



Molemole Municipality

FBS AND INDIGENT SUPPORT POLICY

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**MOLEMOLE LOCAL MUNICIPALITY
FBS AND INDIGENT SUPPORT POLICY**

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MOLEMOLE LOCAL MUNICIPALITY DRAFT – INDIGENT POLICY

PART A: THE POLICY

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1. Purpose and Intention of the Policy

The purpose of this document is to outline the Indigent Support Policy of Molemole local Municipality, and to set out the administrative procedures for the Policy.

To enable the municipality to budget and make available funds to carry out the mandate set herein.

The key purpose is to ensure that households with no or lower income are not denied *access to basic services*, and that the municipality is not burdened with non- payment of services. Provided that grants are received and funds are available, the indigent support policy should remain intact.

The Policy represents one element of Molemole Local Municipality’s total “Free Basic Services” initiative.

2. Legislative Authority

In terms of section 27 of the South African Constitution Act, 1996(Act 108 of 1996), everyone has the right to have access to:

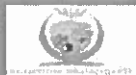
- a) Health care services
- b) Sufficient food and water; and
- c) Social security including, if they are unable to support themselves and their dependents, appropriate social assistance.

Section 97(1)(c) of the *Local Government Municipal System Act, 2000* states that a municipality must provide in its debt collection and credit control policy for indigent debtors in a manner that is consistent with its rates and tariff policies and any national policy on indigents.

Section 74.2(c) of the *Local Government Municipal System Act, 2000* states that a poor households must have access to at least one basic service through -

- Tariffs that cover only operating and maintenance cost

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- Special tariffs or life line tariffs for low levels of use or consumption of services; and
- Any other direct or indirect method of subsidization of tariffs for poor households.

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3. Definitions

In this policy:

“Free Basic Services” means a municipal service, subsidized by Molemole Local Municipality; that is necessary to ensure an acceptable and reasonable quality of life that if not provided, would endanger public health or safety of the environment. For the purposes of this policy: Free Basic Services” refers to the following services supplied by Molemole Local Municipality:

- Electricity
- Alternative energy
- Water
- Sanitation
- Refuse removal
- Free Cemetery Burial for Indigents

“Council” means the Council of Molemole Local Municipality.

“Indigent Households” refers to the household that, due to a number of socio-economic factors, are unable to afford the full monetary contribution towards the services provided by Molemole Local Municipality.

“Indigent Support” refers to the amount of money allocated on a monthly basis to qualifying households to assist them in paying for basic services.

“Indigent Support Application” means the application form, approved by the indigent households support committee, required from all applicants for Indigent Households Support, a sample of this Application form is attached to and forms part of this policy.

“Indigent Support Committee” means the Ward Committee as constituted by Council in terms of its ward committee system which will also serve as the supervisory and oversight body to the administrative section responsible for processing Indigent Household applications.

“Indigent register” refers to the system used to record all applications, whether approved or not, received requesting Indigent Household Support.

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“Municipal Account” means the monthly account or statement, sent out by Molemole Local Municipality to all consumers of municipal services.

“Relevant Section / Division” means the administrative office or section of Molemole Local Municipality that is charged with the responsibility of receiving and processing all applications made with respect to Indigent Support.

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Abbreviations

IDP	Intergrated Development Planning
FBS	Free Basic Services
FBE	
FBAE	Free Basic Alternative Energy
UIF	Unemployeb Insurance Fund
SARS	South African Revenue Services
KWH	killowatt
KI	Killo liter
Nersa	National Energy Regulator of South Africa

4. Qualifying Criteria

To qualify as an Indigent Household, the following requirements must be met:

- a) Only written applications forms for Indigent Households Support will be considered in the prescribed format laid down by the Council from time to time.
- b) The person/applicant applying on behalf of the household must be eighteen (18) years of age or older.
- c) Child headed households as defined and supported by the Department of Social Welfare shall also be considered for indigent support regardless of the age of the breadwinner.
- d) The person/applicant applying on behalf of household must either be the owner of the property residing at the property or the tenant residing at the property
- e) The person/applicant applying on behalf of the household must have an active municipal account.
- f) Only one application per household will be considered; a business, school, body associations; club or governing body shall not qualify for consideration.
- g) The Indigent Support will not apply to persons owning more than one property in the municipality.

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h) The total household income per month must be R 3 980.00, or less per month, subject to periodic adjustments by the council of Molemole Local Municipality.

5. Source of Funding

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5.1 The Council of Molemole Local Municipality will provide annually on the operational budget for the Indigent Support for electricity, alternative energy water, sanitation, refuse removal and cemetery burial.

5.2 Indigent support and FBAE will be financed from a portion of the Equitable Share contribution received from the National Government.

5.3 Existing indigent arrears on the services covered by Indigent support may be written off against the provision for bad debts as approved by council from time to time.

PART B: PROCEDURAL PROCESS

6. Application and Registration Procedure

6.1 An account holder must apply in person by completing an Indigent Support Application at a service centre designated in their respective area and not any other place; and the following documentary proof will be required to be submitted with the Application.

- Account holder's Certified Identity Document.
- Most recent Municipal account.
- Documentary proof of total monthly income of the household (e.g. UIF card, salary advice, letter from an employer, etc.) or declaration to the effect that total income generated by the household is not more than R 3 980.00 per month.
- An application form indicating the names and identity numbers of all occupants/ residents over the age of 18 years, who reside at the property.
- A statement of monthly income and expenditure.
- A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared.

6.2 The Indigent Support Application will be processed and information provided will be assessed and screened by a Department of Molemole Local Municipality as assigned by the Municipal Manager or a municipal agent appointed by the Municipal Manager from time to time.

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6.3 The Indigent Support Committee will consider all applications prepared in such a format to demonstrate the applicants and indigent status by the responsible department and recommend such applications for approval by the Municipal Manager. When uncertain about the merit of the application, the Committee may cause inspectors (e.g. social workers, the FBS and Indigent Officer, SARS) to visit the applicants at the indicated residential address, to verify the correctness of the information provided in the Indigent Application, and to record any changes in the circumstances, and make recommendations for approval or disapproval of the application to the Indigent Support Committee.

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6.4 The Indigent Support Committee will, on recommendations of the inspectors, recommend approval or disapproval of applications.

6.5 If an Application is favourably considered, a subsidy will only be granted for that municipal financial year for which the application relates to. The onus will rest on the approved account holder to apply for the relief on an annual basis.

6.6 Any re-application for Indigent support will not be approved if the consumer's account in respect of electricity, water and sanitation as well as refuse removal is higher than the Indigent Support approved by Council and not paid up.

6.7 Where a household becomes eligible for Indigent Support due to a deceased account holder, the person taking over responsibility for the household must open a new account with the municipality and apply for Indigent Support in the prescribed format. The deceased account will become inactive and must be closed in the appropriate manner determined by the municipality and in accordance with relevant legislation.

6.8 A household must immediately request de-registration if their circumstances have changed to the extent that the household no longer meets the requirements set out in this Policy.

7. Indigent Support Benefits

No amount shall be paid to any person or body, but shall be transferred as a credit towards the approved account holder's municipal services account in respect of the property concerned.

7.1. Assessment rates rebate

Indigent debtor will receive a monthly rebate on the stand of less than 500m² on average and a value as prescribed by the budget.

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7.2 Free Basic Services

Indigents will receive the following to cater for Free Basic Services:

7.2.1 Electricity

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

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7.2.2 Alternative Energy

Indigent debtors will be provided with Free Basic Alternative Energy where there is no electricity.

7.2.2 Water

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

7.2.3 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.

7.2.4 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.

7.2.5 Burials

Indigent debtors will receive free access to the cemetery for family burials.

7.3 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 restrictors or similar devices when necessary. This will ensure the limitation of the consumption of services and secure the affordability of monthly levies for that portion of services which are not discounted or exempted.

7.4 Principle of Payment for Services

The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidization. It is however important to note that the subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy received. Special consideration of financial relief will be given to child-headed households where such households are in need of additional support in terms of basic services.

7.5 Other benefits

Indigent households are entitled to all other benefits in terms of any of other approved policies of Council.

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8. Affordability of Services

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

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

8.2 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.

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

9. Termination of Indigent Support

- 9.1 Upon the death of the account holder.
- 9.2 Debtor must de-register once employment has been found.
- 9.3 If it is discovered later after approval that the person/ applicant applying on behalf of the household has supplied false information; this will also result in the household's municipal account being debited with all monies previously credited.
- 9.4 Upon the sale of property.
- 9.5 If the account holder fails to pay for the account of his/her consumption or use of municipal service in excess of the indigent support or fails to honour any arrangement made by him/her for payment of arrears.

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10. Responsibilities of the Indigent Support Committee

10.1 The Chief Financial Officer, Senior Manager Community, FBS and Indigent Officer, Chairperson of Finance Portfolio Committee, Chairperson of Community Services Portfolio Committee, Ward Councillors(affected) and Ward Committees as established by Council's ward committee system shall be the Indigent Support Committee of Council within the ward.

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- 10.2 The responsibilities of the Committees shall include, but not be limited to:
- o The design and periodic review of Indigent Support Application
 - o The periodic publishing of the indigent policy, inviting applications from household that may qualify as indigents
 - o The periodic review of the amount of Indigent support
 - o Making recommendations to the Municipal Manager regarding the approval or disapproval of applications received.
 - o Making recommendation to Council from time to time regarding amendments to this policy.
 - o Any other duties as assigned by the Municipal Manager

The committee shall sit periodically when new applications have been received and processed.

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11. The 2015/2016 Debtors Analysis, Data Cleansing and Indigent Verification Programme

11.1. The Municipality after facing difficulties collecting revenue from rate payers, decided to have a programme to address the following:

- o Analysing Property information-Municipal Valuation roll and the system
- o Data cleansing
- o Electricity meter verification
- o Credit Control and Debt collection Strategies report
- o Indigent Verification

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11.2. The report found many households in the RDP Section of the town namely Mogwadi falling under the indigent threshold.

12. Free Basic Electricity – ESKOM

12.1. ESKOM, with its agreement with National Government, provides electricity to rural indigents as envisaged in the Constitution.

12.2. The FBE is provided at a tariff approved by Nersa

12.3. An agreement is therefore entered between ESKOM and Molemole Municipality annually.

13. Free Basic Alternative Energy

Molemole Municipality will provide FBAE to all households without electricity while waiting for electrification.

14. Conclusion

The Indigent support policy is only one element of Molemole Local Municipality’s initiative for Free Basic Services.

The indigent support should be seen as a revenue protection mechanism for Molemole Local Municipality. The municipality and its officials must apply the policy fairly and consistently. For consistency to prevail; uniform standards and practices are being established in this Policy and must be adhered to.

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

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LIST OF STAKEHOLDERS

The following stakeholders contributed to the drafting and review of the Policy

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- The Mayor
- The Speaker
- The Chiefwhip
- Ward councillors
- Other councillors
- Ward Committees
- Municipal Manager and Section 57 Senior Managers
- Officials from Sector Departments
- Civic Associations
- Traditional Leaders through IDP Imbizos
- CDW's

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BUDGET RELATED POLICIES

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ITEM	DESCRIPTION
1	Budget Policy
2	Credit control and debt collection policy
3	Banking and investment policy
4	Property rates policy
5	Indigent policy
6	Virement policy
7	Fixed asset policy
8	Supply chain management policy
9	Tariff policy
10	Revenue enhancement strategy

The policy must be reviewed annually and be tabled to the municipal council for approval.

Signature:	
Initial & Surname:	PAYA M.E
Designation:	MAYOR
Council Resolution Number:	OC/7.2.1/27/05/22
Council Date:	27 May 2022

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