NEWCASTLE MUNICIPALITY

INDIGENT POLICY
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 NEWCASTLE adopts the following Indigent Policy.
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DEFINITIONS

1. In this policy, unless inconsistent with the context –

“account holder” means any person over 16 years of age who is responsible for the family unit and/or for the payment of any services accounts.

“commercial activity” means any activity for profit or gain.

“financial year” means the financial year of the municipality that runs from July to June.

“indigent” means a household earning a combined total monthly income as determined by Council from time to time.

“industrial activity” means any activity that involves the manufacturing or production of a product.

“municipality” means the Newcastle Municipality.

“resident” means a person or family unit that ordinarily resides within the area of jurisdiction of Newcastle Municipality either within their own or leased accommodation.

PURPOSES OF THE INDIGENT POLICY

2. (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 Central Government, 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 accordance with the municipality’s service delivery plan.

CRITERIA FOR QUALIFICATION

3. (1) In order to qualify for indigent support the following criteria must be met:

(a) The verified gross monthly income of all household occupants over 18 years of age may not exceed in the amount approved by Council during the annual budget process;

(b) The account holder must complete an official application form and provide the required documentary proof;

(c) The account holder must reside in the municipal area and may not conduct any commercial or industrial activity from the property;

(d) The applicant must be the full-time occupant and may not own any other property, whether in or out of the municipal area;

(e) The subsidy will only be valid for 12 months, whereafter the account holder must re-apply;
(f) The application will be approved by the municipality after the information supplied has been verified and recommended by the respective ward councillor;

(g) An indigent account holder must immediately request de-registration if his/her circumstances have changed to an extent that s/he no longer qualifies for indigent support;

(h) All applicants shall be informed in writing with regard to the outcome of their application;

(i) In the event that the approved account holder passes away, the heir/s of the property must re-apply for indigent support provided they qualify in terms of the stipulated criteria; and

(j) Council reserves the right to send officials to premises/households for the purpose of conducting an on-site audit of the details provided as well as for indigent audit purposes.

EXTENT OF INDIGENT SUPPORT

4. (1) Subsidies will be limited to rates, water, refuse removal, electricity and sewerage disposal services.

(2) Subsidies will be determined during the compilation of the annual budget.

(3) The source of funding of the indigence subsidy is that portion of the equitable share contribution received from National Treasury and any additional provisions made by council and 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 has been exhausted.

(5) In respect of water, a 100% subsidy up to 12 kl consumed per household and the basic charge, per month will apply. Additional usage of water on special occasions i.e. funerals and memorial services, is however, to be allowed upon application with the relevant ward councillor approval, if necessary.

(6) In respect of electricity consumed, a 100% subsidy up to 50kWh per month will apply.

(7) In respect of refuse removal services a 100% subsidy will apply.

(8) In respect of sewerage disposal services a 100% subsidy will apply.

(9) In respect of property rates, the owner will receive a 100% subsidy.

(10) If consumption per metering period (month) exceeds any of the norms stated in (5) and (6), usage will be restricted and the accountholder will be obliged to pay for such excess consumptions at the applicable normal tariffs.

(11) 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.

(12) Annual service charges on the indigent’s account will automatically be converted to monthly instalments.
(13) The accounts of indigent households will be exempted from interest.

(14) Where it occurs that consumers are minors due to circumstances, the support will be determined as per Council decision from time to time.

(15) Occupiers of the Government Assisted Housing Schemes are subsidised with regard to their housing instalments and rentals in terms of the National Housing Act.

(16) The municipality may make alternative energy sources available in place of electricity.

**ARREARS ON INDIGENT ACCOUNTS**

5. (1) Once an application for indigent support has been approved all arrears on the consumer account will be written off.

   (2) Arrears related to excess services consumed and housing instalments or rent may be recovered through the electricity prepayment meter, where applicable.

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

6. (1) When a property owner or occupier who has registered as an indigent fails to comply with any of the conditions relevant to the receipt of indigent 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 due to the changed circumstances.

(3) 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 (ITC – Credit Bureau). Should the requirements not be met, the subsidy for that consumer will be cancelled.

(4) 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 indigent relief received and debt written off from the date of such fraudulent registration. Moreover, such person may not again be considered for indigent relief for a period extending for five years beyond the financial year in which the misdemeanour was detected.

(5) Indigent support will be automatically terminated under the following circumstances:
   (a) Upon the death of the accountholder;
   (b) At the end of the twelve (12) month cycle;
   (c) When the indigent accountholder disposes of the property, either by sale or by means of donation.
   (d) Upon termination of the lease with regard to a tenant account.

REPORTING REQUIREMENTS

7. (1) The Strategic Executive Director: Budget and Treasury Office shall report to the municipal manager, who shall thereafter ensure that the report is
submitted to the mayor, for the month concerned and, where possible, by municipal ward:

(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; and
(e) Any other detail as required by the Council.

(2) The mayor shall thereafter ensure the above reports are submitted to the council.

SHORT TITLE

8. This policy shall be called the Indigent Policy of the Newcastle Municipality.

IMPLEMENTATION AND REVIEW

9. (1) The Accounting Officer shall be responsible for the implementation and administration of this policy with the assistance of the Strategic Executive Director: Budget and Treasury Office, once approved by Council.

(2) The policy shall be reviewed annually as part of the budget process.