



**SALDANHA** BAAI  
BAY  
MUNISIPALITEIT | MUNICIPALITY | uMASIPALA

# **INDIGENT POLICY**

For implementation as from 1 July 2024



## **PREAMBLE**

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control and debt collection policy.

And whereas section 97 of the Municipal Systems Act prescribes that such policy must provide for “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents”.

Now therefore the Municipal Council of the Saldanha Bay Municipality adopts the Indigent Policy as set out in this document: -

## **LEGAL FRAMEWORKS AND POLICIES**

Section 156 of the Constitution, Act 108 of 1996, states that a municipality has executive authority in respect of, and has the right to administer –

- (a) The Local Government matters listed in Part B of Schedule 4 and Part B of Schedule 5 which include that everybody has the right to basic services. These services include water, electricity, sanitation and refuse removal. It is the duty of a Municipality to provide these services.

To achieve this objective, Saldanha Bay Municipality annually receives Equitable Share from Government whereas an allocation of this is to assist qualifying households with indigent subsidies as part of poverty alleviation.

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## 1. DEFINITIONS

- a) **“basic services”** means the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.
- b) **“child-headed household”** means a household where all the occupants of a residential property are younger than 18 years old and the household is headed by a child as defined in section 28(3) of the Constitution. Therefore –
  - i) The parents of the household have died;
  - ii) A minor has assumed the role of care giver in respect of another minor in the household;
  - iii) Such minors reside permanently on the property; and
  - iv) The situation pertaining to the household has been verified by a social worker.
- c) **“Credit control and debt collection policy”** means the council approved policy dealing with these. This indigent policy is subject to that policy in all aspects and must be read in unison.
- d) **“household income”** is the gross sum of all monthly income from the registered owner and spouse, including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants or investment income, excluding the capital proportion of the investment.
- e) **“indigent household”** means a family unit comprising of the head of the family, being a natural person, and may include blood related or adopted dependants who are jointly living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless whether the person rents or owns the property.
- f) **“indigent subsidy”** means a subsidy to indigent households to ensure the receiving of basic services of which the funding is restricted to the Equitable Share receive from National Government.
- g) **“occupier”** means any person who occupies any premises or part thereof, without any regard to the title under which he or she so occupies.

- h) **“owner”** means –
- i) the person in whom the legal title to the premises is vested. In a case where the person in whom the legal title is vested is insolvent or dead, or is under any form of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative;
  - ii) in any case where the Council is unable to determine the identity of such person a person who is entitled to the benefit of such premises or a building thereon;
  - iii) in the case of premises for which a lease of 30 years or more has been entered into, the lessee thereof; in relation to -
    - 1) a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above provisions, the developer or the body corporate in respect of the common property; or
    - 2) a section as defined in such Act, the person in whose name such section is registered under a sectional title deed, including the lawfully appointed representative of such person.
  - iv) any legal person including but not limited to:
    - 1) a company registered in terms of the Companies Act, 2008 (Act 71 of 2008), Trust inter vivos, Trust mortis causa, a closed corporation registered in terms of the Closed Corporations Act, 1984 (Act 69 of 1984), and a Voluntary Association;
    - 2) any government department;
    - 3) any council or board established in terms of any legislation applicable to the Republic of South Africa: or
    - 4) any Embassy or other foreign entity.
  - v) owned by a council and which has been disposed of, but which has not been transferred to the person to whom it has been disposed of, from the date of the disposition concerned, such person; and
  - vi) owned by or under the control or management of a council while held under a lease or any express or tacit extension thereof or under any other contract or under a servitude or right analogous thereto, the person so holding the immovable property.
- i) **“Non- Profit Organisation”**, means a business entity that, *inter alia*, has been granted tax-exempt status by SARS.

- j) “**pensioner**” means any person who is not permanently employed and receives regular payments from the state, a company or other employer after attaining the retirement age.
- k) “**seasonal worker**” means any person who is employed by an employer for an aggregate period of at least one to three months over a 12-month period with the same employer and whose work is interrupted by reason of a seasonal variation in the availability of work.

## **2. OBJECTIVES**

- a) The objectives of the policy are to:
  - i) Determine the criteria for qualification of indigent support;
  - ii) Provide a framework to link the municipal budget to indigent support;
  - iii) Ensure that the criteria are applied correctly and fairly to all applicants;
  - iv) Allow the municipality or its authorised agent to conduct visits to the premises of applicants to verify the actual status of the household;
  - v) Allow the municipality to maintain and publish the register of names and addresses of account holders receiving subsidies;
  - vi) Ensure the provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council; and
  - vii) Ensure the provision of procedures and guidelines for the subsidisation of basic service charges to indigent households.

## **3. DUTIES AND FUNCTIONS**

- a) Duties and functions of Council
  - i) To sufficiently utilise the available equitable share allocation received from National Government to give access to basic services for indigent households.
- b) Duties and functions of ward councillors and political parties
  - i) To provide inputs regarding indigent applications.

#### 4. PRINCIPLES

- a) The principles of the policy:
  - i) The administrative integrity of the municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of this policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
  - ii) Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy, when applicable, to qualify in terms of this policy; and
  - iii) The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

#### 5. CATEGORIES AND CRITERIA OF SUBSIDY

- a) Indigent households will be regarded as **permanent indigent households** that will not be required to annually apply for the renewal of their applications if:

Pensioners:

- i) Registered owner of the property;
- ii) At least 60 years of age or in receipt of a disability pension;
- iii) Permanently resides on the property;
- iv) Household income must not exceed the gross income threshold; and
- v) Proof of household income must be produced in the form of a recent bank statement (3 months), IRP5 or SARS return (where applicable) and identity documents must be produced to confirm age.

Other households:

- i) The property owner applied for the subsidy;
  - ii) The value of the property is not more than R250 000;
  - iii) The owner resides on a full-time basis on the property;
  - iv) The monthly municipal account is in the name of the owner; and
  - v) Household income must not exceed the gross income threshold.
- b) Other qualifying households should continue to apply for the indigent subsidy and will only be regarded as “permanent indigent households” if the abovementioned criteria are complied with.

- c) Qualifying criteria for all households:
- i) To qualify for a 100% indigent subsidy, the qualifying gross income for a household must be R6 000 or less per month. The income limits for seasonal workers will be calculated over a period of one year;
  - ii) The second category is based on a gross income of R6 800 per month. Such households will receive an indigent subsidy of 70% of abovementioned category;
  - iii) The Chief Financial Officer may increase the income limitation through a signed memorandum where extraordinary circumstances prevail, such where the household must care for dependents or family members who are handicapped or who suffer from chronic or terminal illness or taking care of foster child or other bona fide circumstances;
  - iv) The applicant (occupant or owner) must occupy the main dwelling of the premises on a full-time basis, receive a municipal account in his/her name, is a South African citizen and may not own any other fixed property;
  - v) Current indigent account holders with conventional electricity will be obliged to convert to 30 ampere prepaid electricity meters or lower than 30 ampere prepaid electricity meters when funded by Council. No applications will be accepted if the consumers refuse to convert to prepaid electricity. The Chief Financial Officer may waive the conversion from conventional to prepaid electricity through a signed memorandum where extraordinary circumstances prevail, such as whereby applicant is not the owner of the property, but has the right to reside at the said property for their lifetime. This waiver along with the Indigent application will automatically expire should the account of the indigent consumer become overdue for a period longer than 30 days;
  - vi) Where an occupier applies for indigent support and request that a pre-paid meter be installed and owner approves the conversion, the cost will be payable by the owner of the property;
  - vii) Deposits for the registration of accounts in person's names may be waived;
  - viii) The Chief Financial Officer may increase the consumption limitation through a signed memorandum where extraordinary circumstances prevail, such where the household/s must care for dependents or family members who are handicapped or who suffer from chronic or terminal illness or taking care of foster child or other bona fide circumstances;
  - ix) Ward councillors and ward committee members may be provided the opportunity to peruse the list of applications received monthly to confirm that the applicant meets the requirements. If the applicant doesn't meet the requirement his / her subsidy will be cancelled automatically; and



- x) No indigent application will be approved if there is a rates clearance application on the system on date of indigent application. Such applications will only be approved in cases where the rates clearance is in terms of section 45(1) of the Deeds Registries Act, No47 of 1937.
  
- d) Public Benefit Organisations:
  - i) The following is required if a Public Benefit Organisation is to receive an indigent subsidy:
    - 1) The organisation must be registered as a non-profit organisation;
    - 2) A certificate must be provided;
    - 3) The management of the non-profit organisation must make an application for indigent subsidy annually before 30 June;
    - 4) It is the responsibility of the management of such organisation to inform Council if circumstances had changed to such an extent that they no longer qualify; and
    - 5) The amount of the subsidy will be based on 75% of the monthly service account of the institution.
  
- e) Child-headed households:
  - i) The following is required if a child-headed household is to receive an indigent subsidy:
    - 1) Must occupy the property as his/ her normal residence;
    - 2) Not be older than 18 years of age; and
    - 3) Still be scholar or unemployed.

## **6. DURATION OF INDIGENT SUBSIDY**

- a) Permanent indigent category:
  - i) If the value of the property is not more than R250 000 and gross income is less than R6 800 the indigent subsidy will expire on the implementation of the next General Valuation.

- b) Other qualifying households:
  - i) If the value of the property is more than R250 000 the indigent subsidy will be valid for 2 years from the date of approval.
- c) Public Benefit Organisations:
  - i) Application for indigent subsidy must be done annually before 30 June.
- d) Pensioners:
  - i) If the gross income is less than R6 800 the indigent subsidy will expire on the implementation of the next General Valuation.

## **7. DEREGISTRATION OF INDIGENTS**

- a) All indigents
  - i) An indigent customer must immediately request de-registration by the municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meets the qualification set out in this policy.
  - ii) An indigent customer may at any time request de-registration.
  - iii) Subsidies that have been received unrightfully may be reversed and claimed from the consumer by the municipality.
  - iv) Any false declaration will lead to the permanent disqualification of an applicant from the indigent subsidy scheme and the municipal council reserves the right to take legal action against such an applicant.
  - v) If an indigent household refuses that a water restrictor be installed at their premises it will lead to automatic deregistration of their subsidy.
  - vi) The average water consumption based on actual readings of an indigent household may not exceed 15 kilolitres per month for 3 consecutive months, if the municipal account is overdue. The indigent subsidy will be cancelled automatically by the municipality.
  - vii) The average electricity consumption of an indigent household may not exceed 650 kWh units per month for 3 consecutive months, if the municipal account is overdue. The indigent subsidy will be cancelled automatically by the municipality, except for ESKOM customers.

- viii) After cancellation of the indigent subsidy due to excessive consumption, the accountholder may re-apply for indigent subsidy, but will be limited to 2 applications per year.
  - ix) All indigent customers subsidy will automatically be cancelled after the Ward Councillor with Ward Committee members confirmed with supporting information that the person doesn't meet the qualifying criteria.
- b) Permanent indigent households
- i) In addition to the deregistration criteria under paragraph 7.1, permanent indigent households will cease to be categorised in this permanent registered category if:
    - 1) the value of the property is more than R250 000; or
    - 2) the owner no longer resides on a full-time basis on the property; or
    - 3) the monthly municipal account is not in the name of the owner.

## **8. FUNDING OF INDIGENT SUBSIDY**

- a) The source of funding of the indigence subsidy is that portion of the equitable share contribution to the municipality made from the national government's treasury and as provided for in the budget. In exceptional circumstances, and subject to enough budget provision, this can be supplemented from other revenues.

## **9. CALCULATION OF SUBSIDY AMOUNT**

- a) The subsidy amount is to be crudely calculated by dividing the portion of the equitable share as budgeted by the estimated number of qualifying households per area and tariff type. These figures are the approximate average subsidy per household.

## **10. SUBSIDISED SERVICES**

- a) Subsidised services are to be sewerage, water, refuse removal, assessment rates, electricity and site rental at informal settlements.

## **11. QUANTUM OF SERVICES TO BE SUBSIDISED PER MONTH**

- a) 6 kl Water + Basic fee;
- b) 50 kWh Electricity + Service charge + Capacity charge based on a 40 Ampere single phase prepaid or conventional electricity meter for existing indigent consumers as at 30 June 2020. For all new indigent applications received from 1 July 2020 a capacity charge based on a maximum of 30 Ampere;
- c) Basic charge for site rental at informal settlements;
- d) Refuse removal charge (4 removals per month x 1 bin);
- e) Sewerage charge (flow and availability) based on the full extent of the erf;
- f) Sewerage pumping four times a month where the consumer cannot connect to the sewerage infrastructure;
- g) Property rates charge: Valuation limited to R250 000 (rebate of R15 000 + R35 000 + an additional R200 000 on total valuation); and
- h) Free Bulk Services shall be the provision of communal services (water stand pipes, high mast lighting, ablution (sewerage) facilities and refuse removal) to informal settlements.

## **12. PREPAID ELECTRICITY METER**

- a) The costs of the conversion to prepaid electricity of Indigent Households implementation can be met by –
  - i) The equitable share fund if enough; or
  - ii) Cash payment by the household, which can also be a down payment over a period of 6 months.
- b) The following process be followed to address the replacement of a tampered meter:
  - i) An application for a pre-paid meter to be completed by the indigent accountholder;
  - ii) The Electrical Department confirms that it is a tampered meter; and
  - iii) It will be added to the account of the Indigent household.

- c) The following process be followed to address the replacement of a damaged meter:
  - i) An application for a pre-paid meter to be completed by the indigent accountholder;
  - ii) The Electrical Department confirms that it is a damaged meter; and
  - iii) The cost of the damaged meter to be funded from equitable share.

### **13. WATER LEAKAGES**

- a) Where water leakages occur at or on the indigent households, such leakages must be reported by the occupier to be repaired at Council's expense against the equitable share grant.

### **14. APPLICATION FOR INDIGENT SUBSIDY**

- a) Indigent households who qualifies can apply on a specific council application form, after which screening and on-going auditing may apply.
- b) The following documentation should accompany the application form:
  - i) the latest municipal account of the household;
  - ii) proof of the account holder's identity document/s;
  - iii) proof of the account holder's income, e.g. a letter from his/her employer/ salary slip/envelope/ SASSA card/ unemployment insurance fund (UIF) card/affidavit of unemployment;
  - iv) proof of medical condition when requiring additional water and electricity;
  - v) death certificate of the co-owner or owners of the property;
  - vi) an affidavit in cases where the occupants lives in the property for more than one year and has no detail of the whereabouts of the owner/s or their relatives
  - vii) marriage certificate; and
  - viii) if owners are deceased, the death certificate as well as letter of consent from heirs that an occupiers account may be opened.
- c) Incomplete forms or forms without the required documentation attached thereto will be rejected.
- d) The applicant must agree to the conversion to pre-payment electricity meter and flow control water meter.
- e) This form will require data on the inhabitants of the household, their occupations, income and property ownership, and business ownership.

- f) Council reserve its rights to send inspectors to visit indigent households to audit the accuracy of the data in the application form, and to record any changes in circumstances, and make recommendations on the continuation or discontinuation of the subsidy.
- g) It is the responsibility of the beneficiary to renew the subsidy before the expiry date.
- h) Households will be excluded from the scheme if:
  - i) the application was filled in dishonestly.
  - i) Audits suggest improvements in the financial circumstances of the household.
  - j) Indigent Subsidy will not be granted on a pro-rata basis and applications received after the 7th day of a month will be granted in the following month.
- k) Information regarding an accountholder maybe verified via the search and tracing system of Council's service provider.

## **15. CONSUMPTION**

- a) If a consumer's consumption or use of a municipal service is less than the subsidised service, the unused portion may not be accrued by the consumer and will not entitle the consumer to cash or a rebate in respect of the unused portion.
- b) If a consumer's consumption or use of a municipal service is more than the subsidised service, the customer must pay for such excess consumption at the applicable rate.
- c) No indigent will be allowed to have more than one refuse bin.
- d) Disqualifying criteria on consumption is included in paragraph 7(a)(vi) – (vii) of the policy.

## **16. PROVIDING OF INFORMATION OF INDIGENTS TO THE PUBLIC**

- a) Council will market the indigent subsidy by way of flyers, advertisements in the local newspaper and on Council's website but the onus is on account holders to re-apply for relief timeously, failing which the assistance will cease automatically.

## **17. IRRECOVERABLE DEBT**

- a) Debt will only be written off as irrecoverable in terms of paragraph 17(c) and 17(d) if it has been approved by Council.
- b) Councillors and ward councillors will be given an opportunity to scrutinize the list of proposed write-offs before it is to be written off.
- c) Once an indigent application has been registered for the first time, all arrear balances will be written off.
- d) All debtors who are registered as indigent may have their arrears written off once a year.
- e) Once an amount has been written off as irrecoverable for the second time (with the first application and then thereafter), the water meter may be put on restricted flow control, allowing 15 kl per month.

## **18. ENFORCEMENT MECHANISMS**

- a) All indigent households will have restricted water flow control implemented on application and approval of this policy, or other mechanisms of restriction of services if his/her account becomes overdue and/or if the arrangement for the payment of outstanding amounts is not honoured.
- b) All effort must be made to limit the re-occurrence or accumulation of indigent debt.
- c) Judgment orders or summonses against indigent households will be suspended if the household qualifies for the indigent subsidy.

## **19. THEFT AND FRAUD**

- a) 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 prosecuted and/or liable for penalties as determined from time to time.
- b) Council will immediately terminate the supply of services to a customer should such conduct as outlined above be detected.
- c) The total bill owing, including interest, assessment of unauthorised consumption and disconnection and reconnection fees, and increased deposits as determined by Council if applicable, becomes due and payable before any reconnection can

be sanctioned. An acceptable repayment arrangement can also be negotiated to the discretion of the Senior Accountant: Collections.

- d) Council will maintain monitoring systems and teams to detect and survey consumers who are undertaking such illegal actions.
- e) Council may distinguish in its penalties between cases of vandalism and cases of theft.
- f) Subsequent acts of tampering will lead to penalties and deposits increasing in quantum.
- g) Council reserves the right to lay charges and to take any other legal action against both vandals and thieves.
- h) Any person failing to provide information or providing false information to the municipality may face immediate disconnection.

## **20. LEGAL PROCESS**

- a) Legal action for the recovery of outstanding debt will not be taken against Indigent households as long as the household is classified by the municipality as indigent.