



**MANGAUNG LOCAL MUNICIPALITY
INDIGENT POLICY**

Approved by Council on 16 May 2008 under item 60

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1. PURPOSE

The Mangaung Local Municipality, though faced with severe budgetary constraints, decided after assessing the socio-economic conditions of a vast number of residents of the Municipality, to develop and adopt a pro-active approach in dealing with the poverty problem. Hence a policy to this effect have been developed and implemented, to be sustained through genuine purposeful partnerships between the Municipality, the community and spheres of government and non-governmental organizations.

The Indigent Policy of Mangaung Local Municipality's broad objectives are the following:

- (i) To set a framework for the identification, support and administration of households or persons who are due to their adverse economic conditions, are not able to afford basic municipal services within the jurisdiction of the Mangaung Local Municipality area.
- (ii) It also sets qualifying standards relieve to in respect of property rates and sanitation charges, to persons and households within the municipal boundaries.
- (iii) Finally it sets the limits applicable for the granting of free basic services for all occupants of indigent households within the boundaries of the Mangaung Local Municipality area.

1.3 For the purpose of this policy the following terms and definitions would apply:

TERM	DESCRIPTION
a. The Municipality	Mangaung Local Municipality
b. The "Policy"	Mangaung Local Municipality Indigent Policy
c. The Constitution	The Constitution of the Republic of South Africa
d. Systems Act	The Local Government: Municipal Systems Act. 32 of 2000
e. MFMA	The Municipal Finance Management Act (Act 56 of 2000)
f. "Indigent" person/ household	A person and/or household, who because of their adverse economic situation (unemployment, old age, etc.), is not able to contribute (financially) to the provision of basic services by the Mangaung Local Municipality to them; and as further described in "Categories A to E of this Policy"
g. Ownership	Ownership by way of registered title, Ownership by way of leasehold rights, Ownership of any development rights to the property by way of the permit of allotment system established by the Development Boards, Occupation of the property by minors or natural estate beneficiaries where estates have not been reported or where guardians are deceased under interstate conditions.

A curator, trustee, executor, administrator, judicial manager, liquidator or any other legal representative; in a case where the person in whom the legal title is vested is either insolvent, deceased, or under any form of legal disability whatsoever.

The lessee of the premises in a case where a lease of 30 years or more has been entered into.

In the case of a piece of land delineated on sectional plan registered in terms of Sectional Title Acts, (Act 95 of 1986), and without restricting the above developer or body corporate in respect of the common property, or a section defined in such Act, the person in whose name such section is registered under sectional title deed and includes the lawfully appointed agent of such person.

- h. Billing
Proper formal notification on an account to persons liable for payment of amounts levied for assessment rates and other taxes by the municipality and charges of fees for municipal services; indicating the net accumulated balance of the account.
- i. Customer
Refers to any occupier of any premises to which the municipality has agreed to supply or is actually supplying services, or the owner of the premises, if there is no occupier.
- j. Interest
Constitutes a levy equal in legal priority to service levies and is equivalent to prime banking rate applicable plus 1%, which varies from time to time.
- k. Municipal Services
All services, including water, sanitation, electricity, refuse removal, rates and taxes, reflected on the municipal account for which payment is required to the municipality.
- l. Municipal Manager
The person appointed by the Mangaung Local Municipality Council as the Municipal Manager in terms of section 82, of the Municipal Structures Act, 1998 (Act 117 of 1998), and includes any person acting in such position, and to whom the Municipal Manager has delegated a power, function or duty in respect of such delegated power, function or duty.

- 1.4 Reduce the discretionary handling of indigent application, through setting of clear qualifying criteria and complying there with.

2. SCOPE AND LIMITATIONS

This policy is guided by the following legislation:

- (a) The Constitution of the Republic of South Africa, Act No 108 of 1996;
- (b) The Local Government Municipal Systems Act 32 of 2000;

- (c) The Municipal Finance Management Act, Act 56 of 2003.

The Policy assumes the definition that a poor person is one who due to his/her adverse economic circumstance is unable to contribute to the provision of basic services.

The Policy covers those indigent people who are resident within the municipal area of the Council and would not apply to those living outside this area.

This "Policy" super cedes all other policies instituted by Council by means of regulations or by-laws providing for concessions or obligations on payment for services provided by the Municipality, as it relates to indigent persons.

3. HOW WILL INDIGENT PERSONS BE SUBSIDIZED?

The residential properties that qualify for relief / exemption / under this policy will benefit in the following ways;

- (a) Free Basic Services, which include and is confined to:
- The first (1st) of 6 kilo litres (k/l) of water (Maximum);
 - The first (1st) of 50 Kilo watts (k/w) of electricity (Maximum),
- (b) Free Sanitation for properties with a municipal value up to R100 000;
- (c) Exemption from Property Rates and Taxes, for properties with a municipal value up to R100 000.

The account holder will be notified that failure to pay for the water and electricity consumption above 6 k/l and 50 k/w respectively will result in the application of the Debt Collection Policy.

For poor households who cannot afford electricity pre-paid electricity meters, Council must install these to avoid the risk of arrears escalating.

Exemption should only apply on one property owned and resides by the indigent person.

4. QUALIFICATION, CRITERIA AND CATEGORIES

The following qualification criteria will be applied with regards to this Policy:

FREE BASIC SERVICES	WRITE-OFFS	EXEMPTION: PROPERTY RATES & TAXES	FREE REFUSE REMOVAL	FREE SANITATION SERVICES
	See Note 1:			
	See Note 2:			
Categories A to F	Category A	Category A	Category A	Category A
All residents of the MLM area, with official MLM electricity and water connections	Category B	Category B	Category B	Category B
	Category C	Category C	Category C	Category C
	Category D	Category D	Category D	Category D
	Category E	Category E	Category E	Category E

Note 1: Write-offs, applies to all basic services, property rates, payments due to the Mangaung Local Municipality for refuse removal and sanitation services.

Note 2: No write-offs will be affected for basic services used in access of the free basic services (Maximum of 6 kilo litres (k/l) of water and Maximum 50 kilo watts (k/w) of electricity).

The categories for a qualifying “indigent” households and/or individual, will be the following:

- (a) Category A: Pensioners, receiving either a state pension or a pension less than R1 740-00 per month;
- (b) Category B: Unemployed persons who (them or their spouses) receive a disability or other grant (government) of less than R1 740-00 per month per household;
- (c) Category C: Child-run households (Children up to 21 years), whose parents are both deceased (or one of them in the case of a single parent family);
- (d) Category D: Persons / households with an income of less than R1740-00 per month
- (e) Category E: Households with an unemployment status and where there is no income in that household for a period longer than one year.

Exclusions:

- (i) The Policy will not apply to any property with any registered bond other than a bond registered in the name of the Mangaung Local Municipality;
- (ii) The Policy will not apply for any property that is not used solely for residential purposes;
- (iii) The Policy will not apply for any property that is registered in the name of a company, business or trust;
- (iv) Where the property is partially used for any other purpose other than residential application of the Policy will cease to apply and any relief that may have been given under the Policy shall be recoverable.
- (v) No write-off will be effected for basic services used in excess of the free basic services (Maximum of 6 kilo litres (k/l) of water and Maximum 50 kilo watts (k/w) of electricity), after the implementation of this policy.

5. APPLICATION AND VERIFICATION

A written application from indigents must be received each financial year, and must be submitted by the applicant either to one of the following Municipal offices;

- Municipal ‘Pay Point’,
- The nearest Customer Care Office of the Municipality,
- Customer Care Offices at Regional Offices of the Municipality,
- Customer Care Office at the old City Hall (Bloemfontein),
- Finance Enquiries Office at the Bram Fischer building (Municipal Headquarters).

The ‘poor’ persons/households that qualify must be recorded on a status file/record of council and a specific file for this must be opened.

Complication/renewal of an effective indigent register will be done annually to enhance accuracy and effective application;

The verification will be done by the Finance Directorate upon receiving the following:

- (a) Application form to be completed by the applicant (indigent person);
- (b) Proof of Identity;
- (c) Affidavit from the indigent person;
- (d) Written confirmation of receipt of a pension, stating the amount;
- (e) Proof of unemployment from the Department of Labour;
- (f) An affidavit confirming that it is a child-run household, accompanied by a copy of the death certificate of parent/s as well as birth certificate/ID of child responsible;
- (g) Rates, tax and electricity accounts of the address exemption are applied for.

The validity and integrity of the information above can in addition be verified by the Finance Directorate. This can be done through qualified verifiers and/or credible agencies.

Regular audits should also be conducted by the Municipality's Internal Audit Unit to ensure compliance.

Fraudulent application for indigent status will carry the penalty of criminal liability in addition to be disqualified to be recorded as such in future and recovery of any monies for service(s) rendered during the said period will be invoked.

6. PERIOD FOR WHICH VALIDATION IS VALID

The study will only be valid until the end of the financial year concerned, which is until the end of June or a shorter period as decided by the Mangaung Local Municipality, if the circumstances of the account holder changes to such an extent that he or she does not qualify in terms of the provisions of this policy anymore.

A yearly audit report will be submitted to Council to scrutinize the entry and exit of the pro-poor households.

The recipients of 'state' pensioners will be verified upon registration, and verified annually.

7. RENEWAL

Indigent individuals or household should apply each financial year to be on the programme. The onus therefore rest on the said households or individual to re-apply.

Applications for exemptions should reach the Municipality before the end of February preceding the start of the new financial year.

Failure to comply will result in the automatically removal of the person/households, from the participation in the benefits, and the subsequent normal billing by the Municipality.

8. POLICY REVIEW

The Mangaung Local Municipality Indigent Policy will be reviewed annually in accordance with prevailing conditions and/or changes to the environment.

Subjected to the above the Policy will remain in apply and be applied accordingly.

9. INTERIM ARRANGEMENTS

Having acknowledged and recognized the fact and reality that a substantial amount of ageing outstanding debt of the Mangaung Local Municipality, which cannot be recovered and will be written off resultant to the approval of this policy, the following interim arrangements would apply:

- (a) Arrears in respect of property rates, sanitation fees, water and electricity in respect of the qualifying categories, referred to in this policy, will be placed on non-interest bearing debtors accounts. Interest at a rate of prime + 1% will be levied on rates accounts in arrears.
- (b) No action (legal or disconnection) will be taken against qualifying "Indigent" persons/households, until sufficient funds are available to write-off the respective debts;
- (c) Sufficient provisions will be made in subsequent budgets of the Mangaung Local Municipality to write-off such debts;
- (d) The Municipality's present Indigent register will continue to be updated through the means advocated in this Policy;
- (e) Pre-paid electricity meters will be installed at properties (where they reside) of all qualifying persons/households, by the Mangaung Local Municipality through Centlec (Pty) Ltd, for the cost of the Mangaung Local Municipality/Centlec (Pty) Ltd.
- (f) Water leaks that are reported on any property qualifying as 'indigent' will be repaired by the Mangaung Local Municipality at the cost of the Mangaung Local Municipality;
- (g) Water that is disced due to non-payment at the premises of a person/household qualifying in terms of Categories A to E, will also be temporarily un-disced in an event of a funeral taking place at such premises, for humanitarian reasons.

The interim arrangements shall stay in place until such time, that all "qualifying irrecoverable debt of the Mangaung Local Municipality has been written off, officially.

(This policy replaces the existing and all previous Indigent Policies and or Pro-Poor Policies of the Mangaung Local Municipality, that sought to give relief to persons/households qualifying under the categories, referred to in this Policy with effect from its date of implementation by the Mangaung Local Municipality Council)