLG), who qualify, according to the policy, for rebates/remissions or a services subsidy. Examples hereof include pensioners, the unemployed and child-headed families who are unable to fully meet their obligations for municipal services consumed and property taxes on their monthly accounts. Any other Government grants received by such households will not be considered as additional income.
- Indigent Management System:** An electronic management system used by Mogale City Local Municipality for the management of the Indigent Register.
- Poverty:** Poverty is defined within the context of a poverty line. Poverty lines vary according to the size and composition of individual households. The poverty line of two adults and three children is approximately R840. For purposes of Mogale City, poverty is defined within the context of an Indigent household.
- Programme Officer:** An official duly authorised by the Municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening and site visits are

undertaken and for recommending applicants for approval to receive indigent support.

**Tenant:** Registered occupant of a property owned by the Municipality, or an individual/family sharing the same property with the legal owner, who may or may not be related to the owner, and who has the responsibility to pay for their own Municipal Services.

**Verification Officer:** An official duly authorised by the Municipality, or an employee of a Service Provider appointed by the Municipality, to assist with the management of Indigents, to visit households and verify the applicant's application and to recommend that the applicants is either a suitable or not a suitable candidate for approval to receive indigent support.

## **PURPOSE OF THIS POLICY**

The purpose of the policy is to establish strategies to support poverty alleviation within Mogale City in line with the changing needs of the community. The policy links with the Council's Credit Control and Debt Collection Policy, Tariff Policy and respective by-laws by providing a support programme for the subsidisation of basic services to indigent households.

## **THE POLICY OBJECTIVES**

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

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

## **LEGISLATIVE FRAMEWORK**

The policy is based on the following legislation:

- South African Constitution Act, Act no. 108 of 1996 (Section 27).
- Municipal Systems Act, Act 32 of 2000.

## **QUALIFICATION CRITERIA**

Persons who are claiming indigent status (i.e. an inability to pay assessment rates and service accounts in full) must qualify in terms of the following criteria:

- Must be a resident of Mogale City.
- Must be in possession of a valid South African identity document.

- Households earning an equivalent of or less than two times the Government pension grant, even when receiving any other Government grants.
- Must be the owner or tenant who receives Municipal services and is registered as an account holder on the Municipal financial system and must not be in possession of more than one property.
- Must have an active Municipal Account.

Additional criteria to be considered include the following:

- Possible temporary relief whilst unemployed.

## **ASSISTANCE PROCEDURES**

### **1.1 Communication**

Details of the Indigent Policy must be communicated in an easily understandable manner to the communities of Mogale City Local Municipality.

### **1.2 Application/Registration**

A person applying for assistance must complete a formal indigent support application form approved by the Mogale City Municipal Council. Such forms will be available at the approved registration point.

Applications must have certified copies of their identity document, municipal account, proof of income, an affidavit declaring lack of income and/or proof of registration as unemployed, plus bank statements (where applicable). Any other grants received by the applicant must be clearly indicated and confirmed, although these will not be considered as additional income.

The signing of the indigent application form, if approved, will entitle the applicant to an allocation of free basic services defined under "Free Basic Services" on page 1.

The applicant must consent to the installation of any form of pre-paid meters as a system to limit the consumption of services and to abate the accumulation of debt.

As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks.

### **1.3 Assessment & Screening of Applicants**

After the application/registration process all information must be verified by the Programme Officer or a person approved by the municipality as follows:

#### **(a) Indigent Management System Check**

The information on the Municipality's Indigent Management System must be checked to determine whether an applicant is already registered within the system as well as to determine dates when these existing applicants should be reviewed.

(b) Date Capture

The indigent registration data must then be captured in an Indigent Management System as per the application form. The record must then be flagged in the system as being an “application in progress”.

(c) Verification – Site Visit

The Indigent Management System must assign an application to a duly appointed Verification Officer to perform an on-site verification.

The Verification Officer must then verify the registration application, complete a questionnaire, which contains the inventory. The applicant must then sign the completed questionnaire. The Verification Officer then assesses the application and recommends that the application be considered for further investigation using an External Scan (see (d) below).

This information shall be entered into the Indigent Management System within 72 (seventy two) hours after receiving the information from the Verification Officer.

(d) Verification – External Scans

An external scan, of applicants recommended as suitable candidates for an indigent grant, must be conducted with UIF, SARS, Department of Welfare, Retail and Credit Bureau. The external scan must immediately follow the process after the information from the site visitation has been captured. The information of the external scan must then also be captured in the Indigent Management System within 72 (seventy two) hours after receiving the information from the Verification Officer.

The external scan must be done separately from the site verification.

#### 1.4 Recommendation

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database. Those applications that qualify for indigent support in accordance with the system are then to be referred to the Indigent Committee for final approval.

#### 1.5 Indigent Committee

Indigent Committees must be established who approve/disapprove indigent support to applicants. The Indigent Committee must be established to comprise of councillors and relevant officials of the Municipality.

The Indigent Committee must meet at least once per month. The Indigent Committee must consider each recommended application; assess it in terms of the application and any other knowledge or information which members may have in respect of the applicant.

The recommended application must then be captured in the Indigent Management System. The date which the record was submitted to the Indigent Committee should be noted in the system in order to track the status of the application within the process.

In the event that the application is declined it must be captured as such in the Indigent Management System, and the system must be flagged and a letter should be sent to the applicant informing them of the disapproval.

In the event of a successful application the Indigent Management System should be updated to show this, the system should be flagged to indicate that the application has been approved and a letter should be sent to the applicant informing them of approval of their application.

## **1.6 Re-evaluation**

The system should generate, on an annual basis, a list of site visits to be performed of the registered indigents, and assign these to a Verification Officer. The Indigent Management System must evaluate each visit the same as a new application and any changes must be noted when being re-submitted to the Indigent Committee.

## **FREE BASIC SERVICES**

Free Basic Services will be defined in the following Council policy documents:

- Credit Control and Debt Collection
- Subsidised rates and refuse removal
- Free Basic Water
- Free Basic Electricity
- Free Basic Sanitation (still to be implemented)

## **REPORTING AND QUALITY CONTROL**

**Quarterly** reports shall be submitted by the Directorate: Community Services, with financial implications to **relevant** Portfolio Committees and to the Mayoral Committee on progress made and any changes in the status of registered indigents.

## **EXTENT OF MONTHLY INDIGENT SUPPORT**

The extent of the monthly indigent support granted by Council to indigent households in the Municipal area will be determined based on budgetary allocations for a particular financial year and the tariff increases for that specific financial year. This should be based on the amount of an average monthly service account as indicated in the National Allocation Guideline as reviewed annually (Equitable share) stated as follows:

- Water
- Refuse collection
- Electricity
- Sewerage
- House rentals
- Assessment rates on residential property

The subsidy for the above should be in line with the Municipality's tariffs which will change from time to time as tariffs increase.

The following forms of assistance could also be given to indigent households:

- The accounts of successful applicants should be flagged to prevent credit control measures.
- No interest should be charged on arrears.
- The accrued arrears of an indigent household should be placed in suspense account and be reviewed 12 monthly.
- The account of an indigent household that applied for an Indigent Grant should be credited with an amount totaling the amount as approved by the Council.

The Municipality reserves the right to install prepaid meters in all the households classified as indigent.

### **SHORT-TERM ASSISTANCE**

An indigent person in incidental distress may be assisted for a shorter period not exceeding six months. Incidental distress will mean a person that is:

- Temporarily unemployed.
- Persons who are hospitalised.

Such persons qualify for assistance if they are not in receipt of any assistance from any other source. Indigent people falling within this category will be re-assessed on a three monthly basis.

### **PROCESS MANAGEMENT**

#### **Validity Period**

Validity period of assistance will be for a maximum period of 12 month. Households must re-apply at the end of a 12 months period.

#### **Death of Registered Applicant**

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

#### **Publication of Register of Indigent Households**

Names of indigent beneficiaries must be open for public perusal and comment.

Written objections from the public must be referred to the Directorate: Community Services who will be responsible for investigating the validity of the complaint and referral to the Directorate: Finance for appropriate action.

#### **Under-usage of Allocation**

If the level of consumption of the indigent household is less than the consumption level approved by the Municipality, the household cannot claim or accrue the unused portion, be it in cash or rebates.

### **Excess Usage of Allocation**

If the level of consumption of the indigent household exceeds the consumption level approved by the Municipality, the household will be obliged to pay for the excess consumption on a monthly basis. Accounts not updated on a monthly basis will be subject to Credit Control measures.

### **Termination of Indigent Support**

Indigent Support will be terminated under the following circumstances:

- Death of account-holder,
- End of the 12 months cycle, except in the case of pensioners and child-headed households,
- Upon sale of the property,
- When circumstances in the indigent household have improved in terms of a gross income exceeding two times the Government pension grant.

### **Exit Programme**

Members of households registered as indigent should be prepared to participate in exit programmes coordinated by the Municipality in collaboration with other Government Departments and the Private Sector. The expectation of this clause excludes pensioners and child-headed households.

### **BUDGETING FOR INDIGENT SUPPORT**

The Municipality shall include in its annual budget the amount required for indigent subsidies in line with the respective policy and By-laws. Such amount shall be increased annually, based on the Municipal Infrastructure Grant (MIG) and the Equitable Share plus the amended rates and tariffs for the particular financial year, and credited directly against the monthly services account of approved indigents.

### **NON-COMPLIANCE**

If the applicant is found to have lied about his/her personal circumstances 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 this assistance for a period of 5 years.

In areas where metered water consumption is billed the applicant will be responsible to pay for water usage exceeding **free** 6 kl.

### **AUDITING**

A three monthly auditing must be conducted regarding the indigent register, usage rate of allocations and credit control measures applied.