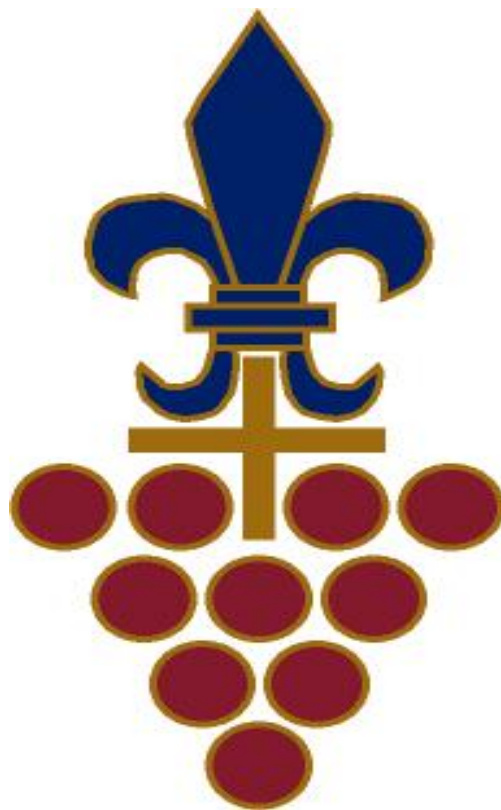


STELLENBOSCH MUNICIPALITY



INDIGENT POLICY

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Guidelines for the allocation of subsidies to indigent households

1. DEFINITIONS AND QUALIFICATIONS

Due to the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for basic municipal services.

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

1.1 Subsidy:

Subsidies are granted from external funds, allocated by the National Government as an Equitable Share and own sources, to subsidize Indigent households with a specified;

- a) Level of income enabling them to pay for a basic package of municipal services.

and/or
- b) Municipal property value (land and improvements).

1.2 Family:

- a) A family is defined as a family unit comprising of the head of the family and blood related or adopted dependants.
- b) The head of the family must be a South African citizen.
- c) The head of the family must be the registered owner of the property or the registered lessee of a Council housing unit.
- d) To register as an indigent consumer the registered owner of the property or the registered lessee of a council housing unit must personally complete and sign the registration form.

1.3 Home:

- a) Only formal or informal housing units utilized for residential purposes will be taken into consideration for the purpose of this subsidy.
- b) Only informal structures registered in the official informal structures register will qualify for this subsidy.
- c) Applications deviating from the above will only be considered after a detailed investigation by the Revenue Section.

1.4 Liability for payment of municipal accounts:

- a) Subsidies will only be granted to families liable for the payment of full municipal service fees, both in the formal and informal sector.
- b) Subsidies will only be granted by means of a credit on municipal accounts and free basic electricity vouchers.
- c) Monthly accounts, as well as the instalments arranged in respect of the repayment of debt, must be paid punctually and in full.
- d) Prepaid electricity meters **will** be installed on all properties before receiving Indigent subsidies to prevent escalation of debt, and to recover debt through prepaid electricity purchases.

1.5 Qualifying income:

- a) Gross family income is defined as the earnings of the head of the family, plus any other financial contribution towards the family income by any other dependant or occupant.
- b) The maximum qualifying income level will be equal to or less than 2 times the state grant plus 20 % rounded up to the nearest hundred rand. 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 will, however, only be considered after a full investigation by means of a socio-economic survey.

1.6 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 maximum municipal valuation (land and improvements) of R60 000 per residential property or residential unit occupied by the registered lessee of a Council housing unit.
- b) Consumers falling outside the set areas and valuation parameters, but qualifying in terms of all other parameters, may also be granted free basic service subsidies, based on individual applications.

1.7 Free basic services and conditions to qualify

1.7.1 Formal households

- a) 50 kWh electricity per household per month **subject to it being supplied via a 20A supply and a prepayment metering system as the qualifying criteria for a registered indigent household to be placed on the Lifeline Electricity Tariff;**
- b) 6 kl water per household per month;

- c) property tax levied on a maximum municipal valuation (land and improvements) of R60 000 per residential property or residential unit not privately owned;
- d) the unit cost of a residential refuse removal in respect of a property valued at a maximum of R60 000; and
- e) the unit cost of sewerage supplied to residential properties with a maximum plot size of 250m²;

1.7.2 Informal households

- a) 50 kWh electricity per household per month;
- b) Other services are not billed for

1.8 **Free bulk services**

The provision of services (water stand pipes, high mast lighting, ablution facilities and refuse removal) to informal human settlements

1.9 **Other concessions**

Registered indigent consumers limited to the immediate family occupying the property excluding any extended family members could qualify for a 50% discount on the approved grave site fees upon application to the Director: Social Development Services.

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 is made.

The Social Development Directorate must inform the Income Section in writing of approved applications for payment

2. **ALLOCATION OF SUBSIDIES**

- a) Amount per month: The amount as reflected in the subsidy table for Indigent families residing in formal homes.
- b) Only one subsidy per formal housing unit or registered informal housing unit may be allocated.
- c) Current accounts must be paid in full to qualify for the following month's subsidy.
- d) Subsidy levels may be adjusted from time to time, depending on the availability of funds.
- e) 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.

3. SUBSIDY ALLOCATION CRITERIA

- a) The subsidy scheme is promoted through the press and by means of personal referral, especially by the debt recovery office.
- b) Only self targeting applications lodged by means of the prescribed application form will be considered by the Credit Control Section.
- c) Such families are visited personally by municipal employees or service providers, where after a written recommendation is considered.
- d) No interest will be charged against arrear accounts of Indigent families, provided that current accounts are paid in full.
- e) Persons with no income:
The maximum subsidy may be granted, even if accounts are not paid in full - for a maximum period of 6 months or until aid or employment is obtained for such a person, whichever ever comes first.
- f) Each subsidy must be followed up at least every 12 months to ensure that circumstances did not change to such an extent that it might have an influence on such a subsidy.
- g) The municipality has the right to disclose a list of Indigent families for public inspection, which may include the publication, thereof.
 - (i) In a case of misrepresentation or any other transgression of the subsidy conditions, 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.
 - (ii) Indigency relief will not apply in respect of property owners with more than one property, whether in or outside the municipal area.

4. PROPERTY TAX REBATES BASED ON MUNICIPAL VALUATION

The following principles for the granting rebates apply:

- a) Property tax levied on a municipal valuation (land and improvements) between R60 001 and R 150 000 per residential property or residential unit occupied by the registered lessee of a Council housing unit.
- b) The option of applying rebates to targeted areas/properties is applied as primary targeting mechanism.
- c) Rebates be applied on a sliding scale tariff in relation to municipal property valuation as per table below;

Valuation	Rebate
R80 001 to R110 000	75%
R110 001 to R130 000	50%
R130 001 to R150 000	25%

d) These rebates are funded from property tax income.

5. FREE BULK SERVICES

The cost of the provision of free bulk services is recovered from the Equitable Share Allocation from National Government on an annual basis.

ANNEXURE 1

FREE BASIC SERVICES FOR THE PERIOD:

1 July 2008 to 30 June 2009

Service	Basis of calculations	Amount
Water	6 kl per month	R 17.28
Sewerage	250 square meters plot size	R 43.96
Refuse	One small domestic unit	R 50.13
Rates	Assessment on maximum valuation of R 60 000	R 44.53
Electricity	50 kWh per month	<u>R 25.99</u>
Total per month		R 181.89