



Zululand
District Municipality

INDIGENT POLICY

STATUS: FINAL

"Service Delivery through Integrity"

Tel: 035 874 5500 • 400 Ugagane Street, Ulundi, 3838 • Private Bag X76, Ulundi, 3838
www.zululand.org.za

TABLE OF CONTENTS

1	INTRODUCTION	2
2	DEFINITIONS	3
3	LEGISLATIVE FRAMEWORK	4
4	APPLICATION	5
5	PURPOSE	6
6	QUALIFYING CRITERIA	6
7	OBJECTIVES AND PRINCIPLES	8
8	DURATION OF RELIEF	10
9	REGISTRATION AS INDIGENT	10
10	PROCESSING OF APPLICATION	11
11	DEVELOPMENT OF INDIGENT REGISTER	11
12	WHAT DOES THE INDIGENT SUPPORT BENEFIT COVER	11
13	NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT	12
14	FREE BASIC SERVICES SOCIAL PACKAGE OR INTEGRATED BASIC SOCIAL SERVICES AND PROVISION	13
15	EXIT PROGRAM	16
16	COMPLIANCE AND ENFORCEMENT	16
17	EFFECTIVE DATE	18
18	POLICY ADOPTION	18

INTRODUCTION

In terms of section 74 of the Local Government Municipal Systems Act of 2000, a Municipal Council must adopt and implement a Tariff policy. In terms of section 74(i) of the Act in adopting a Tariff policy, the Council should at least take into consideration the extent of subsidization of tariffs for poor households. This Policy must provide procedures and guidelines for the subsidization of basic services and tariff charges to its indigent household.

- a) The Department of Co-operative Governance and Traditional Affairs at the Provincial sphere has a policy mandate to support and facilitate Municipalities to develop and implement Credit control and debtors' collection policies that provides for indigents.
- b) In the Province of KwaZulu-Natal some municipalities do not have Indigent Policies to address the basic needs of the designated indigent groups and households as required by the National Policy Framework.
- c) The outstanding debtors' balance of the municipalities within the province is escalating. The existing credit control policies in the municipalities' address the issue of non-payment of municipal accounts but there is a challenge in implementing those policies due to the difficulties experienced when it comes to distinguishing between those who can afford to pay for their services and those who are indigent. Other existing indigent policies are not reviewed on annual basis.
- d) The use of the Equitable Share by local municipalities without Indigent Policies in place results in the inconsistent practice of spending the budget allocated for the indigent households. This policy vacuum is a limitation that may result in unnecessary discretionary expenditure of the budget allocated for indigent groups and households in other areas with financial demands rather than where the budget is due to be spent.
- e) In the absence of conditions placed on the Equitable Share allocated for indigent households, local municipalities cannot easily and consistently be held accountable for how they spend the budget allocation for indigent households.
- f) Also of serious concern is the fact that there is need for the local municipalities to have indigent registers which are updated monthly with an interest and a stake on policy matters of indigent household and groups. There is a need for the adoption of Provincial Policy Framework on Indigent households to regulate and how municipalities must allocate budget and implement it for indigent groups in KwaZulu-Natal.
- g) This framework is a renewed effort that is designed to assist KZN municipalities in developing effective mechanisms to distinguish between those households who cannot afford to pay and those that refuse to pay for the basic services provided by municipalities. This is aimed at ensuring that only deserving households benefit from the provision of free basic services programme.

1 DEFINITIONS

In this Indigent Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act No. 56 of 2003 and other related legislations/Regulations, has the same meaning as in that Act.

“Council” means Zululand District Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any official to whom the Executive Committee has delegated any powers and duties regarding these bylaws.

“Child headed household” refers to a household where both parents are deceased and where all occupants of the property are children of the deceased, and all are under the legal age to contract for services and are considered as minors in law by the state.

“Consumption” means the ordinary use of municipal services, including water, sanitation services for domestic or household purposes.

“Customer” means any person with whom the Municipality has entered into an agreement for the provision of any municipal service to the premises of which such person is an owner, including any person who is authorised by the owner to enter into such an agreement with the Municipality in respect of the owner's premises.

“Basic Municipal Services” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life that if not provided, would endanger public health or safety or the environment. For the purposes of this policy “Basic Municipal services” refers to the following services supplied and subsidies by Zululand District Municipality:

- Water and Sanitation

“Indigents” consumers whose monthly household income is less than the minimum living income as determined by Council.

“Application for indigent” means a resident in charge of a household and who is responsible for payment of municipal charges and whose combined household income is equal to or less than the amount as determined by the Council to qualify for indigent

status and has made application to the Council and is accepted to be classified as an indigent.

“Municipal services” means water, sanitation and provided by the Municipality.

“Owner” means the person in whom from time to time is vested the legal title to the property.

2 LEGISLATIVE FRAMEWORK

This framework is designed and implemented within the contexts, but not limited to other prescripts:

- a) the Constitution of the Republic of South Africa, 1996.
- b) the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
- c) the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000).
- d) the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000).
- e) the Property Rates Act, 2004 (Act No. 6 Of 2004).
- f) the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004).
- g) the Municipal Structures Act 2000, (Act No. of 2000).
- h) the Local Government Municipal Systems Act 2003 (Act No. 32 of 2003).
- i) the Free basic Alternative Energy Policy 2007.
- j) the Free Basic Water Implementation Guideline for local authorities 2002.
- k) the Free Basic Water Implementation Strategy 2007: Consolidating and maintaining.
- l) the National Policy for the Provision of Basic Refuse Removal Services to Indigent Households 2011.
- m) the Local Government Equitable Share Municipal Demonstration Spreadsheet for 5 years (2013/14 to 2017/18 financial year).

3 APPLICATION

- a) The framework covers all rural and urban areas under the jurisdiction of district and local municipalities in KwaZulu-Natal, where members of indigent have been identified and registered.
- b) The municipality screens consumers utilising the external services of TransUnion Credit Bureau to identify consumers that are indigent but have not applied for the assistance.
- c) The municipality will capture the outcome of the TransUnion report on the indigent register.
- d) Applicants will be informed in writing about the outcome of TransUnion or any approved agent to conduct verification and the validity of the assistance which will also include the date of commencement and termination of assistance.

4 PURPOSE

The purpose of this framework is to ensure that:

- a) the equitable share for indigent budget allocation benefits the poor households to improve their social, economic and development conditions.
- b) there is proper and consistent indigent management by all municipalities within KZN province.
- c) there is proper accountability on the use of Indigent Budget Allocation.
- d) the indigent policy of the municipality has fraud prevention measures to ensure that only qualifying households benefits from Free Basic Services allocation.
- e) free basic services are provided to the community in a sustainable manner within the financial and administrative capacity of the Council.
- f) free basic services are financially stabilised through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation.
- g) a framework for the identification and management of indigent households is established including a socio-economic analysis and the indigent exit strategy.
- h) procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households are provided.
- i) co-operative governance with other spheres of government is an achieved, and
- j) the institutional and financial capacity of the municipality to implement the policy is enhanced

5 QUALIFYING CRITERIA

Subsidies apply to households and not individuals. For a household to qualify as indigent, a household must comply with the following requirements:

- a) The applicant must be a resident of the municipality.
- b) The applicant must be eighteen (18) years of age and above.
- c) The total joint gross income of all occupants or dependents in a single household must be equal or less than two (2) state pension grant income.
- d) The applicant must be the consumer who receives municipal services. This does not apply to households in informal settlements and rural areas where no accounts are rendered.
- e) The applicant must be the resident of a single property (stand) and applicants with one property registered under their names will be considered.

- f) All households that are child headed, even if they are below eighteen (18) years of age can apply for the indigent support; but they must produce a valid Letter of Authority from the Magistrate, or an authorised affidavit obtained from the police station.
- g) All households applying for Free Basic Water and Sanitation must have water supply and waterborne system connected to their household.
- h) Households where verified total gross monthly income of all occupants over 18 years of age does not exceed the amount determined by Council per month i.e. two current monthly social assistance grant payable per person by the Department of Social Development will qualify for a subsidy on service charges for sanitation and water as set out in paragraph 5.
- i) Indigent support will apply to all households whose total monthly income is less than or equal to the above-mentioned amount, irrespective of the source of income.
- h) Only households where the consumer has registered as indigent in terms of the Municipality's annual registration programme, and whose registration has been

accepted and entered into the register of indigents shall qualify for the above concessions.

- i) For a household to qualify on the major service charges, the registered indigent must be the full-time occupant of the property concerned and be the consumer of the municipal services concerned, may not own any other property, whether in or out of the municipal area. Should the municipality conduct investigations on indigent approved properties discovers that the property has tenants then the application will be disqualified immediately. If also the municipality discovers tempering with the meter the applicant will immediately be disqualified from being indigent and a tempering fee will be added on water account. The consumer will be liable for such fee added as well as for water supplied.
- j) The indigency benefits covers the following categories:
 - (i) Child headed homes with a valid Executorship/Letter of Authority from the Magistrate or authorised affidavit obtained from police station or from the Magistrate.
 - (ii) Pensioners (not earning more than two current monthly social assistance grant payable per person by the Department of Social)
 - (iii) Unemployed: Applicant's certified ID as well as an authorised affidavit confirming that the applicant is not employed.
 - (iv) Deceased: Where the consumer is deceased a nominated or authorised consumer can apply for indigent on the property with the following documents certified ID copy of the applicant, Letter of authority obtained from Magistrate or an authorised affidavit as well the deceased death certificate. Including all names and ID numbers of occupants who are residing within the property.

After the death of a registered indigent the status quo is in respect of basic municipal services provided to such indigent under this policy shall remain in place until the end of the Municipal financial year for which the basic municipal services were granted. Nothing however precludes a deceased spouse from applying for indigent support in their own name during the remainder of the municipal financial year.

- k) The Executive Committee is delegated to declare an area as indigent based on existing conditions in each area.

6 OBJECTIVES AND PRINCIPLES

6.1 In terms of section 74 (1) of the Local Government: Municipal Systems Act, 2000, the Council of the Municipality is required to adopt and implement a tariffs policy on the levying of fees for municipal services. In terms of section 74 (2) (c) of the aforementioned act, the tariff policy must reflect, inter alia, the principle that poor households must have access to at least basic services through (i) tariffs that cover only operating and maintenance costs, or (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.

6.2 Because of the level of unemployment and consequent poverty in the municipal area, there are households which are unable to pay for normal municipal services. The Municipality therefore adopts this indigency management policy to ensure that these households have access to at least basic municipal services and is guided in the formulation of this policy by the national government's policy in this regard.

6.3 To provide basic services, the Council will:

- i) Determine appropriate service levels.
- ii) Set tariffs which will balance economic viability of service delivery with service levels.

6.4 The Council will be guided by the following principles in implementing this policy:

Due regard shall be had to the Constitution, the Local Government: Municipal Systems Act, 2000, and other relevant legislation.

Relief provided under this policy must, to the extent that is practicable, be practical, fair, equitable and justifiable, to avoid alienating any group or groups.

Bureaucratic administration of the policy must be efficient.

The payment of services must be affordable to the indigent.

7 DURATION OF RELIEF

- 7.1 Indigency relief shall apply for a period not extending beyond the financial year for which the household is registered as indigent. Registration must be renewed for each financial year if relief is to continue in such year.
- 7.2 The applicant must submit Annexure A, confirming that his or her circumstances has not changed since his or her initial application and that he or she still qualifies for indigent support in terms of the latest criteria.
- 7.3 The Municipality will send a written notice to the approved property owner, at least two months prior to expiry of the approval, but the onus still rests with the applicant or another permanent adult occupant on the property to submit Form confirming the status.
- 7.4 Random verifications may be performed by the municipality or an appointed agent without prior notice.

8 REGISTRATION AS INDIGENT

- 8.1 Only those residents who comply with the qualifications set out in Paragraph 3 may apply for registration as indigents.
- 8.2 To register as an indigent, the relevant property owner must:
 - i) personally complete and sign the prescribed registration form provided by the Municipality for this purpose and furnish such further documentation as the Municipality specifies.
- 8.3 Failure to comply herewith may result in the applicant's indigent status being revoked.
- 8.4 The Municipal Manager may provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.
- 8.5 Persons may apply for registration as indigents in respect of any financial year at any time in the preceding financial year up to three months before the adoption of the budget. Applications made thereafter may not be considered.
- 8.6 The onus shall be on the property owner to renew registration as an indigent as contemplated in Paragraph 4 above.

8.7 The onus shall also be on the property owner to notify the Council of any change in circumstances, and, if so, required by the Council, to submit proof of such change.

9 PROCESSING OF APPLICATION

9.1 Each application will be given a number, for reference purposes.

9.2 The application will be processed within two weeks of receipt by Municipality in a manner prescribed by the internal processes.

9.3 A notice informing the applicant of the status of the application will be sent to the applicant within two weeks of finalizing the application scrutiny process.

9.4 Names of Households benefiting from the Indigent Support.

9.5 Stand number where services are rendered to the recipients.

9.6 Any resident may query the qualification of a recipient in writing.

10 DEVELOPMENT OF INDIGENT REGISTER

10.1 Indigent register must be developed to register all indigents.

10.2 Indigent register must be updated on an annual basis.

11 WHAT DOES THE INDIGENT SUPPORT BENEFIT COVER

11.1 On approval of the application the Municipality shall provide the following:

11.2 Basic Municipal Services which include:

- i) Access to a minimum safe water supply as determined by Council
- ii) Adequate sanitation as determined by Council.
- iii) Once off credit equivalent to the outstanding balance on the dwelling at the date of approval.

- iv) Where there are leaks in the meter or in the property, they may be attended to in terms of the bylaws and the cost may be recovered from the Indigent Support allocation.
- v) Cost of restriction shall be recovered from the Indigent Support allocation.
- vi) Excess usage in the event of death shall be recovered from the Indigent Support allocation.

11.3 Miscellaneous

- i) Should any circumstances not covered by this policy regarding the administration of the Indigent Support policy arise, and is urgent, it shall be referred to the Chief Financial Officer.

12 NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

12.1 When a consumer who has registered as an indigent fail to comply with any arrangements or conditions materially relevant to the receipt of indigent relief, or if such person ceases to qualify for indigent relief as contemplated in Paragraph 3 above, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary consumer who will not be regarded as indigent consumer for the financial year concerned.

12.2 The onus is on each registered indigent to advise the Municipal Manager if such person ceases to qualify for indigent relief.

12.3 It may happen that even with the introduction of the indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner concerned will have to make immediate arrangements with the Municipal Manager to pay off these arrears owing within a reasonable time determined by the Municipal Manager in terms of the Municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the Municipality's credit control and debt collection policy.

12.4 The relief granted to any indigent person in terms of this policy may be withdrawn at the discretion of the Municipal Manager if such person fails to observe the terms of this policy.

12.5 If a registered indigent is found to have provided fraudulent information to the Municipality regarding any material condition for registration as an indigent:

- i) Such person shall immediately be removed from the register of indigents.
- ii) Shall cease to receive any benefit under this policy.
- iii) Shall be liable to repay to the Municipality with immediate effect all indigency relief received from the date of such fraudulent registration.
- iv) Normal credit control in accordance with the Municipality's credit control policy will apply.
- v) May not again be considered for indigent relief for a period extending for two years beyond the financial year in which the misconduct is detected, and
- vi) Institute a criminal charge of fraud against the recipient.

12.6 Indigent relief will not apply in respect of consumer owning more than one property, whether in or outside the Municipal Area.

13 FREE BASIC SERVICES SOCIAL PACKAGE OR INTEGRATED BASIC SOCIAL SERVICES AND PROVISION

13.1 The municipality must determine the suitable social package for its indigent beneficiaries.

13.2 The social package may be extended to include households where eligible applicants are not municipal account holders and registered indigent households in rural areas. The social package comprises of the following:

- a) Water and sanitation – an approved indigent registered household must receive fully subsidised water and sanitation at a minimum of 6kl per month, including the basic charges for such supply, provided that:

- i) Where the consumption exceeds 6kl per month the municipality must restrict water supply to the property or must bill the excess consumption used at a normal rate.
- ii) Where excessive consumption is partly due to leaking or poor plumbing, the municipality must install a yard connection to the outside of the dwelling and meter the consumption.
- iii) Alternative water supply (water tanks) is provided to areas where there is no infrastructure within the Municipal jurisdiction.
- iv) Relief granted for the safe removal of human waste and grey water from the premises is not less than a rebate of 100% on the monthly amount billed for the service

14. AUDIT AND REVIEW

The office of the Municipal Manager will designate officials who will establish an Indigent Policy Implementation, Management and Evaluation Committee comprising of four (4) officials within Revenue Management, which shall meet and report on a quarterly basis to Council on matters relating to the indigent applicants and approvals but not limited to the following:

- a) Conduct ongoing monitoring of the execution of the policy to determine effectiveness and efficiency.
- b) The Committee will conduct regular audits of the indigent register regarding the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of the applicant.
- c) The committee will consider and review all inputs from stakeholders for the annual review of the indigent policy.
- d) Manage all appeals in relation to declined indigent application.
- e) Assistance to the poor.
- f) The Municipality may, in terms of the qualifying criteria set out in the Policy, grant assistance to any person who is regarded by the Municipality as poor based on

the qualifying criteria as determined by the Municipality from time to time in the Policy.

- g) (2) The person who qualifies for assistance in terms of subsection (1) must be prepared to convert to pre-payment metering whenever required by the Municipality to do so.
- h) (3) The Municipality must conduct regular audits of persons who are receiving assistance in terms of subsection (1) to ensure that they still meet the criteria for such qualification and, if not, take the necessary steps for the withdrawal of such

assistance, subject to due compliance with the Constitution and the rules of natural justice.

14 EXIT PROGRAM

- a) An indigent customer must immediately request deregistration where his or her circumstances have changed to the extent that he or she no longer complies with the requirements set out in section 6 of this framework.
- b) In addition to the circumstances stated in section 6, indigent support must be terminated under the following circumstances:
 - i) Upon death of the account-holder or the head of the household where no accounts are rendered.
 - ii) Upon sales of the property in respect of which support is granted.
 - iii) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.
- c) The exit strategy of indigent beneficiaries from the approved indigent register must ensure:
 - i) continuous verification of the register.
 - ii) involvement of all stakeholders including government departments, stakeholders involved, sector departments and private sector.
 - iii) participation of members of households registered as indigent
- d) The municipality may promote exit from indigence by identifying indigents for inclusion in public works projects.

15 COMPLIANCE AND ENFORCEMENT

- a) Violation of or non-compliance with this policy will give a just cause of disciplinary steps to be taken as per the Municipality's disciplinary code of conduct.

- b) It will be the responsibility of Accounting Officer to enforce compliance with this policy.

16 EFFECTIVE DATE

The policy shall come to effect upon approval by Council of Zululand District Municipality.

17 POLICY ADOPTION

This policy has been considered and approved by the **COUNCIL OF THE ZULULAND DISTRICT MUNICIPALITY** as follows:

RESOLUTION NO.:

APPROVAL DATE.: