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MOGALAKWENA MUNICIPALITY LOCAL MUNICIPALITY

INDIGENT POLICY (2010/2011)

1. Introduction

- 1.1 The provision of free basic services by local government is part of the broader social agenda and anti-poverty strategy of government.
- 1.2 The government at all levels has a constitutional obligation to take measures towards the realization of the social and economic rights of all people as contained in the Bill of rights. These rights include, inter alia, health care, water, education, housing, food, social security and the environment.
- 1.3 In terms of section 27 of the South Africa Constitution Act, 1996 (Act 108 of 1996):
 - (1) Everyone has the right to have access to -
 - (a)
 - (b) sufficient food and water; and
 - (c) social security, including, if they are unable to support themselves and their dependants, appropriate social assistance.
 - (2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of these rights.
- 1.4 The integration of the indigent policy with the basic social package is part of the reasonable measures, within available resources, taken by the municipality in pursuance of the said constitutional obligations.
- 1.5 The aforementioned should therefore not be viewed in isolation of measures, such as social grants, free primary health care, housing, promotion of small, micro and medium enterprises, etc. taken by other spheres of government as part of an integrated national poverty alleviation strategy.

2. Objectives of the policy

- 2.1 section 97(1)(c) of the Municipal Systems Act, 2000 (Act no. 32 of 2000) states that a municipality must provide in its debt collection and credit control policy for indigent debtors that consistent with its rates and tariff policies and any national policy on indigents.
- 2.2 Indigent debtors to the poorest of the poor should have access to basic services in terms of the South African Constitution.

- 2.3 Indigent debtors are not able to fully meet their obligations for services consumed and property taxes on their monthly accounts.
- 2.4 The consumption of metered services by the indigent debtors must be maintained at manageable levels to increase affordability of service charges for them.
- 2.5 Tariffs for Property Tax and services must be made more affordable for the poor.
- 2.6 The poor are included in the household category of consumers, which category is responsible for the highest monthly escalation of arrear debt.
- 2.7 Applications do not on all cases make full disclosures when application forms for indigent registration are completed and this information virtually impossible to verify.
- 2.8 Criteria for the identification of poor households must be clear and transparent.

3. Determination of tariffs on the annual budget

In the determination of tariffs on the annual budget, the affordability level of assistance to indigent debtors will be determined by the Council in conjunction with the Chief Financial Officer.

4. Registration criteria for indigent debtors

Registration is for a period of one year and can be renewed on a yearly basis.

A private residential household can only be registered or remain registered as indigent under all of the following circumstances:

- 4.1 If the total gross monthly income of all the members of the household does not exceed the equivalent of two government old age pension or disability grants as determined from time to time.
- 4.2 If the applicant as well as any other member of the household does not own other fixed property than the one on which they reside,
- 4.3 If the two pensioners (husband and wife) receive government old age pension as determined by the Minister and the Income exceed threshold and no additional income is incurred by others in household.
- 4.4 The applicant must occupied the premises and it must be in the Mogalakwena area,

- 4.5 In the event that an indigent debtor applies to de-register, such request will be considered by the Chief Financial Officer. If it is established that the request is due to the fact that the indigent debtor disclosed or withheld certain information, all benefits which were accorded to the indigent debtor upon registration, will be written back to the services account and appropriate legal action will be considered.
- 4.6 Where an owner of a property has passed away, the person who has inherited the property be allowed to apply for indigence assistance for the period in which the property is being transferred to his/her name on the following conditions:
- i) A new consumers account is opened in the name of the applicant, and
 - ii) The following documents are submitted by the applicant:
 - Copy of death certificate.
 - Copy of the identity document.
 - Copy of the Deed of Grant.
 - Proof that the property was inherited by the applicant.
 - Certificate of appointment from the magistrate.

The applicant referred to in 4.6) supro also be entitled to indigence assistance with regard to the assessment rates on the property, and the amount granted be transferred to the assessment account of the deceased.

5. Benefits to indigent debtors

5.1 Assessment rates rebate

5.1.1 Indigent debtor will receive a rebate of the amount charge on a stand with a market value of R 100 000 as described by budget on a monthly basis.

5.2 Free Basic Services

5.2.1 Electricity

Indigent debtors will receive 50kwh of electricity free on a monthly basis.

5.2.2 Water

Indigent debtors will receive 6kl of water free of charge on a monthly basis.

5.2.3 Refuse

Indigent debtors will receive a rebate of the amount charged on a stand of average 500m² as described by budget on a monthly basis.

5.2.4 Sewerage

Indigent debtors will receive a rebate of the amount charged on a stand of average 500m² as described by budget on a monthly basis.

5.3 Service delivery benefits

The Municipality will take reasonable precaution within its means to ensure the minimization of loss or wastage of services at indigent households by installing prepaid electricity meters and flow restrictors on water meters at the premises of indigents. This will ensure the limitation of the consumption of services to increase the affordability of month levies for that portion of services which are not discounted or exempted.

The service delivery department will annually determine the required focus areas and budget for the management of service wastage or loss at indigent households.

5.4 Arrears of indigent debtors

Upon a debtor requesting to be registered as an indigent, the Chief Financial Officer or his delegate will request the applicant to complete a screening form. The Chief Financial Officer or his delegate will evaluate the form for completeness to see whether the application can be considered for registration. After registration the debtor will be included in the indigent register.

In the event that further non-payment of the current monthly accounts continue it will lead to credit control measures being taken to minimize consumption of service and hence, the current monthly levies.

Those indigent households who cannot pay the current accounts will be restricted to only have access to the free basic services.

5.4.1 Orphans – younger than 21 years

Write off the arrears by the CFO if it is an insolvent estate.

Report must be submitted to Council and the arrears be written off.

5.4.2 Indigent who are working enters into contract repayment period 48 month.

5.5 Other benefits

The indigents are entitled to all other benefits in terms of any other approved policies of council.

6. **Affordability of services**

In an attempt to make services more affordable to the indigent household, the following additional measures will be implemented:

6.1 Electricity

Council will assist indigent people to change from conventional to pre-paid meters by providing the meter for free (meter connection, labour and equipment).

6.2 Water

Metered water should be reduced to 6kl's per month flow rate for poor households to address the affordability of their current monthly accounts.

The credit control measure will apply in instances whereby the indigent request Council not to install a restrictor in his/her household.

6.3 Finance

No credit control measures will be instituted against the indigent for as long as the discounted monthly levies are paid in full.

7. Exiting the programme

7.1 Upon the expiry of the 12 months period as contained in 4.5 above the debtor may apply to be de-registered. The application for de-registration will be administrated by the Finance department and will be restored whereby the full services at the property.

7.2 Employment

Debtor must apply to be de-registered.

7.3 Dishonest

Application will be de-registered and the account will be debited with rebates that were given.

8. Conclusion

The Municipal Manager in particular and the Chief Financial Officer must ensure that the operationalisation of this policy is done according to the prescripts. Any deviations due to unforeseen circumstances must be brought to the attention of the Municipal Council in a written form and recommended remedial solutions thereof.

9. Short title and commencement date

The title of this policy is indigent policy and the commencement date is on the 01 July 2010.