



Indigent Support Policy

Effective from 1 July 2022

Reviewed / Approved By	Date	Signature of Executive Director/ City Manager
Chief Financial Officer		
Council		

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1 DEFINITIONS

For the purpose of this policy, the wording or any expression has the same meaning as contained in the Act, except where clearly indicated otherwise:

- 1.1 **“Accountholder”** means the registered holder of an account held with Drakenstein municipality for property rates and services rendered by the municipality or on behalf of the municipality.
- 1.2 **“Act”** The Local Government Act: Systems Act, No. 32 of 2000 as amended from time to time.
- 1.3 **“Authorized representative”** means a person or instance legally appointed by the Council to act or to fulfil a duty on its behalf.
- 1.4 **“Chief Financial Officer”** means the person appointed by Council to administer its finances.
- 1.5 **“City Manager”** means the person appointed by Council in terms of Section 57 of the Municipal Systems Act
- 1.6 **“Child headed households”** means a household where the main caregiver of said household is not older than 18 years of age and is still a child as defined in section 28(3) of the Constitution.
- 1.7 **“Client”** means a customer or occupier of a property who is receiving a municipal account or owner of the property.
- 1.8 **“Council”** means the Municipal Council of Drakenstein Municipality.
- 1.9 **“Director”** means a person appointed by Council in terms of Section 56(a) of the Act as a manager directly accountable to the City Manager.
- 1.10 **“Director of Company”** means a legal person or entity registered in terms of the Companies Act, No.61 of 1973
- 1.11 **“Interest”** means a charge levied with the same legal priority as service fees and calculated at a rate determined by Council from time to time on arrear monies, based on a full month, where part of a month must be deemed as a full month.
- 1.12 **“Household”** means all persons (registered owner/s, occupier/s, vulnerable person/s or tenant/s) jointly living on a stand or site receiving sanitation, refuse removal, water and/or electricity services that is billed by the Municipality.
- 1.13 **“Household income”** means the gross sum of all monthly income from all sources including wages, salaries, profits, dividends, pensions, rentals, board & lodging, interest received, grants

or investment income and other forms of earnings received by all persons residing on the property.

- 1.14 **“Indigent Household”** means any household that is at or below the poverty threshold as determined by Drakenstein municipality.
- 1.15 **“Municipality”** means the institution that is responsible for the collection of funds and the provision of services to the customers of Drakenstein.
- 1.16 **“Municipal account”** means an account rendered specifying charges for services provided by the municipality, or any authorised and contracted service provider, and / or assessment rates levies.
- 1.17 **“Municipal services”** means those services provided by the Municipality, such as, *inter alia* the supply of water and electricity, refuse removal, sanitation treatment, and for which services charges are levied.
- 1.18 **“Occupier”** means any person who occupies any property or part thereof, without taking cognisance of the title in which he or she occupies the property.
- 1.19 **“Owner”** means:
- (a) The person in whose name the property is legally vested;
 - (b) In the case where the person in whose name the property is vested, is insolvent or deceased, or is disqualified in terms of any legal action, the person who is responsible for administration or control of the property as curator, trustee, executor, administrator, legal manager, liquidator, or any other legal representative;
 - (c) In the case where Council are unable to establish the identity of such person, the person(s) who are entitled to derive benefit from the property or any buildings thereon;
 - (d) In the case of a lease agreement in excess of 30 years was entered into, then the lessee;
 - (e) A person(s) who has lifelong use of an immovable property (Usufruct).
 - (f) Regarding:
 - (i) A portion of land allotted on a sectional title plan and which is registered in terms of the Sectional Title Act, No. 95 of 1986, without limiting it to the developer or managing body to the communal property;
 - (ii) A portion as defined in the Sectional Title Act, the person in whose name that portion is registered in terms of a “sectional title”, including the legally appointed representative of such person;
 - (f) Any legal entity including but not limited to:

- (i) A company registered in terms of the Companies Act, No. 61 of 1973; a trust *inter vivos*; a trust *mortis causa*; a closed corporation registered in terms of the Close Corporation Act, No 69 of 1984; and, any voluntary organisation;
- (ii) Any provincial or national government department, and a local authority;
- (iii) Any council or management body established in terms of any legal framework applicable to the Republic of South Africa; and
- (iv) Any embassy or other foreign entity.

1.20 **“Property”** any portion of land, of which the boundaries are determined, within the jurisdiction of the Municipality, including in the case of sectional title schemes, a sectional title unit as defined in the Sectional title Act, No 95 of 1986.

1.21 **“Tenant”** a person(s) who occupies land or property rented from a landlord

1.22 **“Usufruct”** means a legal right accorded to a person(s), that confers the temporary right to use and derive income or benefit from someone else’ property.

2 PREAMBLE

2.1 Drakenstein Municipality has a constitutional mandate to ensure the provision of basic services to poorer communities.

2.2 The municipality shall provide basic municipal services to poor households in an affordable and sustainable manner.

3 POLICY OBJECTIVES

The objectives of this policy are:

3.1 To develop a framework within which the municipality can execute its legislative authority to identify consumers who qualify for subsidised basic municipal services;

3.2 To enable the sustainable provision of subsidised municipal basic services to qualifying consumers within the financial and administrative resources of the municipality; and

3.3 To provide a financial assistance subsidy, in line with national government regulations and guidelines to assist indigent households in the Drakenstein municipal area. The subsidy will be provided by means of a rebated basket of basic municipal services.

4 POLICY PRINCIPLES

4.1 The following guiding principles will be promoted through this policy:

- (a) The adherence to the Municipal Systems Act, No.32 of 2000 and other related legislation.

- (b) The provision of relief to registered residential consumers of municipal services.
- (c) To ensure that the relief provided by Drakenstein Municipality is constitutional, practical, fair, equitable and justifiable.

5 QUALIFICATION CRITERIA

5.1 The indigent and financial assistance subsidy is available only to domestic households that conform to the following criteria:

- (a) The household meets the definition of an indigent household and household income as defined in paragraphs 1.13 and 1.14 of this policy.
- (b) The household is headed by children who meet the definition stipulated under paragraph 1.6 and 1.12 of this policy.
- (c) The account holders own one property, or;
- (d) In the case where an account holder owns more than one property but can prove that they derive no income from the other property registered in their name, the subsidy will only be granted to the property that is occupied by the account holder.
- (e) In the case where the second property is in another municipal jurisdiction the account holder must provide proof that they do not receive an indigent subsidy on that property.
- (f) The account holders are deceased and the occupiers of the property qualify in terms of the eligible income threshold as determined by Council on an annual basis.
- (g) Tenants of municipal rental property who meet the criteria of a household and household income as per paragraph 1.13 and 1.14 of this policy.
- (h) Pensioners who have usufruct of a dwelling belonging to a non-qualifying owner (e.g. children or relative).
- (i) Indigent households where qualifying account holders do not occupy their properties for various reasons, leaving qualifying persons over the age of 18 years to reside on the property.
- (j) Directors of companies where the household income calculated by the online verification system is less / equal to the subsidy income threshold determined by Council.

6 FUNDING

6.1 The source of funding of the indigent support is derived from that portion of the equitable share contribution to the Municipality from the national government's fiscus and as provided for in the budget.

7 INDIGENT CONSUMER QUALIFYING INCOME THRESHHOLDS

7.1 For the 2022/2023 financial year the total monthly household income has been determined as follows.

- (a) Category A: R 0 to R4,450 per month
- (b) Category B: R4,551 to R4,950 per month
- (c) Category C: R4,951 to R6,200 per month
- (d) Category D: R6,201 to R6,500 per month

7.2 Category A consumers will receive the benefit of all the subsidies listed in paragraph 8 below, whilst Category B consumers will receive a benefit of 80% of the subsidies listed in paragraph 8 (Excluding Water and Property Rates), Category C consumers will receive a benefit of 50% and Category D consumers a benefit of 20% of the subsidies listed in paragraph 8 (Excluding Water and Property Rates).

7.3 The Municipality retains the right to refuse the financial support if the details supplied in the application form were incomplete, incorrect or false.

7.4 The City Manager, in consultation with the Chief Financial Officer, may in extra ordinary circumstances migrate a household from Category D ,C, or B to a higher category.

7.5 In the case of the underutilization of the equitable share, the Executive Mayor, in consultation with the City Manager, may adjust the determined income thresholds in paragraph 7.1 above upwards.

7.6 The online income verification system used by the municipality calculates household income on the basis of the applicants' credit activity by means of obtaining information relating to the applicants', economic activity, combined household income , employment, directorships, validity of applicants' information, benefit Scale, property ownership of applicants and current or active bonds on applicants' name.

8 SUBSIDY CONDITIONS AND SUBSIDISED SERVICES

8.1 Electricity

8.1.1 Subsidy Conditions

- (a) Basic electricity charges will only be subsidized for qualifying indigent consumers with a 30 Amp connection. Those with a greater than 30 Amp connection will receive no subsidy for basic charges.

8.1.2 Electricity Subsidy

- (a) 85 kWh per month for Category A and B consumers.

- (b) 50 kWh per month for Category C and D consumers.
- (c) Monthly basic electricity charges only for a 30 Amp electricity connection will be subsidized.

8.2 Water

8.2.1 Subsidy Condition

- (a) Qualifying indigent consumers that exceed 20kl of water per month and are in arrears may have an automated flow restriction apparatus fitted to their water supply.

8.2.2 Water Subsidy

- (a) 6 kiloliters per month for Category A, B, C and D consumers.
- (b) The water rebate threshold will remain the same irrespective of the Category of the indigent consumer and will not be apportioned.
- (c) Monthly basic charges for a 15mm water connection will be subsidized.
- (d) Where there is more than one structure (backyarder), on the property, the indigent households will be allowed to apply for a further subsidy.

8.3 Property Rates

8.3.1 Subsidy Condition

- (a) Qualifying indigent consumers shall be subsidized for property rates to a maximum property value of R750,000
- (b) The property rates rebate threshold will remain the same irrespective of the Category of the indigent consumer and will not be apportioned.
- (c) The property rates rebate of R750,000 shall include the normal property rates rebate provided by the municipality to all other residents of the municipality.
- (d) Property rates related to the property value above R750,000 will be due and payable by the consumer.

8.3.2 Property rates Subsidy

- (a) Property rates rebate to a maximum property value of R750,000 for Category A, B, C and D consumers.

8.4 Refuse Removal

8.4.1 Subsidy Condition

- (a) Qualifying indigent consumers residing in formal registered households shall have a 240 litre refuse removal bin at their premises.

8.4.2 Refuse Subsidy

- (a) One refuse removal per week billed monthly.
- (b) Category A consumers qualify for the full monthly refuse removal subsidy;
- (c) Category B consumers qualify for 80% of the monthly refuse removal subsidy;
- (d) Category C consumers qualify for 50% of the monthly refuse ~~85~~removal subsidy; and
- (e) Category D consumers qualify for 20% of the monthly refuse removal subsidy.

8.5 Sanitation

8.5.1 Subsidy Conditions

- (a) One toilet levy per month will be subsidised.
- (b) Basic charges per month equivalent to an erf size 550 square meters will be subsidised.

8.5.2 Sanitation Subsidy

- (a) Category A consumers qualify for the full monthly sanitation subsidy;
- (b) Category B consumers qualify for 80% of the monthly sanitation subsidy;
- (c) Category C consumers qualify for 50% of the monthly sanitation subsidy; and
- (d) Category D consumers qualify for 20% of the monthly sanitation subsidy.

8.6 Municipal Rental Stock

8.6.1 Municipal rental houses

8.6.1.1 Subsidy Conditions

- (a) Category A consumers qualify for the full monthly rental subsidy;
- (b) Category B consumers qualify for 80% of the monthly rental subsidy;
- (c) Category C consumers qualify for 50% of the monthly rental subsidy; and
- (d) Category D consumers qualify for 20% of the monthly rental subsidy.

8.6.1.2 Municipal Rental Stock Subsidy for houses

- (a) 85 kWh electricity per month for Category A and B consumers.
- (b) 50 kWh electricity per month for Category C and D consumers.
- (c) Monthly basic electricity charges only for a 30 Amp electricity connection will be subsidised.
- (d) 6 kiloliters per month for Category A, B, C and D consumers.
- (e) Monthly basic charges for a 15mm water connection will be subsidised.
- (f) A rebate equivalent to the municipal rental amount for all qualifying indigent consumers to the maximum amount of the total basket of basic services provided to domestic indigent consumers will be granted.

8.6.2 Municipal rental flats

8.6.2.1 Subsidy Conditions

- (a) Category A consumers qualify for the full monthly rental subsidy;

- (b) Category B consumers qualify for 80% of the monthly rental subsidy;
- (c) Category C consumers qualify for 50% of the monthly rental subsidy; and
- (d) Category D consumers qualify for 20% of the monthly rental subsidy.

8.6.2.2 Municipal Rental Stock Subsidy for flats

- (a) 85 kWh electricity per month for Category A and B consumers.
- (b) 50 kWh electricity per month for Category C and D consumers.
- (c) Monthly basic electricity charges only for a 30 Amp electricity connection will be subsidized.
- (d) A rebate equivalent to the municipal rental amount for all qualifying indigent consumers to the maximum amount of the total basket of basic services provided to domestic indigent consumers will be granted.

8.7 Other Subsidies

8.7.1 Free Bulk Services

- (a) Free bulk services shall be the provision of services (water stand pipes, high mast lighting, toilets and refuse removal (skip bins) to informal settlements.
- (b) The cost of the provision of free bulk services is recovered from the Equitable Share allocation.

8.7.2 Building Plans

- (a) 50% rebate of building plan fees as per the approved tariff structure of the Municipality.

8.7.3 Municipal Fire Brigade Fees

- (a) 50% rebate on municipal fire brigade fees as per the approved tariff structure of the Municipality.

8.7.4 Sewerage Blockage Fees

- (a) 50% rebate on municipal sewer blockage fees as per the approved tariff structure of the Municipality.

8.7.5 Water leakages and stolen water meters

- (a) Council may replace stolen water meters or repair basic water leakages within reason in the property of indigent consumers.

9 INDIGENT APPLICATION PROCESS AND DOCUMENTATION

9.1 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 account holder's identity document;
- (c) An online application will be captured where, applicants will be required to undergo biometric verification (facial recognition) and fingerprint scanning.
- (d) Documentary proof of income and marital status (e.g. letter from an employer, salary advice, pension card, UIF card, etc.) must be presented in order to qualify for indigent and financial assistance. This information will support the online application and will be scanned in.
- (e) Employed applicants will be required to provide pay slips to substantiate the permutated income from the only verification system.
- (f) In addition, applicants will be required to sign and submit a sworn affidavit to the effect that all information supplied is true and that all income from formal and/or informal sources of all the occupants on the property has been declared.
- (g) Special note should be taken that any person who supplies false information will be disqualified from further participation in the indigent support scheme. He/she will also be liable for the immediate repayment of all indigent support received, the debt written-off on the account will also be reversed and the institution of criminal proceedings, as Council may deem fit;
- (h) Approved pensioner indigent applications (disabled persons and child headed families included) will be valid for a period of three financial years, starting from 2021/2022, and will be renewed in the financial year 2024/2025. The municipality will however still conduct a vetting of this category of consumers every six (6) months to identify possible deceased cases and changes in pensioner , disability status and status of child headed households.;
- (i) For all other indigent applications, If the application is approved, the indigent support will only be valid for six (6) months for which the indigent application has been evaluated with no guarantee of renewal, as it is funded by a grant from National Government to the Municipality. The municipality will conduct an electronic vetting of this category of indigent consumer after six (6) months to determine if the consumer still meets the qualifying criteria. If the consumer does not meet the criteria the financial assistance will cease automatically or adjusted accordingly;

- (j) No backdated subsidies will be granted to late applicants.
- (k) Council reserves the right to send officials to premises/households receiving relief for the purpose of conducting an on-site lifestyle audit of the details supplied.

9.2 Appeal Procedure

9.2.1 Indigent consumers who do not agree with their categorization in terms of paragraph 7.1 above will have the opportunity to lodge an appeal where the following process will be followed:

- a) Lodge an appeal after receiving the results of the application where the required supporting documents to substantiate the appeal will be requested from the accountholder.
- b) If the accountholder is not satisfied with the results of the appeal, then the appeal request will be escalated to the CFO and the City Manager for their consideration in terms of paragraph 7.4 of this Policy.
- c) Accountholders who do not qualify, but can prove that they are in financial distress, can lodge an appeal and be considered for approval for a period of 3 months where after they will have the opportunity to re-apply again.

10 GENERAL INDIGENT SUBSIDY CONDITIONS

10.1 General Conditions

- (a) Fifty percent of qualifying indigent consumers' debt will be written-off upon approval of the indigent subsidy.
- (b) If a consumer's consumption or use of the municipal service is less than the subsidized service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- (c) If a customer's consumption or use of a municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rates.
- (d) If consumers do not pay the excess accounts as per paragraph 10.1 (b) above then then the necessary credit control and debt collection actions as per the Municipality's Credit Control and Debt Collection Policy will apply.
- (e) All consumers who qualify for an indigent and financial assistance subsidy that have a conventional electricity meter will be converted pre-paid electricity meters.

- (f) All consumers who qualify for an indigent and financial assistance subsidy will be placed on restricted service levels in order to limit further escalation of debt.
- (g) Where applicable, these consumers may be exonerated from a portion of their arrear debt.
- (h) Where a qualifying customer's account is paid in full at the date of application, or regularly maintains a paid-up account after receiving the subsidy, the restriction on service levels will be waived.
- (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 criteria.
- (j) An indigent customer may at any time requests de-registration.
- (k) A list of indigent customers will be maintained and may be made available to the general public.
- (l) 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, No. 47 of 1937.