



# **INDIGENT POLICY**

**2023/24**

**FINANCIAL YEAR**

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## 1. ABBREVIATIONS

- IDP - Integrated Development Plan
- LED - Local Economic Development
- RSA - Republic of South Africa
- FBS - Free Basic Services
- RDP - Reconstruction and Development Plan
- MLM - Mohokare Local Municipality
- CDW - Community Development Workers
- UIF - Unemployment Insurance Fund
- SAPS - South African Police Services

## 2. DEFINITION OF TERMS

**“responsible official”** an official duly authorized by the Municipality or an employee of a service provider appointed by the Municipality, who is responsible for the following: -

- (a) to ensure that applications for indigent support are received, assessed and submitted for consideration and approval;
- (b) to ensure that approved applications are captured on the Financial Management system; and
- (c) to ensure that information on applications are verified and that regular audits are executed.

**“households”** means a registered owner or tenant with or without children who reside on the same premises;

**“indigent”** means any households or category of households, earning a combined gross income, as determined by the Municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a service subsidy, provided that child support grants are not included when calculating such household income;

**“municipality”** means the Mohokare Local Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, Councilor, duly authorized agent or any employee acting in connection with this by-law by virtue of a power vested in the Municipality and delegated or sub-delegated to such political structure, political office bearer, councilor, agent or employee

**“occupier”** means the person who controls and resides on or controls and otherwise uses immovable property, provided that: -

- (a) 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;
- (b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall be deemed an occupier;

**“owner”** in relation to immovable property, means: -

- (a) the person in whom is vested the legal title thereto provided that: -
  - (i) the lessee of immovable property which is leased for a period of not less than

- fifty years, whether the lease is registered or not shall be deemed to be the owner thereof, and
- (ii) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;
  - (b) if the owner is absent from the Republic or his or her address is unknown to the Municipality, then any person who is an agent or otherwise receives or is entitled to receive the rent in respect of such property;
  - (c) if the owner is deceased, insolvent, 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, OR
  - (d) if the Municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

**“premises”** includes any price of land, the external surface boundaries of which are delineated on: -

- (a) 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, 1937 (Act No. 47 of 1937); or
- (b) a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986, and
- (c) situated within the jurisdiction of the Municipality;

**“rates”** means any tax, duty or levy imposed on the property by the Council.

### **3. INTRODUCTION / PREAMBLE**

The Municipal Council must give priority to the use basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the Municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1) (b) and 153 (b) of the Constitution.

Basic services are generally regarded to be access to electricity, clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.

The Constitution recognizes Local Government as a distinct sphere of government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform their basic functions of providing essential services to the community within their boundaries.

The key purpose of the indigent subsidy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary the Municipality is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.

To achieve the purpose, it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.

The customer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulation and restrictions stipulated by Mohokare Local Municipality.

#### 4. LEGAL FRAMEWORKS AND POLICIES

- This policy is designed and implemented within the framework of the following legislation:
  - The Constitution of the RSA, 1996
  - The Local Government Municipal Systems Amendment Act, 2003, Act No. 44 of 2003
  - The Local Government Municipal Finance Management Act 2003, Act No. 56 of 2003
  - The Promotion of Administrative Justice Act, 2000, Act No. 3 of 2000
  - The Local Government Municipal Property Rates Act, 2004, Act No. 6 of 2004
  - The Promotion of Access to Information Act, 2000, Act No.2 of 2000
  - Free Basic Services (FBS) Policy
  - White Paper on Local Government

#### 5. POLICY BACKGROUND

Due to the level of unemployment and poverty in the municipal area, there are households and citizens who are unable to pay for basic services. This grouping is referred to as "indigent". A municipality therefore needs to develop and adopt an indigent policy to outline the criteria that will be used to determine who will qualify as an indigent and to ensure that indigents who are unable to afford basic services can have access to the package of services included in the Free Basic Services (FBS) program.

Therefore, the municipality adopts this indigence management policy to ensure that these households have access to at least basic municipal services and is guided in the formulation of this policy by the national government's policy in this regard.

##### 5.1 Demographic & Socio Economic Profile

The community survey conducted in 2007, estimates the population of Mohokare to be at +\_ 41 867 with 10 216 households.

Table A: Population distribution by gender & age

Age	0-6	7-13	14-18	19-25	26-35	36-45	46-60	61-80	81-120
<b>Male</b>									
Black	3228	3182	2354	2492	3005	2175	1848	742	120
Coloured	57	135	33	78	211	136	26	3	30
Indian or Asian	-	-	-	-	-	-	-	-	-
White	111	98	31	37	148	151	44	341	-
<b>Total Male</b>	<u>20816</u>								
<b>Female</b>									
Black	3016	2801	2073	2610	2768	2212	2298	1390	244
Coloured	137	61	61	29	180	89	-	61	-
Indian or Asian	-	-	-	-	-	-	-	-	-
White	57	142	57	108	70	85	141	271	92
<b>Total Female</b>	<u>20972</u>								
<b>% of both F &amp; M age groups</b>	15,78	15,33	11,01	12,79	15,24	11,58	10,41	6,71	1,16

Source: 2007 CS Stats SA

## **6. POLICY PRINCIPLES**

It is against the above background that Mohokare Local Municipality undertakes to promote the following principles: -

- To ensure that the portion for free basic services allocated as part of the equitable share received annually will be utilized for the benefit of the poor only and not to subsidise rates and service charges of those who can afford to pay.
- To link this policy with the Municipality's Integrated Development Plan (IDP), Local Economic Development (LED) initiatives and poverty alleviation programs.
- To promote an integrated approach to free basic service delivery and
- To engage the community in the development and implementation of this policy.

## **7. POLICY OBJECTIVES**

In support of the above principles, the objectives of this policy will be 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.
- The financial sustainability of the free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidization.
- Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy.
- The provision of procedures and guidelines for the subsidization of basic charges and the provision of free energy to indigent households.
- To ensure co-operative governance with other spheres of government, and
- To enhance the institutional and financial capacity of the Municipality to implement the policy.

## **8. SCOPE OF APPLICATION**

This policy will be applicable to registered indigents only as per the municipal indigent register.

## **9. TARGETING APPROACH**

The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiatives and other poverty relief program of Mohokare Local Municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households. Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.

The Municipality may apply the following targeting methods: -

<b>Targeting approach</b>	<b>Application</b>
Service levels	Lowest service levels normally in informal settlements and rural areas
Property value	Applicable only to registered indigents in respect of subsidized or RDP housing to a value determined in addition to the R15 000 in terms of the Property Rates Act, 2004
Households income	Threshold shall be determined in terms of socio-economic analysis equaling two state pension grants per the indigent household or an amount determined by the Council from time to time
Geographical (zonal targeting)	Specific areas (rural or urban) where households are regarded as poor irrespective of service level

For the 2018/19 financial year the Municipality will use household income as the targeting approach for the registration and verification of indigent households.

## **10. QUALIFICATION CRITERIA**

Qualification criteria for indigent support shall be determined by the Municipality from time to time, provided that until MLM determines otherwise, the following criteria shall apply: -

- The applicant must be a resident within the Mohokare Municipal area.
- The applicant must be in a possession of a valid South African identity document
- The total monthly gross income of the registered owner/tenant and his/her or life companion is not more than an amount as determined by Council from time to time.

This amount will be determined at the beginning of every financial year and will be applied for the duration of that particular financial year. Currently the income amount is deemed to be less or equal to the amount received by two state pensioners as determined annually by the Minister of Finance.

- The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the Municipal Financial System.

Any occupant or resident of the single household referred to above may not benefit in more than one property in addition to the property in respect of which indigent support is provided.

A tenant can only apply for the benefits in respect of service charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.

The current account of a deceased estate may be subsidized if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance. Relevant supporting documentation need to be submitted as part of the application in order for the municipality to assist (e.g. Death certificate, Court order or Letter of Authority)

Child headed families will be assisted upon submission of relevant documentation i.e. Death Certificate, Court Order or Letter of Authority.

The applicant whose total monthly household exceed the threshold, but the circumstances are such that the applicant is not able to pay for services (e.g. when the applicant uses most of the monthly income towards payment of medication) may apply. Their applications will be considered by Council on merit.

## **11. COMMUNICATION**

The Municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have clear understanding of this policy and its implementation.

Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but not limited to: -

- Ward committees
- Community Development Workers (CDW's)
- Local radio stations
- Municipal accounts
- Imbizo's and roadshows

## **12. INSTITUTIONAL ARRANGEMENTS**

The Municipality must designate existing staff or appoint officials or engage appointed Community Development Workers who have been trained in terms of the Municipality's directions to assist with the implementation and development of this and must establish appropriate registration points in its area.

### **12.1 Application/registration process**

A person applying for indigent support must complete a formal indigent support application form approved by the Municipality. Such forms will be available at approved registration points provided by the Municipality. Applications for the indigent subsidy must be accompanied by the following documentation: -

- The latest municipal account
- Proof of the identity document of the account holder
- Proof of income of all occupants on the property i.e. letter from his/her employer, salary slip, pension grant slip or bank statement showing the grant transferred, unemployment insurance fund (UIF) card
- Bank statement for the last three months certified by the bank (stamped)
- In the absence of any proof to be submitted as listed above, a sworn affidavit must be submitted with the documentation listed above

### **12.2 Recommendation and approval**

Once verification has been completed the responsible official must submit the application and recommendation to the relevant official for approval. To ensure credibility Councilors and Ward Committees will be consulted as part of the verification process.

### **12.3 Right of appeal/Complaints Management**

An applicant who feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 (1) of the Municipal Systems Act, (Act No. 32 of 2000).

*Section 62 Appeals - (1) A person whose rights are affected by a decision taken by a political structure, political office bearer, councilor or staff member of a municipality in terms of a power or duty delegated or sub-delegated by a delegating authority to the political structure, political office bearer, councilor or staff member, may appeal against that decision by giving written notice of the appeal and reasons to the municipal manager within 21 days of the date of the notification of the decision.*

### **13. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION**

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:

-

- all arrears will become payable
- stringent credit control measures will apply and
- the applicant will not be eligible to apply for indigent support for a period of three (3) years.

### **14. EXIT MECHANISM**

Registered indigents will exit the indigent register once their household income exceeds the threshold as determined by council annually. This can be as a result of job opportunities created by council or employment by other government department / agencies or private institutions.

Other mechanisms to be used may be the verification process via the persal number assisted by Provincial Treasury. Where such occurrences are identified, the indigent will immediately be taken-off the register.

### **15. VERIFICATION OF THE INDIGENT REGISTER**

Upon registration of an application, all information will be verified by the responsible official.

#### **15.1. Introduction to indigent support**

The extent of the monthly indigent support granted to indigent households must be based on the budgetary allocations for a particular financial year and the tariffs determined for each financial year.

The general threshold for indigent support is restricted to qualifying households with a total monthly gross income of the registered owner/tenant and his/her spouse or a life companion not more than an amount as determined by Council from time to time. This amount will be determined at the beginning of every financial year and will be applied for the duration of that particular financial year. Currently the income amount is deemed to be less or equal to the amount received by two state pensioners as determined by the Minister of Finance.

## 15.2 The extent of indigent support

Within the above mentioned budgetary process and in striving to create the situation where poor households will be granted access to a full social package, assistance and support to households may be granted as set out below: -

- **Electricity** - all registered indigents will receive 50kWh of electricity per month fully subsidised or an amount to be determined by Council on an annual basis. In an event where electricity is supplied by ESKOM/CENTLEC, the Municipality will pay over an amount equal to 50 kWh of electricity per month based on the customers registered with the Municipality as indigents
- **Water** - all registered indigents will receive 6 kiloliters of water plus basic charge fully subsidised or an amount as determined by Council from time to time in the annual budget. However, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl.
- **Sanitation** - all registered indigents shall be fully subsidised for sanitation charges. The relief granted shall not be less than a rebate of 100% on the monthly amount billed for the service concerned.
- **Refuse removal** - all registered indigents shall be fully subsidised for refuse removal charges. The relief granted shall not be less than a rebate of 100% on the monthly amount billed for the service concerned.
- **Property rates** - in respect of rates, the amount up to R120 000 of the valuation amount of the property will be deducted and will be considered as a rebate.

## 16. PROCESS MANAGEMENT

### 16.1 Applications

The indigent application form should be completed in full and then captured onto the relevant indigent register and financial system. Applicants must give permission that the information submitted may be verified by a credit bureau or similar agency. All affidavits of unemployment must be sworn by the SAPS or Commissioner of Oath on signing.

### 16.2 Validity period

The validity of assistance will be for the duration that the applicant remains indigent. Households in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply. The period of validity will be determined by the Municipality from time to time. Re-application must be done at least once in a three-year cycle (*with effect from 01 July 2016*) or any other period as may be determined by the Municipality.

A grace period of *three (3) months* after the end of the expiry period as a registered indigent is given to all indigents to renew their applications before their subsidies can be terminated as a result of non-renewal.

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

In the event that the approved application passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met.

### **16.4 Arrears and excess usage of allocations**

- Upon registration as an indigent household, the arrears on the account of the applicant will be written off.
- Where restriction of consumption applies to a particular service, applicants' may not refuse to be restricted in terms of the Council policy. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.
- The registered indigent may be subjected to restriction measures, if a pre-paid meter cannot be installed to only allow for the monthly minimum free basic services.
- The writing-off of any arrears is strictly subject to the provision that the property may not be sold within a period of three years from the date that the owner qualify as a registered indigent. In the case of the property being sold inside a period of three years the arrear debt, excluding any further accumulated interest, will be recovered before a clearance certificate is issued.

### **16.5 Termination of indigent support**

Indigent support will be terminated under the following circumstances: -

- Upon the death of the registered indigent customer for that particular property.
- Upon sale of the property in respect of which support is granted.
- When the threshold in the indigent household have improved to the extent where the income threshold as determined is exceeded.

### **16.6 Audit and Review**

The Municipality may conduct regular audits of the indigent register with regard to the information furnished by applicants, possible changes in status, the usage of allocations and debt collection measures applied and where necessary review the status of applicants. The frequency of audits will depend on the institutional capacity of the Municipality to do so. Targeted audits and reviews should be undertaken to ensure the verification and registration of each qualified indigent customer at least once in a three (3) year cycle.

Council reserves the right to send officials or its agents to premises/households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied.

Where any doubts exist regarding the current status of a registered indigent customer, the matter should immediately be referred to the responsible official for verification at any time.

## **17. SOURCE OF FUNDING**

The amount of subsidization will be limited to the amount of the equitable share received on an annual basis. This amount may vary on a yearly basis according to the new allocation for a particular financial year.

The Municipality resolves to subsidise all registered indigents for *electricity, water, sewerage, refuse removal* monthly and *property rates* annually on an amount to be determined by Council from time to time.

## **18. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY**

No amount shall be paid to any person or body, but shall be transferred on a monthly basis as credit towards the approved account holder's municipal services account in respect of the property concerned.

## **19. MONITORING AND EVALUATION**

The Municipal Manager shall report on a quarterly basis to the Mayor or Council, as the case may be for the quarter concerned:

- the number of households registered as indigents and a brief explanation of any movements in such numbers
- the monetary value of the actual subsidies and rebates granted

The Municipal Manager or Mayor, as the case may be, shall submit the above reports on a quarterly basis to the Council.

## **20. IMPLEMENTATION AND REVIEW OF THIS POLICY**

This policy shall be implemented once approved by Council. All future applications for indigent registration must be considered in accordance with this policy.

In terms of section 17 (1) (e) of the Municipal Finance Management Act 56 of 2003, this policy must be reviewed on an annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

## **21. LIST OF STAKEHOLDERS**

- Councilors
- Ward committees
- Community Development Workers (CDW's)
- ESKOM
- CENTLEC
- SAPS
- SASSA
- COGTA

**22. CONTACT OF THE OFFICE RESPONSIBLE FOR INDIGENT POLICY**

**CHIEF FINANCIAL OFFICER**

**CONTACT:051-6739600**