

FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY



dr.jsmlm

Dr JS Moroka Local Municipality

REVIEWED FOR 2018/2019 FINANCIAL YEAR

FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY

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FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY

1. DEFINITIONS

For the purpose of this policy, any word or expression to which a meaning has been 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.

"authorized officer" means any official of the Council who has been authorized by the Council to administer, implement and enforce the provisions of this policy.

"basic level of services" means the minimum level of services:

- (i) communal stand pipe; and
- (ii) biological toilet

"formal settlement" means an area where basic levels of services are provided in a proclaimed township.

"indigent person" means a person lacking the necessities of life such as sufficient water, basic sanitation, refuse removal, health care, housing, environmental health, supply of basic energy, food and clothing.

"informal settlement" means an area where basic levels of services are provided in an unproclaimed township.

"in the service of the state" means to be:

(a) a member of:

- (i) any municipal council (councillors);
- (ii) any provincial legislature; or
- (iii) the National Assembly or the National Council of Provinces;

(b) a member of the board of directors of any municipal entity;

(c) an official of any municipality or municipal entity;

(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1 of 1999;

(e) a member of the accounting authority of any national or provincial public entity; or

(f) an employee of Parliament or a provincial legislature.

"municipality" means the Dr JS Moroka Local Municipality

"poverty" means absence of capital such as land, access to natural resources, importance of social and intellectual capital, climate of democracy and security necessary to enhance the capabilities of the poor and the excluded, inability to access government assistance designed to provide a social safety net because of institutional failure.

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2. INTRODUCTION

- 2.1 The Municipal Council must give priority to the basic needs of the community, promote the social and economical development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.
- 2.2 Basic services are generally regarded as to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.
- 2.3 The Constitution recognises Local Government as a distinct sphere of Government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform their basic function of providing essential services to the community within their boundaries.
- 2.4 The key purpose of an indigent subsidy policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary the Local Authority is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.
- 2.5 To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.
- 2.6 The consumer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by DR J.S. Moroka Municipality.

3. PURPOSE OF THE POLICY

- 3.1 The purpose of this policy is to ensure that the subsidy scheme for indigent households forms part of the financial management system of DR J.S. Moroka Municipality and to ensure that the same procedure be followed for each individual case.

4. CRITERIA FOR IDENTIFICATION TO QUALIFY FOR INDIGENT SUPPORT

- 4.1 Grants-in-aid may, within the financial ability of the Municipality, be allocated to owners or tenants of premises who receive electricity (directly from Eskom), water, sanitation, refuse removal or assessment rate services from the Municipality, in respect of charges payable to the Municipality for such services.
- 4.2 These grants may be allocated if such a person or any other occupier of the property concerned can submit proof or declare under oath that all occupants over 18 years of age had no income or a verified total gross monthly income of less than the amount indicated in terms of the definitions below for the preceding three consecutive months.

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- 4.2.1 Definition of an Indigent. If the total income of all occupants is more than the amount determined for indigent scheme and less than the amount determined by the Council from time to time. Currently, this amount is deemed to be from R.00 income to R3 000. This includes the child headed families and people with disability.
- 4.2.2 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.
- 4.2.3 Definition of Indigent Verification Committee: Is the committee which is responsible to ascertain and decide whether the applicant qualifies to be an indigent in terms of Municipal Indigent Scheme
- 4.3 Only one application per person (household consumer) in respect of one property only shall qualify for consideration. A business, school, body association, club or governing body shall not qualify for consideration.
- 4.4 The subsidy will apply to the owner or occupant of the property concerned.
- 4.5 The subsidy will not apply in respect of households owning more than one property

5. ESTABLISHMENT OF THE COMMITTEE

- 5.1 The IVC (Indigent Verification Committee) will be constituted as follows:
- A Councillor of the affected ward who sits as a Chairperson
 - At least two (2) ward committee members
 - One CDW (Community Development Workers)
 - A Social Worker
 - A representative from a Home-Based Care Centre
 - An authorised officer from the municipality.

6. FUNCTIONS OF THE COMMITTEE

- 6.1 The Committee shall receive and consider the application forms
- 6.2 Upon considering applications, the committee shall follow all processes to satisfy itself whether the applicant is indigent or not
- 6.3 The committee shall decide whether to grant the indigent subsidy or not
- 6.4 A ward committee who serves as a secretary to the committee, and a Councillor 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
- 6.5 The municipality reserves a right to use other method of verification and approval than those listed under clause 5.1 and 6 above.

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7. APPLICATION AND AUDIT FORM

- 7.1 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 accountholder'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
- 7.2 All applications must be verified by the IVC (Indigent Verification Committee). The registration process shall take place from the 1st July until the 30th April of every Municipal financial year, a process which shall be managed by the Free Basic Services Unit
- 7.3 Application forms must be read in conjunction with the policy proposed and form part of Council's indigent policy.
- 7.4 The list of indigent households may be made available at any time to the Information Trust Corporation (ITC) for the purpose of exchanging credit information. Households qualifying for consumer credit elsewhere will not be regarded as indigents.
- 7.5 If an application is favourably considered, a subsidy will be granted during that municipal financial year and be subjected for verification annually.
- 7.6 In case of pensioners the amount will be reversed from the date the applicant started to receive the state grant.
- 7.7 In case of other applicants, other than pensioners the proof from the Department of Labour should be attached as proof.

8. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

- 8.1 The Chief Financial Officer will be responsible for compiling and administering the database for households registered in terms of this policy.
- 8.2 Council reserves the right to send officials or its agents to premises/households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied.

9. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

- 9.1 Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.
- 9.2 Any person who supplies false information will be disqualified from further participation in the subsidy scheme. He/she will also be liable for the immediate

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repayment of all subsidies received, and the institution of criminal proceedings, as Council may deem fit.

- 9.3 The onus also rests on indigent support recipients to immediately notify Council of any changes in their indigence status.

10. SERVICES TO BE SUBSIDISED

10.1 Electricity

- 10.1.1 All registered indigents will receive 50 units of electricity per month free of charge. Unused free electricity units will not be carried over to the next month. Any meter tampering will result in the withdrawal subsidisation to being withdrawn.

10.2 Water

- 10.2.1 Indigents registered as such shall automatically receive 7 kilolitres of water per month fully subsidised.. 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.

10.3 Refuse Removal

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

10.4 Sewerage

- 10.4.4 All registered indigents shall be fully subsidised for sewerage services. All registered indigents shall be subsidised for sewerage services as determined and provided for by the 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.

10.5 Site Rental

- 10.5.1 All registered indigents shall be fully subsidised for the payment of site rental. All registered indigents shall be subsidised for the payment of site rental as determined and provided for by the 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.

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10.6 Property Rates

10.6.1 All registered indigents shall be fully subsidised for the payment of property rates. All registered indigents shall be subsidised for the payment of property rates as determined and provided for by the 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.

11. TARIFF POLICY

11.1 The Local Government Municipal Systems Amendment Act (MSA), 2003, Act No 44 of 2003 stipulates that a Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements and which complies with the provisions of the Act and with any other applicable legislation.

11.2 A tariff policy must reflect, amongst others, at least the following principles, namely that:-

- The amount individual users pay for their services should generally be in proportion to their use of that service;

11.3 Poor households must have access to at least basic services through-

- tariffs that cover only operating and maintenance costs;
 - special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
 - any other direct or indirect method of subsidisation of tariffs for poor households; and
- The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

12 SOURCES OF FUNDING

12.1 The amount of subsidisation will be limited to the amount of the equitable share received on annual basis. This amount may be varied on a yearly basis according to the new allocation for a particular financial year.

12.2 If approved as part of the tariff policy the amount of subsidisation may be increased through cross subsidisation.

13 METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY

13.1 No amount shall be paid to any person or body, but shall be transferred as a credit towards the approved account holder's municipal services account in respect of the property concerned.

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- 13.2 Arrear amounts shall not qualify for any assistance and shall not be taken into consideration. Calculations shall be based on the monthly current accounts only and in accordance with the approved tariff policy.

14 ARREAR ACCOUNTS

- 14.1 The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges.
- 14.2 The arrears on the accounts of households, approved as indigent, will be submitted to Council to be written off in full (including any interest charged). This submission will only be valid as a once-off exercise after approval and will not be applicable for future consumption in excess of the approved subsidy accumulated.

15 RESTORING SERVICES TO QUALIFIED HOUSEHOLDS

- 15.1 If an application is approved services will be restored free of charge. If services are to be suspended thereafter in terms of the approved credit control policy the approved tariff for reconnection will be payable.

16 SERVICES IN EXTENT TO AVAILABLE FUNDING

- 16.1 Where restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of Council policy. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.

17 CREDIT CONTROL POLICY TO BE APPLIED FOR INDIGENT HOUSEHOLDS

17.1 Aims of the Policy

17.1.1 The credit control policy aims to achieve the following:-

- To distinguish between those who can and cannot genuinely pay for services;
- To get those who cannot pay to register with the municipality so that they could be given subsidies;
- To enable the municipality to determine and identify defaulters to ensure appropriate credit control procedures; and
- To establish an indigent directory of all persons who complies with the policy.

17.2 Obligation to Pay

17.2.1 The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidisation.

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- 17.2.2 It is however important to note that the subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy received.
- 17.2.3 Where applicable, credit control must still be applied, in accordance with the approved credit control policy, for these outstanding amounts.

18 IMPLEMENTATION AND REVIEW OF THIS POLICY

- 18.1 This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy. Application Forms for Indigent Scheme are obtainable at the Municipal Head Quarters, Municipal Unit Offices and Pay Points.
- 18.2 In terms of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.