

# **MUNISIPALITEIT KAREEBERG MUNICIPALITY**



## **DRAFT INDIGENT HOUSEHOLD POLICY**

**BUDGET 2026/2027 MTERF**

## **INDIGENT POLICY**

### **INTRODUCTION**

The Indigent Policy must be read along with the Customer Care and Management Policy.

## **2 PRINCIPLES THAT UNDERPIN AN INDIGENT POLICY**

The following principles are applied in the policy:

- Administrative Integrity must be maintained at all costs – policy and execution are legally separate and must also be practically separate.
- Communication of policies, rights and responsibilities, must be understandable, effective and regular.
- Billing is to be accurate, timely and understandable.
- The customer is entitled to efficient, effective and reasonable access to pay points, and to a variety of reliable payment methods.
- Poor households are to be identified and supported, with appropriate policies and practices.
- Enforcement of payment will be prompt, consistent, effective and humane.
- Fraud and criminality will lead to loss of rights and severe penalties.
- Targets for performance in both customer service and debt collection will be set and strived for.
- Results will be regularly and efficiently reported.
- Indigent Policy will be agreed to by Council and management, and thereafter supported by these parties.

### 3. RESPONSIBILITIES AND DELEGATED AUTHORITY

#### 3.1. The Council --

3.1.1 must create, evaluate, review and adopt the Indigent Policy and related by-laws.

3.1.2 The Mayor must oversee and monitor the implementation and enforcement of the municipality's policies in this regard.

#### 3.2 The Municipal Manager --

3.2.1 as Accounting Officer, must implement and enforce this policy and any relevant by-laws.

3.2.2 must establish and control the administration necessary to fulfil this policy, and report efficiently and regularly to the Finance Committee in this regard.

3.2.3 may delegate authority in this regard to the Chief Financial Officer (CFO).

#### 3.3 The Applicant Indigent --

3.3.1 must apply annually to be considered for the indigent equitable share, subsidy or rebate in terms of this and any other policy of Council in this regard; and

3.3.2 must report any change in his/her circumstances which moves his/her household out of the eligibility brackets in clause 4.1.2.

### 4. INDIGENT POLICY

#### 4.1 Criteria

4.1.1 Council will provide an indigent subsidy, in line with national government regulations and guidelines, to assist the poorest households in the community to receive a basket of basic municipal services either free or rebated, and thereby make basic municipal services available to all.

4.1.2 Indigent subsidies are available **only to domestic households** where the total household income of all occupants over 18 years of age is equal to two state pensions (Old Age or Disability Grants) plus Three Child Grant payments or less than **R6 300 per month** (threshold), as annually determined by Council.

4.1.3 The subsidy will be available **only to households legally occupying premises and legally consuming municipal services**.

4.1.4 All other consumers who are not households as mentioned above, **do not qualify to be recognised as an Indigent Household**.

## 4.2 Funding

- 4.2.1 The source of funding for the indigent subsidy is the Equitable Share contribution to the Municipality made by the government from the National Treasury. Council will determine the subsidy amount or percentage, per service category, per household, on a year-to-year basis, taking into account the Equitable Share allocation. The subsidy allocation must be contained in the tariff schedule and must be reviewed annually with the annual budget and tariffs.
- 4.2.2 The subsidy will be widely publicised by the Council, the Municipality and civil society structures.
- 4.2.3 If more funds available than budgeted for the basket of services, indigent households rates accounts can also credited on a pro-rata basis.
- 4.2.4 If, after 4.2.3 there are still funds available, credit old outstanding amounts on the service accounts.
- 4.2.5 Registers will be quarterly updated and taken in account burial orders.
- 4.2.6 Any savings on allocation credited to balances.
- 4.2.7 If the indigent has a credit balance, no subsidy will be credited for the month.

## 4.3 Services

### 4.3.1 Monthly subsidised services will be as follows:

- refuse removal for one:
- sewerage.

4.3.2 Subsidised services, on a free basic service (consumption basis) will be the following:

- electricity (50kWh) and conventional electricity meter's basic fee
- water basic fee and **6000 (6kl) litres of water.**
- Property Rates will be dealt with as per Rates Policy as per exemption of **R35 000 (R15 000 as impermissible and R20 000 as income forgone)** per property as exempted in the Property Rates policy. **Municipal Values in excess of R35 000 will be responsible by the owner of the property**

4.3.3 Informal Settlements will receive the following basket of services per month:

- 4 bags of wood

#### **4.3.4 No deposit fees are applicable to successful Indigent Households.**

#### **4.3.5 Households that qualify for an indigent subsidy**

- i) will be required to consent to a prepayment electricity meter, the cost may be recovered as a surcharge on their subsequent electricity coupon cost; or a cash payment by the household;
  - The owner will be required to consent to a prepayment electricity meter, the cost of which will be recovered as a cash payment by the owner, in those cases where the household is a tenant.
  - Refusal to giving consent may lead that electricity be disconnected or that the subsidy be withdrawn.
- ii) Households that exceed 6 kl of water per month and are in arrears will have a restriction apparatus fitted to their water supply.
- iii) Households that exceed the 50kWh of electricity per month and are in arrears will have their electricity suspended.
- iv) Indigent households who's property valuation exceeds R35 000 will have to pay the difference in property rates. Refer also to par 4.3.2

#### **4.3.6 The indigent debtor will be responsible for payment of the difference or excess consumption between the subsidy received and the standard consumption used by the indigent debtor.**

### **4.4 Household Eligibility**

4.4.1 Households become eligible for the rebate through an approved application, annually, on a specific Municipal application form, after which screening and ongoing auditing will occur. This form will require at least the following data:

- Information of owner of household;
- Physical and postal address;
- Telephone details (if applicable);
- A list of all persons in the household, names and ages;

- Listed gross monthly income of all adults (over 18), with proof (pay slip, grant proof, etc);
- Ownership of business or second properties;
- Confirmation that he/she has had Municipality's Indigent subsidy explained to them; that they are aware that the provision of fraudulent information is an offence;
- In the case of claims of unemployment amongst adults, proof attested by the SAPS in this regard must be attached.
- Names will be communicated to COGTA and SARS and will appear on COGTA's Indigent Households database.

#### **4.5 Exclusion**

**A household will be excluded from the subsidy if:**

- 4.5.1 the household head owns a business
- 4.5.2 the household head owns a second property.
- 4.5.3 Operate a tuckshop or business on the erf property.
- 4.5.4 the application was filled in dishonestly and the Head of Household will be responsible for the full account of the Free basic Services from the beginning of the current financial year.
- 4.5.5 applicant reports a change in his/her circumstances which moves his/her household out of the eligibility brackets in clause 4.1.2;
- 4.5.6 an arrangement to pay arrears over time falls months or more into arrears with their current account and their current arrangement in dishonoured;
- 4.5.7 ongoing audits suggest improvements in the financial circumstances of the household moving it out of the eligibility brackets in clause 4.1.2.
- 4.5.8 the house is rented to someone who does not qualify or a shop is opened up it will lead to immediate disqualification.

#### **4.6 Investigation**

- 4.6.1 The Municipality reserves the right to verify the details provided in 4.4.1

4.6.2 The Municipality will undertake an ongoing inspection of the applicant household and any changes in that household's circumstances must be reported.

4.6.3 Applicant must attest to the above before a Commissioner of Oaths and a representative of a civil society structure must attest to the veracity of the application.

#### **4.7 Write-off**

**Council will not consider, on an annual basis, the writing off of subsidised existing service arrears at the time of enrolment as an indigent household,**

4.7.1 not for tampering charges

4.7.2 or connection/reconnection fees

4.7.3 or legal/collection cost

4.7.4 or any other fee/instalment in terms of an existing agreement

4.7.5 or for the purpose of selling properties within a period of 24 months after the writing off. The amount that will be required to be paid back by the seller before an clearance certificate will be issued.

#### **4.8 Assistance with Funeral**

**4.8.1 Council will only assist Indigent Household with a coffin to the value of R1750 once per annum**

**4.8.2 The household must provide the following documentation in order to qualify for assistance**

4.8.2.1 Affidavit that the person stays in the house and the name of the deceased has been included in the application on the Indigent form.

4.8.2.2 The Head of the Household must provide a affidavit that the deceased has no funeral policies under the name of the deceased.

4.8.2.3 The Head of Household must give consent that the Municipality can enquire by the Insurance companies if a policy exist under the name of deceased.

4.8.2.4 Applications for funeral assistance will only be processed within days after application has been received.

4.8.2.5 Application must be approved by the Municipal Manager

## **4.9 Auditing**

The Ward Councillor in consultation with his or her Ward Committee will recommend to the Accounting or his delegate for approval or non-approval.

An initial inspection of the application will be conducted by the Municipality's designated officials within two month of application. Follow-up inspections will be performed, within six months to determine changes in household circumstances. Such inspections will be conducted by individuals appointed by the Municipal Manager or Chief Financial Officer to do so and they will submit a report whether the subsidy should be continued or discontinued. The Municipal Manager or his delegate shall decide on the continuance or discontinuation of a subsidy.

## **5. DEBT COLLECTION RELATED TO THE INDIGENT**

### **5.1 Enforcement Mechanisms**

- 5.1.1 Customers who are Indigent and who are in arrears and whose usage on their municipal bill exceeds the predetermined levels, supply of electricity and water, and other municipal services, may be restricted, blocked, suspended or disconnected.
- 5.1.2 The Municipality reserves the right to restrict or deny the sale of electricity or water coupons to indigent customers who are in arrears with their rates or other municipal charges.
- 5.1.3 Upon the liquidation of arrears, or the conclusion of arrangements for instalment payment, the restricted, suspended or disconnected service will be reconnected or unblocked as soon as conveniently possible.
- 5.1.4 The cost of the restriction, blocking, suspension or disconnection, and the reconnection or unblocking, will be determined by tariffs agreed by Council, and may be payable by the consumer before reconnection.
- 5.1.5 Households, classified as indigent, will not be handed over for legal processes, including judgement and summonses only if adhere to this policy and credit control policy.



- 5.1.6 The arrear amount, including the cost of the restriction, blocking, suspension or disconnection, and the reconnection or unblocking, must be transferred to the electricity vending system and collected through the deduction of not less than 35% of electricity purchases.

## **5.2 Interest**

- 5.2.1 Interest will **NOT** be raised as a charge on Basket of Free Basic Services not paid by on the due date.
- 5.2.2 Interest will NOT be charged on the total outstanding capital balance of the accounts at a rate determined by Council annually as per tariff policy. *See the debt collection policy section that deals with interest*
- 5.2.3 The decision to waive interest in specific instances can only be taken by the Chief Financial Officer in consultation with the Municipal Manager.
- 5.2.4 The charging of interest will cease from the date the arrear debt is transferred as per 5.1.6 above or when an agreement has been signed with a customer.

## **5.3 Personal Contact**

- 5.3.1 The Municipality will endeavour, within the constraints of affordability, to make personal or telephonic contact with all arrear debtors to encourage their payment, and to inform them of the state of their arrears, and their rights (if any) to conclude arrangements or to indigent subsidies, and other related matters, and will provide information on how and where to access such arrangements or subsidies.
- 5.3.2 The cost of the contact, by telephone, e-mail or short message service (sms), will be determined by tariffs agreed by Council, and will be payable by the consumer.
- 5.3.3 Finance Department shall maintain a schedule of debtors with large amounts outstanding and will maintain intensive contact with these debtors as in 5.3.1.
- 5.3.4 Such contact is not a right that debtors enjoy – disconnection of services, and other collection proceedings, will continue in the absence of such contact for whatever reason.
- 5.3.5 Applications will be assessed by the Ward Committee and will recommend to the Municipal Manager that the applications should be approved or not.**

**The Chief Financial Officer will ensure that the approved applications are process onto the Financial Management System.**

## **6 THEFT AND FRAUD**

- 6.1 Any person (natural or juristic) found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment or committing any unauthorised act associated with the supply of municipal services, as well as theft and damage to Council property, will be liable for penalties as determined from time to time.
- 6.2 The Municipality will immediately terminate the subsidy and the supply of services to a customer should such conduct as outlined above be detected.
- 6.3 A customer who has his subsidy terminated as per 6.2 above, will not be eligible for a subsidy for the remaining portion of the current and the following financial year.
- 6.4 The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased consumer deposit as determined by Council if applicable, becomes due and payable before any reconnection can be sanctioned.
- 6.5 The debt collection process as outlined in the Debt Collection Policy will become applicable.

## **7 CLEARANCE CERTIFICATES**

- 7.1 Are issued on request by the transferring attorney and on receipt of the applicable fees.
- 7.2 Are only issued when all amounts due in connection with that property for municipal fees, surcharges on fees, property rates and other municipal taxes, levies and duties have been fully paid.
- 7.3 Any instalment for rates, refuse and sewerage is immediately payable.
- 7.4 The Municipality, as owner of municipal property, may issue a clearance certificate provided proper arrangement for the payment of any outstanding amount has been made.

- 7.5 If debt was written off against any property, and the property is being sold then the write-off will be debited against the property.

## **8 REPORTING TO COUNCIL**

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

- 8.1 Number of indigent households applied;
- 8.2 Amount of subsidy allocated per service category;
- 8.3 Amount of debt accumulating and debt recovery information (numbers of customer; enquires; default arrangement; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 8.4 Performance of all areas against targets agreed to in item 9 of this policy document.

## **9 PERFORMANCE EVALUATION**

- 9.1 The performance measured will be to identify the number of indigent households and to measure the percentage of these households to whom the Municipality provides assistance.

## **10 BY-LAWS**

The principle contained in this policy will be reflected in the various service by-laws as promulgated and amended by Council from time to time.

## **11 COMMENCEMENT**

This policy takes effect on 1 JULY 2026.