



**KANNALAND**  
MUNISIPALITEIT | MUNICIPALITY

## **INDIGENT POLICY 2024 / 2025**



## Contents

PREAMBLE.....	3
1. DEFINITIONS .....	4
2. PURPOSE OF THE INDIGENT POLICY.....	6
3. OBJECTIVES.....	6
4. SCOPE.....	7
5. PRINCIPLES OF THE POLICY .....	8
6. CRITERIA FOR QUALIFICATION – INDIGENT HOUSEHOLDS .....	8
7. RESPONSIBILITY FOR PAYMENT OF MUNICIPAL SERVICE FEES .....	9
8. WRITE-OFFS.....	10
9. BENEFITS AND CONDITIONS APPLICABLE TO THE SUBSIDY .....	10
10. ADMINISTRATIVE PROCEDURE .....	11
11. PERIOD OF VALIDITY OF SUBSIDY .....	12
12. CEMETERY SUBSIDY .....	12
13. EXEMPTION OF DEPOSIT .....	13
14. APPLICATION FORMS .....	13
15. ARRANGEMENTS REGARDING ARREARS ACCOUNTS .....	13
16. CALCULATION OF SUBSIDY .....	13
17. VERIFICATION.....	14
18. DURATION OF SUBSIDY.....	14
19. FALSE OR MISLEADING INFORMATION.....	14
20. REGISTER.....	15
21. ENCOURAGEMENT.....	15
22. STAKEHOLDERS.....	15
23. OFFICE RESPONSIBLE FOR INDIGENT POLICY .....	15
24. REVIEW AND IMPLEMENTATION PROCESS.....	16

## **PREAMBLE**

**Whereas** section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

**And whereas** section 97 of the Systems Act prescribes that such policy must provide for “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.”

**And 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 its communities; and

Now therefore the municipal council of Kannaland Municipality adopts the following Indigent Policy.

## 1. DEFINITIONS

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means -

**“Basic service”** - the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services.

**“Chief Financial Officer”** – an officer of the Municipality appointed as the Head of the Finance Department and includes any person –

- a) acting in such position; and
- b) to whom the Chief Financial Officer has delegated a power, function, or duty in respect of such a delegated power, function, or duty.

**“Council”** or **“municipal council”** - A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of Kannaland Municipality.

**“Customer”** - Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household).

**“Defaulter”** - A person who owes money to the municipality, in respect of a municipal account after which the due date for payment has expired.

**“Equitable share”** - the part of national income paid over to the municipality annually that must be used mainly for subsidising basic services;

**“Household”** - People who are jointly living on a stand or site on a permanent basis and who receive water and/or electricity from one meter.

**“Income”** - Income is the gross sum of all monthly income from all sources, including wages, salaries, profits, dividends, pensions, rentals, interest received, grants or investment income and other forms of earnings received by every person residing on the property.

**“Indigent household”** - the total gross monthly income of occupants does not exceed the amount as determined by council.

**“Municipal billing”** - the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to - “ **account**” or “**monthly account**” rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse removal, electricity, water, sundries, housing rentals and instalments, as well as the monthly instalment for annual services paid monthly.

**“Municipality”** - the category B municipality instituted under the Constitution and the Local Government: Municipal Structures Act for the towns of Kannaland and the neighbouring rural areas.

**"Old-age home"** - an institution where elderly and disabled people are accommodated and none of the units is owned privately.

**“The Act”** - The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time.

## **2. PURPOSE OF THE INDIGENT POLICY**

- a) The purpose of the indigent policy is to:
- i) Provide basic services to the needy or indigent community in a sustainable manner, within the financial and administrative capacity of the municipality;
  - ii) Provide procedures and guidelines for the subsidisation of basic service charges to indigent households using the equitable share allocation, received from National Government and other budgetary provisions;
  - iii) 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; and
  - iv) The Council also recognises that many residents cannot afford the cost of full provision of services and for this reason the Council will endeavour to ensure affordability through:
    - Setting tariffs in terms of the Council's Tariff Policy, which will balance the economic viability of continued service delivery, and
    - Determining appropriate service levels.

## **3. OBJECTIVES**

3.1 The objectives of this Policy are to –

- a) Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent households in respect of their municipal account;
- b) Determine the criteria for qualification of indigent households;
- c) Ensure that the criteria are applied correctly and fairly to all applicants;
- d) Allow the Municipality to conduct in house visits to the premises of applicants to verify the actual status of the household; and
- e) Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.

## 4. SCOPE

4.1 The scope of this policy will cover the following:

- a) Subsidies are received from external funds as "equitable shares" granted by the National Government to enable indigent households with a certain income limit to comply with their obligations with respect to the payment of municipal service fees.
- b) A basic level of services will be provided to qualifying households with a total gross income, which is below a determined amount and according to a further specified criteria, as determined by the Municipality from time to time.
- c) Indigent subsidies will be funded from the equitable share contribution made by National Treasury and as provided for in the municipal budget. The subsidy will only be credited to the qualifying customers' accounts once the equitable share allocation is received by the Municipality from National Treasury and provided for in the municipal budget.
- d) Subsidised services are property rates, refuse removal, sewerage and consumption service charges.
- e) If a customer's consumption or use of the municipal service is less than the subsidised amount of the service, the subsidy will be limited to the lesser amount. The unused portion, if any, may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- f) 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.
- g) Where applicable, indigent customers may be exonerated from a portion of their arrear debt, in accordance with the prescriptions of the Debt Write-Off, Customer Care, Credit Control and Debt Collection policies.
- h) 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.
- i) An indigent customer may, at any time, request de-registration.

- j) A list of indigent customers will be maintained and may be made available to the general public, subject to the Promotion of Access to Information Act ("PAIA") and/Protection of Personal Information Act ("POPI Act").
- k) The applicant may not be the registered owner of more than one property, except if the other property is zoned as agricultural land.

## 5. PRINCIPLES OF THE POLICY

- a) The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of this policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b) Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy, when applicable;
- c) Application forms, agreements and documents relating to this Policy must be available in Afrikaans and English.
- d) The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.

## 6. CRITERIA FOR QUALIFICATION – INDIGENT HOUSEHOLDS

- 6.1 **"Indigent households"**, the total gross monthly income (excluding PAYE, UIF) of all occupants that does not exceed the amount as determined by council;
- 6.2 The accountholder or property owner must complete an official application form;
- 6.3 The head of the household must be a South African citizen and get an account from Kannaland Municipality;
- 6.4 The applicant must be the full-time occupant and may not own any other property except property zoned as agricultural land;
- 6.5 The applicant's property may only be used for residential purposes;

- 6.6 Backyard-dwellers also qualify for free basic electricity units, as determined by Council, if they are deemed to be indigent;
- 6.7 Consumers can apply throughout the financial year, but preferably annually before 30 June for the indigent subsidy, where after an annual audit will be done to check if he or she is still indigent;
- 6.8 The write-off of indigent debts will be reversed where the property concerned is sold within two (2) years after the write-off was processed;
- 6.9 Sites zoned for residential purposes and used for residential purposes only (improved residential) and of which the total valuation is R170,000.00 or less, will automatically be 100% exempt from property rates.
- 6.10 Subsidies will be limited to property rates as per paragraph 6.9 above, water, refuse removal, electricity and sewerage disposal services;
- 6.11 Indigent household benefit can be granted for rural areas, where Eskom provides electricity to residents of the municipal area, (Zoar and Van Wyksdorp). Where an agreement, approved in terms of a decision of the Council, has been negotiated with a producer in accordance with the guidelines for providing free basic electricity as determined by the National Government, this benefit can be paid to the producer;
- 6.12 The average household consumption of electricity should be less than 400Kwh per month for the preceding 12 months and if exceeded as an indigent household, qualification as an indigent household will be cancelled;
- 6.13 The average household consumption of water per household should be less than 15 Kl per month for the preceding 12 months and if exceeded as an indigent household, qualification as an indigent household will be cancelled; and
- 6.14 Applications that deviate from the abovementioned requirements, will be considered only after careful consideration and the approval of Council.

## **7. RESPONSIBILITY FOR PAYMENT OF MUNICIPAL SERVICE FEES**

- 7.1 The net monthly bill, as well as any agreed reimbursement amount in respect of the relevant debt, must be paid in full promptly before or on the 15th of each month;

otherwise, the Customer Care, Credit Control & Debt Collection Policy of Council will be applied.

## 8. WRITE-OFFS

8.1 All debt that qualifies to be written off, will be done in terms of the Council approved Bad Debt Write-Off Policy.

8.2 All applicants that receive an indigent subsidy qualifies for debt write- off.

## 9. BENEFITS AND CONDITIONS APPLICABLE TO THE SUBSIDY

9.1 Indigent cases - Only persons/households that meet the following criteria can qualify for financial assistance from the "equitable share" for the subsidising of his/her services bill:

9.1.1 ***Benefits received by approved indigent cases - The following services and amounts are subsidised:***

9.1.1.1 Water - first six kilolitres used plus the basic fee levied on conventional meters;

9.1.1.2 Electricity - first 50 kWh used;

9.1.1.3 Property rates - 100% subsidy equal to the amount as published in the tariff listing.

9.1.1.4 Refuse removal - 100% subsidy on 1 removal per week

9.1.1.5 Sewerage services - 100% subsidy on the first toilet

**All qualifying households will be fitted with a pre-paid electricity meter and a prepaid water meter, once the service becomes available.**

9.2 Old-age homes are subsidised as follows -

- a) Electricity usage subsidised with 20%
- b) Sewer levy subsidised with 20%
- c) Refuse removal levy - subsidised with 20%

***The subsidy is subject to the following:***

- 9.2.1 Only old-age homes where the percentage of residents who receive an income equal to or less than the prevailing old-age state pension constitutes fifty percent of the residents, qualify for the abovementioned subsidy.
- 9.2.2 To qualify for subsidy benefits, the old-age home is required to submit a properly sworn statement not later than the tenth day of July every year, proving that it meets the requirements.
- 9.3 Only one subsidy may be granted per residence or registered informal structure.
- 9.4 From time to time, subsidies may be adjusted by means of a decision of the Council, in accordance with funds available for the purpose.

## **10. ADMINISTRATIVE PROCEDURE**

- 10.1 Residents must be made aware of the subsidy scheme at their disposal by means of:
- a) Ward meetings of Council members, during which Council members introduce the scheme on a regular basis;
  - b) Notices on the official notice boards at all municipal offices;
  - c) Awareness campaigns by community developers (field and/or welfare workers).
- 10.2 Application for a subsidy
- a) Applications for indigent subsidy must be submitted on the prescribed application form and must be accompanied by the following documentation –
    - i) the latest municipal account of the household;
    - ii) proof of head of household and spouse`s identities;
    - iii) proof of income of all residents, e.g. a letter from his/her employer, salary slip/envelope, all pay card and slip displaying beneficiaries name, unemployment insurance fund (UIF) card, unemployment affidavit.; and
    - iv) proof of medical condition when requiring additional water and electricity.
    - v) In cases of pre-paid electricity an electricity receipt reflecting the meter number
  - b) Incomplete forms or forms without the required documentation attached thereto will be rejected.
- 10.3 Community workers are deployed in the various residential areas to assist with completion of the application forms.

- 10.4 Completed application forms can be submitted either directly to the community worker or at pay points.
- 10.5 The various pay points must ensure that all completed applications reach the relevant municipal official on a weekly basis (Accountant Credit Control & Indigent Management).
- 10.6 Application forms, approved by the Accountant Credit Control & Indigent Management before or on the 15th of a month, will be implemented at the time of the bill of the particular month.
- 10.7 The approved subsidy will be credited against the beneficiary's account.
- 10.8 The municipality reserves the right to make the list of all indigent and compassion households available for public inspection, which may include the publication thereof.

## **11. PERIOD OF VALIDITY OF SUBSIDY**

- 11.1 The subsidy is terminated as soon as the beneficiary's financial circumstances have changed so that it falls outside the set criteria or after twelve months, whichever comes first.
- 11.2 If the circumstances have remained unchanged, a new application must be submitted in any case after twelve months before 30 June of each year, and the application will be dealt with in the same way as the original application.
- 11.3 The onus rests upon the beneficiary to inform the Council as soon as his/her financial circumstances change, or he/she vacates the premises.
- 11.4 The subsidy terminates when the applicant passes away.

## **12. CEMETERY SUBSIDY**

### **12.1 Requirements:**

The subsidy is relevant in the case where the deceased, on the day of his death, was part of a household that had been approved as an indigent household case and registered as approved on the financial system of the municipality and when the prescribed application form had been properly completed and submitted.

## 12.2 *Benefit:*

Approved indigent cases - Premises and 6-ft depth excavation cost for grave - 100% subsidy on the approved tariff.

## **13. EXEMPTION OF DEPOSIT**

In instances where the indigent household account holder dies, the remaining spouse or remaining child (over 18), will be exempt from the required deposit charges when opening a new account for the indigent household.

In instances where the indigent household qualify according to criteria set in section 6 of this policy, except for the services account not being on their name, the head of the household is exempt from paying the required deposit charges when opening a new account for the indigent household.

## **14. APPLICATION FORMS**

Official application forms as compiled and approved by council.

## **15. ARRANGEMENTS REGARDING ARREARS ACCOUNTS**

The arrangements regarding accounts in arrears, will be handled by the designated officials after the circumstances of the indigent household were taken into account.

What's reflected above only refers to your payment on your outstanding debt. The payment must be paid together with your monthly account as well as the re-connection fee as per budgeted tariffs, if your services were terminated. Your water and/or electricity deposit must be increased to the applicable fee as in terms of the approved tariffs.

## **16. CALCULATION OF SUBSIDY**

- a) The subsidies above will be funded from the "equitable share" contribution received from National Treasury, plus an amount from the Municipality's own income as budgeted for. The subsidies granted to qualifying households will be subject to the availability of funding but within the parameters of any applicable legislation.

- b) The accounts of qualifying applicants will be credited monthly by the subsidised amount as calculated in terms of section 9 of this policy.

## **17. VERIFICATION**

The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time with the aim of carrying out an on-going audit on the accuracy of the information provided by the applicant(s).

## **18. DURATION OF SUBSIDY**

18.1 If an application is approved, the subsidy will be applicable up until the equitable share contribution made from the National Governments' fiscus and as provided for in the municipal budget but at all times within the parameters of applicable legislation.

18.2 If the Municipality obtains information that indicates that the circumstances of the applicant have changed to such an extent that he/she no longer qualifies for the subsidy, the Municipality reserves the right to suspend the subsidy.

18.3 If any of the criteria, as set out in this policy, is not complied with anymore, the onus is on the recipient of the subsidy to notify the Municipality within 7 days after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.

18.4 If any of the above criteria is not complied with, the household will immediately be given notice and will lose its Indigent status and the subsidy will be forfeited.

## **19. FALSE OR MISLEADING INFORMATION**

19.1 In the event of misrepresentation or any other violation of the subsidy rules, the subsidy will be discontinued immediately and not be reconsidered for a period of at least 12 months. In addition, he/she may be held liable for the immediate repayment of any subsidies already granted and legal action may be instituted against the guilty party/parties.

## 20. REGISTER

20.1 The following requirements will have to be met in terms of an indigent register:

- a) The Municipality will compile a register of households that qualify as “indigent”; and
- b) The register will be updated on a continuous basis.

## 21. ENCOURAGEMENT

21.1 Councillors should encourage taxpayers/customers in their various wards to apply for participation in the indigent subsidy scheme if they qualify.

## 22. STAKEHOLDERS

22.1 Stakeholders will include the following parties:

- a) Council;
- b) Community Development Workers;
- c) Ward Committee Members;
- d) Municipal Officials;
- e) Community;
- f) National Treasury;
- g) Other as may be identified;

## 23. OFFICE RESPONSIBLE FOR INDIGENT POLICY

23.1 The address and department details responsible for the implementation and application of the Indigent Policy will be:

***Accountant: Credit Control, Debt Collection and Indigent Management;***

***Contact details:***

Kannaland Municipality

32 Church Street

Ladismith, 6655

Tel: 028 551 8000

Fax: 028 551 1766

E-mail: [argiewe@kannaland.gov.za](mailto:argiewe@kannaland.gov.za)

## 24. REVIEW AND IMPLEMENTATION PROCESS

This policy will come into effect on 1 July 2023 and will be reviewed at least annually or as required, by way of a Council resolution.

### ADOPTED BY RESOLUTION OF THE MUNICIPAL COUNCIL OF KANNALAND:

Version 1	of 17/01/2011
Version 2	of 10/03/2011
Version 3	of 30/06/2012
Version 4	of 30/05/2013
Version 5	of 28/05/2014
Version 6	of 27/05/2015
Version 7	of 06/06/2016 (COUNCIL 11/06/16)
Version 8	of 30/05/2017 (COUNCIL 24/05/17)
Version 9	of 28/05/2018 (COUNCIL 26/05/18)
Version 10	of 18/06/2021 (COUNCIL 06/07/21)
Version 10	of 28/02/2022 (COUNCIL 28/02/22)
Version 11	of xxxxxxxxxxxx (COUNCIL xxxxxx)

## DOCUMENT CONTROL

Summary: This document describes the Indigent Policy that will be applicable to Kannaland Municipality, with effect from 01 July 2023.

Version 1: 01 July 2022

Version 2: 01 July 2023

Version 3: 01 July 2024

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Municipal Manager

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Mayor

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Date

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Date