

MINUTES: SPECIAL COUNCIL
27 MAY 2009

2. PROPOSED MEDIUM TERM CAPITAL AND OPERATIONAL BUDGET 2009/2010 - 2011/2012

The Portfolioholder for Finance reported that due to the delay in the award of the tender for the upgrading of the Sentrasure building the carry over amount on the budget needed to be increased by R2m. This would however not effect the rest of the budget.

The Executive Mayor then delivered her budget speech (see attached) which was followed by a presentation by the Executive Director: Financial Services on the key features of the budget. The Speaker then allowed all parties to comment on the proposed budget (**attached**).

The DA submitted the enclosed comments which included the following proposed amendment:-

1. that the proposed rates tariffs be reduced;
2. that the electricity tariff increase be reduced from 31% to 26%
3. that the expenditure levels as indicated in the proposed Budget be adjusted to reflect the new income levels

The ANC submitted the enclosed remarks after which the amendment of the DA was put to the vote. The amendment was defeated by 31 to 29 votes.

RESOLVED

that the following be approved:-

1. The consolidated three year operational budget:-

Total Operating Budget	2009/2010	2010/2011	2011/2012
	R940 718 702	R1 105 233 733	R1 260 300 840

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2. The consolidated three year capital budget (See Schedule 5):-

EXPENDITURE	Proposed Budget 2009/2010	Proposed Budget 2010/2011	Proposed Budget 2011/2012	Total Budget For 3 Years
Projected Budget	95,000,000	100,000,000	100,000,000	295,000,000
Soccer World cup 2010	5,000,000	0	0	5,000,000
Backlogs	85,000,000	85,000,000	85,000,000	255,000,000
Ad -hoc Secured Funding	77,934,000	88,993,000	102,360,000	269,287,000
Carry Overs	30,145,330	0	0	30,145,330
TOTAL CAPITAL BUDGET	293,079,330	273,993,000	287,360,000	854,432,331
FUNDING OF CAPITAL				
CRR - Own funds	107,188,021	100,000,000	100,000,000	307,188,021
New External Loan	85,000,000	85,000,000	85,000,000	255,000,000
Existing External Loans	10,520,307	0	0	10,520,307
Grants and Subsidies	90,371,002	88,993,000	102,360,000	281,724,002
TOTAL CAPITAL BUDGET - FUNDING	293,079,330	273,993,000	287,360,000	854,432,330

3. that the following proposed tariffs be approved:-

(a) Proposed tariff increases for services:-

Percentage Increases on Tarriffs	Proposed Tariff Increase		
	2009/2010	2010/2011	2011/2012
Water	10.00%	10.00%	10.00%
Sanitation	7.50%	7.50%	7.50%
Refuse Removal	7.50%	7.50%	7.50%
Electricity	31.00%	30.00%	30.00%
Sundry Tariff	7.50%	7.50%	7.50%

(b) Proposed tariffs for property rates:-

Increases on Tariffs - Property Rates	Proposed Tariff Increase (Rand Value)		
	2009/2010	2010/2011	2011/2012
Residential	0.00490	0.00527	0.00566
Agricultural Land	0.00123	0.00132	0.00142
Industrial and Commercial sites	0.00822	0.00884	0.00950
Government Property	0.01243	0.01336	0.01436
Gholf Greens	0.00123	0.00132	0.00142
Improvements for Sport purposes (amateur)	0.00368	0.00396	0.00425

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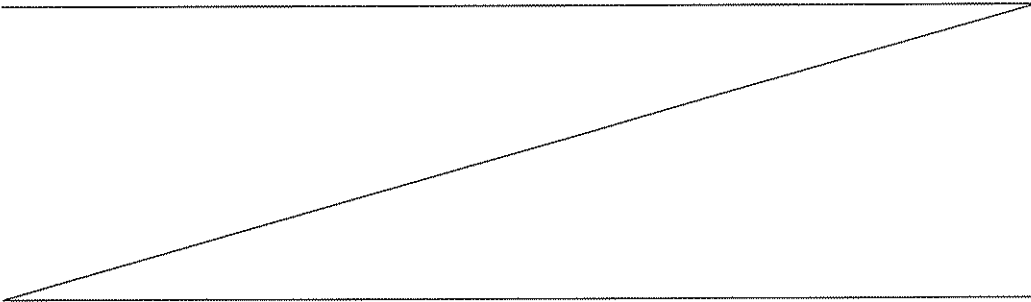
4. that the Annual Budget of the municipality for the financial year 2009/10 and indicative for the two projected outer years 2010/11 and 2011/12 be approved as set out in the following schedules:-
 - (a) Operating revenue by source reflected in schedule 1.
 - (b) Operating expenditure by vote reflected in schedule 2.
 - (c) Capital expenditure by vote reflected in schedule 3.
 - (d) Capital Funding by source reflected in schedule 4.

5. that the property rates as reflected in the tariff book of 2009/10 and any other municipal tax reflected in the tariff book of 2009/10 be approved for the budget year 2009/10;

6. that the tariffs and charges reflected in the tariff book of 2009/10 be approved for the budget year 2009/10;

7. that the Integrated Development Plan Review Report 2009/2010 and IDP for the period 2007–2012 be adopted; and

8. that the attached amended Indigent Policy (Schedule 6) be approved.



Meeting: Ref No: Doc No:	Spec Council – 27/05/2009 5/2/2 (2009/10 x 2/2/5 4150/09; 3946/09	Submitted by (Dept): Author/s: Referred from:	Financial Services C Petersen
<u>CLAUSE:</u>	<u>ACTION:</u>	<u>RESPONSIBLE DEPT:</u>	<u>DUE DATE:</u>

The meeting ended at 17:03.

CHAIRPERSON:

DATE:

Confirmed on with/without amendments.

DRAKENSTEIN MUNICIPALITY

SCHEDULE 1 - REVENUE BY SOURCE (CIRCULAR 28)

SCHEDULE 1 REVENUE BY SOURCE	Preceding Year 2007/08		Current Year 2008/09		Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecas R'000 D	Budget Year 2009/10 Budget R'000 E	Budget Year +1 2010/11 Budget R'000 F	Budget Year +2 2011/2012 Budget R'000 G
Operating Revenue by Source							
Property rates	(110,104,609)	(129,829,001)	(131,104,588)	(131,104,588)	(156,213,330)	(167,931,348)	(180,530,455)
Property rates - penalties imposed and collection charges	(3,021,812)	(3,200,000)	(3,200,000)	(3,200,000)	(2,400,000)	(2,500,000)	(2,700,000)
Service charges - electricity revenue from tariff billings	(271,870,490)	(329,257,000)	(330,236,520)	(330,236,520)	(437,327,122)	(540,734,784)	(663,403,685)
Service charges - water revenue from tariff billings	(67,190,283)	(60,482,906)	(63,079,805)	(63,079,805)	(77,108,300)	(84,474,123)	(93,220,525)
Service charges - sanitation revenue from tariff billings	(33,767,868)	(40,063,712)	(38,838,678)	(38,838,678)	(41,723,607)	(44,595,652)	(48,021,847)
Service charges - refuse removal from tariff billings	(46,754,049)	(51,302,500)	(51,867,014)	(51,867,014)	(55,297,200)	(59,917,646)	(64,319,776)
Service charges - other	0	0	0	0	0	0	0
Rental of facilities and equipment	(13,415,281)	(13,876,818)	(13,876,818)	(13,876,818)	(15,279,275)	(16,249,452)	(17,349,100)
Interest earned - external investments	(11,026,559)	(9,300,000)	(9,300,000)	(9,300,000)	(8,500,000)	(9,200,000)	(8,900,000)
Interest earned - outstanding debtors	(8,884,921)	(9,360,700)	(9,360,700)	(9,360,700)	(10,700,000)	(12,120,000)	(13,494,000)
Fines	(4,300,504)	(3,705,105)	(3,705,105)	(3,705,105)	(3,926,600)	(3,686,100)	(3,846,900)
Licenses and permits	(8,491,507)	(9,027,350)	(9,027,350)	(9,027,350)	(8,226,050)	(7,933,050)	(8,614,050)
Government grants & subsidies	(27,672,982)	(38,734,100)	(41,034,100)	(41,034,100)	(49,562,377)	(61,183,506)	(66,213,000)
Other Income	(28,409,022)	(35,348,578)	(37,045,230)	(37,045,230)	(37,299,902)	(39,058,352)	(40,801,952)
Gain on disposal of property plant and equipment	(3,488,808)	(250,000)	(250,000)	(250,000)	(3,000,000)	(3,000,000)	(3,000,000)
Gain on arising from initial recognition of biological assets	0	0	0	0	0	0	0
Interdepartmental Charges	(60,515,520)	(71,571,140)	(71,571,140)	(71,571,140)	46,150,000	52,737,750	58,152,287
Income Foregone	17,491,151	31,372,266	31,372,266	31,372,266	(860,413,763)	(999,846,462)	(1,155,263,004)
Total Revenue By Source	(681,423,064)	(773,936,644)	(782,124,782)	(782,124,782)	(860,413,763)	(999,846,462)	(1,155,263,004)
Depreciation Offset					(80,304,940)	(105,387,271)	(104,037,836)
					(940,718,703)	(1,105,233,733)	(1,260,300,840)

Column Definitions:

- A. The audited actual for 2007/08 as per the audited financial statements. If audit figures are not available for 2007/08, pre audit figures must be provided with a note stating these are pre audit.
- B. The original budget approved by council for the 2008/09 budget year.
- C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
- D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.
- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12

SCHEDULE 1

DRAKENSTEIN MUNICIPALITY
SCHEDULE 2a OPERATING EXPENDITURE BY FUNCTION (CIRCULAR 28)

SCHEDULE 2(a) OPERATING EXPENDITURE BY GFS	Preceding Year 2007/08		Current Year 2008/09			Medium Term Revenue and Expenditure Framework		
	Audited Actual R'000	Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget Year 2009/10 Budget R'000	Budget Year +1 2010/11 Budget R'000	Budget Year +2 2011/2012 Budget R'000	
Executive and Council	38,793,203	42,996,332	41,705,398	41,705,398	30,350,534	34,510,730	38,810,823	
Budget and Treasury Office	40,294,659	37,938,768	37,311,520	37,311,520	42,222,672	47,229,783	51,073,526	
Corporate Services	73,340,924	116,237,598	110,528,195	110,528,195	78,489,632	80,741,560	85,748,591	
Planning and Development	18,605,914	21,454,504	21,371,398	21,371,398	23,373,672	24,654,773	26,850,940	
Health	6,825,669	5,340,791	5,425,717	5,425,717	5,812,462	6,320,089	6,910,373	
Community and Social Services	12,405,274	12,851,984	12,894,788	12,894,788	17,136,990	20,905,991	23,532,221	
Housing	34,201,785	28,241,322	39,782,247	39,782,247	42,140,647	53,204,598	58,117,632	
Public Safety	34,756,175	35,855,248	36,468,623	36,468,623	39,827,260	43,804,174	48,198,773	
Sport and Recreation	36,890,656	41,914,076	41,752,039	41,752,039	48,516,511	54,967,072	60,669,388	
Waste Management	38,346,898	40,732,340	42,365,505	42,365,505	50,016,292	56,542,910	61,022,757	
Waste Water Management	35,158,184	36,288,822	45,349,196	45,349,196	54,123,838	69,777,302	75,313,252	
Road Transport	40,651,325	38,154,899	69,024,489	69,024,489	81,092,800	92,652,613	99,280,447	
Water	40,388,555	39,523,637	49,838,796	49,838,796	55,891,199	66,707,428	71,984,372	
Electricity	221,640,707	276,406,323	306,073,619	306,073,619	371,724,193	454,214,709	552,788,543	
OPERATING EXPENDITURE BY VOTE	672,299,929	773,936,644	859,891,530	859,891,530	940,718,702	1,105,233,733	1,260,300,840	

Column Definitions:
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 B. The original budget approved by council for the 2008/09 budget year.
 C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.
 D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.
 E. The amount to be appropriated for the 2009/10 budget year.
 F. The indicative projection for 2010/11
 G. The indicative projection for 2011/12

Drakenstein Municipality
Table 3: Capital Expenditure By Function (Circular 28)

EXAMPLE TABLE 3 CAPITAL EXPENDITURE BY VOTE	Preceding Year 2007/08		Current Year 2008/09			Medium Term Revenue and Expenditure Framework Budget Year +1 2010/11		Budget Year +2 2011/2012	
	Audited Actual R'000		Approved Budget R'000	Adjusted Budget R'000	Full Year Forecast R'000	Budget R'000		Budget R'000	
	A		B	C	D	E	F	G	G
Executive and Council	104,395		438,200	455,096	455,096	129,500	163,750	100,000	0
Budget and Treasury Office	302,457		593,850	592,193	592,193	467,613	259,534	23,462,270	
Corporate Services	13,384,909		30,258,252	49,502,942	49,502,942	30,942,597	20,818,479	376,000	
Planning and Development	1,725,480		2,476,500	2,453,014	2,453,014	1,033,150	1,098,983	320,000	
Health	76,076		143,850	130,441	130,441	668,000	353,000		
Community and Social Services	5,114,541		13,799,456	11,525,320	11,525,320	8,867,611	6,447,882	5,495,000	
Housing	39,278,711		56,961,914	56,108,233	56,108,233	59,046,012	67,982,202	79,158,000	
Public Safety	739,338		1,520,265	1,492,628	1,492,628	3,078,309	3,397,342	3,708,500	
Sport and Recreation	3,655,764		18,369,108	11,272,859	11,272,859	26,606,082	13,261,214	9,744,000	
Waste Management	2,405,777		3,125,000	3,671,325	3,671,325	3,145,000	3,180,000	1,155,000	
Waste Water Management	21,792,433		34,888,000	41,428,862	41,428,862	66,355,188	61,763,164	76,795,328	
Road Transport	12,186,578		14,067,000	15,272,217	15,272,217	21,266,515	17,689,115	17,273,230	
Water	21,227,502		30,037,765	22,211,376	22,211,376	42,873,754	50,023,336	30,760,672	
Electricity	23,006,235		26,560,375	28,977,697	28,977,697	28,600,000	27,545,000	39,012,000	
CAPITAL EXPENDITURE BY VOTE	144,980,194		233,239,535	245,094,203	245,094,203	293,079,331	273,993,000	287,360,000	

Column Definitions:
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B. The original budget approved by council for the 2008/09 budget year.

C. The budget for 2008/09 budget year as adjusted by council resolution in terms of section 28 of the MFMA.

D. An estimate of final actual figures (pre audit) for the 2008/09 budget year at the point in time of preparing the budget for the 2009/10 budget year. This may differ from C.

E. The amount to be appropriated for the 2009/10 budget year.

F. The indicative projection for 2010/11

G. The indicative projection for 2011/12

**Drakenstein Municipality
Capital Funding By Source (Circular 28)**

EXAMPLE TABLE 4 CAPITAL FUNDING BY SOURCE	Preceding Year 2007/08		Current Year 2008/09				Medium Term Revenue and Expenditure Framework			
	Audited Actual R'000 A	Approved Budget R'000 B	Adjusted Budget R'000 C	Full Year Forecast R'000 D	Budget Year +1 2010/11		Budget Year +2 2011/2012			
					Budget R'000 E	Budget R'000 F	Budget R'000 G	Budget R'000 G		
National Government										
Amounts allocated / gazetted for that year	10,630,318	17,739,000	22,301,996	22,301,996	37,526,004	26,583,000	28,801,000			
Amounts carried over from previous years	0	500,000	500,000	500,000	0	0	0			
Total Grants & Subsidies - National Government	10,630,318	18,239,000	22,801,996	22,839,000	37,526,004	26,583,000	28,801,000			
Provincial Government										
Amounts allocated / gazetted for that year	26,661,425	40,244,000	40,244,000	40,244,000	47,845,000	56,885,000	67,559,000			
Amounts carried over from previous years	0	0	0	0	0	0	0			
Total Grants & Subsidies - Provincial Government	26,661,425	40,244,000	40,244,000	40,244,000	47,845,000	56,885,000	67,559,000			
District Municipality										
Amounts allocated for that year	0	0	0	0	0	0	0			
Amounts carried over from previous years	0	0	0	0	0	0	0			
Total Grants & Subsidies - District Municipalities	0	0	0	0	0	0	0			
Total Government Grants & Subsidies	37,291,743	58,483,000	63,045,996	63,045,996	85,371,004	83,468,000	96,360,000			
Public Contributions & Donations	3,757,704	6,000,000	6,000,000	6,000,000	5,000,000	5,525,000	6,000,000			
Accumulated Surplus (Own Funds)	34,407,589	59,275,733	52,087,712	52,087,712	107,188,021	100,000,000	100,000,000			
External Loans	69,523,158	109,480,802	123,960,495	123,960,495	95,520,307	85,000,000	85,000,000			
TOTAL FUNDING OF CAPITAL EXPENDITURE	144,980,194	233,239,535	245,094,203	245,094,203	293,079,332	273,993,000	287,360,000			

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- E. The amount to be appropriated for the 2009/10 budget year.
- F. The indicative projection for 2010/11
- G. The indicative projection for 2011/12

SCHEDULE 5

SUMMARY

PROJECT DESCRIPTION	2009/2010 (YEAR 1) - DRAFT ONE BUDGET										2010/2011 (YEAR 2) - DRAFT ONE BUDGET										2011/2012 (YEAR 3) - DRAFT ONE BUDGET									
	PROJECTED BUDGET NEEDS 2009/2010	CARRY OVERS 2009/2010	ADJUSTED BUDGET 2009/2010	BACKLOGS BUDGET 2009/2010	SOCCER WORLD CUP 2010	AD-HOC SECURED FUNDING 2009/2010	TOTAL PROJECTED BUDGET 2009/2010	AD-HOC UNSECURED FUNDING 2009/2010	PROJECTED BUDGET NEEDS 2010/2011	ADJUSTED BUDGET 2009/2010	BACKLOGS BUDGET 2009/2010	AD-HOC SECURED FUNDING 2010/2011	TOTAL PROJECTED BUDGET 2010/2011	AD-HOC UNSECURED FUNDING 2010/2011	PROJECTED BUDGET NEEDS 2011/2012	ADJUSTED BUDGET 2011/2012	BACKLOGS BUDGET 2011/2012	AD-HOC SECURED FUNDING 2011/2012	TOTAL PROJECTED BUDGET 2011/2012	AD-HOC UNSECURED FUNDING 2011/2012	TOTAL CAPITAL BUDGET 3 Years	TOTAL UNSECURED FUNDING 3 Years								
Municipal Council	285,000	0	50,000	0	0	50,000	0	168,540	50,000	0	0	50,000	0	0	50,000	0	0	0	50,000	0	150,000	0								
Municipal Manager	5,000	0	5,000	0	0	5,250	0	5,250	5,250	0	0	5,250	0	0	5,250	0	0	0	5,250	0	10,250	0								
Strategic Services	1,158,700	0	913,200	0	0	913,200	0	844,636	844,636	0	0	844,636	0	0	844,636	0	0	0	844,636	0	1,757,936	0								
Corporate Governance	17,504,779	7,128,280	9,362,711	0	0	16,490,971	0	7,430,182	8,830,182	0	0	5,830,182	0	8,534,720	8,143,470	348,250	0	6,485,720	6,485,720	30,810,973	5,879,368									
Social Services	142,126,721	5,831,406	29,694,608	10,100,000	5,000,000	98,371,014	10,000,000	115,670,909	21,967,640	13,300,000	56,865,000	92,152,640	41,724,669	117,480,560	18,281,500	13,600,000	67,558,000	86,350,500	56,865,000	288,974,154	108,609,653									
Financial Services	1,002,888	0	632,888	0	0	632,886	0	933,177	333,178	0	0	333,178	0	0	0	0	0	0	0	966,166	0									
Infrastructure and Planning	334,784,559	17,195,694	54,341,493	74,900,000	0	30,682,000	170,516,157	383,768,103	70,969,115	71,700,000	32,108,000	174,277,115	11,969,783	393,787,545	73,515,030	71,153,750	34,801,000	179,469,769	2,845,000	530,769,652	93,144,752									
Total	466,845,747	30,145,390	95,030,000	85,000,000	5,000,000	77,694,000	283,079,393	599,428,787	109,930,000	85,000,000	89,993,000	273,923,000	59,864,416	423,812,895	100,030,000	85,000,000	102,360,000	287,360,000	65,709,368	854,432,038	147,633,274									

INDIGENT POLICY

FOR



DRAKENSTEIN
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DRAKENSTEIN MUNICIPALITY

1. Introduction

- 1.1 This policy aims to address the key issues and challenges of indigents. The strategic aim is to create an enabling environment in which the objectives of revenue generation can be realised, given that many of the residents can simply not afford the cost of full provision of services.

2. Background and concept

- 2.1 Local government in South Africa has undergone an unprecedented change. This includes socio-economic issues in the wake of socio-political reform. The Municipal Systems Act, the Municipal Structures Act, the Municipal Finance Mmanagement Act (MFMA), and other legislation created a new dispensation for local government in South Africa.
- 2.2 Increased revenue forms the base for effective service delivery, infrastructure development, and economic growth. It also contributes to poverty alleviation, the eradication of unemployment, and the redistribution of resources including economic empowerment.
- 2.3 In line with the objective of creating a vibrant and growing Municipality, the indigent policy is also aligned to th principles of Batho-Pele.

Service delivery is one of Governement's eight priorities as set out in the White Pager on the Transformation of the Public Service. To this effect, government has launched an initiative in South africa under the banner of Batho-Pele – meaning 'People First' in Sesotho – aimed at improving the delivery of public serives. Batho-Pele further aims to ensure that attitudes, systems and procedures are capable of deliverin enhanced public serives. Batho-Pele is also about ensuring that the resources available are used to the best possible extent, eliminating wasteful and expensive procedures and reducing unnecessary expenditure on inefficient processes and systems.

3. Structure of the policy document

This policy is divided into (2) chapters, excluding the aim, background and the structure of the document. The first chapter provides an overview of the indigent policy principles. The second chapter outlines the indigent policy.

Chapter 1: Indigent policy principles

Introduction

In terms of section 74 of the Local Government Municipal Systems Act 2000, a municipal council (hereinafter referred to as the council) must adopt and implement a tariff policy. In terms of section 74(i) of the Act in adopting a tariff policy, the council should at least take into consideration the extent of subsidization of tariffs for poor households. Arising from the above, the council needs to approve an indigent support policy to provide procedures and guidelines for the subsidization of basic services and tariffs charged to its indigent households.

Objective

The objective of the indigent support policy is to ensure the following

- the provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the council; and
- to provide procedures and guidelines for the subsidization of basic service(s) charges to its indigent households, using the council's budgetary provisions received from central government in accordance with prescribed policy guidelines.

The council also recognizes that many of the residents can simply not afford the cost of full provision and for this reason the council will endeavour to ensure affordability though

- setting tariffs in terms of the councils tariff policy, which will balance the economic viability of continued service delivery; and
- determining appropriate service levels.

Purpose of the indigent policy

The purpose of the policy is to consider the socio-economic and other conditions presently prevalent in South Africa, such as the level of unemployment and poverty. The policy aims to address this through the application of principles for services rendered to members of society who cannot afford to pay.

The council accepts that it is responsible for the rendering to services in terms of schedules 4 and 5 of the constitution as well as other services which may be delegated by national and provincial government. The council endeavours to render a basic level of service necessary to ensure an acceptable and reasonable quality of life and which takes into consideration health and environmental concerns. None of the residents should fall below the minimum level of services.

Responsibility/accountability

- 1 Section 62 of the Municipal Finance Management Act, 2003 states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality. This officer must, for this purpose, take all reasonable steps to ensure that the municipality has and implements an indigent policy.
- 2 Should an accounting officer and his/her designate experience undue interference or influence by a municipality or councilor that prohibits the execution of his/her responsibilities with regard to this policy, he/she should report this to the relevant MEC.
- 3 In terms of section 173 of the MFMA, the accounting officer is guilty of an offence if that accounting officer contravenes or fails to comply with credit control and debt collection provisions in terms of the MFMA.
- 4 A person is liable on conviction of an offence in terms of section 173 to imprisonment for a period not exceeding five years, or to an appropriate fine determined in terms of applicable legislation.
- 5 The council has the overall responsibility for laying down the indigent support policy.

Policy principles

The following should be the guiding principles in implementing the indigent support policy

- 1 The indigent support policy is in accordance with the Local Government Municipal System Act, 2000, and other amending or related legislation.
- 2 Relief will be provided by the council to registered residential consumers of services.
- 3 The council must, wherever possible, ensure that any relief is constitutional, practical, fair, equitable and justifiable to avoid alienating any group of households. There should be no differentiation whatsoever of any residential consumers. It should only differentiate in the level of service rendered.
- 4 The subsidy for the minimum service level should not result in a massive bureaucratic administration that would not be cost effective to implement.
- 5 Differentiation must be made between those households who cannot afford to pay for basic services and those who simply do not want to pay for these services.
- 6 The payment of services should be affordable to the indigent.
- 7 It should be based on a predetermined period or financial year.
- 8 The indigent support policy will prevail as long as funds are available.
- 9 The council may review and amend the qualification for indigent support annually and, therefore the provision of continued basic services.
- 10 The collective or joint gross income of all the households will be taken into account.

- 11 The household income must be correctly reflected on the application form requesting indigent support.
- 12 The residents must formally apply on the prescribed application forms for the relief. The application forms will be evaluated and, if successful, the resident(s) will qualify for the indigent support according to the prescribed criteria/principles laid down by the council. An effective and efficient evaluation system is imperative to obtain the outcome within a reasonable time determined by the council.
- 13 If a person is found to be indigent, he/she should be registered on a database linked to the debtors system.
- 14 The onus is on the recipient to inform the council of any change in his/her status or personal household circumstances.
- 15 Disciplinary measures decided by the council, should be imposed on people who misuse the system and provide incorrect information.
- 16 An approved community communications programme, embodying the principles of transparency and fairness, is to be implemented in respect of the indigent support programme.
- 17 Facilitation of skills training and other education related programmes are to be introduced to develop the indigent to become self-sufficient and thereby reduce the rate of indigence.
- 18 Work-in lieu of account payment should be considered for indigent households.
- 19 Any other principle decided by the council.

Chapter 2: Indigent policy

Definition

An indigent grant is given to owners or tenants of Municipal property (those paying rentals) who are not in a position to pay for basic services. Basic Services will include sewerage, refuse, water, electricity, rent and rates. Water and electricity are excluded for the provision of the indigent grant.

1 Criteria for Indigent Grant

- 1.1 Households with an income based on combined government pension grant as annually approved by council + 30%.
- 1.2 Application should be made on a prescribed form. A payment arrangement in addition to the grant should be made if account is in arrears. Application shall be made every 12 months.
- 1.3 The grant will take effect from the date of approval of the application.
- 1.4 Owners with more than one property does not qualify.
- 1.5 Proof of unemployment, All Pay pension card or salary advices must be submitted with the application.
- 1.6 The grant period is dependant on the funds available from Government.
- 1.7 The grant is given only if the tenant of municipal property or owner is staying on the premises.
- 1.8 The Equitable Share is only payable i.r.o. a current account.
- 1.9 The subsidy grant is as annually determined by Council which will be credited towards the current account during the monthly billing run currently R150 p.m

(R75 i.r.o refuse and R75 i.r.o sewerage).

- 1.10 Farmer's account will be credited with the amount iro free units of these farmworkers houses in the cases where farmworkers's houses do not have electrical connection. (application form per dwelling/unit to be completed)
- 1.11 Pensioners in old age home where the home's sewerage and refuse account will be credited with R150 per pensioner (room), who qualifies, residing in the old age home after an application form and affidavit is completed stating the number etc.
- 1.12 Individuals who make themselves guilty of any malpractices, will forfeit the payment of the grant.

2. Free Electricity and Water

Each household qualifies on a monthly basis for 10kl water free of charge. Households also qualify for 100 kWh free electricity with a connection of a 20 amps. That the issue of free electricity (100kWh) being extended to indigent debtors, owners with property improvements less than R85 000.00 and qualifying pensioners irrespect of their electricity connection (amp). The unemployed indigent households qualify for 150 kWh free electricity. The farmworker also qualifies for 100 kWh free electricity on application by the farm owner. The allocation of free services may vary on an annual basis depending on tariff structures and availability of equitable share funds.

3. Rates

Property with valuation less than R85 000.00 are exempted from payment of rates. This may also vary depending on annual tariff structure and availability of equitable share.

4. Action against malpractices

4.1 The council may refer queries to the Municipal Manager, who may take the following action

- 4.1.1 request the resident to provide full proof of his/her banking account and income details as well as proof of pension registration
- 4.1.2 direct inquiry at the recipient's residence
- 4.1.3 request a social welfare worker's report on the household; and
- 4.1.4 any other action decided by the council

4.2 If it is established that incorrect information was furnished in obtaining relief the following action(s) are to be taken

- 4.2.1 suspend or stop the relief immediately
- 4.2.2 recover the amount of relief furnished from the recipient by debiting his/her account
- 4.2.3 apply normal credit control in accordance with the council's credit control policy; and
- 4.2.4 institute a criminal charge of fraud against the recipient

5. Discretionary powers

The council has the discretionary powers to amend any clause, stipulation or tariff embodied in the indigent support policy in the interest of the parties concerned

6. Reporting Requirements

6.1 The Municipal Manager shall report on a monthly basis to the Executive Mayor or Executive Committee about:

- the number of household registered as indigent,
- the monetary value of the actual subsidies and rebates granted and
- the budgeted value of the subsidies and rebates concerned.

6.2 The Executive Mayor or Executive Committee must submit a quarterly report to Council