



NKOMAZI LOCAL MUNICIPALITY
MP324

INDIGENT POLICY

INDIGENT POLICY

VISION

A leading Local Municipality that empowers its Communities through excellent service delivery

MISSION

To enhance the quality of life of all people in the Nkomazi Local Municipality through a sustainable developmental system of Local Government and rendering of efficient, effective and affordable services.

MUNICIPALITY'S CORE VALUES

The Nkomazi Local Municipality subscribes to the following core values:

- Accountability;
- Good Governance;
- Transparency;
- Integrity; and
- Responsiveness.

NKOMAZI POPULATION DEMOGRAPHICS

		Urban	Dense	Village	Scattered	Farmland	Total
1	Total Population	60926	0	429828	120	10634	501508
	Population per household						5.8
2	No. of household consumer units	12404	0	72275	20	1772	86472
3	No. of dry industrial consumer units	0	0	0	0	0	0
4	No. of wet industrial consumer units	0	0	0	0	0	0
5	No. of commercial consumer units	310	0	0	0	0	310
6	No. other (non-residential)	208	0	0	0	0	208
7	Total consumer units	12922	0	72275	20	1772	86990

HOUSEHOLD INCOME

Annual Household Income 2001		
Income Categories	Households	Percentage (%)
No income	18389	24.3
R1 – R4800	15492	20.5
R4801 – R9600	18741	24.5
R9601 – 19200	11583	15.3
R19201 - R38400	6032	7.9
R38401 - R76800	2882	3.8
R76801 -R153600	1452	1.9
R153601 - R3077200	565	0.7
R307201 -R614400	217	0.3
R614401 -R1228800	66	0.08
R1228801 – R1228800	94	0.1
R2457601 +	33	0.04
Not applicable	26	0.02

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DEFINITIONS

- (a) Indigent – Any household who due to a number of socio-economic factors are unable to make a full monetary contribution towards services provided by Municipalities.
- (b) Household - All persons living under one roof or occupying a separate housing unit, having either direct access to the outside (or to a public area) or a separate cooking facility. Where the members of a household are related by blood or law, they constitute a family.
- (c) Child headed- Means a is a family in which a minor or (child) has become the head of the household where both parents are deceased
- (d) Municipality- Means a local government or structures listed under the municipal categories established in terms of section 12 of the Municipal structures act 117 of 1998. means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155 (1) of the Constitution as a category B municipality
- (e) Owner - Means a person who owns a property
- (f) Indigent Register- A municipal list of indigent customer or Household who has been approved by the councilor to be provided with the basic services as per municipal indigent policy.
- (g) Council - Is the structure or body formed by the councilors in the local municipality to oversee the administrative issues. A municipal council consists of a number of councilors determined by the Mayor as per Municipal structure 's act 117 of 1998
- (h) Jurisdiction –Means an Area for that particular municipality, within the Municipality boundaries, jurisdictions exist, in which city and county functions are managed by a single municipal government
- (i) Arrear dept –
- (j) Tarrif – Money charged for service
- (k) NGO - A non-governmental organization (NGO) - is any non-profit registered organization who is voluntary, organized group which provide services to the people ,Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments,
- (l) Tenant – Someone who rent the property not owning it.
- (m) Credit Control – Credit control is the practice of making sure your customers don't take too long to pay you.
- (n) Debt Control - agreement between you and your creditors aimed at consolidating any unsecured, non-priority debts you have into a single monthly payment plan.
- (o) FBS – free basic services – services rendered by the municipality such as Water, Electricity, refuse and sanitation.
- (p) EBSST- Means Electricity Basic Support Services
- (q) KWH _ Kilowatt per hour – electrical consumption

POLICY STATEMENT

The Nkomazi Local Municipality believes that an indigent policy should be adopted to promote social and economic development and to provide services to the indigent as outlined in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Local Government.

AIM

To specify the framework for providing relief from the burden of rates and tariffs to registered or otherwise identified indigents.

The aim is to set clear guidelines how council will assist Indigent Households and what the roles of the different departments are.

This policy will further set broad principles, resulting in the adoption of a By-Law for the implementation and enforcement of a Tariff Policy.

OBJECTIVES

To determine which households qualify as indigent Households according to laid down criteria;

To set clear guidelines on the level of services that will be supplied to Indigent Households;

To determine the role of the department of the Chief Financial Officer and the department of the Strategy and Development Manager respectively;

To lay down guidelines on the cross subsidization and funding of the Indigent.

TERMS OF REFERENCE

Section 214(1) of The Constitution of the Republic of South Africa, Act no.108 of 1996 (hereafter referred to as the Constitution) stipulated inter alia the following:

An act of parliament must provide for – The equitable division of revenue raised nationally among the national, provincial and local spheres of government.

Section 74(2){c} of the Municipality System 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 or for basic levels of service; or
- (iii) Any other direct or indirect method of subsidization of tariffs for poor households;

DELEGATION

The overseeing responsibility for implementation of this policy is delegated to the Municipal Manager in terms of Section 59 of the Municipal Systems Act, Act 32 of 2000.

The responsibility for implementation is delegated to the Chief Financial Officer in terms of the Municipal Systems Act, Act 32 of 2000, as far as it is stipulated to be their individual responsibility.

RESPONSIBILITY OF NKOMAZI LOCAL MUNICIPALITY

Council accepts that the improvement of the general welfare of the community is A governmental responsibility and therefore is committed to this goal.

As the sphere of government closest to the people the role that the Nkomazi Local Municipality can play in developing the community is acknowledged and supported.

Legislation determines that the Nkomazi Local Municipality is responsible for the Supply of services at affordable levels and tariffs to consumers and to effectively Limit the accumulation of arrear debts.

The Nkomazi Local Municipality also accepts its responsibility to creatively develop ways and means to recover all arrear debts from consumers in a manner which is affordable to council and which ensures effective financial management.

All concessions that will be made to a category of consumers will be carefully considered in order to minimize the impact of cross subsidisation by other groups.

Cash flow limitations will determine the extent of concessions that will be made.

Although the indigent policy outlines procedures and guidelines for the subsidisation of service charges to indigent households in the Municipality's area of jurisdiction, The Municipality will also strive to increase the quality life of the beneficiaries by assisting them to exit from indigent. However the onus for applying for indigent rest with the consumer.

Reviewal of the Indigent Policy will be implemented every after two years to revise / review the status of the registered indigents.

COMMUNICATION STRATEGY

The council has the responsibility to communicate the policy to the consumers effectively through the available channels in order to educate people to understand the municipal indigent policy. The Municipality identified the following channels_

- (a) Ward Committees
- (b) Ward Councilors'
- (c) Traditional Authorities
- (d) Community based organisations
- (e) Community development worker
- (f) Local radios and newspapers
- (g) Imbizos and road shows
- (h) Free basic services awareness campaign

DEFINITION

Indigents are defined as those households who due to a number of socio-economic factors are unable to make a full monetary contribution towards services provided by Municipalities.

QUALIFICATION AS INDIGENT HOUSEHOLDS

Criteria for identification

In order to set guidelines for the identification of an Indigent Household the following criteria will be made applicable on all households within the council's area of jurisdiction:

- (a) Total household income of all occupants must be less than R1,800 which has been allocated to council subject to annual adjustments.
- (b) The applicant must be 18 (eighteen) years of age and above.
- (c) The applicant must have an active account with the Municipality;
- (d) The applicant must own a single property. The applicant cannot have two (2) properties registered in his or her name in order to qualify.
- (e) Registerd Non-Profit Organisations (NGOs) within the Nkomazi Municipality – Matsaba
- (f) All child headed households even if they are below 18 (eighteen) years of age can Apply (social worker's report)
- (g) Subsidies apply to households and not for individuals

REGISTRATION

All consumers regarding themselves as being indigent should apply at the Department of Finance where the register of all these consumers will be kept on a data base form where it will be verified by their ward committees, respective ward councilor and social worker to investigate the household circumstances as indicated on the application form and these parties are jointly and severally responsible for the contents of such applications.

Further to the registration the following:

- Registration will take place from 01 November to 31 January every after two years
- All indigents consumers will have to register every after (2) two years, failing to do so will result to being deregistered.
- An unemployed person will have to provide proof of their registration as unemployed at the Department of Labour.
- Applicant's identity document

- Latest municipal or Eskom account and proof of ownership
- A social worker's report will have to be submitted together with application form indicating the social welfare of the applicant; if such report does not exist then Council may undertake its own evaluation.
- Bank statements must be provided to motivate the application.
- The applicant's last income tax return form should be provided where available.
- Applicants must declare by means of an affidavit that they indeed are indigents.
- Applicants must take note that should their applications be successful their names will be displayed to offer the public an opportunity to comment and/or object to the registration.
- Objections by the public will be forwarded for further investigation of the applicant's socio-economic circumstances/situation.
- Fraudulent applicants will be disqualified, the subsidy granted by Council will be recovered, and legal steps will be instituted against such offender.

HANDLING OF ACCOUNTS

ARREAR DEPT

Where an account is in arrears and the debtor is registered as indigent, and remains indigent for a fixed period of 12 months, the debt is written off as irrecoverable.

CREDIT CONTROL

The Indigent Policy is linked to the Credit Control and Debt Collection Policy.

Indigents who fail to pay their accounts or keep to the terms of their arrangement will have their subsidy withdrawn and will be dealt with in terms of the Credit Control and Debt Collection Policy.

LEVEL OF SERVICES

Services will be rendered to all debtors that are regarded as Indigent but the following levels are set:

WATER

The provision of water as a free basic service will be in accordance with provisions of the policy/by-law passed/promulgated by Nkomazi Local Municipality.

Household or Non-Governmental Organizations (NGO'S) that qualified as indigent will qualify for free basic services referred to in the Tariff Policy to a maximum of 6kl water per month, hence depending on the quantity of services required exception will be considered for NGO's.

Where the consumer consumes more than 6kl between readings the full tariff will be applicable.

REFUSE

The same service will be rendered as to other households. Rural areas once per week and Town or suburban twice a week.

SANITATION

The same service will be rendered as to other households

ELECTRICITY

The provision of free basic electricity to indigent households is available to the entire area of the Nkomazi Local Municipality, including Eskom's licensed area.

Where a consumer applies for indigent status, he/she will be informed of the consequences of their choices because they will be provided free of charge with a 20 Amp circuit breaker in terms of the Electricity Basic Support Services Tariff (EBSST). Consequences include tripping, other possible inconveniences created by the 20 Amp circuit-breakers. Should they want to have a bigger circuit breaker they will have to pay for the upgrading

Use will also be made of the self-targeting without current limitation approach. This means that if the consumer indicates that he/she does not want to go on the 20 Amp circuit-breakers, he/she will automatically be charged at higher tariff if he/she uses more than 150 kWh.

Only the operational and maintenance costs will be collected from consumers but for the indigent who qualifies for the free basic services a charge of R50 per month will be levied for all the services.

The first 50kWh will be free of charge, and Council reserves the right to amend This downwards at anytime

ALTERNATIVE ENERGY(PROPOSED)

The Municipality has a responsibility to increase people 's life for the better through providing alternative energy for those households who are disadvantage or no electricity altogether at rural areas. Such customers will be identified per ward.

Candles and lamps will be provided for lighting.

Gels and stoves will be also be provided for cooking. Gels and candles will be provided every month.

TERMINATION OF INDIGENT SUPPORT

In the death of the approved customer or the indigent household, if the indigent household had dependents it means they have to re-apply.

At the end of twenty-four (24) months.

If ever the indigent household his / her condition changed (employed) into the extent whereby the household income has been reached as per Municipal indigent policy.

Fraudulent application will be disqualified if found during the verification process and will be not allowed to re-apply for the next twenty four (24) months.

If the indigent household sale his/her property must inform the municipal official.

EXIT PROGRAMMES

Nkomazi Municipality has identified few programs that will promote exit from indigence: Indigent household will be the priority in such programs.

**Public works programs
Nkomazi local Municipality leaner ships
Local economic development**

The above program will assist in terms of developing skills in to the Nkomazi Local areas. MONITORING OF THE SERVICES

AUDIT AND REVIEW

- (a) The Municipality will conduct the audit and revial of the indigent register's information and the status of the indigent house hold every after two (2) months, this will to maintain the true reflection of indigent information.**

EXCLUSIONS

Property assessment is not covered. In terms of the indigent policy

Persons with large inheritance will not be considered as indigent.

TARIFF FOR INDIGENT

Tariffs for the Indigent will be charged in terms of Council's tariff policy

ROLES OF DEPARTMENTS

(a) DEPARTMENT OF FINANCE

The Department of Finance will have the following responsibilities: -

To register every applicant in a temporary register;

To assist consumers in completing the application form;

To verify all related financial answers that was given by the applicant on the Application form;

To inform the Department of the Community Services of every new application that has been received on a monthly basis, for the department to send out social workers to verify the applicant's household circumstances;

To ensure that the applicant has an agreement with council for the rendering of services;

To ensure that the income for the household does not exceed the amount in paragraph specified above or any amendment thereof;

To ensure that no false information is provided;

To establish the Indigent Committee that will include:

- Community Development Workers (CDW'S)
- Social Workers
- Traditional Leaders
- Other departments within the municipality, which is department of Community Services and department of Municipal Works.

To inform the Department of Municipal Works of the Indigent Households at which the water flow valve must be installed to restrict the monthly water consumption to 6kl per month;

To inform the Department of Municipal Works of the Indigent households at which the circuit breaker must be reduced to a 10 Amp circuit breaker in terms of EBSST;

Ensure that tariffs are set so that the first 50 units of electricity would be free of charge.

(b) DEPARTMENT OF COMMUNITY SERVICES

The Department of Community Services will have the responsibility to liaise with the Social and Welfare Services for the purpose of helping with the processing of indigent applications.

(c) DEPARTMENT OF MUNICIPAL WORKS

The Department of the Manager Municipal Works will have the responsibility to install the water flow valve at each household, which qualifies as an Indigent Household.

They will have to install the 10Amp circuit breaker (if so requested by the debtor) at each household, which qualifies as an indigent household.

Should a debtor request an upgrading after the initial downgrading, the EEM will have to install it can provide the Department of Finance with the necessary information of such jobs done.

The Municipal Works Department will also have to indicate to consumers the disadvantages of having a 10 Amp circuit breaker and also to liaise with Eskom with regard to technical and other related issues.

ROLE OF THE ACCOUNTING OFFICER

1.1 The Accounting Officer must report to the Executive Mayor quarterly the number of households registered as indigent.

1.2 Provide a brief explanation a brief explanation of any such movements.

1.3 Performance against targeted number of indigent that has been set also with the poverty alleviation:

- (a) Number of Awareness campaign during that financial year
- (b) Number of indigent household registered
- (c) Number of indigent household exit from indigent support
- (d) Changes on the status.
- (e) Monitoring and Verification of indigent household

REFERENCE TO OTHER POLICIES

Credit Control and Debt Collection Policy

Tariff Policy

CONCLUSION

As the sphere of government closest to the people, Nkomazi Local Municipality takes pride in presenting this Indigent Policy and hopes that through this policy Council can contribute to the improvement of the general welfare of all the people of Nkomazi.

Through the Indigent Policy this municipality will endeavor to improve the general welfare of the people of Nkomazi, by supplying services at affordable levels and tariffs and thereby limit the accumulation of arrear debts.



NKOMAZI LOCAL MUNICIPALITY

INDIGENT APPLICATION FORM

INDIGENT SUPPORT APPLICATION FORM

1. Applicant's Name _____ 2.ID NO: _____

3. Residential Address: _____

4. Postal Address: _____

5. Account Number: _____ 5. Outstanding Amount R _____

6. Ward Number: _____ 7. Ward Councillo _____

8. Electricity Meter NO: _____ Cell phone No _____

9. Is the applicant: The Tenant? _____
 The Registered Owner? _____

10. Employment of Pensioner:
 Employer's Name: _____
 Address _____

Pensioner: _____
 Pensioner Number: _____
 Self Employed: _____
 Monthly Income :(Yourself) R _____

11. (A) Number of income earring people staying in household
 (A Household is all the people who eat and sleep with you on this stand at least once per week, excluding domestic worker).

Person	Initial and Surname	Employed Yes/No	ID No.	Name of Employer	Gross Monthly Income
1.					
2.					
3.					
4.					
5.					

12. Are there any tenants on the stand? (please tick) Yes or No

IF YES, monthly rental received from the tenants R _____
 Other income not stated R _____
TOTAL INCOME OF HOUSEHOLD R _____

13. The following copies must be attached to this application:
- Applicant's identity document.
 - Latest municipal account (if possible)
 - Documentary proof of total monthly income of the household.
 - A detailed report from Social worker (if is a child headed)
 - A sworn affidavit to the all information supplied is true and that income from all sources has been declared.

CERTIFICATION: WARD COUNCILLOR

This application is approved / not approved as indigent debtor and put forward for processing:

YES, APPROVED AS INDIGENT		NOT APPROVED AS AN INDIGENT	
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Signature

Ward

Date

RECOMMENDATION BY INSPECTING OFFICER:

FULL NAMES OF INSPECTING OFFICER: _____

SIGNATURE: INSPECTING OFFICER: _____ DATE: _____

DECISION BY INDIGENT COMMITTEE

This applicant is approved as an indigent debtor	YES	NO
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SIGNATURE: CHIEF FINANCIAL OFFICER

DATE

SIGNATURE: MUNICIPAL MANAGER

DATE