



Buffalo City Metropolitan Municipality

# Indigent Support Policy

2025/2026 Review

Minute Number: BCMC

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_

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## **1 POLICY TITLE**

INDIGENT SUPPORT POLICY.

## **2 RELEVANT LEGISLATION APPLICABLE TO THIS POLICY**

The policy is designed and implemented within the framework of the following legislation:

- 2.1. The Constitution of the Republic of South Africa, 1996, Act 108 of 1996, in particular sections 152,153 and 195.
- 2.2. Municipal Systems Act No. 32 of 2000, in particular sections 4, 5 and 6.
- 2.3. The Municipal Finance Management Act 2003 (Act 56 of 2003).
- 2.4. The Promotion of Administrative Justice Act 2000 (Act 3 of 2000).
- 2.5. The Promotion of Access to Information Act, 2000 (Act 2 of 2000).
- 2.6. The Municipal Property Rates Act, 2004 (Act 6 of 2004).
- 2.7. Conditions of National Equitable Share Grant ("S" Grant) earmarked for service delivery to the poor.

It is consistent with the terms of the Buffalo City Metropolitan Municipality Credit Control Policy.

## **3. Stakeholders**

- Buffalo City Metropolitan Municipality residents
- Ward committees
- All councillors
- Municipal officials
- Senior management
- Council

### 3 INTRODUCTION

The Indigent Support Policy is a legal imperative, a tool designed to ensure that some aspects of the Constitution of the Republic of South Africa, in terms of service delivery and access to such basic services is realized. The policy is a result of continuous persistence of indigence and poverty within communities. This policy therefore is a tool of intervention to alleviate the plight and to encourage the indigent households to live within affordable consumption levels. The Indigent Support Policy is therefore mindful of the Bill of Rights in its attempt to discharge the government's mandate.

In addition, the municipality firmly believes that in order to solve indigence, beneficiaries should be entitled to a broader package of services linked to employment, health and housing opportunities brought about by other initiatives, such as the Municipality's poverty alleviation programmes and local economic development initiatives.

The Growth and Development Summit (2007) Socio-Economic Profile stated that 45% of the population of Buffalo City was unemployed in 2005. Another survey of the Eastern Cape in 2006 stated that around 53% of households lived on an income of less than R1, 500 per month.

How to deal with these growing inequalities is a major policy issue for the Municipality. Until now, the provision of free basic services to the indigent has been subsumed in the larger Credit Control Policy. As a developmental municipality, Buffalo City is committed to ensuring supporting measures that assist and empower communities. The municipality views the provision of free basic services as only one aspect of its overall poverty alleviation and economic development programmes.

Therefore, poverty is a wider and more complex issue than the collection and disbursement of revenue. While the overall goal will be to move indigent households to a position where they will be able to make a financial contribution to the Municipality's revenue collection, the reality is that this goal is some way off. This policy, and in particular the detailed procedures, attempt to address the complexities of living in poverty in Buffalo City.

#### **4 PREAMBLE**

**WHEREAS** Section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000, requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households

**WHEREAS** Council needs to have an approved Indigent Support Policy

**WHEREAS** such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households

**WHEREAS** the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life which takes into account health and environmental considerations

**NOW THEREFORE** the Council of the Buffalo City Metropolitan Municipality has adopted the **Indigent Support Policy** set out hereunder:

#### **4 ABBREVIATIONS**

This policy makes use of full words and phrases, and abbreviations are stated in full.

## 5 DEFINITIONS

- 5.1 **Basic energy service:** The provision of sufficient energy as determined by Council, to allow for lighting, and other usage. This may include electricity and other forms of energy such as paraffin.
- 5.2 **Basic refuse removal service:** The disposal of refuse on a property where housing densities permit this or the removal of refuse from each property located within the municipality and disposal of this waste in an adequate landfill site, either option undertaken in such a way that the health of the community is maintained and no diseases are propagated, or pests allowed to breed due to refuse which is not properly removed and disposed of.
- 5.3 **Basic sanitation service:** The provision of a basic sanitation facility which is easily accessible to a household, the sustainable operation of the facility, including the safe removal of human waste and wastewater from the premises where appropriate and necessary, and the communication of good sanitation, hygiene and related practices.
- 5.4 **Basic water supply service:** The provision of a basic water supply facility, the sustainable operation of the facility for at least 350 days per year and not interrupted for more than 48 consecutive hours per incident, and the communication of good water use, hygiene and related practices.
- 5.5 **Child headed household:** a household where both parents are deceased and where all occupants of the property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the state. Child headed households are automatically considered indigent unless proven otherwise.
- 5.6 **Household:** a registered owner or tenant with or without children who reside at the same premises. For purposes of this policy, “household” includes any structures occupied by family members or tenants on the same property;
- 5.7 **Indigent:** lacking the necessities of life such as sufficient water, basic sanitation, refuse removal, environmental health, basic energy, health care, housing, food and clothing.
- 5.8 **Indigent subsidy/poverty package:** the subsidy allows for free basic services in the form of electricity or other power options, water, sanitation, rubbish removal and property rates, as prescribed by Council from time to time.

**5.9 Indigent Management System:** an electronic management system applied by the Buffalo City Metropolitan Municipality for the management of the register of indigent households.

**5.10 Indigent Register:** the database which must be updated on a regular basis, designed to include data contained within completed indigent application forms.

- (i) Indigent customer details
- (ii) Socio-economic details
- (iii) Skills details

In addition, the indigent register must be able to provide reports relating to, but not limited to the following:

- (i) Indigent application exceptions
- (ii) Skills reporting required for LED/exit strategy
- (iii) Socio-economic reporting

**5.11 Municipality:** the municipality of Buffalo City, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998.

**5.12 Occupier:** person who controls and resides on or controls and otherwise uses immovable property, provided that –

- (i) The spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- (ii) Where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier.

5.13 **Owner:** in relation to immovable property means –

- (i) the person in whom is vested the legal title thereto, provided that: -
- (ii) the lessee of immovable property which is leased for a period of not less than ten years, whether the lease is registered or not, shall be deemed to be the owner thereof;
- (iii) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;
- (iv) if the owner is deceased, insolvent or has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be, shall be deemed to be owner thereof;
- (v) if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such a property; or
- (vi) If the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property.

5.14 **Premises:** includes any piece of land, the external surface boundaries of which are delineated on –

- (i) a general plan or diagram registered in terms of the Land Survey Act 1997 [Act No.8 of 1997] or in terms of the Deeds Registries Act [Act No. 47 of 1937];
- (ii) A sectional plan registered in terms of the Sectional Titles Act, 1986 [Act No.95 of 1986], and situated within the boundaries of the municipality.

5.15 **Rates:** means any tax, duty or levy imposed on property by the Council.

**Threshold:** means the financial limit of property value or household income which is used by Council to determine indigency.



## **6 MAIN PURPOSE OF THE POLICY**

6.1 The Constitution of the Republic of South Africa No. 108 of 1996, read in conjunction with the Municipal Systems Act No. 32 of 2000 plus other government regulations, and Batho Pele principles, requires developmental local government to ensure the following provision of services in a sustainable manner that are affordable to all:

6.1.1 Access to at least a minimum level of basic municipal services within a safe and healthy environment, including electricity, water, sanitation and refuse removal.

6.1.2 Ensuring that “needy or indigent households” have access to these basic services plus

6.1.3 Giving priority to these basic needs of the municipal residents.

6.2 To ensure and maintain access to the indigent register for all identified and deserving poor households to basic essential services

6.3 To improve monitoring, support and to strengthen capacity of the Buffalo City Metropolitan Municipality to implement the policy.

6.4 To ensure cross-subsidisation for indigent support from non-residential and high-income consumers using the municipal services.

6.5 To create opportunities to better manage coordination between internal departments with regard to the policy implementation.

6.6 To ensure a more effective strategy to support the increased mobility of the poor from the indigent register (exit strategy).

6.7 To ensure that the revenue of the municipality is able to sustain indigent support.

6.8 To ascertain proper targeting options for the defined indigent households so as to ensure inclusiveness in approach and application of the policy in an equitable manner.

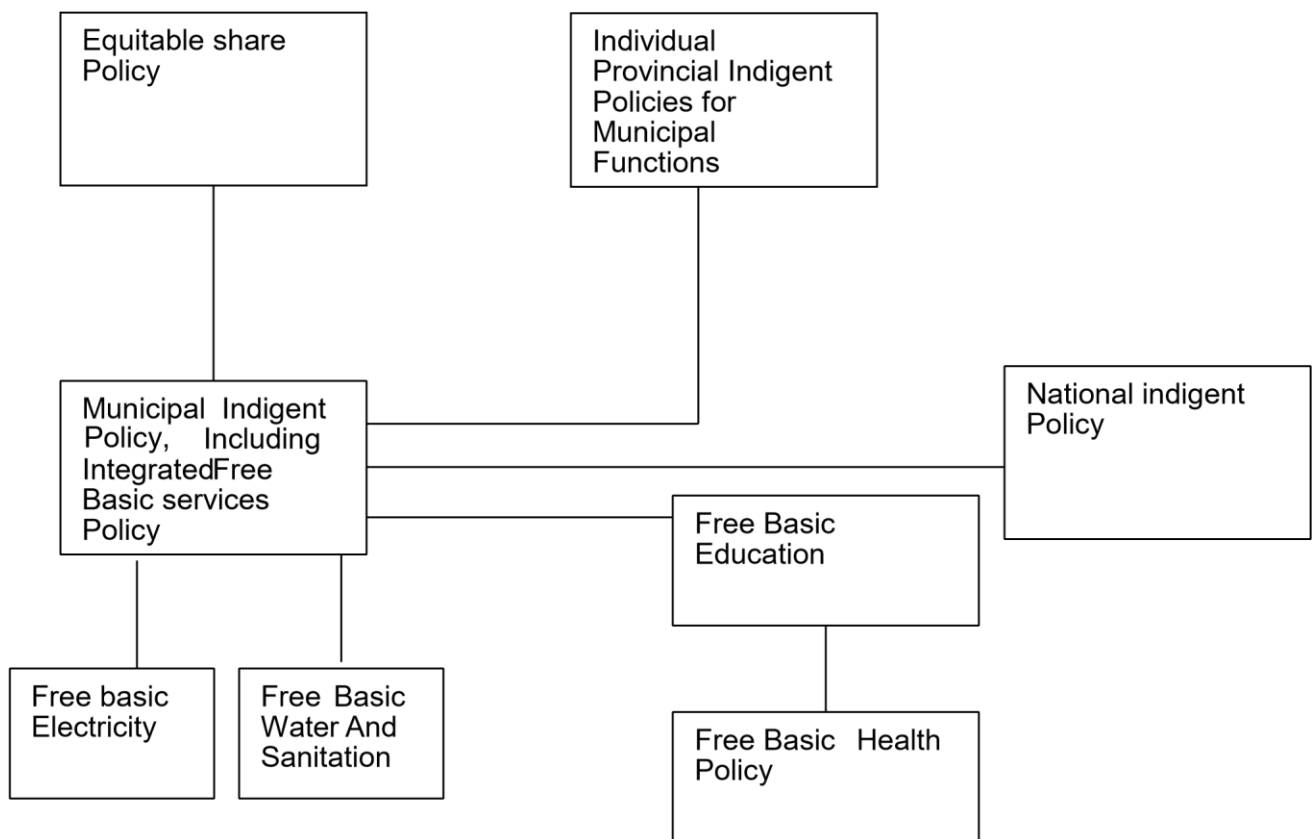
## **7 SCOPE OF THE POLICY**

- 7.1 The scope of this policy extends to all indigent households within Buffalo City Metropolitan Municipality area
- 7.2 Strenuous efforts are made to ensure that all who qualify as indigent are recognized and receive all services, grants and rebates that they are entitled to.
- 7.3 The definition of an indigent household in Buffalo City Metropolitan Municipality is as determined by Council, from time to time.
- 7.4 This policy is applied in conjunction with the Equitable Share Policy of the National Treasury as equitable share is an important component of the funding to be used to subsidise the provision of free basic services to the indigent.

The relationship between key policies of the 3 tier governments is shown below:-

**Relationships of Government Policies**

- a. National Government
- b. Provincial Government
- c. Local Government



## **8 STRATEGIC OBJECTIVES**

- 8.1 The objective of this policy is an attempt to close the gap between those who are indigent and non-indigent citizens of Buffalo City Metropolitan Municipality, through the targeted assistance with free allocations of electricity, water and other services, together with broader based access to housing, community services, employment initiatives and basic health care. This objective should ensure that all citizens of Buffalo City Metropolitan Municipality are able to participate in the community and are not barred through their indigent status.
- 8.2 The long-term objective is to move those who are indigent away from the need for free basic services and other support measures into a more positive developmental role as rate paying citizens of the community.

## **9 GUIDELINES RELATING TO FREE BASIC SERVICES WHICH COMPLEMENT THIS POLICY**

It is also recognized that there are several existing sector-specific strategies and guidelines relating to free basic services which complement this policy, including:

- 9.1 Free basic water strategy and guideline prepared by the Department of Water Affairs and Forestry.
- 9.2 Free basic sanitation strategy and guideline also prepared by Department of Water Affairs and Forestry.
- 9.3 Guideline on tariffs for municipal solid waste services prepared by the Department of Environmental Affairs and Tourism.
- 9.4 Electricity basic support tariff (free basic electricity) policy prepared by the Department of Minerals and Energy.
- 9.5 The Property Rates Act, which provides for zero-rating of low value properties, thereby ensuring that households on these properties gain access to a package of public services free.

## **10 POLICY OBJECTIVES**

- 10.1 In support of the above principles, the first objective of this policy will be to ensure that the indigent get physical access to services. This means that the necessary capital infrastructure, including water supply, sanitation and refuse removal systems are in place. Similarly, if the services required are not properly operating or maintained, the indigent do not have access either and continue to live without the necessities of life. In order for these services to be provided, an arrangement of subsidies needs to be put in place and that these subsidies are properly targeted in such a way that the indigent benefit and that those who are not indigent pay.
- 10.2 The provision of a range of basic services (the “basket of services” approach) in the community is in a sustainable manner within the financial and administrative capacity of the Council.
- 10.3 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation.
- 10.4 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis where necessary and an exit strategy.
- 10.5 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households
- 10.6 Cooperative governance with other spheres of government.
- 10.7 Detailed procedures will be decided from time to time and do not form part of this document. However, the framework for procedures includes:
- 10.7.1 A registration process where municipality actively canvass residents for information on their qualification for the indigent subsidy, as opposed to residents making their own enquiries as to their status. This includes communication campaigns and more general reminders about the right to claim, as well as specific information around the claims procedure.

- 10.7.2 The granting of a subsidy only to those who have correctly registered, with procedures around the detection of fraud and changes in circumstance e.g. income levels rising above the threshold for subsidy.
- 10.7.3 The active participation of Ward Councillors in the identification of indigent households and the explanation of the scheme to residents in their Ward.
- 10.7.4 A review and audit procedure where those in receipt of the indigent subsidy are checked from time to time on their continuing qualification for subsidies, and where the procedures themselves are reviewed for continuing efficiency, relevance and effective targeting of the indigent in the Municipality.
- 10.7.5 An exit strategy around the continuing need for support from the municipality.

## **11 KEY PRINCIPLES**

The municipality promotes the following principles:

- 11.1 To ensure that the Equitable Share received annually will be utilized for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay.
- 11.2 To link this policy with the Integrated Development Plan, local economic development initiatives and poverty alleviation programmes and other relevant Council policies.
- 11.3 To promote an integrated approach to free basic service delivery and other social services provided by the municipality.
- 11.4 To engage the community in the development and implementation of this policy.

### **The Guiding Principles Used For Targeting The Indigent Are:**

- 11.5 Equity: the subsidy promotes both horizontal equity (people are treated equally across the municipality in the way tariffs influence their access to services) and vertically (groups with greater ability to pay should pay more).
- 11.6 Efficiency: incentives are provided for efficient production and allocation of services.
- 11.7 Environmental sustainability: tariffs and subsidies promote the delivery of services in an environmentally sustainable manner.

11.8 Financial viability: subsidies must be affordable.

11.9 Promotion of local economic development: tariffs and subsidies should work to enhance the impact on local economic development.

11.10 Ease of Implementation: the policies chosen are straightforward to implement.

## **12 TARGETING AND QUALIFICATION CRITERIA**

12.1 There are several ways in which the indigent can be targeted for the indigent subsidy and the wider social services provided by a municipality, including service levels, service consumption, property value, household income and geographic (zonal) targeting. Buffalo City Metropolitan Municipality has targeted its indigent households through the socio-economic information and performance indicators contained in the Integrated Development Plan, local economic development initiatives and its other poverty relief programmes.

Indigent subsidy shall, within the financial ability of the municipality, be allocated to owners or tenants of premises who receive electricity (either from Council or directly from Eskom), water, sanitation, refuse removal, fire levy, or assessment rates services from the Municipality, in respect of charges payable to the municipality for such services (this may be done in the form of write off, rebate or otherwise).

The Buffalo City Metropolitan Municipality has, within its financial and institutional capacity, chosen to use the following qualification criteria:

12.1.1 **First Qualification Criteria: - Property value:** Any property with a value which is less than or equal to the municipal value of a new Reconstruction and Development Programme house as per the Valuation Roll (**equal or less than R250,000**) will be considered to be occupied by indigent resident/s as follows:

12.1.1.1 The property may only be used for residential purposes, and the registered owner must reside on the property;

12.1.1.2 Must be a permanent resident of Buffalo City Metropolitan Municipality;

12.1.1.3 Must be a South African citizen;

- 12.1.1.4 The applicant may not be the registered owner of more than one (1) property.
- 12.1.1.5 The applicant may not receive more than one (1) subsidy from Buffalo City Metropolitan Municipality
- 12.1.1.6 The property may not be used for business purposes, or be leased/rented out to a tenant.
- 12.1.1.7 The owner may not be an owner, director or derive income from a business.

This value referred to in the above paragraph 12.1.1.? will be determined by Council from time to time. The municipality reserves the right to decline, withhold or cancel the subsidy should the household be earning an income above the below-mentioned threshold limit (see 12.1.2), regardless of the property value.

**12.1.2 Second Qualification Criteria: - Gross Income less tax and pension:** A single household where the combined income of the household, after income tax and pension deductions (gross household income), does not exceed the poverty threshold value, as determined by Council from time to time or the value of two (2) maximum old age state social grants per month. Child grants will not be considered when determining household income. A household shall comply with the following criteria: -

- 12.1.2.1 The property may only be used for residential purposes, and the registered owner must reside on the property;
- 12.1.2.2 Applicant must be a permanent resident of Buffalo City Metropolitan Municipality;
- 12.1.2.3 Must be a South African citizen;
- 12.1.2.4 The applicant may not be the registered owner of more than one (1) property.
- 12.1.2.5 The applicant may not receive more than one (1) subsidy from Buffalo City Metropolitan Municipality



12.1.2.6 The owner may not be an owner, director or derive income from a business.

### **Exemptions**

Indigent relief will not be granted where the household, occupants, residents or, dependants, as the case may be: -

- In the event that the applicant is a tenant on the property with no documentary proof of the rental agreement between the owner and tenant.
- Receive significant benefits or regular monetary payments that are above indigent qualification threshold. Any benefits deemed to be paid for by a third party, will be regarded as additional income to the household.
- Are not registered at the Council as consumers of services rendered by Council.

## **12.2 PROPERTY OWNERSHIP:**

12.2.1 Living in a property owned by a member of the household, with the homeowner residing at that property.

12.2.2 Any occupant or resident of the single household may not own any property in addition to the property in respect of which indigent support is provided.

12.2.3 Property of indigent household may be inspected annually to determine validity of application or indigence.

12.2.4 Neither the applicant nor other members of the household has other properties registered in their names.

12.2.5 The applicant cannot be an employee of the state or state institutions

12.2.6 The property must serve as a household residence and cannot be used for any other purpose.

12.2.7 The owner may not be an owner, director or derive income from a business.

### 12.3 **REGISTRATION:**

The household must be a resident of and have a registered rates and / or services account with the Municipality, except for households in informal settlements and in rural areas where no accounts are rendered.

### 12.4 **SOUTH AFRICAN CITIZENS OR RECOGNISED REFUGEES:**

Members of the household must be South African citizens (with identity card) or have recognised refugee status (proof of status needed).

### 12.5 **TENANTS:**

A tenant or occupier as described in Council Credit Control Policy can apply for the benefits in respect of the charges, he/she is billed for while the landlord remains liable for all ownership related charges such as rates.

### 12.6 **DECEASED ESTATES:**

The municipality shall continue subsidising the deceased estate account for the duration or period not exceeding one (1) year to allow the family to appoint an executor whom a new account will be created/opened on his/her name. This includes minor children in the case of child-headed households.

### 12.7 **CHILD-HEADED HOUSEHOLDS**

The child-headed households will be treated as special cases subject to the following conditions:

- The normal qualifying criteria for indigent support is complied with
- The account of the deceased parents will be closed and finalised
- The appointed child by the Magistrate Court of Law signs the user agreement with the Municipality with assistance by the appointed legal guardian,
- The consolidated account may continue in the name of the deceased parent/s until the estate is transferred to the heir or heirs of the estate.

- The indigent application form is completed
- The status of the household is reviewed in terms of this policy

### **13 SERVICES TO BE SUBSIDISED**

The extent of the monthly indigent support granted to indigent households will be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year. The level of indigent support granted shall not exceed the actual monthly billing to the account in respect of the services referred to in the paragraphs below. No amount shall be paid to any person or body, but shall be transferred as a credit towards the approved account holder's municipal services account in respect of the property concerned.

The subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy received.

Within the above framework, and striving to create a situation where poor households will be granted access to a full social package, the following assistance and support will be granted:

#### **13.1 Water**

Registered Indigent consumers, where the supply is metered, will receive a 100% subsidy of water up to 6 kl. If usage exceeds 6 kl per metering period (month) the consumer will be charged for any consumption exceeding 6 kl at a tariff determined by Council.

In the case of unmetered services, the subsidy will be equal to the flat rate tariff applicable for that financial year to a maximum of the free basic threshold.

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular

financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

### 13.2 Electricity

All registered consumer indigents will receive 50kWh of electricity per month free of charge. Unused free electricity units will not be carried over to the next month.

Indigents who do not collect their free tokens from Eskom for three (3) consecutive months may be removed from the Eskom roll and will have to re-register. Any meter tampering will result in the subsidisation to be withdrawn.

Where electricity is supplied by Eskom, the Council will enter into a service level agreement with Eskom to pay over the subsidy for indigent consumers qualifying in terms of this policy.

Council may grant subsidy up to 50% on prepaid conversion ~~connection~~ fees if the customer meets indigency qualification criteria.

### 13.3 Refuse removal

All registered indigents shall be subsidised for refuse removal as determined and provided for by the Council in the annual budget from time to time.

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

#### **13.4 Sanitation / Sewerage**

All registered indigent consumers shall be subsidised for sewerage services as determined and provided for by the Council in the annual budget from time to time.

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

#### **13.5 Property rates**

All registered indigents shall be subsidised for the payment of property rates as determined and provided for by the Council in the annual budget from time to time.

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

#### **13.6 Rental (Dwellings and Sites)**

All registered indigents shall be subsidised for the payment of all dwellings or sites belonging to the municipality as determined and provided for by the Council in the annual budget from time to time.

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

### 13.7 Fire levy

Subsidy will be granted in respect of fire levies up to maximum approved by Council.

The total social package will not exceed the amount budgeted for social packages as approved by Council.

All registered indigents shall be subsidised for the payment of fire levy as determined and provided for by the Council in the annual budget from time to time.

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

### 13.8 Alternative energy sources

Indigent households in informal settlements where no electricity is available may, on application, be provided with alternative energy sources including, but not limited to: paraffin, fire gel, liquefied petroleum gas, etc., provided that procurement of service providers or services shall be subject to the Supply Chain Management Policy and procedures of the Municipality and that the support given does not exceed the threshold or value of free electricity given to other indigent households.

### 13.9 Housing assistance

Housing assistance is provided as a means of technical, rather than financial support. The municipality must ensure that sufficient land is identified within the municipality, in appropriate locations, for all the residents in the municipality and that the necessary planning is undertaken to ensure that this land can be properly developed. Further, to ensure that funding available from the province for housing is properly allocated to assist the indigent with access to serviced plots.

The department shall further be responsible to:

- Assist to Facilitate and expedite the provision of housing to child-headed households.

- Assist to Facilitate and expedite the conversion of title deeds in consultation with and assistance of the Directorate: Spatial Development & Planning.
- Assist to Repair houses of indigents in the event of a natural disaster.
- Ensure that linkages are made between the Buffalo City Metropolitan Municipality's Indigent Register and provincial housing waiting lists.

### 13.10 **Short Term Assistance**

An indigent person in incidental distress may, on application, be assisted for a period not exceeding six months. Incidental distress will mean a person who is:

13.10.1 Temporarily unemployed

13.10.2 Hospitalised

13.10.3 Vacating their house e.g. Sick, to be cared for by relatives

Such persons qualify for assistance if they are not receiving any assistance from any other source.

### 13.11 **Burials (Pauper Burials)**

In the event of a death of a dependent member of an indigent household, the municipality may, on application, exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery/within municipal area, subject to Pauper Burial Policy.

### 13.12 **Transfer of Properties and the Debt of Deceased Indigent Estates**

In the event of the death of the title holder of a property in an indigent household, the Municipality may enter into agreements with local attorneys, the Legal Aid Board or the provincial Law Society for the transfer of the property into the name of the successor at the lowest possible cost.

- 13.12.1 Until the property is transferred from the deceased estate to the new owner or heir all the services from the account of the deceased owner as at the date of death will be transferred to the account of the occupant, which must

include the valuations of the property in order to charge the occupant for property rates.

13.12.2 The occupant of the property must sign an agreement in which the occupant agrees to pay all the rates and service charges that are to be raised on the property that is occupied.

13.12.3 The following circumstances must prevail to transfer the services to the account of the occupant: -

- (i) The house must be a government funded Reconstruction and Development Programme house.
- (ii) The occupant of the house must be a registered indigent Customer with the Municipality and be receiving an indigent subsidy from the Municipality.
- (iii) The Director responsible for Land Administration will, on approval of the “Affidavit: Deceased Estate” agreement, proceed with the transfer of the property from the deceased indigent estate to the name of the appointed registered Indigent heir of the property at the Municipality’s cost.
- (iv) Once the property has been transferred, the debt of the Deceased Indigent Estate will be submitted to Council for approval to write off.

#### **14 DEBT ARRANGEMENT BY INDIGENT CUSTOMERS**

14.1 Indigent Customers must have their credit electricity meters converted to prepayment electricity meters.

14.2 Indigent Customers are required to pay their current monthly account, which is the amount after indigent subsidy has been deducted, every month on or before the due date.

14.3 Indigent Customers with arrears will be blocked on a block type on the prepayment electricity system that will require that 40% of the amount tendered to purchase electricity will be held back and be allocated to arrear debt.



## **15 INDIGENT HOUSEHOLDS IN RETIREMENT CENTRES**

15.1 Indigent consumers living in retirement centres shall be eligible to qualify for assistance and support in terms of this policy, subject to the following rules and procedures:

15.1.1 The onus will be upon the board of trustees/managing agent/chairperson of the retirement centre to apply to the municipality for indigent status to be granted in respect of water consumption on behalf of the owners of those units who meet the criteria and conditions for qualification.

15.1.2 The onus will be upon the unit owner to apply to the municipality for indigent status to be granted in respect of property rates and service charges.

15.1.3 The representative of the retirement centre will submit applications to the Chief Financial Officer. These applications must be accompanied by a certified copy of the Sectional Title Plan of the retirement centre, which indicates the participation quota for each unit as registered in the Deeds Office.

15.1.4 The Municipality must verify all applications and must notify:

15.1.4.1 The representative of the retirement centre whether an application was successful or not with regard to water consumption and,

15.1.4.2 The unit owner whether an application was successful or not with regard to property rates and other related charges

15.1.5 The Chief Financial Officer will credit:

15.1.5.1 the monthly municipal water account of a retirement centre with water charges, the amount of which shall be calculated by dividing the total number of kilolitres of water consumed by the centre by the number of units in the complex, up to a maximum as prescribed by the Council, for each unit that qualifies for assistance and,

15.1.5.2 the general rates and refuse charges account of the unit owner with the full amount charged.

15.1.6 The representative of the retirement centre in respect of which monthly water credits are allowed under indigent support must ensure that such credits are offset against the monthly levies of the relevant individual units; such representative also being required once every six months, or at such intervals as may be determined by the municipality, to provide proof to the Chief Financial Officer that the monthly levies of poor households which qualify for assistance have been adjusted by the amounts credited to the account of the retirement centre. Where the institution cannot provide proof of the benefit provided to the individual units, the Municipality will reverse the subsidies granted and cancel the approved application.

## **16 PROCESS MANAGEMENT**

### **16.1 Processing Time**

Applications will be processed within 30 days from the date of receipt.

### **16.2 Validity period**

16.2.1 The validity period for assistance will be for a maximum period of 36 months OR the remaining months of the current 36 month cycle. Households, in terms of the audit and review process shall be subjected to scrutiny to determine any changes in status.

16.2.2 All the pensioners and disabled applicants will be carried over to the next financial year, hence no re-registration shall be conducted to them. Only unemployed, employed earning less than the two-state pension grant income (i.e. threshold) and the child headed families re-registration shall be conducted, as their economical and living status is subjected to change from time to time.

16.2.3 Households shall re-apply as indicated in paragraph 16.2.2 above, but this shall be determined by the municipality from time to time.

### **16.3 Death of registered applicant**

In the event that the approved beneficiary passes away, the heirs of the property must report the death with 12 months and re-apply for indigent support provided that the stipulated criteria are met.

### **16.4 Publication of register of indigent households**

Names of indigent beneficiaries must be open for public perusal and comment. Such publication will occur annually. Written objections from the public must be referred to the Accounting Officer who will be responsible for investigating the validity of the complaint and for taking appropriate action.

### **16.5 Excess consumption of services**

If the level of consumption of the indigent household exceeds the total package of free basic services as approved by the Municipality, from month to month or exceeds the monthly charges raised on the indigents' account; the household will be obliged to pay for the charges being the difference between the monthly charge and the subsidy granted, on a monthly basis. Such accounts will be subject to the Municipality's credit control and debt collection measures. (format only)

## **16.6 Termination of indigent support**

Indigent support will be terminated under the following circumstances:

16.6.1 Death of the account holder unless the surviving dependants are minor children.

16.6.2 End of the 36-month cycle, and where the property value is within the threshold as determined by Council.

16.6.3 Upon change of ownership of the property in respect of which support is granted.

16.6.4 When circumstances of the indigent household have improved to the point of exceeding the gross income threshold as prescribed by Council.

- Where it is found that the applicant is an owner/director of, or derives income from a business
- When the applicant is found to not be residing at the relevant property

16.6.5 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:

16.6.5.1 All arrears will become payable immediately

16.6.5.2 Stringent credit control measures will apply and;

16.6.5.3 The applicant will not be eligible to apply for indigent support for a period of two (2) years.

## **16.7 Audit and Review**

16.7.1 The Municipality may conduct regular audits of the indigent register with regard to:

16.7.1.1 The information furnished by applicants,

16.7.1.2 Possible changes in status,

16.7.1.3 Service consumption and debt collection measures applied and

16.7.1.4 Reviewing the current status of applicants.

16.7.2 The frequency of such audits will in cycles as determined by the Municipality from time to time.

16.7.3 Periodic random inspections should be undertaken during the 3 year validity cycle.

## **16.8 Exit programme**

16.8.1 Members of households registered as indigent must be prepared to participate in exit programmes coordinated by the Municipality in collaboration with other government departments and the private sector.

16.8.2 As part of its poverty reduction programme, the Municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development initiatives and in the implementation of integrated development programmes where possible.

16.8.3 Buffalo City Metropolitan Municipality will promote the exit from indigence by:

16.8.3.1 Identifying indigents for inclusion in public works projects

16.8.3.2 Initiating local job creation projects such as cleansing operations, small infrastructure projects etc.

16.8.3.3 Facilitation of opportunities to enter the informal trade market

16.8.3.4 Facilitation of food security projects and

16.8.3.5 Liaison with National and Provincial Departments to include indigent persons in their public works programmes.

16.8.4 The Indigent Register will be shared with the other relevant Directorates, Government Department and Private Sector to enable them to follow their processes.

## **17 MONITORING AND REPORTING**

17.1 The Chief Financial Officer shall report monthly to the Municipal Manager in a suitable format to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

17.1.1 Number of indigent households who applied and were approved

17.1.2 Processing period on applications

17.1.3 Site visits undertaken

17.1.4 Amount of subsidy allocated per service category

17.1.5 Amount of debt accumulating and debt recovery information, ideally divided into wards, domestic, state, institutional and other such divisions

17.1.6 Performance of all areas against targets set in the municipality's performance management system

17.1.7 Changes in the registered status of indigents

## **18 APPEALS**

Any aggrieved person who was not successful in the application to be regarded as an indigent, may lodge an appeal to the Municipal Manager within a period of 14 days from the date on which the aforesaid decision was communicated to the applicant.

## **19 CAPACITY BUILDING**

19.1 The municipality must ensure that all Officials and Councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:

- 19.1.1 Database management
- 19.1.2 Demand and revenue management
- 19.1.3 Policy and by-law implementation

## **20 IMPLEMENTATION OF THE POLICY**

- 20.1 This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy.
- 20.2 In terms of section 17(3) (e) of the Municipal Finance Management Act this policy must be reviewed on annual basis and any proposed amendments tabled to Council for approval as part of the budget process.
- 20.3 In order to ensure the effective implementation of the policy, the following should form part of the roll out of the registration process: -
  - 20.3.1 Publishing of the registration process, in local newspapers, municipal account, flyers and posters.
  - 20.3.2 Communication through local and regional radio stations.
  - 20.3.3 Informing the entire community about criteria and programme.
  - 20.3.4 Role of ward councillors and committees in the registration and verification process.

## **21 ANNEXURE “A”**

### **21.1 Assistance Procedures applicable to this policy**

#### **1. Communication**

The municipality will develop a communications strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy, its implementation and limitations. Regular information dissemination regarding this policy through ward committees, community-based organisations and face to face contact by means of imbizos will be undertaken.

Council will also embark on programs or campaigns to inform or identify households that are indigent, in order to register them on the Municipality's database, so that they can access the benefits and support in terms of this policy. However, the onus remains with the applicant to make formal application for the Indigent Support.

#### **2. Application/Registration**

A person applying for assistance must complete a formal indigent support application form approved by the Municipality and must meet the qualification criteria as stipulated in paragraph 9 of this policy.

The following procedure must be followed to register all indigents on the Municipality's database, namely:

2.1 Applicant collects prescribed application forms from the nearest Finance Department enquiry counter.

2.2 An official will explain to the applicant how to complete the form and also check if the applicant is already registered as an account holder or has a prepayment electricity meter.

2.3 Applicant submits the necessary documentation, namely:

- Completed application forms, signed by Ward Councillor
- South Africa Identification Document
- Proof of income
- Proof of residence
- Marriage certificate if married, and copy of spouse's identity document or death certificate if deceased account holder



- Affidavit if unemployed

2.4 Official checks that application is recommended and signed by relevant Ward Councillor.

2.5 Application form and attached documents are scrutinised for correctness of details.

2.6 Incorrect or incomplete forms are returned to the applicant for rectification/completion.

2.7 The application is approved and signed by the Head of the Indigent Section OR if refused, is also submitted to the Departmental Head for consideration. The final decision is communicated in writing to the applicant.

2.8 Inspectors are sent to the household to verify the status of applicant.

2.9 Where the property is occupied by minor children, the account is to be left in the name of the estate.

### 3. **Approved applications**

All applications that meet the prescribed qualification criteria are then processed on the financial system.

A copy of the approved application is sent to the Prepaid Electricity Vending section for the applicant to be flagged as Indigent in the prepayment system. This ensures that the applicant gets his/her monthly free issue and is charged the indigent tariff.

The total monthly subsidy applicable on service charges will be reflected on the monthly statement of account after approval.

4. **Provision of false information**

If it is ascertained *before* the Indigent Subsidy has been granted that the applicant has provided false information on the application form, or does not stay on the property, the application will be referred to the Head of the Indigent Section to be declined and a letter written to the applicant to inform him/her of the outcome.

If it is established *after* the Indigent Subsidy has been granted that the household has submitted fraudulent information, then the subsidy will be immediately cancelled retrospectively from the date of implementation and the relevant Ward Councillor informed. A penalty fee will be charged to the account of the property owner or tenant, whichever is applicable.