

INDIGENT POLICY

MSUKALIGWA MUNICIPALITY POLICY FOR THE INDIGENT – 30 MAY 2006

OBJECTIVE:

Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for normal municipal services. The municipality therefore adopts this indigent management policy to ensure that these households have access to at least basic municipal services, and is guided in the formulation of this policy by national government's policy in this regard.

Whereas:

- Access to basic services must be provided to all, including the Indigent, in terms of the South African Constitution, and
- A true reflection of the Indigent is vitally important, and
- The consumption of metered services by indigent households must be lowered to increase affordability of service charges, and
- Tariffs for rates and services must be made more affordable for the Indigent and
- Criteria and processes for the evaluation and registration of the Indigent must be clear and transparent, therefore it is imperative that the following policy be made applicable:

1. REGISTER OF INDIGENT HOUSEHOLDS

1.1 Monitoring

The Department of Community & Health Services keeps and monitors a complete register of registered indigent households.

1.2 Applications

The member of a private household who is responsible for the payment of the services and/or rates account can apply for that household to be registered as indigent.

1.3 Registering

Applicants who agrees to the limited electricity supply of 20 ampere pre-paid installation, will be registered as indigents, but their average electricity consumption levels must be monitored. If average consumption levels exceed 200 units per month, taken over a period of three months, the Department of Community & Health will receive such information on which the relevant

officials must physically investigate and evaluate the household for qualification in accordance with the other criteria of the policy.

1.4 Communication

- 1.4.1 All new registrations and de-registration on the register must be communicated by the Department of Community & Health Services to Finance, Engineering and Corporate Services, so that
1. The consessions regarding tariffs and arrears can be initiated or cancelled on the relevant accounts.
 2. The consession regarding electricity supply can be initiated or cancelled.
 3. That the technical assistance can be rendered to make more affordable water consumption possible.
- 1.4.2 The Department of Finance will monthly inform the Department of Community & Health services on approved registered indigents or de-registered indigents, so that they can communicate to the consumer and ward councillor accordingly.
- 1.4.3 The list of approved or de-registered indigents must be submitted to Council on monthly basis.

1.5 Registration criteria (Financial)

A private residential household will be registered as indigent on the following conditions:

- 1.5.1 The applicant agrees to the limited supply of electricity to a 20 Ampere pre-paid installation. The first application to change ampere to the lower level will be free of charge.
- 1.5.2 The applicant may not own other fixed property than the one on which he/she reside as full-time occupant.

Further investigation and evaluation shall follow afterwards to determine if the consumer also qualifies according the following condition, if the average electricity consumption over a period of three months exceed 200 units per month, starting with those with higher average consumption levels.

- 1.5.3 The total gross monthly income of all members of the household must not exceed the amount of **R1 100** per month.
- Consumers without electricity supply can be registered in accordance with the criteria determined in 1.5.2 and 1.5.3 after evaluation by the Department of Community & Health, indigent section, and approved by the HOD.
 - Consumers in areas where electricity is supplied by Eskom, can be registered as indigents after evaluation by the indigent section and approved by the HOD.

- Written confirmation from Eskom that the electricity supply is limited to a maximum of 20 ampere, will entitle Eskom to be subsidised on 50 kWh per month in accordance with their agreement with the Municipality.
- **Consumers who are on 60 ampere installations, may apply for indigent status, and will be registered as indigents after an investigation has been done by Community & Health, subject thereto that he/she meets the criteria of being an indigent, and with evidence that the average consumption over a period of 3 months does not exceed 200 units per month.**

1.6 De-registration.

De-registration shall follow after evaluation reveals that the consumer falls outside the above mentioned criteria. Such cases to be reported on monthly basis to Finance to change indigent status on the system.

Once a registered indigent consumer has been de-registered after evaluation, he/she will not again be considered as indigent for a period of 12 months from date of de-registration.

Application to install or upgrade electricity supply above 20 Ampere will disqualify the consumer as indigent, and subsidies will be cancelled immediately. Any previous arrears amount transferred to abeyance, will become payable on such consumers account. (Transfer back to account) Application to change ampere to higher level will be charged at normal rates.

1.7 Review of indigent status.

All registered indigents must be reviewed for qualification in terms of the criteria of the policy once every 12 months, which will be continuous process by the indigent section of the Department Health and Community services.

2. SERVICE LEVELS AFTER REGISTRATION

2.1 Service levels are adapted as follows:

2.1.1 Electricity

Pre-paid type meters are installed by the Council. Electricity supply shall be limited to 20 Ampere installation on the pre-paid meter.

2.1.2 Water

Restricted metered services are installed to limit water consumption to more affordable levels for Indigent households who consume more than 6 kilolitres per month and are not able to afford it or for indigent households who request such a system, where applicable.

- 2.2 Consumers are informed in order to understand the effective use of the new equipment and services.

3. TARIFFS AND SUBSIDIES AFTER REGISTRATION

The consumption of services and service delivery are charged and subsidized at the applicable tariffs as approved by Council from time to time, limited to the amount provided in the budget for indigent subsidies.

3.1 Electricity (*Basic charge*)

Free Basic Electricity to the maximum of 50 kWh per month, per household.

The tariff to low consumption private household consumers will be applicable. FBE will not be carried over to a next month.

3.2 Water

Usage is charged at the normal applicable household tariff, which already includes 6kl free water per month (for all households).

3.3 Refuse

Applicable tariff to normal private household consumers would apply which would include amount which comes as the indigent funding as determined by council.

3.4 Sewerage (Basic charge)

Applicable tariff to normal private household's consumers would apply which would include amount which comes as the indigent funding as determined by council.

3.5 Additional charge (Sewerage)

Applicable tariff to normal household's consumers would apply and it is included in the total maximum subsidy.

3.6 Assessment Rates

Assessment rates will be charged according to the Council-determined tariffs and subsidized to the maximum of the calculated amount applicable to the value of R3000 of the value of the land.

4. ARREAR DEBT AND CREDIT CONTROL

- 4.1 A blocking of vending of pre-pay electricity is done to encourage payment of monthly current accounts. This will result in the indigent not falling into

arrears even further by first paying their discounted levies every month before they can buy electricity.

- 4.2 No interest is calculated on arrear debt in respect of consumers who qualify as indigent in terms of this Policy.
- 4.3 No credit control measures will be taken against the registered indigent for as long as the discounted monthly levies are paid in full every month.
- 4.4 Restricted metered water services are installed for those indigent households who default on the payment of their current Municipal accounts.
- 4.5 Subject to the conditions specified in this policy, the normal Credit Control Policy is also applicable to the Indigent.
- 4.6 The balances on the Municipal accounts upon registration of the registered indigent be kept in abeyance so as his/her financial status better, his accounts be re-instated.

5. DEBTOR MANAGEMENT

The Responsible Department would be responsible for collection of debt, including the debt of private household debtors. Personal evaluation of private households in arrears may reveal those non-registered indigent households that have to be registered as well as currently registered indigent households that must be de-registered due to changed circumstances. These cases will be referred to the Department of Community & Health Services, Indigent section.

The relief to indigents may be withdrawn at the discretion of the municipal manager if any tampering with the installations of the municipality is detected.