



Nkomazi Municipality

NKOMAZI LOCAL MUNICIPALITY
MP324

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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1. DEFINITIONS

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

- “Act”** means the Local Government: Municipal Systems Act, 32 of 2000, as amended from time to time.
- “Municipality”** Means Nkomazi Local Municipality
- “Indigent”** means lacking the necessities of life such as sufficient water, basic sanitation, refuse removal, health care, housing, environmental health, and supply of basic energy, food and clothing.
- “Indigent Household”** refers to the household that due to a number of socio-economic factors are unable to make a full monetary contribution towards services provided by the Municipality (Nkomazi Local Municipality).
- “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
- “Owner”** Means a person who owns a property
- “Council”** means the Council of Nkomazi local Municipality as the structure or body formed by the municipality to oversee the administrative issues.
- “Indigent Register”** A municipal list of indigent customer or Households approved by Council to be provided with the basic services as per municipal indigent policy.
- “Jurisdiction”** Means an Area for that particular municipality, within the Municipality boundaries, in which a single municipal government manages a city.
- “Tariff”** Monies charged for service
- “Arrear debt”** means the amount that is overdue after missing one or more required payments and the amounts accrued from the date on which the first missed payment was due.
- “Non-governmental organization (NGO)”** any non-profit registered organization, which is voluntary, organized and task-oriented, driven by people with a common interest to group provide services for disadvantaged people.
- “Tenant”** Someone who rent the property not owning it.

“Free Basic Services (FBS)” services rendered by the municipality such as Water, Electricity, refuse and sanitation.

“EBSST” Means Electricity Basic Support Services

“KWH” Kilowatt per hour – electrical consumption

2. POLICY STATEMENT

The Nkomazi Local Municipality believes that an Indigent Policy 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.

The purpose of this document is to outline the Indigent Policy of NKOMAZI LOCAL MUNICIPALITY, and to set out the administrative Procedures for the Policy.

The Key Purpose is to ensure that households with none or lower income are not denied access to basic services, and that the Municipality is not burdened with non-payment of services provided. The conditions of the policy provides for the provision of free basic services at the rural Village

3. 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 on how Council will assist Indigent Households and what are the roles of different departments.

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

4. OBJECTIVES

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

To set clear guidelines on the level of services to 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 set out the guidelines of cross subsidization and funding of the Indigents

5. TERMS OF REFERENCE

Section 97 (1)(C) OF THE Local Government Municipality System Act, 2000 states that a municipality must provide in its debt collection and credit control policies and any national policy on indigents.

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:

1. 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: -

1. 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;

6. DELEGATION

The Municipal Systems Act, Act 32 of 2000, delegates the overseeing responsibility for implementation of this policy to the Municipal Manager and the Chief Financial Officer.

7. RESPONSIBILITY OF NKOMAZI LOCAL MUNICIPALITY

Legislation determines that, Nkomazi Local Municipality is responsible for the supply of services at affordable levels and tariffs to consumers and effectively limits the accumulation of uncollectable debts.

As a sphere of government, Nkomazi Local Municipality plays an acknowledged role in developing the community. Nkomazi Local Municipality also accepts its responsibility in creatively developing ways and means to recover all arrear debts from consumers in a manner which is affordable to Council and which ensures effective financial management.

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

Cash flow limitations will determine the extent of concessions offered.

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.

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

8. 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

9. QUALIFICATION AS INDIGENT HOUSEHOLDS

Criteria for identification

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

- (a) The total income of all occupants is more than the amount determined for indigent scheme and less than the amount determined by Council from time to time. Currently, this amount is deemed to be from R0.00 income to R3 350. This includes the child headed families and people with disability.
- (b) If a family is depended on state grants which may amount to more than the Council limit such family will be deemed to be indigent and not be assessed per limit criteria
- (c) The applicant must be 18 (eighteen) years of age and above.
- (d) The applicant must have an active account with the Municipality;
- (e) The applicant must own a single property. The applicant cannot have two (2) properties registered in his or her name in order to qualify.
- (f) Registered Non-Profit Organisations (NGOs) within the Nkomazi Municipality
- (g) All child headed households even if they are below 18 (eighteen) years of age can Apply (social worker's report)

(h) Subsidies apply to households and not for individuals.

10. REGISTRATION

All consumers regarding themselves as being indigent should apply at the Department of Finance where all applicants are recorded on an indigent register database for verification by the respective ward councilor and social worker to investigate the household circumstances as indicated on the application form. These parties are jointly and severally responsible for the contents of such applications.

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

- (a) The latest Municipal account in his/her possession.
- (b) The account holder's identity document
- (c) An application form indicating the names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.
- (d) Statement of monthly income/affidavit for non-income earners
- (e) Eskom's electricity pole number

Application forms must be read in conjunction with the policy proposed and form part of Council's indigent policy. The list of indigent households may be made available at any time to the Information Trust Corporation (ITC). Households qualifying for consumer credit elsewhere will not be regarded as indigents.

If an application is favorably considered, a subsidy will be granted during that municipal financial year and be subjected for verification annually. In case of pensioners, the amount will be reversed from the date the applicant started to receive the state grant.

Further to the registration, the following will also apply:

- ❖ 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.

11. HANDLING OF ACCOUNTS

11.1 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.

11.2 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 Nkomazi Local Municipality's Credit Control and Debt Collection Policy.

12. LEVEL OF SERVICES

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

12.1 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.

12.2 REFUSE

All registered indigents shall be fully subsidised for refuse removal as determined and provided for by 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.

12.3 SANITATION

All registered indigents shall be fully subsidised for sanitation services as determined and provided for by 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

12.4 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 concerns 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).

Concerns 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. 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 using the approved 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

13. TERMINATION OF INDIGENT SUPPORT

- a) Upon the death of the Indigent account holder .This means that, if the Indigent account holder had dependents they have to re-apply.
- b) At the end of twenty-four (24) months
- c) If ever the indigent account holder's affordability status changes into the extent whereby the household income has been reached as per Municipal indigent policy. (once employment has been found)
- d) 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.
- e) If the Indigent account holder sell his/her property must inform the municipal official.

14.EXIT PROGRAMMES

Nkomazi Municipality has identified few programs that will promote exit from indigence:

- ❖ Public works programs
- ❖ Nkomazi local Municipality learner ships
- ❖ Local economic development

The above program will assist in terms of developing skills in to the Nkomazi Local areas and Indigent household will be the priority in such programs.

15.AUDIT AND REVIEW

The Municipality will conduct the audit and review of the indigent register's information and the status of the indigent household every after two (2) months, this will help to maintain the true reflection of indigent information.

16.EXCLUSIONS

- ❖ Property assessment is not covered. In terms of the indigent policy
- ❖ Persons with large inheritance will not be considered as indigent.

17.TARIFF FOR INDIGENT

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

18. ROLES OF DEPARTMENTS

18.1 DEPARTMENT OF FINANCE

18.1.1The Department of Finance will have the following responsibilities: -

- a) To register every applicant in a temporary register;
- b) To assist consumers in completing the application form;
- c) To verify all related financial answers that was given by the applicant on the Application form;
- d) 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;
- e) To ensure that the applicant has an agreement with council for the rendering of services;
- f) To ensure that the income for the household does not exceed the amount in paragraph specified above or any amendment thereof;
- g) To ensure that no false information is provided;

18.1.2 To establish the Indigent Committee that will include:

- a) A Councilor of the affected ward who sits as a Chairperson
- b) At least two (2) ward committee members
- c) One CDW (Community Development Workers)
- d) A Social Worker
- e) A representative from a Home-Based Care Centre
- f) Traditional Leaders
- g) Department of Community Services and the Municipal Works section.

18.1.3 The responsibilities of the committee shall include, but not limited to the design and periodic review of Indigent support application.

- a) The Committee shall receive and consider the application forms
- b) Upon considering applications, the committee shall follow all processes to satisfy itself whether the applicant is indigent or not
- c) The committee shall decide whether to grant the indigent subsidy or not
- d) A ward committee who serves as a secretary to the committee, and a Councilor who is a Chairperson of the committee, shall both sign the relevant document which confirms the approval/disapproval of the application form for indigent scheme
- e) The municipality reserves a right to use other method of verification and approval than those listed under clause 5.1 and 6 above.

18.2 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.

18.3 MUNICIPAL WORKS SECTION

The Manager Municipal Works section will have the responsibility to install the water flow valve and to install the 10Amp circuit breaker (if so requested by the debtor) at each household, which qualifies as an indigent household.

19.ROLE OF THE ACCOUNTING OFFICER

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

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

19.1.3 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) Monitoring and Verification of indigent household

20.REFERENCE TO OTHER POLICIES

- ❖ Credit Control and Debt Collection Policy
- ❖ Tariff Policy

21. CONCLUSION

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

This policy will take effect on the day of Council's Approval.



Nkomazi Municipality

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
Councillor _____

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 earning 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

Signature

Ward

Date

RECOMMENDATION BY INSPECTING OFFICER:

-

-

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-

-

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FULL NAMES OF INSPECTING OFFICER: _____

SIGNATURE: INSPECTING OFFICER: _____ DATE: _____

DECISION BY INDIGENT COMMITTEE

This applicant is approved as an indigent debtor

YES

NO

SIGNATURE: CHIEF FINANCIAL OFFICER

DATE

SIGNATURE: MUNICIPAL MANAGER

DATE