

DR. PIXLEY KA ISAKA SEME LOCAL MUNICIPALITY



INDIGENT POLICY

2025-2026

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1. Preamble

As a development institution, the municipality is committed in supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

The municipality must therefore at all times strive to fulfill the constitutional objectives as contemplated in Section 152 of the Constitution and to meet the criteria for a credible indigent Policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, provided by the Department of Cooperative Governance and Traditional Affairs.

The successful implementation of this Policy depends totally on affordability and the social analysis of the area as should be included in the municipality's integrated Development Planning, with regard to affordability the foundation is laid in section 74 of the Municipal System Act, 2000, which stipulates the poor households must have access to basic service through tariffs that cover only the operating and maintenance costs.

The municipality therefore adopts an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidization of service charges to indigent households in its area of jurisdiction, but to increase the quality of life of the beneficiaries by assisting them to exit from indigence.

This Policy is designated and implemented within the framework of the following legislation:

- a. The Constitution of the Republic of South Africa, 1996;
- b. The Municipal Systems Act, 2000 (Act 32 of 2000);
- c. The Municipal Finance management Act, 2003 (Act 56 of 2003);
- d. The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- e. The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- f. The Property Rates Act, 2004 (Act 6 of 2004).

2. Definitions

- (a) **"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;
- (b) **"Household"** means a registered owner or tenant with or without children who reside on the same premises;
- (c) **"Indigent"** means any household or category of households, including a child headed household, earning a combined gross income, 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;
- (d) **"Indigent Management System"** and electronic management system applied by other municipalities for the smooth and efficient management of the register of indigent municipalities for the smooth and efficient management of the register of indigent household;
- (e) **"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 inputted data contained within completed indigent application forms which contains the following:
- (i) Indigent customer details
 - (ii) Socio–Economic details
- (f) **"Municipality"** means the list of municipal categories, 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 virtue of power vested in the Municipal Council.
- (g) **"Occupier"** means the person who controls and resides on or control and otherwise uses immovable property.
- (h) **"Owner"** in relation to immovable property means:
- i. The person in whom is vested the legal title thereto provided that-
 - a. The lease of immovable property which is leased for a period of not less than fifty years, whether lease is registered or not, shall be deemed to be owner thereof, and
 - b. The occupier of immovable property occupied in terms of services or right analogous thereto shall be deemed the owner thereof;
 - ii. 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 the 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;
 - iii. 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; or
- (i) **"Premises"** includes any piece of land, the external surface boundaries of which are delineated on
- A general plan of 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)

- A general plan registered in terms of the Sectional titles Act, 1986 (Act No. 95 of 1986). And situated within the jurisdiction of the municipality;
- (j) **"Rates"** means any tax, duty or levy imposed on property by the Council;
- (k) **"SARS"** mean the South African Revenue Services
- (l) **"This Policy"** means the Indigent Policy
- (m) **"UIF"** means the Unemployment Insurance fund

3. Policy principles

In recognition of the above-mentioned National Framework the municipality undertakes to promote the following principles:

- a. To ensure that the equitable share received annually will be utilized for the benefit of the poor only and not to subsidize rates and services charges of those who can afford to pay;
- b. To link this policy with the Municipal Integrated Development Planning Local Economic Development initiatives and poverty alleviation programmes:

4. Policy objectives

In support of the above principles the objective of this policy will be to ensure the following;

- a. The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;
- b. The financial sustainability of free basic service through the determination of appropriate tariffs that contributes to such sustainability through cross subsidization;
- c. Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and the indigent exit strategy;
- d. To ensure co-operative governance with other spheres of government and,
- e. To enhance the institutional and financial capacity of the municipality to implement the policy.
- f. To strive to reach all the poor households, in line with the poverty percentage declared for Dr Pixley ka Isaka Seme by the Statistics South Africa from time to time.

5. Qualification criteria

For a household to qualify as an indigent, a household should comply with the following requirements:

- a. The applicant must be a resident of the municipality
- b. The applicant must be a *bonafide* South African citizen, with valid identification document
- c. If the applicant is not a South African citizen, they must have appropriate and recognized refugee status (**proof to be provided**).
- d. The total household income of all occupants or dependents in a household should not exceed ~~two (2) combined old age state pensions grant as approved by the Minister of Finance in the year preceding the application.~~— R 6000.00
- e. The applicant must be the owner ~~or occupant~~ who receives municipal services and / or is registered as an account holder on the municipal financial system or ESKOM where municipal billing services are not provided.
- f. Applicant must submit proof that they cannot afford to pay for municipal services and attach the necessary documentation, e.g. Affidavit, Unemployment Insurance Fund card, bank statement and proof of income.
- g. Child headed households (**proof in the form of ~~an affidavit or~~ a letter from the department of social development must be provided**).
- h. All households applying for Free Basic Electricity must have an electricity connection.
- i. The indigent relief applies to the household and not individuals.
- j. All pensioners provided they are owners of the property to qualify for the pensioners rebate
- k. **Deceased estate properties (proof in a form of a letter of authority)**
- l. **Applicants owning multiple properties are not legible to benefit in terms of the policy.**

6. Sourcing of funding

- i. The Council will have to provide funds annually on the budget for the subsidization of indigent households for rates, refuse removal and electricity.
- ii. The indigent subsidies will have to be financed from the equitable share contribution to the municipality obtained from National Treasury.
- iii. Existing indigent arrears on rates, tariffs and services charges will be written off against the provision for bad debts.

7. Application process

- 7.1 An indigent application must be done on a specific council application form with the following documentary proof.
- i. Applicant's identity document;
 - ii. Latest municipal or Eskom account and proof of ownership;
 - iii. Documentary proof of total monthly income of the household (e.g. UIF card, salary advice, or letter from an employer);
 - iv. A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared.
 - v. **If the application is for the deceaseds estate a letter of authority must be attached to the application.**

Table of supporting documentation required on the applications

Employed
Certified copy of proof of Identity
Certified copies of identity of all people staying in the household
Latest payslip/3 months bank statement
Affidavit relating to employment/confirmation of employment
Proof of receipts of grant
Unemployed/Pensioners
Certified copy of proof of Identity
Certified copies of identity of all people staying in the household
A sworn affidavit confirming that you are unemployed
Proof of receipts of grant
A sworn affidavit that you have no other sources of income
Deceased Estate
Letter of authority/executorship from the Master of high court
Certified death certificate of property owner
Certified copy of the applicant
Certified copies of identity of all people staying in the household
Certified copy of death certificate and affidavit relating to deceased
Certified copy of letter of authority

- 7.2 The application forms will be processed and information provided will be assessed and screened by the Free Basic Services section within the council.
- 7.3 Officers will provide the verification, so as to visit the applicants to verify the correctness of the information provided on the application form.
- 7.4 ~~The indigent must be approved or disapproved by the Chief Financial Officer or any delegated senior official~~ **in consultation with the Ward Councilor.** The

indigent must be approved or disapproved by the indigent committee appointed by the municipal manager.

- 7.5 Indigent household must re-apply for the indigent support every **24 (twenty-four)** months, though state pensioners and disabled beneficiaries need **not** to re-apply for the support.
- 7.6 The indigent register will be updated annually and the verification process is undertaken through the year for any change of circumstances.
- 7.7 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 policy.
- 7.8 All applicants will be informed **via sms or letter whatsapp message** about the outcome of their applications, and the validity of the assistance which also included the date of commencement and termination of the assistance.
- 7.9 Alternative water supply (water tanks) will be provided to areas where there is no infrastructure within the municipal jurisdiction.
- 7.10 The municipality may subject applications for external screening through of applicants recommended as suitable households for an Indigent grant, with UIF, SARS, Department of Social Development, Retail and Credit Bureau or any other relevant institution.
- 7.11 The external scan must immediately follow the process after the information from the site visitation has been captured. The information of the external scan must then also be captured in the Indigent Management System.

8. Extent of Indigent support

- 8.1 The Local Government Municipal Systems Act 32 of 2003 states that a municipality must ensure that all communities have access to at least minimal basic services, core objective of the free basic services programme is vested in section 152 of the South African Constitution which further states that "local government has to ensure the provision of services is provided in a sustainable and efficient manner, henceforth all the indigent customers within the municipal jurisdiction will benefit from the free basic services subsidy."
- 8.2 The funding of the free basic services programme comes from the National Treasury in a form of equitable share grant dispensed to municipalities and the National Department of Cooperative Government and Traditional Affairs is mandated to coordinate the free basic services programme, the National Department of Minerals and the National Department of Water Affairs serves as sector departments to municipalities.

8.2.1 **Water and Sanitation**

- a. Approved indigent registered household shall receive subsidized water to a maximum of 6kl per month, ~~including the basic charges for such supply.~~
- b. Where the consumption exceeds 6kl per month the municipality shall be entitled to restrict water supply to the property or to bill the excess consumption used at a normal rate.
- c. Where excessive consumption is partly due to leaking or poor plumbing, the municipality may install a yard connection to the outside of the dwelling and meter the consumption.

8.2.2 **Electricity and alternative energy**

- a. Approved indigent registered household shall receive electricity fully subsidized to a maximum of 50kWh per month, the free basic services subsidy is also applicable to registered indigent households in rural areas where Dr Pixley Ka Isaka Seme Local Municipality or Eskom is the supplier of electricity.
- b. All approved beneficiaries for the indigent support automatically qualify for Free Basic Electricity whether on 20Amps or 60Amps supply.
- c. The municipality will make provision for the implementation of free basic services and for the free basic alternative energy program.
- d. Where there is no supply of electricity the municipality will utilize the allocated grant in ensuring that those indigent households receive the free basic alternative energy.
- e. The municipality will make provisioning of the alternative for cooking and lighting, to all the identified households where there are no immediate plans to electrify, including areas where energy poverty is prevalent.
- f. The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for the particular financial year and the tariffs determined for each financial year, currently the municipality is providing the following basic services:
- g. ~~To reduce excessive consumption the municipality will install prepaid meters to all indigent customers.~~

8.2.3 Pensioners Rebates

Pensioners earning above ~~R6000.00 two-state-pension-grants~~ will only qualify for 50% rebate on property rates.

8.2.4 Indigent customers are subsidized with the indigent subsidy of an amount of R340.00 per month

- 8.3 If an indigent consumer's consumption or use of municipal services is less than the subsidized service or free basic services, the unused portion may not be accrued by the customers and will not entitle the customers cash or a rebate in respect of the unused portion.
- 8.4 If an indigent consumer's consumption or use of a municipal service is in excess of subsidized services of the free basic services threshold the customer will be obliged to pay for such excess consumption at the applicable tariff or fees.
- 8.5 Approved indigent household accounts will not be charged any interest.
- 8.6 Approved indigent household accounts will not be handed over for external debt collection.
- 8.7 The debt of indigent customers will be written off on approval of the indigent status.

9. Indigent Households in Retirement Centres and Old Age Homes

- 9.1 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 those units, who meet the criteria and conditions for qualification.
- 9.2 Indigent consumers living in retirement centres or old age homes are eligible to qualify for assistance and support in terms of this policy, subjected to the rules and procedures.
- 9.3 The onus will be on the unit owner to apply to the municipality for indigent status to be granted in respect of property rates related charges.
- 9.4 The representative will submit applications to the municipality.
- 9.5 The municipality will verify all the applications and the outcome will be communicated.

10. Communication Procedures

10.1 Communication procedures and Free Basic Services Implementation Strategy

- 10.1.1 Regular information dissemination and awareness campaigns will be undertaken and eliminate unrealistic expectations both in terms of

qualifying for the free basic services subsidy as well as the services that will be rendered.

10.1.2 The following communication mechanisms will be used to disseminate information.

- 10.1.2.1 Ward committees;
- 10.1.2.2 Traditional leaders, where applicable;
- 10.1.2.3 Community based organizations;
- 10.1.2.4 Local radio stations and newspapers;
- 10.1.2.5 Municipal accounts;
- 10.1.2.6 Izimbizo's and road shows;
- 10.1.2.7 SMS and MMS technology
- 10.1.2.8 Social media

11. Assessment and Screening of Applicants

- (a) Upon receipt of an application, all information will be captured and verified by the municipality in terms of the procedures vested on this policy and on the indigent guideline provided by National Department of Cooperative Government and Traditional Affairs.
- (b) Once the forms has been captured on the municipal indigent database and verification has been completed the Indigent Management System will generate a recommendation based on the information captured on the database and shall be dealt with in terms of this policy.
- (c) An applicant who is the registered household owner living within the municipal jurisdiction and therefore feels aggrieved by a decision taken in respect of his/her application may lodge an appeal in terms of section 62 of the Municipal Systems Act 32 of 2000.
- (d) The received applications will be reviewed by an indigent review committee.

12. Free Basic Services Process Management

12.1 Validity period

- (a) The validity period of assistance will be for the duration that the applicant remains an indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any changes in status.
- (b) All the pensioners and disabled household indigent status maintained until they are deceased, hence no re-registration is required on annual basis.
- (c) All other indigent households must re-apply should their economic and living status remain unchanged on an annual basis.

12.2 Death of the registered applicant

In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met, as per the municipal indigent policy.

12.3 Publication of register of indigent households

The indigent register after approval will be distributed to all the municipal regional centres for public perusal.

12.4 Usage of allocations

Where an indigent household exceeds the consumption level approved by the municipality, the supply may be restricted.

12.5 Termination of indigent support

Indigent support will be terminated under the following circumstances:

- (a) Upon death of the approved indigent person or beneficiary
- (b) Automatically terminates at the end of the 12 months cycle, except in the case of pensioners and disabled indigent beneficiaries.
- (c) Upon sale of the property.
- (d) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.
- (e) If the applicant falsify information about his/her personal circumstances regarding indigent status, in which case the following will apply:
 - i. All arrears will become payable immediately
 - ii. Stringent credit control measures will apply; and
 - iii. The applicant will not be eligible to apply for indigent support.

13. Audit and Review

The Office of the Municipal Manager will designate officials who will establish an Indigent Policy Implementation, Management and Evaluation Committee (IPIMEC) comprising of four (4) officials within Revenue Management, which shall meet and report on a quarterly basis to Council on matters relating to the indigent applicants and approval but not limited to the following:

- (a) Conduct ongoing monitoring of the execution of the policy so as to determine effectiveness and efficiency.
- (b) The Committee will conduct regular audits of the indigent register with regard to 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 the applicant.

- (c) The committee will consider and review all inputs from stakeholders for the annual review of the indigent policy.
- (d) Manage all appeals in relation to declined indigent application.

14. Exit Program

- (a) Members of households registered as indigent will be prepared to participate in exit programmes coordinated by the municipality in collaboration with other government departments, stakeholders involved, sector departments and the private sector.
- (b) As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its Local Economic Development initiatives and in the implementation of integrated development programmes where possible.
 - (i) Identifying indigents for inclusion in the extended public works programme;
 - (ii) Initiating local job creation projects such as cleansing;
 - (iii) Facilitation of opportunities to enter the informal trade market;
 - (iv) Facilitation of food security projects; and
 - (v) Liaison with National and Provincial departments to include indigent customers in their extended public works programme.

15. Monitoring and Reporting

The Indigent Management Programme will be monitored on a monthly basis by incorporating the performance on the budget performance report submitted to the 2003 reporting.

16. Implementation of the Policy

The Indigent Policy of Dr Pixley Ka Isaka Seme Local Municipality shall come into effect on **1 July 2025**.

**M A NGCOBO
MUNICIPAL MANAGER**

DATE