

INDIGENT POLICY

INTRODUCTION

The Indigent policy must be read with the Customer Care and Management Policy.

2 PRINCIPLES THAT UNDERPIN AN INDIGENT POLICY

The following principles are used for the policy:

Administrative Integrity must be maintained at all costs – policy and execution are legally separate and must also be practically separate.

Communications of policies, rights and responsibilities, must be understandable, effective and regular.

Billing is to be accurate, timeous and understandable.

The customer is entitled to an efficient, effective and reasonable access to pay points, and to a variety of reliable payment methods.

Poor households are to be identified and supported, with appropriate policies and practices.

Enforcement of payment will be prompt, consistent, effective and humane.

Fraud and criminality will lead to loss of rights and severe penalties.

Targets for performance in both customer service and debt collection will be set and strived for.

Results will be regularly and efficiently reported.

Policy for Indigent will be agreed by Council and Management, and supported thereafter by these parties.

3. RESPONSIBILITIES AND DELEGATED AUTHORITY

3.1. The Council --

- 3.1.1 must create, evaluate, review and adopt the Indigent policy and related by-laws.
- 3.1.2 The mayor must oversee and monitor the implementation and enforcement of the municipality's policies in this regard.
- 3.2 The Municipal Manager --
 - 3.2.1 as accounting officer, must implement and enforce this policy and any relevant by-laws.
 - 3.2.2 must establish and control the administration necessary to fulfil this policy, and report efficiently and regularly to the Executive Committee in this regard.
 - 3.2.3 may delegate authority in this regard to the Chief Financial Officer (CFO).
- 3.3 The Applicant Indigent --
 - 3.3.1 must apply annually to be considered for the indigent equitable share, subsidy or rebate in terms of this and any other policy in this regard of council; and
 - 3.3.2 must report any change in his/her circumstances which moves his/her household out of the eligibility brackets of clause 4.1.2.

4. INDIGENT POLICY

4.1 Criteria

- 4.1.1 Council will supply an indigent subsidy, in line with national government regulations and guidelines, to assist the poorest households in the community to receive a basket of basic municipal services either free or rebated, to thereby make basic municipal services available to all.
- 4.1.2 Indigent subsidies are available only to domestic households where the total income of all occupants over 18 years of age is less than the eligible brackets R2 320 of (threshold), as contained in the tariff schedule, as determined by Council annually.

4.1.3 The subsidy will be available only to households legally occupying premises and legally consuming municipal services.

4.2 Funding

4.2.1 The source of funding for the indigence subsidy is the Equitable Share contribution to the municipality made by the government from the national exchequer. Council will determine the subsidy amount or percentage, per service category, per household, on a year-to-year basis, taking into account the Equitable Share allocation. The subsidy allocation must be contained in the tariff schedule and must be reviewed annually with the annual budget and tariffs.

4.2.2 The subsidy will be widely publicised by the Council, the Municipality and civil society structures.

4.3 Services

4.3.1 Monthly subsidised services, will be the following:

- refuse removal;
- sewerage.

4.3.2 Subsidised services, on a free basic service (consumption basis) will be the following:

- electricity (50Khw);
- water (6 kl).
- Rates and Taxes will be dealt with as per Rates Policy as per exemption of R18 000 per property.

4.3.3 Households that qualify for an indigence subsidy

- i) will be required to consent to a pre-payment electricity meter, the cost of which will be recovered as a surcharge on their subsequent electricity coupon cost; or a cash payment by the household;

- The owner will be required to consent to a pre-payment electricity meter, the cost of which will be recovered as a cash payment by the owner, in those cases where the household is a tenant.
- ii) Households that exceed 6 Kl of water per month and are in arrears will have a restriction apparatus fitted to their water supply.
- iii) Households that exceed the 50kwh of electricity per month and are in arrears will have their electricity suspended.
- iv) Indigent Households who's property valuation exceeds R18 000 will have to pay the difference in Rates and Taxes.

4.3.4 The indigent debtor will be responsible for payment of the difference between the subsidy received and the standard tariff determined by Council annually.

4.4 Household eligibility

4.4.1 Households become eligible for the rebate by an approved application, annually, on a specific Municipal application form, after which screening and ongoing auditing will occur. This form will require at least the following data:

- Information of owner of household;
- Physical and postal address;
- Telephone details (if applicable);
- A list of all persons in the household, names and ages;
- Listed gross monthly income of all adults (over 18), with proof (pay slip, grant proof, etc);
- Ownership of business or second properties;
- Applicant must sign that he/she has had Municipality's Indigent subsidy explained to them; that they are aware that the provision of fraudulent information is an offence;

- In the case of claims of unemployment amongst adults, proof attested by the Department of Labour in this regard must be attached;

4.5 Exclusion

A household will be excluded from the subsidy if:

- 4.5.1 the household head owns a business or a second property;
- 4.5.2 the application was filled in dishonestly;
- 4.5.3 applicant reports a change in his/her circumstances which moves his/her household out of the eligibility brackets of clause 4.1.2;
- 4.5.4 an arrangement to pay arrears over time falls months or more into arrears;
- 4.5.5 ongoing audits suggest improvements in the financial circumstances of the household moving it out of the eligibility brackets of clause 4.1.2.
- 4.5.6 Rent house to someone who does not qualify or opens up a shop will lead to immediate disqualification.

4.6 Investigation

- 4.6.1 The Municipality reserves the right to verify the details provided in 4.4.1
- 4.6.2 The Municipality will undertake an ongoing inspection of the applicant household and any changes in that household's circumstances must be reported.
- 4.6.3 Applicant must attest to the above before a Commissioner of Oaths and a representative of a civil society structure must attest to the veracity of the application.

4.7 Write-off

Council will consider, on an annual basis, the writing off of subsidised existing service arrears at the time of enrolment as an indigent household, but not for tampering charges or connection/reconnection fees or legal/collection cost or any other fee/instalment in terms of an existing agreement.

4.8 Auditing

The indigent subsidy will be activated after the indigent application has been approved by the Executive Committee of Council or by approval by the Municipal Manager or the Chief Financial Officer. An initial inspection of the applicant household by the Municipality's designated officials must be done within one month of application. Follow up inspections will be performed, within six months to determine changes in household circumstances. Such inspections will be conducted by individuals appointed by the Chief Financial Officer to do so, and they will make recommendations on whether the subsidy should be continued or discontinued. The Executive Committee of Council, the Municipal Manager or Chief Financial Officer shall decide on the discontinuation of a subsidy.

5. DEBT COLLECTION RELATED TO THE INDIGENT

5.1 Enforcement Mechanisms

- 5.1.1 Customers who are Indigent and who are in arrears and whose usage is above the preset determined levels with their municipal bill will have their supply of electricity and water, and other municipal services, restricted, blocked, suspended or disconnected.
- 5.1.2 The Municipality reserves the right to restrict or deny the sale of electricity or water coupons to indigent customers who are in arrears with their rates or other municipal charges.

- 5.1.3 Upon the liquidation of arrears, or the conclusion of arrangements for term payment, the restricted, suspended or disconnected service will be reconnected or unblocked as soon as conveniently possible.
- 5.1.4 The cost of the restriction, blocking, suspending or disconnection, and the reconnection or unblocking, will be determined by tariffs agreed by Council, and will be payable by the consumer before reconnection.
- 5.1.5 Households, classified as indigent, will not be handed over for legal processes, including judgement and summonses.
- 5.1.6 The arrear amount, including the cost of the restriction, blocking, suspending or disconnection, and the reconnection or unblocking, must be transferred to the electricity vending system and collected through the deduction of not less than 20% of electricity purchases.

5.2 Interest

- 5.2.1 Interest will be raised as a charge on all accounts not paid by the due date.
- 5.2.2 Interest will be charged on the total capital outstanding balance of the accounts at a rate determined by Council annually as per tariff policy.
- 5.2.3 The decision to waive interest in specific instances can only be taken by the Chief Financial Officer.
- 5.2.4 The charging of interest will seize from the date the arrear debt is transferred as per 5.1.6 above or when an agreement has been signed with a customer.

5.3 Personal Contact

- 5.3.1 The municipality will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrears debtors to encourage their payment, and to inform them of their arrears state, and their rights (if any) to

conclude arrangements or to indigent subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.

- 5.3.2 The cost of the contact, by telephone, e-mail or short message service (sms), will be determined by tariffs agreed by Council, and will be payable by the consumer.
- 5.3.3 Department of Finance shall maintain a schedule of debtors with large amounts outstanding and will maintain intensive contact with these debtors as in 5.3.1.
- 5.3.4 Such contact is not a right for debtors that debtors enjoy – disconnection of services, and other collection proceedings, will continue in the absence of such contact for whatever reason.

6 THEFT AND FRAUD

- 6.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised service associated with the supply of municipal services, as well as theft and damage to Council property, will be liable for penalties as determined from time to time.
- 6.2 The municipality will immediately terminate the subsidy and the supply of services to a customer should such conduct as outlined above be detected.
- 6.3 A customer who has his subsidy terminated as per 6.2 above, will not be eligible for a subsidy for the remaining portion of the current and the following financial year.
- 6.4 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 6.5 The debt collection process as outlined in the Debt Collection Policy will become applicable.

7 CLEARANCE CERTIFICATES

- 7.1 are issued on request by the transferring attorney and on receipt of the applicable fees.
- 7.2 are only issued when all amounts due in connection with that property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties have been fully paid.
- 7.3 Any rates, refuse and sewerage instalment is immediately payable.
- 7.4 The municipality, as owner of municipal property, may issue a clearance certificate provided proper arrangement for the payment of any outstanding amount has been made.

8 REPORTING TO COUNCIL

The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties. This report shall reflect on:

- 8.1 Number of indigent households applied;
- 8.2 Amount of subsidy allocated per service category;
- 8.3 Amount of debt accumulating and debt recovery information (numbers of customer; enquires; default arrangement; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 8.4 Performance of all areas against targets agreed to in item 9 of this policy document.

9 PERFORMANCE EVALUATION

- 9.1 The performance measure will be to identify the number of indigent households and to measure the percentage of these households to whom the municipality offers help.
- 9.2 Council will create a forum wherein these targets are assessed, Council's performance evaluated and remedial steps taken.

10 BY-LAWS

The principle contained in this policy will be reflected in the various service by-laws as promulgated and adjusted by Council from time to time.

11 COMMENCEMENT

This policy takes effect on 1 JULY 2011.