

MANGAUNG METROPOLITAN MUNICIPALITY



POLICY ON INDIGENT CUSTOMERS

FOR IMPLEMENTATION: 01 JULY 2026

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MANGAUNG MUNICIPALITY POLICY ON INDIGENT CUSTOMERS

1. DEFINITIONS

“Responsible Official” an official duly authorised 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 is verified and that regular audits are executed.

“household” means a registered owner or tenant with or without children who reside on the same premises.

“indigent” means any household 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 **Mangaung Municipality**, 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-law 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.

‘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 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.

- 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 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); 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 property by the Council.

2. INTRODUCTION

- 2.1 The Municipal Council must give priority to the 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.
- 2.2 Basic services are generally regarded to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.
- 2.3 The Constitution recognises 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 function of providing essential services to the community within their boundaries.
- 2.4 The key purpose of an indigent subsidy policy 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.
- 2.5 To achieve the purpose, it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.
- 2.6 The customer, to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Mangaung Municipality.

3. PURPOSE OF THE POLICY

The purpose of this policy is to ensure that the subsidy scheme for indigent household's forms part of the financial management system of Mangaung Municipality and to ensure that the same procedure is followed for each individual case.

4. POLICY PRINCIPLES

4.1 It is against the above background that the Mangaung Municipality undertakes to promote the following principles: -

4.1.1 To ensure that the portion for free basic services allocated as part of the equitable share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay.

4.1.2 To link this policy with the Municipality's Integrated Development Plan (IDP), Local Economic Development (LED) initiatives and poverty alleviation programmes.

4.1.3 To promote an integrated approach to free basic service delivery; and

4.1.4 To engage the community in the development and implementation of this policy.

5. POLICY OBJECTIVES

In support of the above principles the objectives of this policy will be to ensure the following: -

5.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.

5.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation.

5.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy.

5.4 The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households.

5.5 To ensure co-operative governance with other spheres of government; and

5.6 To enhance the institutional and financial capacity of the Municipality to implement the policy.

6. LEGISLATIVE FRAMEWORK

This policy is designed and implemented within the framework of the following legislation: -

6.1 The Constitution of the RSA, 1996.

6.2 Local Government Municipal Systems Amendment Act, 2003, Act No 44 of 2003.

6.3 The Local Government Municipal Finance Management Act 2003, Act no 56 of 2003.

- 6.4 The Promotion of Administrative Justice Act, 2000, Act no 3 of 2000.
- 6.5 The Promotion of Access to Information Act, 2000, Act no 2 of 2000; and
- 6.6 The Local Government Municipal Property Rates Act, 2004, Act no 6 of 2004.
- 6.7 FBS Policy, all other sectors policies
- 6.8 White Paper on Local Government

7. TARGETING OF INDIGENT HOUSEHOLDS

7.1 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 programmes of the Mangaung 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.

7.2 The Municipality may apply the following targeting methods: -

Targeting approach	Application
1. Service levels	Lowest service levels normally in informal settlements and rural areas.
2. Property value	Residential properties that have market value of up to R180 0000 or less as determined by the Municipal Valuer in the General Valuation Roll, shall qualify without applying, provided that benefits shall be given to single property per owner.
3. Household income	Threshold shall be determined in terms of socio-economic analysis equalling three state pension grants per Indigent household or an amount determined by the Council from time to time.
4. Informal settlements or recently formalized townships.	Newly established townships /Infill that are still in the name of MMM and the Permission to occupy (PTO) still to be issued to the allocated beneficiaries or tittle deeds still to be registered.
5. Location based Indigent households	these will be indigent household based in a particular settlement area who are beneficiaries of low-cost housing development, approved with less than 8 years occupation in the home. This criterion aligns with household income of 3 old age state pension. Once the applicant has stayed or the handover of the development to the beneficiaries' dates over 8 years, the beneficiaries will be required to apply. The law permits beneficiaries to sell properties after 8 years of occupation, as long as they have the title deed at the date of sale.

7.3 The Municipality may use the above targeting approaches for the registration and verification of indigent customers.

8. QUALIFICATION CRITERIA

Qualification criteria for indigent support shall be determined by the Municipality from time to time and the following criteria shall apply: -

- 8.1 The applicant must be a resident within the Mangaung municipal area.
- 8.2 The applicant must be in possession of a valid South African identity document.
- 8.3 The total monthly gross income of the registered owner/ tenant and his/her spouse 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 three state pensioners as determined annually by the Minister of Finance. Electricity purchase may be considered.
- 8.4 All residential properties with a market value up to or below R180 000 shall qualify without submitting Indigent applicant. Each owner qualifies for one property with the highest market value and other property shall not qualify even if they are under 180 000 for indigent benefit.
- 8.5 All the metering information for such properties maybe required.
- 8.6 Newly established townships /Infill that are still in the name of MMM and the Permission to occupy (PTO) still to be issued to the allocated beneficiaries or the beneficiaries still have to be identified by Human Settlement Department, shall qualify for indigent benefit.
- 8.7 The applicant must be the owner or tenant who receives municipal services and is registered as an account holder on the municipal financial system.
- 8.8 Any occupant or resident of the single household referred to above may not benefit for more than one property, despite the value of the property being 180 000.00 resident may only benefit for one property.
- 8.9 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.
- 8.10 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. Relevant supporting documentation need to be submitted as part of the application-
- 8.11 Child headed families may be assisted if oldest child is under the age of 16 years of age.
- 8.12 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 on merit. The electricity purchases may be considered.
- 8.13 All the indigents' applicants qualifying under target approach 7.2.2 will need to apply need to apply in line with targeted approach 7.2.3 to receive the Free Basic Services.

8.1.4 The Location based Indigent, shall be indigent household based in a particular settlement area who are beneficiaries of low-cost housing development, approved with less than 8 years occupation in the home. This criterion aligns with household income of 3 old age state pension. Once the applicant has stayed or the handover of the development to the beneficiaries' dates over 8 years, the beneficiaries will be required to apply. The law permits beneficiaries to sell properties after 8 years of occupation, as long as they have the title deed at the date of sale.

9. ASSISTANCE PROCEDURES

9.1 Communication

9.1.1 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: -

9.1.1.1 Electronic communication channels to be utilized, e.g sms, mms, emails etc.

9.1.1.2 Ward committees.

9.1.1.3 Community Development Workers (CDW's).

9.1.1.4 Local radio stations and newspapers.

9.1.1.5 Municipal accounts.

9.1.1.6 Imbizo's and road shows; and

9.1.1.7 Sector department road shows (sharing resources promotion of access to services)

9.1.1.8 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

9.2 Institutional Arrangements

The Municipality may 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 policy and must establish appropriate registration points in its area, the cost of which may be funded through the equitable share allocation.

9.3 Application/Registration

- 9.3.1 A person applying for indigent support may complete a formal indigent support application (electronic) form approved by the Municipality.
- 9.3.2 Indigent applications shall be processed electronically, except properties administered in terms of Market Value.
- 9.3.3 Applications for the indigent subsidy must be accompanied by the following documentation: -
- 9.3.3.1 The latest municipal account/ account information for the household.
 - 9.3.3.2 Proof of the identity of the account holder; and
 - 9.3.3.3 Proof of the income of the applicant on the property, i.e. a letter from his/her employer, salary slip/ envelope, pension grant receipt, pensioner card Sassa letter or three bank statements showing the grant transferred unemployment insurance fund (UIF) card. If the application is processed electronically all the required documents must be scanned and attached to the electronic application form.
 - 9.3.3.4 In the absence of any proof to be submitted either through paragraphs 9.3.3.3 an affidavit which includes reference to the relationship with applicant and account holder if surnames differ must be submitted together with the documentation required in terms of paragraphs 9.3.3.1 and 9.3.3.2.

9.4 Assessment and Screening of Applicants

Upon registration of an application, all information will be verified by the responsible senior financial officials.

9.5 Recommendation and Approval

- 9.6 All the electronic applications forms shall be received by a senior financial official who will immediately conduct verification process to enable immediate feedback to the applicants, to confirm initial approval or rejection of their application.
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 - 9.6.2 All the electronic applications shall be received by a senior financial official who will immediately conduct verification process to enable immediate feedback to the applicants, to confirm initial approval or rejection of their application.
 - 9.6.3 A report for all the approved and rejected application as per the CAAT standards shall be compiled for the City Manager or his/her delegated officials for final approval.
 - 9.6.4 A report for all the approved and rejected applications shall be compiled quarterly for the council noting.
 - 9.6.5 To ensure credibility, Councilors, Ward Committees, maybe be consulted as part of the verification process.

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10. 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.

10.1 Electricity

10.1.1 All registered indigents will receive 50 kWh of electricity per month.

10.1.2 Registered indigent will receive 50 KWh of electricity per month or an amount to be determined by Council on an annual basis.

10.1.3 Any meter tampering will result in the subsidisation to be withdrawn. In the event of the electricity supplied by Eskom directly the Municipality will pay over an amount to Eskom equal to 50 kWh of electricity per month based on the customers registered with the Mangaung Municipality as indigents and not based on any indigent records submitted by Eskom.

10.2 Water

10.2.1 All registered indigents will receive 6 kilolitres of water per month.

10.2.2 Registered indigent will receive 6 kilolitres of water per month or an amount as determined by the Council on an annual basis.

10.2.3 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

10.2.4 All registered indigents' leaks on internal water infrastructure, where possible, shall be repaired free of charge by the Municipality.

10.3 Sanitation/ Sewer Charges

10.3.1 All registered indigents shall be fully subsidised for sanitation charges calculated based on the market value of the property as contained in the tariff policy, general valuation roll.

10.3.3 Residential property with a Market Value Equal or less than value as per tariff schedule are exempted from paying sanitation charges.

10.3.4 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

10.4 Refuse Charges

10.4.1 All registered indigents shall be fully subsidised for the basic levy for refuse removal for one service connection as provided for by Council in the annual budget from time to time.

10.4.2 Residential property with a Market Value Equal or less than value as per tariff schedule are exempted from paying refuse charges.

10.4.3 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

10.5 Property Rates

10.5.3 All registered indigents shall be fully subsidised for the payment of property rates provided for by Council in the annual budget from time to time and subject to the provisions of the Municipal Property Rates Act.

10.5.4 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

11 INDIGENT VERIFICATION PROCESS

Indigent verification process to be done according to Computer Aided Audit Technique (CAAT) standard as outlined by the Auditor General South Africa.

CAAT NUMBER	DESCRIPTION
CAAT 1	Blank ID numbers
CAAT 2	Deceased Indigents
CAAT 3	Invalid ID numbers
CAAT 4	Indigents Employed in Government or Municipalities.
CAAT 5	Indigent CIPC Directors all payments
CAAT 6	Duplicate beneficiaries.
CAAT 7	Beneficiaries Under 16 years.
CAAT 8	Spouses of Indigents Employed in Government or Municipalities.
CAAT 9	Spouses of Indigents CIPC Directors all payments.
CAAT 10	Old ID numbers.
CAAT 11	Indigents Older than 100 years.
CAAT 12	Double dipping on CAAT 10

11.8 Validity Period

- 11.8.1 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, or any other period as may be determined by the Municipality.
- 11.8.2 Pensioners and disabled person will remain in the indigent register and there is no need for this group to re-apply since their status is regarded as permanent. However, the periodic verification must be performed to ascertain that the right people are enjoying the benefit. Proof needs to be provided to support the pensioners and disabled persons status.
- 11.8.3 The automatic Indigent qualification for properties under 180 000 shall remain until the next general valuation roll.

11.9 Death of Registered Applicant

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

11.10 Arrears and Excess Usage of Allocations

- 11.10.1 Upon registration as an indigent household, the arrears on the account of the applicant maybe written off.
- 11.10.2 Where restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of Council policy. Where restrictions are not possible the account holder will be responsible for the consumption more than the approved subsidy.
- 11.10.3 Current policy requires that upon approval of indigent status the customer's meters for water may be converted to pre-paid meters, at the cost of Council.
- 11.10.4 If a pre-paid meter cannot be installed immediately the customer may be subjected to restriction measures to only allow for the monthly minimum free basic services.
- 11.10.5 The writing off 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 qualifies as a registered indigent, however if the property owners insist to sell within a period of three years the portion written off as per the indigent policy shall be reinstated and shall become payable.
- 11.10.6 Deceased estate, no benefit reversal in case of Endorsement but Indigent benefits will be reversed when a deceased indigent property is sold. 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.

11.11 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances: -

11.11.1 Upon death of the registered indigent customer for that particular property.

11.11.2 Upon sale of the property in respect of which support is granted.

11.11.3 When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.

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

11.11.4.1 All arrears will become payable.

11.11.4.2 Stringent credit control measures will apply; and

11.11.4.3 The applicant will not be eligible to apply for indigent support for a period of five (5) years.

11.12 Audit and Review

11.12.1 The Municipality may conduct regular audits of the indigent register regarding 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.

11.12.2 Targeted audits and reviews may be undertaken to ensure the verification and reregistration of each qualified indigent customer.

11.12.3 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.

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

12 DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

12.8 The Municipal manager or his/her delegate will be responsible to compile and administer the database for households registered in terms of this policy.

12.9 Registration will take place on a continuous basis and in accordance with the programme of quarterly targeted audits and reviews.

12.10 The Municipal Manager or his/her delegate will provide assistance to persons who do not have access to electronic indigent management system.

13 PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

- 13.8 Any person who supplies false information will be disqualified from further participation in the subsidy scheme and be liable for the immediate repayment of all subsidies received and all debts including arrears that have previously been written off.
- 13.9 The onus also rests on indigent support recipients to immediately notify Council of any changes in their indigence status.

14 SOURCES OF FUNDING

- 14.8 The amount of subsidisation will be limited to the amount of the equitable share received on an annual basis. This amount may be varied on a yearly basis according to the new allocation for a particular financial year.
- 14.9 The Municipality resolves to subsidise all registered indigents for property rates, electricity, water, sewerage and refuse charges.
- 14.10 If approved as part of the tariff policy the amount of subsidisation may at any time, be increased through cross subsidisation.
- 14.11 For the purposes of registering and allocating the applicable subsidy to qualified indigent customers, accounts will be opened for these customers without requiring any deposit. This is made possible through the fact that the value of services levied against these accounts is fully offset monthly against the applicable indigent subsidy. This arrangement will immediately terminate if the status of the indigent customer changes.

15 STAKEHOLDERS TO THIS POLICY

- 15.8 Councillors
- 15.9 Directorates (Including Centlec)
- 15.10 Community Members
- 15.11 Provincial Treasury
- 15.12 National Treasury
- 15.13 COGTA
- 15.14 SALGA
- 15.15 ESKOM
- 15.16 NERSA
- 15.17 DWA

16 IMPLEMENTATION AND REVIEW OF THIS POLICY

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

16.2 In terms of section 17(1) (e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

17 RIGHT OF APPEAL

9.7.1 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.

9.7.2 Appeals may be submitted at the office of City Manager 201 2nd Floor Bram Fischer Building, Cnr Nelson Mandela Drive and Markgraaf Str Bloemfontein.

9.7.3 Turnaround times for resolving the appeals is thirty days.

18 CONTACT PERSONS FOR CLARITY

Name	Tel No	Email Address
Salome Mokhooa	051 405 8347	Salome.mokhooa@mangaung.co.za
Molefi Monaheng	051 405 8133	Molefi.Monaheng@mangaung.co.za
Pakisho Moremi	051 410 6667	Pakisho.moremi@mangaung.co.za