

# **HIBISCUS COAST MUNICIPALITY**

## **INDIGENT POLICY**

**C111/03/2011 of 29 March 2011**

# PREAMBLE

**Whereas** the municipality receives an equitable share contribution from National Treasury annually;

**and whereas** the National Department of Provincial and Local Government has issued guidelines regarding indigent support;

**and whereas** the municipal council wishes to give access to basic services for all of its communities;

**now therefore** the municipal council of Hibiscus Coast Municipality adopts the following Indigent Policy.

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## **PURPOSES OF THE INDIGENT POLICY**

- 1.(1) The purposes of the indigent policy are to:
- (a) Provide basic services to the community within the financial and administrative capacity of the municipality;
  - (b) Provide procedures and guidelines for the subsidisation of basic service charges to indigent households using the equitable share allocation received from National Treasury and other budgetary provisions; and
  - (c) Ensure affordability by subsidising tariffs calculated in terms of the municipality's tariff policy and by setting appropriate service levels in terms of the municipality's service delivery plan.

## **CRITERIA FOR QUALIFICATION**

- 2.(1) In order to qualify for indigent support the following criteria must be met:
- (a) The verified gross monthly income of all occupants over 18 years of age may not exceed the amount approved by Council from time to time during the budget process;
  - (b) The property owner has completed an official application form;
  - (c) The registered indigent must be the full-time owner of the property concerned, and may not own any other property, whether in or out of the municipal area;
  - (d) The subsidy will only be valid for 24 months where after the customer must reapply.
  - (e) The application has been approved by the municipality.
  - (f) That the property value of the household applying for indigent relief may not exceed R290,000.00 in value.

## **EXTENT OF INDIGENT SUPPORT**

- 3.(1) Subsidised service charges will be limited to electricity, rates and refuse.
- (2) Subsidies will be determined during the compilation of the annual budget.

- (3) The source of funding of the indigent subsidy is that portion of the equitable share contribution by National Treasury and any additional provisions made by council as provided for in the annual operating budget.
- (4) The subsidy will only be credited to the qualifying customer's accounts until the amount provided on the budget by the municipality has been exhausted whereupon no further credits will be made.
- (5) In respect of electricity, a 100% subsidy up to 50 kWh per month will apply.
- (6) If consumption exceeds any of the norms stated in (7) and (8) per metering period (month), the consumer will be charged normal tariffs on the quantity exceeding the above-mentioned limits.
- (7) If a customer's consumption or use of municipal service is less than the subsidised service, the unused portion may not be accrued and the customer will not be entitled to a cash rebate in respect of the unused portion.
- (8) Annual service charges on the indigent's account will automatically be converted to monthly instalments.

## **ARREARS ON INDIGENT ACCOUNTS**

4. (1) Council may from time to time decide to write-off indigent arrears. No further legal action will be taken on indigent arrears.

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

- 5.(1) 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 indigence relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary accountholder for the financial year concerned.
- (2) The onus is on each registered indigent to advise the municipal manager of such failure to comply.

- (3) If an indigent household falls into arrears the property owner or accountholder concerned will have to make arrangements with the municipal manager to pay off these arrears. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.
- (4) The indigent status of a customer will be reviewed from time to time, at intervals as determined by Council. This could be done by either physical audit or external verification check (e.g. ITC – Credit Bureau). Should the requirements not be met, the subsidy for that consumer will be cancelled.
- (5) 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 the municipality with immediate effect all indigence relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigence relief for a period extending for five years beyond the financial year in which the misdemeanour is detected.

## **REPORTING REQUIREMENTS**

6. (1) The Chief Financial Officer shall report on a monthly basis to the Finance & Budget Portfolio Committee for the month concerned:
  - (a) The number of households registered as indigents and a brief explanation of any movements in such numbers;
  - (b) The monetary value of the actual subsidies and rebates granted;
  - (c) The budgeted value of the subsidies and rebates concerned; and
  - (d) The above information cumulatively for the financial year to date.

## **SHORT TITLE**

7. This policy shall be called the Indigent Policy of the Hibiscus Coast Municipality.

Adoption of the Indigent Policy (6/13/7) (CFO0452011)

**C111/03/2011**

**RESOLVED**

1. THAT the recommendations submitted by the Executive Committee following the meeting held in the Council Chambers on 15 March 2011, regarding the Indigent Policy, be and are hereby received and noted; and
2. THAT the Indigent Policy be and is hereby **adopted** for implementation.