
**MALUTI-A-PHOFUNG
LOCAL MUNICIPALITY**



**INDIGENT POLICY-
FINAL 2016/17**



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1. DEFINITIONS

“child headed household” means a household where both parents are deceased and where all occupants of property are children of the deceased and are all under the legal age to contract for service and are considered as minors in law by the state;

“household” means as a registered owner or tenant or child headed family

“indigent” means any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than threshold the Government pension grant as prescribed by the policy or in line with the National Indigence Framework issued by the Department Local Government (DLG), who qualify, according to the policy, for rebates/remissions, support or a services subsidy. Examples hereof include pensioners, the unemployed and child-headed families who are unable to fully meet their obligations for municipal services consumed and property taxes on their monthly accounts.

“Indigent Management System” an electronic management system used by Maluti-a-Phofung Municipality for the management of the register of indigent households.

“municipality” means the municipality of Maluti-a-phofung, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorized agent or any employee acting in connection with this by-policy by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;

“Programme officer” an official duly authorised by the municipality, or an employee of a service provider appointed by the municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken.



'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 also 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 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;

[c] if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; 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 piece 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];

[b] a general plan registered in terms of the Sectional Titles Act, 1986 [Act No. 95 of 1986], and situated within the jurisdiction of the municipality;

“Programme officer” an official duly authorised by the municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken.

'**Rates**' means any tax, duty or levy imposed on property by the Council;



2. INTRODUCTION

As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of service charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

3. OBJECTIVE

Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for normal municipal services. The municipality therefore adopts this indigent 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.



4. QUALIFICATION CRITERIA

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

- 4.1 The applicants must be a resident within Maluti -a -phofung area
- 4.2 The applicants must be in possession of a valid South African identity document.
- 4.3 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system
- 4.4 A tenant can apply for the benefits in respect of the charges he/she is billed for and the landlord will still be liable for all ownership related charges such as rates
- 4.5 Households where verified total gross monthly income of all occupants over 18 years of age does not exceed R3500.00, or such other amount as the council may from time to time determine. The approved applicant qualify for 100% subsidy on property rates and service charges for sewerage and refuse removal, and will additionally receive 6kl of water per month and 50kWh of electricity per month free of charge.
- 4.6 Only households where the accountholder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose registration has been accepted and entered into the register of Indigents shall qualify for the above concessions.
- 4.7 For a household to qualify for subsidies or rebates on the major service charges (see 3 below), the registered indigent must be the full-time occupant of the property concerned, and **if also** the owner of the property concerned own more than one properties, he/ she may not be subsidize on more than one property, whether in or out of the municipal area.



- 4.8 For a household to qualify for a rebate on rates, the registered Indigent must be both the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the municipal area.
- 4.9 Indigent relief shall apply for a period not extending beyond the financial year in which the circular household is registered as indigent. Registration must be renewed in each registration programme if relief is to continue.
- 4.10 To register as an Indigent, the relevant property owner or accountholder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies. The municipal manager will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place. Registration will take place on dates and at times and places determined by the council, but shall generally be undertaken during January and / or February each year.
- 4.11 Arrears of indigent customers on approval of application. Arrears accumulated in respect of the municipal accounts of customers prior to registration as indigent customers will not be recovered from such customers if they are approved as indigent. They shall be considered for write off as approved by council. Indigent will not be allowed to sell property for a period of five years after write off has been done and if that happens within five years all amount written off will be reversed and payable immediately.



5. APPLICATION OF THE POLICY

- 5.1 The subsidies on rates and the specified service charges will be determined as of each annual budget and in terms of the municipality's policies on property rates and tariffs.
- 5.2 In respect of water, a 100% subsidy up to 6kl per household per month will apply, however, if consumption exceeds 6kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6kl.
- 5.3 In respect of electricity, a 100% subsidy up to 50kWh per household per month will apply, however, if consumption exceeds 50kWh per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 50kWh.
- 5.4 In respect of sewerage charges and charges for household refuse removal, the relief granted shall be 100% to the monthly amount billed for the service concerned.
- 5.5 In respect of property rates, the rebate shall be 100% of the rates based on the ratable market value above R80 000 of the total market value.



6. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- 6.1 When a property owner or accountholder who has registered as an Indigent fails to comply with any arrangements or conditions materially relevant to the receipt of INDIGENT relief, such person will forfeit his or her status as a registered Indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.
- 6.2 The onus is on each registered Indigent to advise the municipal manager **in writing** of such failure to comply.
- 6.3 It may happen that even with the introduction of the Indigent policy, certain households may fall into arrears in respect of the amounts due by them.
- 6.4 The property owner or accountholder concerned will have to make immediate arrangements with the municipal manager to pay off these arrears owing within a reasonable time determined by the municipal manager in terms of the municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.
- 6.5 The relief to indigents may be withdrawn at the discretion of the municipal manager if:
- 6.5.1 A registered Indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
 - 6.5.2 Any tampering with the installations of the meter of the municipality is detected



- 6.6 If a registered Indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an Indigent, such person shall immediately be removed from the register of Indigents, and shall be liable to repay to the municipality with immediate effect all INDIGENT relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for INDIGENT relief for a period extending for 5 (five) years beyond the financial year in which the misdemeanour is detected.
- 6.7 Indigent relief to owner owning more than one property will only apply for one property

7. REPORTING REQUIREMENTS

The Chief Financial Officer shall report on a monthly basis to the Municipal Manager or executive committee, as the case may be, for the month concerned and by municipal ward:

- 7.1 the number of households registered as Indigents and a brief explanation of any movements in such numbers;
- 7.2 the monetary value of the actual subsidies and rebates granted.
- 7.3 the budgeted value of the subsidies and rebates concerned, and the above information cumulatively for the financial year to date.

The Executive Mayor shall submit the above reports on a Quarterly basis



8. ASSISTANCE PROCEDURES

8.1 COMMUNICATION STRATEGY

8.1.1 Municipalities must develop and embark on an extensive community communications programme aimed at informing communities of the contents of this policy, implementation and duty on them to pay services charges where free basic services are exceeded and contribute to the funds of the municipality.

8.1.2 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 will not be limited to:

- 8.1.2.1 ward committees;
- 8.1.2.2 traditional leaders, where applicable;
- 8.1.2.3 community based organisations;
- 8.1.2.4 local radio stations and newspapers;
- 8.1.2.5 municipal website
- 8.1.2.6 municipal accounts;
- 8.1.2.7 imbizo's and road shows

8.1.3 Indigent Assistant Committees within Ward Committees

8.1.3.1 Indigent Assistance Committees per ward must be nominated annually from existing Ward Committee Members and submitted to the Council for approval for appointment via the Indigent Clerk. A Ward Indigent Committee consists of three members from the ward nominated and the Ward Councillor who is acting in a monitoring role only.



- 8.1.3.2 Indigent Assistance Committees must meet regularly, but at least once per month.
- 8.1.3.3 The Indigent Assistance Committee must consider each recommended application; assess it in terms of the application and any other knowledge or information which members may have in respect of the applicant.
- 8.1.3.4 Recommendations are made by the nominated members of the Ward Committee only where after it is signed off by the Ward Councillor and submitted to Council for approval via the Indigent Clerk.
- 8.1.3.5 In the case of an application not being recommended by the Indigent Assistance Committee the applicant must be notified in writing of the decision. Any written appeal by the applicant must be submitted to the Municipal Manager or his/her delegate for decision.
- 8.1.3.6 Indigent Assistance Committees must monitor, in conjunction with ward councillors, ward committees and other persons or organisations it may appoint, the implementation of the indigent support programme subject to the policy directions of the Municipality and in consultation with the Municipal Manager.

8.1.4. **Right of Appeal**

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



8.2 APPLICATION/ REGISTRATION FOR INDIGENT

8.2.1 A person applying for indigent support must complete a formal indigent support application form approved by the municipality

8.2.2 Such form will be available at approved registration points provided by the councilor

8.2.3 In an effort to assist the needy population of Maluti -a- Phofung Municipality in the payment of municipal services, the municipality has agreed to a subsidy scheme whereby households earning less than R3 500-00 per month would have certain services fully or partially subsidized

8.2.4 The applicant must consent to the installation of any form of pre- paid meters as a system to limit the consumption of services and to abate the accumulation of debt

8.2.5 Application Requirements

The applicants must provide the following:

8.2.5.1 Certified copy of the identity document

8.2.5.2 Proof of residence for rural areas

8.2.5.3 Municipality's Account for Urban areas

8.2.5.4 3Months Bank Statement

8.2.5.5 Proof that the applicant is a pensioner

8.2.5.6 Proof of income of R2200 or less

8.2.5.7 Affidavit that the applicant is unemployed

8.2.5.8 Proof that the applicant is for child headed household

- ❖ Death certificate of parents
- ❖ Municipal account
- ❖ Letter authority /appointment letter
- ❖ Any other important application information
- ❖ will



9. EXCLUSIONS AND SPECIAL CONDITIONS

- 9.1 Businesses (formal or informal) are not allowed to apply for indigent subsidy.
- 9.2 Consumers staying in backrooms are not allowed to apply for indigent subsidy.
- 9.3 Consumers who have tampered with the municipality's metering systems in the financial year concerned are excluded for consideration for indigent support.
- 9.4 Consumers who have tenant(s) in their yards, either in the formal or informal structures.
- 9.5 Indigent relief to owner owning more than one property will only apply on one property
- 9.6 Any household which does not meet the qualification criteria set out in this policy.

10. MONITORING AND REVIEW OF INDIGENTS

In order to apply this policy in a sound manner, the municipality shall identify, through the billing system, units consumed and above the free basic level and ensure these are billed and that payments are made in compliance with credit control policy and debt collection policy.

Half yearly verification of indigents, based on a random sample of 30% of the registered indigents, shall be performed to ensure accuracy of the indigent database.



11. PROCESS MANAGEMENT

11.1 Validity period

Validity period of assistance will be for a maximum period of 12 month. Households must re-apply at the end of a 12 months period.

11.2 Death of Registered Applicant

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

11.3 Publication of Register of Indigent Households

Names of indigent beneficiaries must be open for public perusal and comment. Written objections from the public may be referred to the Indigent Officer who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

11.4 Excess Usage of Allocation

If the level of consumption of the indigent household exceeds the consumption level approved by the municipality, the household will be obliged to pay for the excess consumption on a monthly basis. Such accounts will be subject to the municipality's credit control and debt collection measures.

11.5 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:

- 11.5.1 Death of account-holder.
- 11.5.2 End of the 12 months cycle, except in the case of pensioners and child-headed households, they also should re-apply
- 11.5.3 Upon sale of the property. 9



11.5.4 When circumstances in the indigent household have improved in terms of a gross income exceeding two times the government pension grant.

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

11.5.5.1 All arrears will become payable immediately;

11.5.5.2 Stringent credit control measures will apply; and

11.5.5.3 The applicant will not be eligible to apply for indigent support for a period of 2 years.

11.6 Audit and review

The municipality will conduct an audit of the indigent register on a 6 months with regard to the information furnished by applicants and possible changes in status, the usage of allocations and debt collection measures applied.

11.7 Exit Programme

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

As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.



12. MONITORING AND REPORTING

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

- 12.1.1 Number of indigent households applied;
- 12.1.2 Amount of subsidy allocated per service category;
- 12.1.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- 12.1.4 Changes in the registered status of indigents

13. CAPACITY BUILDING

13.1 The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of the following key areas:

- 13.1.1 Database management
- 13.1.2 Demand and revenue management
- 13.1.3 Policy and by-law implementation



14. EXIT PROGRAMME /STRATEGY

- 14.1 Members of households registered as indigent must be prepared to participate in exit programmes co-ordinated by the Municipality in collaboration with other government departments and the private sector
- 14.2 As part of its broader poverty reduction programme the Municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.
- 14.3 The Municipality must promote exit from indigence by:-
- 14.3.1 identifying indigents for inclusion in public works projects;
 - 14.3.1 initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;
 - 14.3.3 facilitation of opportunities to enter the informal trade market;
 - 14.3.4 facilitation of food security projects; and
 - 14.3.5 liaison with National and Provincial departments to include indigent persons in their public works programmes.

15. REGULAR REVIEW PROCESS

The Indigent policy must be reviewed on an annual basis to ensure that it complies with the strategy objectives of the municipality, as stipulated in the integrated development plan and other applicable legislation

16. ENFORCEMENT /IMPLEMENTATION

This policy has been approved by the municipality in terms of resolutiondatedand comes in to effect from 1 July 2016