

MAGARENG LOCAL MUNICIPALITY



Magareng local municipality

INDIGENT SUPPORT POLICY

**MUNICIPAL INDIGENT SUPPORT POLICY
LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003**

For adoption with the tabled Budget: 2025/26 MTREF

Date:

Council Resolution:

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1. DEFINITIONS

The following words and expressions shall have the meanings respectively assigned to them hereunder, unless such meanings are unacceptable to or inconsistent with the context in which they occur:-

- a) **"Indigent"** means an indigent household whose total household income is as determined by Council annually during the budget process.
- b) **"Indigent support policy"** means the policy for the provision of indigent support subsidies to qualifying indigent debtors in terms of the Council's policy relating to the following:
 - i. as determined by Council annually during the budget process, in line with National norms and guidelines;
 - ii. Free basic electricity
 - iii. Free basic water
 - iv. Subsidised sewerage, rates and refuse
 - v. Assisted arrear debt recovery programme as determined by Council annually during the budget process, in line with National norm and guidelines;
- c) **"Indigent debtor"** means the head of an indigent household, inclusive of destitute indigents and indigents, being old age pensioners, the unemployed and households with a total monthly income as determined in this policy:
 - i. who applies for the provision of services from the municipality;
 - ii. who makes application for indigent support in terms of this Policy;
 - iii. who shall be regarded as the representative of all members of his/her household; and
 - iv. which indigent household members shall not own any other fixed property other than the property for which the application is made
- d) **"Indigent Households"** shall include all individuals residing at the residential premises of the indigent debtor, inclusive of destitute indigents and indigents, by whom and for which application is made, which premises has access to municipal services; also include households in informal/traditional areas without access to municipal services due to infrastructure etc.

- e) "**Child-Headed Households**" is deemed to be minor(younger than 18 years of age) dependents of registered owner or tenant of property where due to death of parent(s) or legal guardian who is also registered owner or tenant, minor child is responsible for management of households.
- f) "**Municipality**" means the Municipality of Magareng, a local municipality established in terms of Section 12 of the Local Government: Municipal Structures Act, No 117 of 1998, and includes any political structure, political office bearer, councillors, 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, councillors, agent or employee;
- g) "**Council**" means the Council of the Municipality of Magareng and includes any duly authorized political structure or office bearer as defined in the Local Government: Municipal Finance Management Act 56 of 2003 and/or any duly authorized official of the Council;
- h) "**Gender**" is the range of characteristics pertaining to and differentiating between and from masculinity and femininity. Any reference to the one gender shall include reference to the other.
- i) "**Household Income**" means all sources of income being formal and/ or informal of nature including, but not restricted to, salaries, revenue generated, pensions, fixed deposits, investments, state subsidies and or Magareng, private financial support/contributions from outside the indigent household;(must be same as Creditor Control & Debt Collection Policy)
- j) "**Municipal Manager**" means the Municipal Manager of the Magareng Municipality or his/her nominee acting in terms of power delegated to him/her by the said Municipal Manager with the concurrence of the Council;
- k) "**Poverty**" is defined with reference to poverty line i.e. if a household earns gross income lower than a set amount that household and its members are deemed to be living in poverty.

l) **"Consumer"** a person who purchases goods and services for personal use.

m) **"Senior Citizen"** means an older person, over the age of 60.

2. PREAMBLE

- "Section 74 of the Local Government: Municipal Systems Act 2000 (Act No 32 of 2000), requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidisation of tariffs for poor households.
- **WHEREAS** Council needs to have an approved Indigent Support Policy.
- **WHEREAS** such policy must provide procedures and guidelines for the subsidisation of basic services and tariff charges to its indigent households.
- **WHEREAS** the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life which takes into account health and environmental considerations.
- **THEREFORE** the Council of the Magareng Local Municipality has adopted the **Indigent Support Policy** set out hereunder: -

3. OBJECTIVE

- a) Due to the high level of unemployment and consequent poverty in the municipality, there are households which are unable to pay the normal tariffs for municipal services. The municipality accordingly adopts this Indigent Management Policy to ensure that these households have access to at least basic municipal services and is guided in the formulation of this policy by the national government's policy in this regard.
- b) The Council recognises its Constitutional obligation to give priority to the basic needs of the community, to promote the social and economic development of the community and to ensure that all residents and

communities in the municipality have access at least to a basic level of municipal services.

- c) The Constitution entitles the municipality to an equitable share of nationally raised revenue, which will enable it to provide basic levels of essential services to the community and the Council commits its equitable share to the provision of basic services.

4. PURPOSE

The purpose is to provide:

- a) A framework for the provision of basic services to indigent households' communities in a sustainable manner within the financial and administrative capacity of Magareng Municipality.
- b) Fair criteria and a consistent, transparent and reasonable threshold for qualification of indigent households and appropriate subsidies, consistent with the municipality's Tariff Policy.
- c) Procedures and guidelines for the subsidisation of basic services to poor people using the municipality's budgetary allocation, supported by the equitable share.

5. PRINCIPLES OF THE POLICY

- a) Section 74 (2) (c) of the Municipal Systems Act, Act 32 of 2000 stipulates inter alia the following: -
"poor households must have access to at least basic services through:
 - (i) tariffs that cover only operating and maintenance costs;*
 - (ii) special tariffs or lifeline tariffs for low levels of use or consumption of services for basic levels of service; or*
 - (iii) any other direct or indirect method of subsidisation of tariffs for poor households;"*
- b) **The following are the guiding principles for the formulation of an Indigent Support Policy:**

- (i) the Indigent Support Policy must be formulated in accordance with the Constitution of the Republic of South Africa, 1996, (Act No 108 of 1996 and other applicable legislation, amongst others, the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000) which provides that everybody has a right to administrative justice that is lawful, reasonable and procedurally fair.
- (ii) relief must be provided by the Magareng Municipality to registered residential consumers of services who are indigent.
- (iii) Council must, wherever possible, ensure that any relief is in accordance with the Constitution and is cost effective, sustainable, practical, fair, equitable and justifiable.
- (iv) the subsidising of minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.
- (v) differentiation must be made between those households who cannot afford to pay for basic services and those who do not want to pay for these services.
- (vi) other municipal services in addition to free basic services should, where possible, be affordable and beneficial to the indigents.
- (vii) the relief should be valid for a maximum period of 12 months.
- (viii) the Council may review and amend the qualification criteria for indigent support.

- (ix) the joint gross income, excluding child support grant, of all the household occupants will be taken into account in determining the validity of indigent support application.
- (x) the indigent data-base shall be updated on an annual basis.
- (xi) misuse of any support or grant or supply of invalid information will lead to punitive action by Magareng Municipality against indigent support beneficiaries.
- (xii) Magareng Municipality reserve the right to verify new applications and existing approved indigents against any relevant external data source.
- (xiii) the Council must/may use external services and/or references to verify the information provided by the applicants.

6. POLICY OBJECTIVES

The objectives of the policy is to ensure that:

- a) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation;
- b) Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and the indigent exit strategy;
- c) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households; To ensure co-operative governance with other spheres of government; and

- d) To enhance the institutional and financial capacity of the municipality to implement the policy.

7. SCOPE OF POLICY APPLICATION

- e) The Indigent Support Policy shall be applicable within the areas of jurisdiction of Magareng Local Municipality.
- f) The Indigent Support Programme must be accessible to all qualifying indigent persons.

8. LEGISLATIVE FRAMEWORK AND GUIDELINES

- Constitution of the Republic of South Africa, Act No 108 of 1996.
- Local Government Municipal Systems Act, Act No 32 of 2000.

Guidelines

- ✓ Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
- ✓ Free Basic Strategy and guidelines prepared by the Department of Water Affairs and Forestry.
- ✓ Electricity Basic Support Tariff (free basic electricity) Policy prepared by the Department of Minerals and Energy.

9. WHO QUALIFIES FOR INDIGENT SUPPORT

Indigent relief will be granted to an approved household where the –

- a) Combined household income of all occupants/ residents and/or dependants residing on the property and are over the age of 18 years of age, is less than state old aged pension per person.
- b) The BTO Council Committee will however consider merit cases on an individual basis for approval. The subsidy paid will only be applicable

in respect of sewerage, water, electricity and refuse charges with the provision that the subsidy cannot be guaranteed up front as it will be funded with a grant from the National Government to the Municipality. Therefore, should no grant or a reduced grant be received from the National Government, then no or fewer consumers will receive a subsidy in part or in whole in respect of certain services.

- c) If an applicant however falls under the following category his/her application must first be approved by the Executive Committee:
- Consumers that became unemployed during the 3 months before his/her application.
 - Consumers that had received lump sums from their past employer or pension funds.
 - Consumers that has more than one property and that rents out the other properties.
 - Any other applications identified by the Council.
- d) Arrears on water, sewerage and refuse up to the date of registration of an indigent consumer will be written off as per Council Resolution and Management must report back to Council on a quarterly basis.
- e) For a household to qualify for subsidies or rebates on the major service charges (see section 11 below), the registered indigent must be the full-time occupant of the property concerned, and if not also the owner of the property concerned, may not own any other property, unless approved by the Executive Committee, whether in or out of the municipal area.

To apply for indigent subsidy the following must be met:

- i. In order for households to qualify for a subsidy from date of registration, applicants will have to complete and submit Indigent Application forms obtained to Magareng Local Municipality Budget & Treasury Office.
- ii. If an application is approved, the assistance will only be valid for the period of one (1) financial year with no guarantee of renewal. The onus will be on account holders to re-apply for relief within the last 2 months towards the end of the second year, failing which the assistance will cease immediately. Senior citizens however will remain on the indigent register unless their status changes and it is the responsibility of the ward councilor to inform the relevant official. Water and electricity meters will be converted to prepaid for all indigent households.
- iii. Documentary proof of income (e.g. a letter from an employer, salary advice, pension card/ slip/ bank statements of all members of household etc.) must be presented to qualify for a subsidy.
- iv. In addition, applicants will be required to submit a sworn affidavit from the Commissioner stating the unemployment status and to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.
- v. Council reserves the right to send officials or its agents to premises/households receiving relief for the purpose of conducting an on-site audit of the details supplied.
- vi. The account holder must apply in person and must present the following documents upon application:
 - The latest Municipal account in his/her possession

- The accountholder's identity document
- An application form indicating the names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.
- Documentary proof of income or sworn affidavit.

10. CHILD-HEADED HOUSEHOLD

a) Child-headed household means a household headed by a child as defined in section 28(3) of the Constitution, i.e. a household in which:

- i. the parents of the household has died,
- ii. a minor has assumed the role of care giver in respect of another minor in the household,
- iii. such minors reside permanently on the property, and
- iv. the situation pertaining to the household has been verified by a social worker.

b) Child-headed households will be treated as special cases subject to the following conditions:

- i. they occupy the property as his/her normal residence;
- ii. the account of the deceased parents is closed;
- iii. not be older than 18 years of age;
- iv. still be a scholar or jobless
- v. be in receipt of a total monthly household income from all sources not exceeding an amount equal to twice the amount of two state pensions;
- vi. The situation pertaining to the household must be verified in writing by a Registered Social Worker and Ward Councillor.

- vii. In the case where an executor of the estate is appointed and has jurisdiction over the minor children, the executor would be required to make provision for payment of the consolidated account. The consolidated account may continue in the name of the deceased parent/s until the estate is transferred to the heir or heirs of the estate.
- viii. the oldest child signs the user agreement assisted by appointed legal guardian;
- ix. property is not occupied by any member other than minor dependent children of deceased owner and or tenant;
- x. the status of the household is reviewed in terms of this policy at least on three monthly basis.

11. PROCESS

- (a) The indigent must first fill in a form and attached relevant documents
- (b) The form must be signed by the indigent applicant.
- (c) Ward Councillor or assigned ward committee member must verify the facts as stated in the form
- (d) The councillors must sign and ratify the information as true reflection and correct
- (e) Forms must be submitted to the indigent officer to capture information electronically and be signed by both indigent and councillor before it can be captured into the spreadsheet for referencing and audit purposes to ensure credibility of the system.

12. EXCLUSIONS – REGISTERED HOUSEHOLDS

Indigent relief will NOT be granted where the applicant, household, occupants/ residents and/or dependants residing on the property, as the case may be, -

- a) receive significant benefits or regular monetary income that is above the indigent qualification threshold;
- b) where the applicant is not registered as consumer of services in the records of Council;
- c) where the applicant own/s more than one (1) property, registered individually or jointly;
- d) where the applicant rent/s or subleases his property or part thereof to any third party during the duration of the grant period; or
- e) applicant tampers or illegally connects or reconnects services prior to this application, until such time as the total costs, penalties, other fees, illegal consumption and any applicable tariffs and rates due to the Council have been paid in full.

13. APPLICATION OF THE POLICY

- a) The subsidies on the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.
- b) In respect of water, a 100% subsidy on the basic water charge (tariff) as well as a 100% subsidy up to 6 kl per household per month will apply; however, if consumption exceeds 6 kl per metering period (month) the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding 6 kl.
- c) In respect of electricity, a 100% subsidy on the basic electricity charger(tariff) for conventional meter users as well as a 100% subsidy up to 50 kWh per household per month will apply.
- d) In respect of sewerage charges and charges for household refuse removal of once a week, the relief granted shall not be less than a rebate of 100% on the monthly amount billed for the service concerned.

- e) In respect of property rates as per the municipal property rates policy.

14. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- a) When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigency relief, such person will forfeit his or her status as a registered indigent with immediate effect, and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.
- b) The onus is on each registered indigent to advise the municipal manager of such failure to comply.
- c) It may happen that even with the introduction of the indigent support policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder 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. If these arrangements are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.
- d) The relief to indigents may be withdrawn at the discretion of the municipal manager if:
- a registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
 - any tampering with the installations of the municipality is detected.

- e) 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 indigents and shall be liable to repay to the municipality with immediate effect all indigence relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigence relief for a period extending for 5 (five) years beyond the financial year in which the offence is detected.

15. REPORTING REQUIREMENTS

- a) The municipal manager shall report on a monthly basis to the BTO Council Committee for the month concerned and by municipal ward:
- the number of households registered as indigents and a brief explanation of any movements in such numbers;
 - the monetary value of the actual subsidies and rebates granted;
 - the budgeted value of the subsidies and rebates concerned; and the above information cumulatively for the financial year to date.
- b) The BTO Council Committee shall submit the above reports on a quarterly basis to the council and to the municipality's ward committees, or monthly frequently to any ward committees if so requested.

16. TERMINATION OF INDIGENT SUPPORT

Indigent Support will be terminated under the following circumstances:

- a) Upon death of the account-holder or the head of the household where no accounts are rendered

- b) At the end of the (12) twelve months cycle, except in the case of pensioners and disabled.
- c) Upon sale of the property in respect of which support is granted.
- d) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded
- e) If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply;
 - All arrears will become payable immediately;
 - Stringent credit control measures will apply; and
 - The applicant will not be eligible to apply for indigent support for a period of 2 years;
- f) Upon death of the indigent, If the indigent had dependents the dependents will need to re-apply for the support as subsidies are not transferable
- g) When the indigent's circumstances change or the indigent criteria for approval changes to the extent that approval no longer applies.
- h) If the indigent fails to pay the account of his/her consumption or use of a municipal service in excess of the subsidized service or fails to honour any arrangements made by him/her for payment for outstanding accounts

17. RIGHT TO APPEAL

- a) 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.

18. RESPONSIBILITY FOR MANAGING INDIGENT REGISTER.

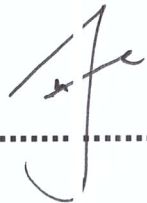
- a) Indigent register will be managed in the Budget and Treasury Office and indigent support policy will be applied in line with credit control and debt collection policy.
- b) All clarity seeking question of the policy can be directed to Chief Financial Officer and Manager: Revenue of the municipality.
- c) Indigent register with the names of indigent beneficiaries will be available for viewing from the Revenue Unit of the municipality for public perusal and comment.

19. REVIEW OF THE POLICY

- The indigent support policy shall be reviewed annually.

20. LIST OF STAKEHOLDERS

- The following stakeholders were present during the draft and review of the indigent support policy:
 - Mayor, Speaker and Councilors
 - Municipal Manager
 - Community members
 - Municipal Officials

DATE OF ADOPTION: 29 May 2025**DATE OF IMPLEMENTATION:** 1 July 2025**SIGNATURE OF ACTING MUNICIPAL MANAGER:** **DATE:** 29 May 2025