

To : The Speaker
Cllr M. Siyonzana

APPROVAL OF INDIGENT ACCOUNTS FOR INCLUSION IN THE 2018/21 INDIGENT REGISTER (SECOND BATCH)

1. PURPOSE

To obtain approval to register the households qualifying as indigents in the Council's indigent register for the 2018/19 to 2020/21 MTREF

2. BACKGROUND AND DISCUSSION

Mangaung Metropolitan Municipality embarked on the process of compiling the 2018/21 **Indigent Register** to ensure implementation of Free Basic Services to deserving and qualifying poor households in line with the Council approved Indigent policy.

Indigent policy was reviewed and adopted by Council in **May 2019** and stipulates that all households with **total/ combined monthly income of less than three state pensions (R 5 400)** for all persons over **18 years old**, qualify and will benefit from indigent subsidy on municipal services.

QUALIFICATION CRITERIA UTILIZED

Qualification criterion for indigent was applied as determined in the Indigent Policy approved by Council:-

- ✚ The applicant must be a resident within the Mangaung municipal area (Municipal account was used as a proof).
- ✚ The applicant must be in possession of a valid South African identity document (Copies of the Identity documents were utilized).
- ✚ The total monthly gross income of the registered owner/ tenant and his/her spouse or life companion is not more than three state pensions (R 5 400). This amount includes any rental received from other occupants on the stand as well as 5% of the gross income of any child and his/her spouse or life companion residing on the stand (Proof of the income of all occupants on the property; i.e. a letter from his/her employer, salary slip/ envelope, pension card, unemployment insurance fund (UIF) card or a certificate that confirms registration as "looking for employment" and affidavits).
- ✚ 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 own 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 the 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 subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance

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2.2 Recommended for approval

- ✚ 15 912 applications with a balance of **R 239 057 469.70** are new and re-applications.

Refer to Annexure A.

- ✚ 5 095 applications with a balance of **R 32 435 313.29** were submitted and approved without account numbers in Batch1. Account numbers have been obtained.

Refer to Annexure D.

2.3 Applications without municipal accounts

- ✚ 8 317 do not have services accounts with the municipality but they have prepaid electricity meters with Centlec. Thus, the customers are considered to be indigent and qualify to obtain free electricity.

Refer to Annexure B.

2.4 Housing Rental Application

- ✚ 64 applications are housing rental accounts, thus the customers are considered to be indigent and qualify to obtain free electricity.

Refer to annexure C.

2.5 Applications not recommended in the 2018/2021 registration process

- ✚ 9 750 applications were received and it was established that the applicants do not qualify to be included in the indigent register due to the following reasons:

- Applicant deceased, beneficiary must reapply.
- Above the threshold
- Valuation Roll Property category business

2.6 Pending

- ✚ A total of 10 284 applications were received but are still pending because of the following:

- Dummy properties
- Duplicates
- Government properties with values above R300K
- Municipal Leased- Departmental properties
- Municipal properties with values above R300K
- TU & Valuation Roll findings

- ✚ A total of 129 applications are in the process of being submitted to Transunion for further verification processes

3. LEGAL IMPLICATIONS

Municipal Finance Management Act 56 of 2003

Local Government Municipal Systems Act 32 of 2000

4. FINANCIAL IMPLICATIONS

1. An amount of **R 271 492 782.99** for 21 007 indigent accounts to be written off and provided with 6 Kilolitres of water monthly (Annexure A and Annexure D).

2. 8 317 applications will be provided with 50 kWh of electricity monthly (Annexure B).

3. That 64 rental housing indigent account to be provided with 50 kWh of electricity monthly (Annexure C)

5. RECOMMENDATIONS

1. That the council approves the **21 007** applications for inclusion in the 2018/2021 indigent register and are provided with free basic services as stipulated in the indigent policy.
2. That the council approves the **8 317** applications for inclusion in the 2018/2021 indigent register and are provided with free 50 kWh of electricity monthly.
3. That council write off the **R 271 492 782.99** owed by **29 324** indigents.
4. That the **64** housing rental be provided with 50 kWh of electricity monthly.

Recommended by:

Approved by:

Ratified by:



S Mofokeng
Chief Financial Officer



Adv. T. Mea
Municipal Manager

4/06/2020



Adv. M Mofokeng
EXCO Representative