




**MANTSOPA LOCAL MUNICIPALITY**

 <b>MANTSOPA LOCAL MUNICIPALITY</b>	
<b>TITLE OF POLICY</b>	<b>INDIGENT POLICY</b>
<b>DEPARTMENT</b>	<b>FINANCE</b>
<b>CUSTODIAN</b>	<b>CHIEF FINANCIAL OFFICER</b>
<b>DATE OF APPROVAL</b>	
<b>EFFECTIVE DATE</b>	<b>As from 1 July 2020</b>
<b>APPROVED BY</b>	<b>MANTSOPA MUNICIPAL COUNCIL</b>
<b>SIGNATURE BY SPEAKER</b>	
<b>VERSION</b>	<b>2020</b>

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## 1. ABBREVIATIONS

**MLM** - Mantsopa Local Municipality  
**IDP** - Integrated Development Plan  
**LED** - Local Economic Development  
**CDW's** - Community Development Worker's  
**COGTA** - Cooperative Governance and Traditional affairs  
**SASSA** - South African Social Security Agency

## 2. DEFINITIONS

**“Indigent”** “means lacking the necessities of life”. It means any household which is responsible for the payment of services and rates, **determined by two pensionable beneficiaries**, as determined by the municipality annually in terms of a social and economic analysis of its area, as vested in the municipal policy, which qualifies for rebates or remissions, support or a services subsidy, provided that child support grant is not included when calculating such household income;

**“Child headed household”** means a household where both parents are deceased and where all occupants of property are children of the deceased and under the legal age to contract for services;

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

**“Indigent register”** means the municipal list of indigent customers as per the municipal policy, which has to be updated on a monthly basis, designed to contain all the data contained within completed indigent application forms;

**“Occupier”** in relation to property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

**“Indigent Management System”** an electronic management system applied by other municipalities for the smooth and efficient management of the register of indigent households;

**“Municipality”** means the municipality of Mantsopa, 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 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 for the following;

- i. To ensure that applications for indigent support are received and assessed;
- ii. To ensure that application are captured on the Indigent Management System.
- iii. To ensure that information on applications are verified and that regular audits are executed; and
- iv. To authorise expenditure with regard to indigent support.

## 3. INTRODUCTION/PREAMBLE

Whereas section 96 of the Local Government : Municipal Systems Act ,2000 (Act No 32 of 2000) requires

A municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

And whereas section 97 of the Systems Act prescribes that such policy must provide for “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents”

Therefore, the Municipal Council of MANTSOPA LOCAL MUNICIPALITY adopts the indigents Policy as set out in this document:-

#### **4. LEGISLATIVE FRAMEWORK**

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

- The Constitution of the RSA, 1996;
- The Local Government Municipal Systems Act, (Act 32 of 2000);
- The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- The Promotion of Access to Information Act, 2000 (Act 2 of 2000) and
- The Property Rates Act, 2004 (Act 6 of 2004)

#### **5. POLICY BACKGROUND**

Mantsopa Local Municipality was established in terms of section 14 of Municipal Systems Act no.117 of 1998 and was published in the Provincial Gazette no.184, dated 28 September 2000.

Mantsopa Local Municipality is a Category B Municipality with a collective executive and the ward participatory system.

It forms part of the Eastern Free State and falls within the Thabo Mofutsanyana District Municipal area.

The municipality borders the Kingdom of Lesotho in the east, Mangaung Metro Municipality to the south west and Masilonyane Local Municipality to the north and Setsoto Local Municipality to the east. Languages spoken in Mantsopa area of jurisdiction are Sesotho, English and Afrikaans as dominant languages in the area.

The economy of Mantsopa is largely on the commercial farming sector, which employs the greater part of the community. The rest are employed by either the Private Sector or Public sector. A number of people are employed in Lesotho and reside in Ladybrand and Hobhouse. Tourism also forms part as a contributor to the economy as the Maluti Mountains in Lesotho and the official pronouncement of Lekhalong la Mantsopa as a national heritage site attracts tourists. Mantsopa therefore is the gateway to the Mountain Kingdom of Lesotho which attracts a number of tourists nationally and internationally.

The area is accessible via the N8 and R26 roads which transverse the area. A railway line that runs along these, services the area. The Municipal area accommodates approximately 60 000 people and covers an area of 4 290 km<sup>2</sup>. It incorporates five small towns, which accommodate collectively 67% of the population of Mantsopa. These small towns serve the surrounding rural community. The five main towns situated in Mantsopa are Ladybrand (Head Office), Hobhouse, Tweespruit, Thaba-Patchoa and Excelsior.

#### **6. POLICY PRINCIPLES**

The Batho Pele (People First) principles are aligned to the Constitution. The government officials must follow the “Batho Pele” principles which require public servants to be polite, open and transparent and to deliver good service to the public.

- Citizen should be consulted about the level and quality of the services they receive and wherever possible should be given a choice about the services that are offered.
- Citizens should be told what level and quality of public service they will receive so that they are aware of what to expect.
- All citizen should have equal access to the services to which they are entitled.
- Citizens should be treated with courtesy and consideration.
- Citizens should be given full accurate information about the public services they are entitled to receive.
- Citizens should be told how national and provincial departments are run.
- If the promise standard of service is not delivered, citizens should be offered an apology.
- Public services should be provided economically and efficiently in order to give citizens the best possible value for money.

## **7. POLICY OBJECTIVES**

Section 152 (1) (b) and 153 (b) of the Constitution of South Africa reads: “Local government to ensure the provision of services to communities in a sustainable manner “. This policy however will ensure that the above sections of the act is enforced by;

- a) Providing democratic and accountable government for local communities;
- b) Ensuring the provision of services to communities in a sustainable manner
- c) Promoting social and economic development;
- d) Promoting a safe and healthy environment; and
- e) Encouraging the involvement of communities and community organizations in the matters of local government.
- f) Ensuring co-operative governance with other sphere of government and
- g) Enhancing the institutional and financial capacity of the municipality to implement the policy

## **8. SCOPE OF APPLICATION**

Due to the high levels of unemployment and subsequent poverty within the MLM, there are households which are unable to pay normal municipal services. The municipality adopts this Indigent Management Policy to ensure that these Indigent households have access to basic municipal services, and is guided in the formulation of this policy by the national government’s policy in this regard, applicable to indigent households.

## **9. POVERTY ALLEVIATION**

As a mean of poverty alleviation, when employing casual workers the Municipality will search for suitable candidates on the indigent registry, which will serve as a mean of reducing the number of indigents.

## 10. TARGETING APPROACH OF INDIGENT HOUSEHOLDS

### 10.1

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 programs of the Mantsopa Local Municipality. The socio-economic information and performance indicators contained in these document must form the basis for 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.

**10.2** The Municipality may apply the following methods:-

Targeting approach	Application
1. Service levels	Lowest service levels normally in informal settlement and rural areas.
2. 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.
3. Household income	Threshold shall be determined in terms of socio-economic analysis Equaling two state pension grants per Indigent household or an amount determined by the Council from time to time. Households receiving social grant that is more than the threshold also qualify for indigent subsidy.
4. Geographical (Zonal) targeting	Specific areas (rural or urban) where households are regarded as poor Irrespective of service level.

- a. The applicant must be citizen of Republic of South Africa
- b. The applicant must be a resident of Mantsopa Local Municipality.
- c. The applicant must be eighteen (18) years of age and above.
- d. The total household joint gross income of all occupants or dependents in a single household must be **R 3 500, 00** or less. Households receiving social grant that is more than the threshold also qualify for indigent subsidy.
- e. The applicant must be the owner or tenant who receives municipal services and is registered as an Account holder on the municipal financial system, provided that the requirement of being registered as an account holder does not apply to households in informal settlements and rural area where no accounts are rendered.
- f. Any occupant or resident of the single household referred to the above may not own more than one property in addition to the property of which indigent support is provided
- g. All households that are child headed, even if they are below eighteen (18) year of age can apply for the indigent support.
- h. The registered indigent must be either the owner or occupant (tenant) of the property concerned.
- i. Subsidies apply to households and not individuals

j. The onus for applying for indigent subsidy rest with the consumer who cannot afford to pay the full municipal tariff for services received.

k. 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.

## 11. SOURCES OF FUNDING

i. The Council will have to provide funds annually on the budget for the subsidization of indigent Households for water, refuse removal, sanitation, and electricity.

ii. The indigent subsidies will have to be financed from the equitable share contribution to the Municipality obtained from National Treasury.

iii. The arrears on the accounts of household consumers, approved as indigent will be submitted to Council to be written off in full (including any interest) against the provision for bad debts.

## 12. QUALIFICATION CRITERIA

12.1 An indigent application must be done on a specific council application form at indigent office or at designated respective areas; the following documentary proof has to accompany the Indigent application form:

(a) Applicant's identity document

(b) Documentary proof of total monthly income of the households (e.g. salary advice, letter from employer, Bank statement for the last three months certified by the bank and a statement from the applicant that no other bank accounts exist, UIF card, or sworn affidavit confirming unemployment from SAPS;

12.2 In the absence of any proof to be submitted either through paragraph 7.1 sworn affidavit must be submitted together with the documentation required in terms of paragraphs 7.1.a and 7.1.b.

12.3 Indigent Clerk will provide the verification, so as to visit the applicants to verify the Correctness of the information provided on the application form.

12.4 Indigent household must **re-apply** for the indigent support every (12) months.

12.5 The indigent register will be updated monthly and the verification process is undertaken through the year for any change of circumstances.

12.6 The current account of a deceased estate may be subsidized if the surviving spouse or dependents' of the deceased who occupy the property applies for assistance. The relevant supporting documentation need to be submitted as part of the application in order for the municipality to assist with the cost of transferring the property.

- 12.7 An indigent customer must immediately request de-registration if his/her circumstances have changed to the extent that he or she no longer complies with the requirements set out in the definition.
- 12.8 All approved beneficiaries for the indigent support automatically qualify for Free Basic Electricity
- 12.9 To qualify for indigent subsidy, the applicant should provide at the minimum the following documents:
- Certified ID Copy
  - Payslip/affidavit
  - Proof from Sassa
  - Electricity Account Information
  - Indigent Application form
- 12.10 Alternative water supply (water tanks) will be provided to areas where there is no infrastructure within the municipal jurisdiction.s
- 12.11 Funds are already allocated to the municipality to fund the implementation of free basic services and for the free basic alternative energy program through the equitable share grant disbursed by the National Treasury to municipalities.
- 12.12 Should the account holder be unable to apply in person, due to medical reasons, his/her application may be certified by a commissioner of oaths, preacher/pastor of church or a Community worker.
- 12.13 **Right of appeal**
- An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal with the Chief Financial Officer of the municipality within 10 (ten) days from the date on which the decision was communicated to the applicant.

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

The Municipality reserves the right to send officials and/ or representatives of the municipality to the household or site of the applicant(s) at any reasonable time with the aim of carrying out a local verification of the accuracy of the information provided by the applicant(s).such audit will be conducted on a continuous basis together with ward councilor, ward committees, CDW's, COGTA and Treasury.



## **14. COMMUNICATION**

- 1.1. The Municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation.
- 1.1.2 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:-
  - 1.1.2.1 Ward committees
  - 1.1.2.2 Community Development Workers (CDW's);
  - 1.1.2.3 Local newspapers;
  - 1.1.2.4 Municipal accounts;
  - 1.1.2.5 Imbizo's and road shows; and
  - 1.1.2.6 Sector department road shows (sharing resources promotion of access to services).
  - 1.1.2.7 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension and social grant applications etc.

### **1.2 Institutional Arrangements**

The Municipality must designate existing staff or appoint officials, or engage appointed CDW's/ Ward Co. member's and WCLR's 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.

## **15. APPLICATION OF THE POLICY**

The extent of the monthly indigent support granted to indigent households will be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year. Within the above framework, the following assistance and support will be granted:

- 9.1 Basic charges on services will be fully subsidized;
- 9.2 Water will further be subsidized on the first 6 kl and if consumption exceeded 6 kl per metering Period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl;
- 9.3 Electricity will be subsidized on the first 50 kWh per household and if consumption exceeds 50 kWh metering period (month), the consumer will be charged at normal tariffs for actual

- 9.4 In respect of sewerage charges and charges for household refuse removal, the relief granted shall be 100% on the monthly amount billed for the service concerned.
- 9.5 **In respect of Property rates, indigents should be granted 100% rebate.**
- 9.6 Businesses (formal or informal) and churches are not allowed to apply for indigent.
- 9.7 Vacant site do not qualify for indigent subsidy.

## **16. INDIGENT HOUSEHOLD IN RETIREMENT CENTRE AND OLD AGE HOMES**

- 10.1 The onus will be on the Board of Trustees/Managing Agent (hereinafter referred to as the representative) to apply to the municipality, for indigent status to be granted in respect of water consumption on behalf of the owners of the units, who meet the criteria and conditions for qualification. Indigent consumers living in retirement Centre's or old age home are eligible to qualify for assistance and support in terms of this policy, subjected to the following rules and procedures;
- 10.2 The onus will be on the unit owner to apply to the municipality for indigent status to be granted to basic services and related charges.
- 10.3 The representative will submit applications to the Chief Financial Officer.
- 10.4 The free basic services official will verify all applications and;
- 10.5 The Chief Financial Officer will credit the monthly municipal charges of;
  - 10.5.1 Old Age Home with water, refuse and sewerage charges.
- 10.6 Application forms must be read in conjunction with the policy proposed and forms part of Council's indigent policy. All applications must be verified by official of the municipality.

## **17. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT**

- 11.1 When an 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 be treated as an ordinary accountholder for the financial year concerned.
- 11.2 The onus is on each registered indigent to advise the municipal manager of such failure to comply.
- 11.3 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, the account holder 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.
- 11.4 The relief to indigents may be withdrawn at the discretion of the municipal manager if;
  - 11.4.1 A registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
  - 11.4.2 Any tampering with the installations of the municipality is detected.

11.5 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 indigent, and shall be liable to repay to the municipality with immediate effect all indigency 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.

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

12.1 Applicants will be required to sign and submit a sworn affidavit, to the effect that all information Supplied is true and that all income, i.e. from formal and/ or informal sources is declared.

12.2 Any person who supplies false information will be disqualified from further participation in the Subsidy scheme. He/she will also be liable for the immediate repayment of all subsidies received, reversal of any debt written off and the institution of criminal proceedings as Council may deem fit.

## **19. EXIT MECHANISMS**

**(a)** As a mean of poverty alleviation, when employing casual workers, the municipality will search for suitable candidates on the indigent registry, which will serve as a mean of reducing the number of indigent households.

**(b)** After approval by Municipal Council the municipality must submit the list to external verification such as Treasury, SASSA for further external verification.

## **20. MONITORING AND REPORTING**

The Chief Financial Officer and Head of Social Service must report monthly to the Municipal Manager via the Municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:-

20.1 Number of indigent household applications received;

20.2 Amount of subsidy allocated per benefit category

20.3 Amount of debt accumulating and debt recovery information (number of customers enquiries;

Default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state institutional and other such divisions);

20.4 Performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:-

20.4.1 Number of applications for indigent support dealt with;

20.4.2 Time taken to process and finalise applications;

20.4.3 Site visit undertaken; and

20.4.4 Awareness and Exit initiatives.

20.4.5 Changes in the registered status of indigents.

## **21. CAPACITY BUILDING**

The Municipality must ensure that all officials and Councilor's appropriately capacitated in Free Basic Services in the following key areas:-

- 14.1 Database management;
- 14.2 Demand and revenue management; and
- 14.3 Policy and by-law implementation.