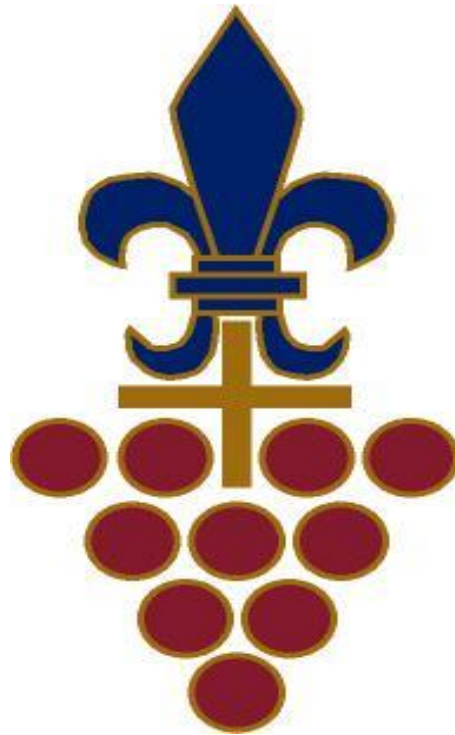


STELLENBOSCH MUNICIPALITY



INDIGENT POLICY

2020/2021

REVISED



STELLENBOSCH MUNICIPALITY

INDIGENT POLICY

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PREAMBLE

The Stellenbosch Municipal Council accepts and acknowledges its Constitutional duties and mandate relating to indigent support in terms of Sections 152 and 153 of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) -towards the community/consumers within the jurisdiction of Stellenbosch Municipality (WC024).

Council further acknowledges that because of the level of unemployment and consequential poverty in the municipal area, ~~that correlated there are~~ households are incapable of paying for basic municipal services.

Indigent relief measures are thus a fundamental requirement that is achievable only within sustainable budgets set by Council as well as support and direction via National Government.

Concomitantly, indigent households equally have the responsibility of managing their levels of consumption and that they are responsible for the payment of municipal services that are consumed in excess of the reduced cost or Free Basic Service levels as described in this Policy.

The effective implementation of such a program depends principally on affordability and is supported by the socio-economic analysis of various areas as included in the Council's Integrated Development Planning. The Council's mandate regarding affordability of basic services to poor households is directed by mechanisms in Section 74(2)(c) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) and Section 15 of the Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004).

In order to give effect to the foregoing, the Council of Stellenbosch Municipality has adopted a policy relating to indigence as set out hereinafter.

1. DEFINITIONS

In this Policy, a word or expression derived from a word or expression as defined, has a corresponding meaning unless the context indicates that another meaning is intended. Implicit definitions as defined in various paragraphs of this Policy are set in addition to the explicit definitions as set below:

“the Municipality” means Stellenbosch Municipality (WC024).

“Basic Services” means that level of services delivered by the Municipality at a reduced cost or at no cost to the Indigent consumer and which the Council has considered reasonable and sustainable within budget constraints.

“Child-headed household” means a household where the main caregiver of said household is not older than 18 years of age and is a child as defined in Section 28(3) of the Constitution.

“Constitution” refers to the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)

“Household” means a family unit comprising a head of the family, being a natural person. The family may include blood related or adopted dependents. This is further described in paragraph 5.2 of this Policy.

“Indigent” means the lack of necessities of life such as sufficient water, basic sanitation, refuse removal, environmental health, basic energy, health care, housing, food and clothing.

“Indigent Income Threshold” means the qualifying monthly income as described in paragraph 5.5 and as set in paragraph 5.5(b) of this Policy.

“Valuation Threshold” means that value of municipal valuation ~~(the reduction amount)~~ as set for residential properties in paragraph 8.2 of the Municipality’s Rates Policy.

2. POLICY OBJECTIVES

The objectives of this Policy are to:

- (a) Provide a framework within which the Municipality can exercise its executive and legislative authority regarding the identification of indigent households and the implementation of financial aid to such.
- (a) ensure the provision of basic services to indigent households within the jurisdiction of the Municipality in a sustainable manner and within the financial and administrative capacity of the Municipality.
- (b) ensure the establishment of procedures and guidelines for the effective subsidisation of basic services charges to such approved indigent households within budgetary and national grant guidelines.

3. POLICY PRINCIPLES

The following guiding principles for the formulation of this Policy, are to:

- (a) ensure that the portion for free basic services allocated as part of the equitable share received annually, be utilised for the benefit of indigent households.
- (b) promote an integrated approach to subsidised basic service delivery.
- (c) optionally use external services and/or references to verify the information provided by the applicants.
- (d) -maintain the relief measures to indigent households for as long as such indigent household remains registered on the municipality's indigent data base or register and the municipality continues to receive equitable share for this purpose. period of 12 months after the approval of such, after which the subsidy will automatically lapse,
- (e) review the relief measures by random sampling to ensure *bona fide* indigent support.
- (f) engage the community in the development and implementation of this Policy.

4. LEGISLATIVE CONTEXT

4.1 This policy is implemented within the framework of the following legislation:

All citations to applicable Acts as referenced in this Policy shall include all amendments and regulations to such as promulgated.

- (a) The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), in particular Sections 152 and 153.
- (b) Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).
- (c) Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003).
- (d) Local Government: Municipal Property Rates Act, 2004 (Act 6 of 2004), in particular Section 15 and/or.
- (e) any other legislation that may be applicable

4.2 This Policy was developed using the following guideline(s):

- (a) National Framework for Municipal Policies.
- (b) National Indigent Policy Assessment tool, 2018 - COGTA

5. QUALIFICATIONS AND SCOPE

The introduction of reduced cost or free basic services will ensure that indigent consumers have access to basic services.

5.1 Subsidy:

Subsidies are granted from external funds, allocated by the National Government as an Equitable Share allocation, to subsidize Indigent households with specified levels of basic services. This is based on a:

- (a) Level of income enabling Indigent households to pay for a basic package of municipal services; and/or
- (b) Municipal property valuation value that sets the level at which indigent support may be granted.
- (c) Subsidy scheme that is promoted through the press and by means of personal referral, but principally via referrals by the credit control and debt recovery section of the Municipality.

5.2 Household:

- (a) The head of the household must be a South African citizen and have permanent residency.
- (b) The head of the household should be:
 - (i) the registered owner or part owner of the property; or
 - (ii) the registered lessee of a Council housing unit; or
 - (iii) the registered lessee of a Government owned housing unit; or
 - (iv) a person, being the head of the household, who is incapable of paying for basic municipal services and who resides in said property/unit.

The head of the child-headed household shall be deemed to meet these criteria.

- (c) To register as an indigent consumer the head of the household must personally complete and sign the registration form.
- (d) Child-headed households will only be approved ~~on the basis of~~based on the following criteria:
 - (i) both parents of the household are deceased, or one parent and/or guardian is deceased, and the other is totally alienated from the household;
 - (ii) a minor has assumed the role of caregiver in respect of the other minor(s) in the household;
 - (iii) such minors reside permanently on the property;
 - (iv) such minors, and exclusively only minors occupy the property as their normal residence;
 - (v) such minors are scholars or unemployed and if income is derived, the household earns less than the qualifying income as envisaged by the defined Indigent Income Threshold;
 - (vi) the situation pertaining to the household has been verified by the Municipality; and
 - (vii) the situation pertaining to the household will be reviewed when the caregiver as per (ii) above reaches the age older than 18 years.

- (e) Indigent households living in homes for senior citizens shall be eligible to qualify for assistance and support under this Policy, subject to the following rules and procedures:

- (i) For the purposes of passing/issuing the free basic electricity units to such indigent household, the onus will be on the unit owner or lessee to apply and submit proof that the electricity connection is in the name of the Indigent consumer and not in the name of the organization providing the accommodation.
- (ii) In the event of the unit being occupied by a single individual without any dependents as per the definition of a household above, the level of income to qualify shall be equal to or less than 50% (fifty percent) of the defined Indigent Income Threshold per month.

5.3 Basis of Subsidy:

- (a) Only formal or informal housing units utilized for residential purposes will be taken into consideration for the purpose of this subsidy, being the provision of free basic services.
- (b) All informal structures where a prepaid electricity meter has been installed by the Municipality will qualify for this subsidy. In the cases where off-grid electricity is supplied by an authorised service provider appointed in terms of paragraph 5.7.2(b) of this Policy such households will also qualify for a subsidy, which subsidy will be paid directly to the authorised service provider.
- (c) Applications deviating from the above will only be considered after a detailed investigation and evaluation by the Municipality.

5.4 Liability for payment of municipal accounts:

- (a) Subsidies will only be granted to households liable for the payment of municipal service fees.
- (b) Subsidies will only be granted by means of a credit on municipal accounts and free basic electricity vouchers or in the form of subsidy paid directly to the authorised service providers of off-grid electricity as envisaged in paragraph 5.7.2(b) of this Policy. No subsidy will be paid directly to any Indigent consumer or household in the form of cash or any such disbursement.
- (c) Households are liable for the payment of fees, as stated on the monthly account, for any service in any given month that exceeds that service's subsidy.
- (d) Monthly accounts, as well as the instalments arranged in respect of the repayment of debt, must be paid punctually and in full. If required, and after reasonable alternatives have been exhausted, the process to recover debt from indigent consumers will be dealt with in terms of the Credit Control and Debt Collection Policy and procedures of the Municipality.
- (e) Prepaid electricity meters will be installed on all properties of formal households before receiving indigent subsidies to prevent escalation of debt.
- (f) Water management devices may be installed on properties of formal households before receiving indigent subsidies to prevent escalation of debt.

5.5 Qualifying income:

- (a) Gross household income is defined as the earnings of the head of the family, plus any other financial contribution towards the household income by any other

dependant or occupant. Government grants as received by dependent minors will be ignored and not be added as a financial contribution towards the household income.

- (b) The maximum qualifying income level defined as the Indigent Income Threshold for a household as described in paragraph 5.2 of this Policy will be equal to or less than R 6 50000 per month. Proof must be produced in the form of pay slips, unemployment certificates, income certificates or other acceptable proof of income.
- (c) Should proof of income not be available, income may be declared by means of a sworn statement. Such applications may be verified by means of a full investigation and a socio-economic survey.

5.6 Targeting mechanisms:

The following principles for the granting of free basic services apply:

- (a) Properties in respect of which property tax is levied on a municipal valuation amount -will qualify as follows:
 - (i) The municipal valuation of a property being less than or equal to the defined Valuation Threshold will be used as the guiding threshold.
 - (b) Indigent subsidies will only be considered by the Municipality upon application on a prescribed form by households which consider themselves as being indigent.

5.7 Basic services :

The Municipality will provide the following basic services at reduced or at no cost to the Indigent consumer:

5.7.1 Formal Households

Free basic services for Formal households will consist of the following:

- (a) 100 kWh electricity per household per month subject to it being supplied via a prepayment metering system as the qualifying criteria for a registered indigent household to be placed on the Lifeline Electricity Tariff. Free electricity units will not be applicable should the Indigent Household choose not to install a pre-paid meter;
- (b) a basic charge for water and a maximum of 6 kl water per household per month;
- (c) a service subsidy not exceeding the cost of one refuse unit in respect of a single residential ~~property not exceeding an area of 250m² and a maximum valuation not exceeding the defined Valuation Threshold;~~
- (d) a service subsidy not exceeding the cost of one sewerage service unit supplied to residential properties with a maximum area of 250m²; and/or
- (e) 50% of the applicable tariff for clearances of septic tanks.

5.7.2 Informal Settlement Households

Free basic services for Informal Settlement Households will consist of the following:

- (a) 100 kWh electricity per household per month; or
- (b) a maintenance and operations subsidy (equivalent in Rand value to 100kWh electricity per household per month) for off-grid solar home systems, operated by a municipal approved service provider or Energy Service Company (ESCO).

(In the case of off-grid electricity subsidies as contemplated above, the Municipality may, subject to a detailed review by the Revenue Section appoint an authorised service provider to provide the maintenance and operations function for a group or groups of indigent recipients of off-grid electricity at a maximum rand equivalence of the value of 100 kWh electricity per household per month.)

- (c) Other services (specifically water, sewerage and refuse removal services) are not billed for.

5.7.3 Indigent households residing in homes for senior citizens

Free basic services for qualifying households residing in homes for senior citizens as per paragraph 5.2(e) of this Policy will consist of 100 kWh electricity per household per month.

5.8 Free bulk services

Free Bulk Services shall be the provision of services (water ~~stand pipes~~standpipes, high mast lighting, ablution facilities and refuse removal) to informal settlements.

The cost of the provision of free bulk services is recovered from the Equitable Share Allocation from National Government and processed monthly.

5.9 Other concessions

- (a) Registered indigent consumers limited to the immediate occupants of the household occupying the property excluding any extended family members could qualify for a discount of up to 50% (fifty percent) on the approved fees and tariffs for non-trading services (refer paragraph (d) below) as defined by Council from time to time subject to application to the relevant Director.
- (b) Proof of registration as an indigent consumer must be obtained from the Credit Control Section of Financial Services prior to the application for the discount being made.
- (c) For the purposes of clarity, other categories of consumers (other than registered indigent consumers) such as back yard dwellers, farm workers and lessees of other property earning equal to or below the Indigent Income Threshold per month, may also qualify for the concessions (i.e. a discount of up to 50% (fifty percent) on the approved fees and tariffs, limited to the services envisaged in paragraph (d) below.
- (d) Discounted non-trading Services; refers to:
 - (i) Community hall discounts.
 - (ii) Burial fees in sections of cemeteries without head stones (i.e. crosses or flat stone areas only) and cremations when available. This concession is only applicable for burials on Mondays to Saturdays, excluding Public

Holidays. Farm workers must provide written confirmation regarding the burial site from the farm owner.

6. ALLOCATION OF SUBSIDIES

- (a) The subsidy in any given month and service will be an amount not exceeding the amount as reflected in the Council's approved Tariff Schedules for services for Indigent households as per paragraphs 5.7 and 5.9 of this Policy.
- (b) Only one subsidy per service per property may be allocated in any given month.
- (c) Subsidy levels may be adjusted from time to time, depending on the availability of funds.
- (d) Lessees of subsidized housing units already receiving a municipal subsidy for the alleviation of municipal service costs included in rentals will not qualify for an Indigent subsidy. Should the latter subsidy be more advantageous, such a lessee may request that the Indigent subsidy replace the Rental subsidy.

7. APPLICATIONS FOR INDIGENT SUBSIDIES

- (a) ~~Self-targeting a~~Applications (i.e. applications submitted by individuals) will be required ~~if the property does not qualify within the Valuation Threshold parameter as described in paragraph 5.6(a) of this Policy or if a~~ by any household which considers themselves to be an indigent household.
- (b) ~~Self-targeting~~Only applications lodged by means of the prescribed application form will be considered by the Municipality.
- (c) Such households may be visited by employees of the Municipality or approved service providers, where after a written recommendation would be considered.
- (d) The maximum subsidy may be granted to households with no income, even if the corresponding accounts are not paid in full. ~~The status of any change of employment must be reported to the Municipality for the purposes of reviewing the subsidy.~~
- (e) ~~Indigent assistance will be applicable for as long as an indigent household remains registered as such on the indigent data base or register and the Municipality continues to receive equitable share for this purpose. Indigent subsidy applications must be renewed every 12 months to ensure that circumstances did not change to such an extent that it could have an influence on the granting of such a subsidy. An Indigent consumer shall automatically be de-registered if an application is not renewed and such subsidy will be cancelled. Normal credit control procedures will be applicable on arrear accounts of such cancelled applications.~~
- (f) The Municipality has the right to disclose a list of Indigent households for public inspection, which may include the publication thereof.
- (g) In a case of misrepresentation or any other transgression of the conditions for the provision of subsidies, the subsidy will be withdrawn with immediate effect and not be reconsidered for a period of at least 12 months. Legal actions may be instituted to recover subsidies obtained under false pretences.

- (h) Indigent relief will not apply in respect of property owners with more than one property, whether such property is situated inside or outside the area of jurisdiction of the Municipality.
- (i) Subsidies will not be granted on a pro-rata basis and applications received after the twentieth day of a month will be granted in the following month.
- (j) The onus is on the recipient of indigent subsidy to inform the Municipality immediately of any changes in personal circumstances that may warrant a review of his/her indigent status. For example, the status of any change of employment or to the Gross Household income as per paragraph 5.5 above must be reported to the Municipality.
- (k) The municipality reserves the right to review and/or to conduct home visits on a random basis with the view of assessing whether a household would still qualify for receiving indigent assistance. Upon cancellation of indigent assistance normal credit control procedures will be applicable on arrear accounts of such cancelled applications.

8. PROPERTY TAX REBATES BASED ON MUNICIPAL VALUATION

This Policy only addresses indigent subsidies and any form of rates relief is addressed as provided for in the Rates Policy of the Municipality.

9. INDIGENT REGISTER

- (a) The Municipality shall draw up and maintain a register in respect of properties and households receiving indigent assistance.
- (b) The register will be open for inspection by the public during office hours.
- (c) The Municipality will at regular intervals review the register and apply randomly selected checks as to the status of an application.

9.10. CONTACT OF RESPONSIBLE OFFICE

The contact details for Indigent enquiries:

E-mail Address: Indigent.office@stellenbosch.gov.za

Telephone Numbers : 021 808 8501-021-808 8501/8579/8597/8932

021 808 8579

021 808 8597

021 808 8932

Postal Address: PO Box 17, Stellenbosch, 7601

Any Municipal Office in the jurisdiction of Stellenbosch Municipality

40.11. SHORT TITLE

This Policy is the Indigent Policy of the Municipality.