



**INDIGENT ASSISTANCE POLICY**

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## **DEFINITION**

**“Indigent”** the term ‘indigent’ means ‘lacking the necessities of life. In interpreting this for the purpose of this policy a position has to be taken on the ‘necessities of life’ in a South African context. The Constitution provides a guide in this regard, leading to the view that the following goods and services are considered as necessities for an individual to survive: sufficient water, basic sanitation, refuse removal in denser settlements, environmental health, basic energy, health care, housing, food and clothing. Anyone who does not have access to these goods and services is considered indigent.

**“Household”** means a registered owner or tenant of the property with or without children who reside on the same premises.

**“property”** means-

- (1) immovable property registered in the name of a person, including, in the case of sectional titles scheme, a sectional title unit registered in the name of a person
- (2) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (3) a land tenure right registered in the name of a person or granted to a person in terms of a legislation; or
- (4) public service infrastructure

**“child headed household”** means 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 service and are considered as minors in law by the state

**“water services”** means both water and sanitation provisioning

**“rebate”** in relation to a rate payable on a property, means a discount granted in terms of section 15 on the discount of the rate payable on the property

**“Occupier”** in relation to a property , means a person in actual occupation of a property, whether or not that person has a right to occupy the property

**“traditional leaders”**

**‘Indigent register’** means the database, which has to be updated on a monthly basis, designed to contain all the inputted data contained within completed indigent application forms contains the following key information :

- ▶ Indigent customer details
- ▶ Socio-economic details
- ▶ Skills details

In addition the register is able to provide reports relating to, but not limited to the following:

- ▶ Indigent application exceptions
- ▶ Skills reporting required for LED/exit strategy
- ▶ Social economic reporting

## **1. INTRODUCTION**

Poverty alleviation and the rendering of basic services to households who cannot afford to pay for essential services are rated highly on the priority lists of the South African government. South African municipalities are in terms of the constitution entitled to “S Grant in the Equitable Share Grant”, which ensures that poor residents of towns and cities have access to basic municipal services such as water, sanitation and electricity (Department of Local Government, 2000). According to Arntz *et al.*, 2003, to properly manage the “equitable share” every municipality must adopt an indigent policy setting out at least:

- procedures for identifying indigent households
- procedures for verifying the information received
- a definition of indigence

- the qualifying conditions for participation in the scheme
- a process for applying for the subsidy
- administering the subsidy
- monitoring the efficiency of implementation
- detecting and dealing with free-riders/fraudulence
- community education with regard to indigent policy
- minimum levels of service provision and
- the services that qualify for subsidization.

Alfred Nzo District Municipality is the smallest district with an estimated population of 479 390 and total of 102 010 households (StatsSA, 2007). The unemployment is high at 76% which therefore suggests that most households will depend heavily on the government services. Due to unemployment and poverty in this area, the ANDM adopts this indigency management policy to ensure that these households have access to basic municipal services.

The main aim of the policy is to provide a guideline for the subsidization of basic service charges to indigent households.

## **2. POLICY PRINCIPLES**

The policy principles include the following;

- Ensuring that the communities access the provisions of basic services in a sustainable manner
- Providing procedures and guidelines for the subsidizing of basic charges and provisions of the free basic water services to indigent households
- Setting of tariffs in terms of the Council tariff policy, which will balance the economic viability of continued service delivery and determining appropriate service levels
- Establishing a framework for the identification and management of indigent household including a socio-economic analysis where necessary and an exit strategy.
- Linking the policy with the municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes
- Promoting an integrated approach to free basic services delivery; and

- Engaging the community in the development and implementation of this policy;

### **3. POLICY OBJECTIVES**

In support of the above principles the objectives of the policy will be to ensure the following:

- The provision of basic to the community of Alfred Nzo municipality in a sustainable manner within the financial and administrative capacity of the Council;
- The financial sustainability of free basic services through the determining the appropriate tariffs that contribute to such sustainability through cross subsidization;
- Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy
- The provision of procedures and guidelines for the subsidization of basic charges and the provision of free basic energy to the indigent households;
- To ensure co-operative governance with other spheres of government; and
- To enhance the institutional and financial capacity of the municipality to implement the policy.

### **4. INDIGENT HOUSEHOLD QUALIFYING CRITERIA**

An account holder (customer) may apply in the prescribed manner, to be regarded as an indigent provided that the following conditions are adhered to:

- The gross household income must not exceed two state pension grants per month.
- The applicant must be in the possession of a valid South African identity document.
- The applicant must be a resident of the ANDM municipality
- A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- The applicant should not own more than one fixed property

- The applicant must be a resident on the property in order to qualify for the indigent subsidy
- The application to be regarded as indigent must be renewed annually
- To register as an indigent , the relevant property owner or account holder must personally complete and sign the registration form provided by the municipality for this purpose and furnish such further documentation as the municipality specifies
- The account of a deceased estate may be subsidized if the surviving spouse or dependants of the deceased, who occupy the property, applies for assistance.

The ANDM will 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. Registration will take place on dates and at times and places determined by the Council, but shall generally be undertaken during January and/or February each year. The successful applicant will receive a monthly indigent subsidy as determined by Council from time to time. If the total monthly charges are more than the subsidy the balance must be paid by the customer.

## **5. TARGETING OF INDIGENT HOUSEHOLD**

The effective targeting of indigent households and the implementation of this policy will depend largely on the analysis included in the IDP, the LED initiatives and other poverty relief programmes of the municipality. The socio- economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.

Against the background of such socio-economic analysis the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied. Depending on capacity the municipality may apply any or a combination of the following targeting methods:

<b>Targeting approach</b>	<b>Application</b>
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1. Service level	Lowest service levels normally in informal settlements and rural areas.
2. Service consumption	Metered services in urban and rural areas.
3. Household income	Threshold determined in terms of socio-economic analysis.
5. Geographical (Zonal) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

## 6. APPLICATION PROCEDURES

The following application procedures must be followed to be regarded as an indigent customer, **applicants shall be:**

1. Indigent owners
2. Owners dependent on pensions or social grants for their livelihood
3. Owners temporally without income
4. Owners of properties situated within an area affected by-
  - (i) a disaster within the meaning of the disaster management Act,2002 (Act 57 of 2002)
  - (ii) any other serious adverse social or economic conditions
5. Owners of agricultural properties who are bona fide farmers
6. Citizens of the Republic of South Africa in a possession of a valid South African ID document
7. Reside at the premises for which application is made within ANDM municipality
8. In a possession of a service agreement and or monthly statements with ANDM municipality in the name of a debtor
9. Only one application per household is allowed

10. Businesses (formal or informal) are not allowed to apply for indigent
11. If an indigent transfers his property to children she/he should make arrangements to pay any outstanding debt
12. Orphans should stay on the property where they apply for indigency and be older than 18 years of age ( special consideration in conjunction with the ward councilor will be given to orphans staying on stands)
13. Any transfer of stand or forfeiting of stand from indigents will lead to the arrangement of paying the outstanding debt on the stand.

**The applicant must produce the following documents:**

1. Written proof of household income or grants for each member of the household
2. The employment status or low income or reduction in income of each member of the household
3. Inability to work of each member of the household
4. All minor members of the household and their certified birth certificates or I D
5. An affidavit ( If not employed)
6. Certified Identity documents

The above documents should be current i.e. not more than one month old and verified at the commissioner of oaths and should be submitted with the application form.

**The applicant shall agree to the following institutional arrangements**

- The applicant shall appear personal before the designated official with the application form accompanied by the documents required for verification purpose
- The applicant shall agree that the responsibility shall be on the approved indigent debtor to inform the municipality of any change in his/her status or personal household circumstances, and with one month after the changes
- The applicant shall guarantee the municipality the following rights

- (i) Verification of the details provided by the applicant for indigent support
- (ii) External scans of the applications recommended as suitable candidates for indigent support may be conducted with UIF, SARS, and Department of social development.
- (iii) The undertaking of house visits by councilors, CDW's, ward committees, staff person functioned for indigent or accredited agents to confirm the indigent living conditions
- (iv) Where an approved debtor is found to be a standard inconsistent with his/her indigent application or fails to allow access or provide any further information as may be required, such debtor's indigent benefits may be cancelled at sole discretion retrospective to the date of approval

## **7. AUDIT PROCESS**

The process of auditing the indigent applications will be as follows;

- All indigent registrations will be audited.
- Should the audit establish that the person filed a false application this will be communicated to the ANDMI Municipality (Ward Councilor) who will be required to confirm the facts within 14 days.
- If the Councilor confirms that a false application was filed the customer will be removed from the indigent register, the parked arrears will be reinstated onto the customer's account.
- If the Councilor confirms that the indigent application was correct then the customer will remain on the indigent register.
- Should the Councilor not confirm the status of the indigent application within the stipulated 14 days it will be assumed that the application was false and the customer will be removed from the indigent register.
- A customer who submitted a false indigent application may be charged a penalty charge as determined by Council.

- In the event of the death of an indigent customer the following procedures will apply:
  - Proof of the death of a customer must be provided.
  - The occupier of the property must be allowed to open an account.
  - The occupier opening the new account must complete the required disconnection form for the deceased.
  - After completing the required disconnection form for the deceased the occupier must complete the required connection form for service provision and if applicable register as an indigent consumer.
  - The new occupier of the property must pay the prescribed applicable consumer deposit and connection fees.
  - The process of transferring the property to the new owner must be proceeded with.
- When a non-indigent customer becomes indigent the debt of the customer, excluding the current year's charges must be parked. Interest on arrear charges will not be applicable to indigent customer accounts.

## **8. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT**

When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigency relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned. The onus is on each registered indigent to advise the municipality of such failure to comply. 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 or accountholder concerned will have to make immediate arrangements with the municipal manager and Water Service Provider to pay off these arrears owing within a reasonable time determined in terms of the municipality's credit control policy.

## **9. WITHDRAWAL OF AND NON-QUALIFICATION FOR INDIGENT SUBSIDY**

The relief to indigents may be withdrawn at the discretion of the municipal manager and or Water Services Provider if:

- a registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
- any tampering with the installations of the municipality is detected.

If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents, and shall be liable to repay to the municipality with immediate effect all indigency relief received from the date of such fraudulent registration. Furthermore, such person may not again be considered for indigency relief for a period extending for 2 (two) years beyond the financial year in which the misdemeanor is detected.

## **10. FREE BASIC SERVICES POLICIES**

Council will provide free basic services to domestic debtors, on a monthly basis in quantities as determined from time to time. The commencement date hereof will be communicated to the public in due course.

## **11. APPEAL PROCEDURES**

An appeal must be submitted;

- in writing to the municipal manager or CFO
- prior to the final due date for payment of the contested amount and
- must contain details of the specific item(s) on the account which are the subject of appeal

Once the appeal is lodged, the debtor's obligation to pay the portion of the total amount due represented by the items appealed against is suspended until the appeal has been finalized. In the meantime, the debtor will remain liable for all the other amounts becoming due during the process of the appeal. If the appeal is in respect of a metered consumption, the metering instrument must be tested within 7 days of lodging the appeal

to establish its accuracy. The debtor should be informed in writing of the results and any adjustments to the amount due by him\her, together with the cost of the test, for which the debtor will be liable if no error was found with the instrument. If the instrument was found to be faulty the municipality will bear the cost of the test.

## **12. REFERENCES**

Arntz T, Bekker F, Botes L., 2003. Strategies for indigent policy formulation and implementation in urban settlements in South Africa. *Journal of Public Administration* (32)2, pp 102-117.

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