



**MALUTI-A-PHOFUNG LOCAL
MUNICIPALITY**

**Draft Indigent Management Policy
2025/2026**

Issued in terms of Section 17(3)(e) and 24(1)(v) of the MFMA No. 56 of 2003.

The policy will take effect from 01 July 2025

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1 DEFINITIONS

Accounting Officer	Means the Accounting Officer appointed in terms of section 82 of the Local Government: Municipal Structures Act, No 117 of 1998, and being the head of administration and Accounting Officer in terms of section 55 of the Local Government: Municipal Systems Act 2000, No 32 of 2000.
Approved Registration Point	Corner Moremoholo & Motlounq Streets, Setsing Complex, Phuthaditjhaba or as advertised by the Council from time to time.
Basic Municipal Services	Municipal services that are necessary to ensure an acceptable and reasonable quality of life and, if not provided, could endanger public health or safety of the environment. For Maluti-A-Phofung (MAP) Local Municipality this shall include inter alia electricity, water, refuse removal and sewerage services.
Child-headed household	Means a household recognized as such in terms of section 137 of the Children’s Amendment Act, 41 of 2007
Directorate	Means the Directorate: Community Services of MAP Local Municipality that has been tasked with managing Indigent Support.
Free Basic Services	The quantity of services that shall be supplied free of charge to an indigent household, amounting of 6 kl of water per month, 50 kWh free electricity per month when less than 150 kW/h is utilized per month, subsidized sanitation services, refuse removal services and rates to the total value as approved tariff.
Household	A registered owner or tenant with children who live in the same premises with parents
Indigent	Any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less R4 500 (Four thousand five hundred rand) who qualify, according to the policy, for rebates/remissions or a services subsidy. Examples hereof include pensioners, the unemployed and child-headed families who are unable to fully meet their obligations for municipal services consumed and property taxes on their monthly accounts. Any other Government grants received by such households will not be considered as

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	additional income.
Indigent Management System	An electronic management system used by MAP Local Municipality for the management of the Indigent Registration and maintenance of the Indigent register.
municipality	means the municipality of Maluti-a-Phofung, 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-policy by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee;
Occupier	means the person who controls and resides on or controls and otherwise uses immovable property, provided that - (a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof; (b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;
Owner	in relation to immovable property, means - (a) the person in whom is vested the legal title thereto provided that - i. the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and ii. the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof; (b) 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 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

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	<p>manager, as the case may be;</p> <p>(c) 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</p> <p>(d) if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;</p>
Poverty	<p>Poverty is defined within the context of a poverty line. Poverty lines vary according to the size and composition of individual households. The poverty line of two adults and three children is approximately R840. For purposes of MAP Local Municipality, poverty is defined within the context of an Indigent household.</p>
Programme Officer	<p>An official duly authorised by MAP Local Municipality, or an employee of a service provider appointed by the Municipality, who is responsible to ensure that an assessment, screening and site visits are undertaken and for recommending applicants for approval to receive indigent support.</p>
Rates	<p>means any tax, duty or levy imposed on property by the Council;</p>
Tenant	<p>Registered occupant of a property owned by the Municipality, or an individual/family sharing the same property with the legal owner, who may or may not be related to the owner, and who has the responsibility to pay for their own Municipal Services.</p>
Verification Officer	<p>An official duly authorised by the Municipality, or an employee of a Service Provider appointed by the Municipality, to assist with the management of Indigents, to visit households and verify the applicant's application and to recommend that the applicants is either a suitable or not a suitable candidate for approval to receive indigent support.</p>

2 PREAMBLE

WHEREAS 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 subsidization 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 subsidization 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.

NOW THEREFORE the Council of the Maluti-A-Phofung Local Municipality has adopted the Indigent Support Policy set out hereunder: -

3 LEGISLATIVE FRAMEWORK

The policy is based on the following legislation and guidelines:

- South African Constitution Act, Act no. 108 of 1996 (Section 27)
- Municipal Systems Act, Act 32 of 2000.
- Guidelines
 - National framework for Municipal Indigent Policies (Department of Co-operative Governance and Traditional Affairs)

This Policy shall be applicable to the services provided or delivered by the Municipality and shall also be applied by an agent, contractor or other form of municipal service provider acting on behalf of the Municipality in terms of an agreement.

4 POLICY BACKGROUND

The Indigent Support Policy is a legal imperative, a tool designed to ensure that persons and households classified as indigent have access to basic services as defined in the Constitution of the Republic of South Africa, Act No 108 of 1996. The policy is a result of continuous prevalence of indigence and poverty within communities. This policy therefore is a tool of intervention to alleviate the plight and to encourage indigent households to live within affordable consumption levels. The Indigent Support Policy is aimed at ensuring that the State fulfil its constitutional obligation contained in the Bill of Rights. This policy must be read in conjunction with the Credit Control Policy and applicable legislative frameworks.

5 POLICY PRINCIPLES

- 5.1 The Constitution recognizes Local Government as a distinct sphere of Government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform their basic function of providing essential services to the community within their boundaries.
- 5.2 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 life line tariffs for low levels of use or consumption of services for basic levels of service; or*
 - iii) any other direct or indirect method of subsidization of tariffs for poor households;”*
- 5.3 The following are the guiding principles for the formulation of an Indigent Support Policy:
- 5.3.1 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.
- 5.3.2 relief must be provided by the MAP Municipality to registered residential consumers of services who are indigent.

- 5.3.3 Council must, wherever possible, ensure that any relief is in accordance with the Constitution and is cost effective, sustainable, practical, fair, equitable and justifiable.
- 5.3.4 The subsidizing of minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.
- 5.3.5 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.
- 5.3.6 Other municipal services in addition to free basic services should, where possible, be affordable and beneficial to the indigents.
- 5.3.7 The relief shall be valid for a maximum period of 36 12 months, where after the recipients of the support would have to reapply for indigent support.
- 5.3.8 the Council may review and amend the qualification criteria for indigent support
- 5.3.9 the joint gross income of all the household occupants will be taken into account in determining the validity of indigent support application
- 5.3.10 misuse of any support or grant or supply of invalid information will lead to punitive action by MAP Municipality against indigent support beneficiaries
- 5.3.11 the MAP Municipality reserve the right to verify new applications and existing approved indigents against any relevant external data source
- 5.3.12 the Council must/may use external services and/or references to verify the information provided by the applicants

6 POLICY OBJECTIVES

- 6.1 The objectives of the Indigent Support Policy is to:
 - 6.1.1 Determine the nature and extent of provision of free basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council.
 - 6.1.2 Provide procedures and guidelines for the subsidization of basic service charges to its indigent households, using the Council's budgetary provisions received from Central Government, according to prescribed policy guidelines.
 - 6.1.3 Council also recognises that many residents can simply not afford the cost of full provision and for this reason the Council will endeavour to ensure affordability through:

- i) Setting tariffs in terms of the Councils Tariff Policy, which will balance the economic viability of continued service delivery.
- ii) Determining appropriate service levels.

6.1.4 The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.

6.1.5 Basic services are generally regarded as to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.

7 SCOPE OF APPLICATION

7.1 The Indigent Support Policy shall be applicable within the area of jurisdiction of the MAP Municipality.

7.2 The Indigent Support Programme must be accessible to all qualifying indigent persons.

8 TARGETING APPROACH

8.1 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 programmes of the MAP Municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the 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.

8.2 The Municipality may apply the following targeting methods:

Targeting approach	Application
Service levels	Service levels Lowest service levels normally in informal settlements and rural areas

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Property value	Applicable only to registered indigents in respect of subsidised or RDP housing to a value determined in addition to the R15 000 in terms of the Property Rates Act, 2004.
Household income	Threshold shall be determined in terms of socio-economic analysis equalling two state pension grants per Indigent household or an amount determined by the Council from time to time.
Geographical (Zonal) Targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

8.3 For the 2023/2024 financial year the Municipality will use household income as the targeting approach for the registration and verification of indigent customers.

9 QUALIFYING CRITERIA

9.1 Qualification criteria for indigent support shall be determined by the municipality from time to time, provided that until Maluti-a-Phofung Municipality determines otherwise, the following criteria shall apply:

9.1.1 The applicants must be a resident within Maluti-a-Phofung area

9.1.2 The applicants must be in possession of a valid South African identity document.

9.1.3 A tenant(provided the tenant does not pay any rent) can apply for the benefits in respect of the charges he/she is billed for and the landlord will still be liable for all ownership related charges such as rates

9.1.4 Households where verified total gross monthly income of all occupants over 18 years of age does not exceed ~~R4 500 00~~ R4 700 or such other amount as the council may from time to time determine.

9.1.5 The approved applicant qualifies for 100% subsidy on property rates and service charges for sewerage and refuses removal, and will receive 6kl of water per month and 50kWh of electricity per month free of charge.

9.1.6 Only households where the accountholder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose

registration has been accepted and entered into the register of Indigents shall qualify for the above concessions.

- 9.1.7 For a household to qualify for subsidies or rebates on the major service charges, the registered indigent must be the full-time occupant of the property concerned,
- 9.1.8 Indigent relief shall apply for a period not extending beyond the financial year in which the circular household is registered as indigent. Registration must be renewed in each registration programme if relief is to continue, except for senior citizens and the disabled
- 9.1.9 To register as an Indigent, the relevant property owner or account holder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies.
- 9.2 The municipal manager will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.
- 9.3 Registration will take place on dates and at times and places determined by the council, but shall generally be undertaken during January and / or February of each cycle.
- 9.4 Arrears accumulated in respect of the municipal accounts of customers prior to registration as indigent customers shall be considered for write off as approved by council.
- 9.5 Registered indigents will not be allowed to sell property for a period of five years after write off has been done and if that happens within five years all amount written off will be reversed and payable immediately.
- 9.6 Estate property transfers(write-off s)

10 APPLICATION PROCESS

- 10.1 A person applying for indigent support must complete a formal indigent support application form approved by the municipality
- 10.2 Such form will be available at approved registration points provided by the Ward Councilor
- 10.3 Applications for registration for indigent support should be approved by the Ward Councilor prior to the completion of the registration process
- 10.4 In an effort to assist the needy population of Maluti-a-Phofung Municipality in the payment of municipal services, the municipality has agreed to a subsidy scheme whereby households

earning less than ~~R4 500.00~~ R4 700 per month would have certain services fully or partially subsidized

- 10.5 The applicant must consent to the installation of any form of pre-paid meters as a system to limit the consumption of services and to abate the accumulation of debt
- 10.6 Applicants must provide the following information:
- 10.6.1 Copy of the identity document
 - 10.6.2 Proof of residence for rural areas
 - 10.6.3 Municipal Account for Urban areas
 - 10.6.4 3 Months Bank Statement
 - 10.6.5 Proof that the applicant is a pensioner (if applicable)
 - 10.6.6 Proof of income of ~~R 4 500.00~~ R4 700- or less or Affidavit that the applicant is unemployed
 - 10.6.7 Proof that the application is for a child headed household
 - i) Death certificate of parents
 - ii) Municipal account
 - iii) Letter of authority /appointment letter

11 PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

- 11.1 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 indigent relief received from the date of such fraudulent registration.
- 11.2 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.

12 EXIT MECHANISMS (A)

- 12.1 Members of households registered as indigent must be prepared to participate in exit programmes co-ordinated by the Municipality in collaboration with other government departments and the private sector
- 12.2 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 (LED) initiatives and in the implementation of integrated development programmes where possible.
- 12.3 The Municipality must promote exit from indigence by: -
- 12.3.1 identifying indigents for inclusion in public works projects;
 - 12.3.2 initiating local job creation projects such as cleansing operations, small infrastructure projects, etc;
 - 12.3.3 facilitation of opportunities to enter the informal trade market;
 - 12.3.4 facilitation of food security projects; and
 - 12.3.5 Liaison with National and Provincial departments to include indigent persons in their public works programmes.

EXIT MECHANISM (B)

Exiting of the Indigent Support programme as a result of a resident no longer qualifying for indigent support, must be approved by the Ward Councillor prior to completion of the exit process.

13 MONITORING AND EVALUATION

- 13.1 In order to apply this policy in a sound manner, the municipality shall identify, through the billing system, units consumed and above the free basic level and ensure these are billed and that payments are made in compliance with credit control policy and debt collection policy.
- 13.2 The Chief Financial Officer shall report on a monthly basis to the Municipal Manager or executive committee, as the case may be, for the month concerned and by municipal ward:
- 13.2.1 The number of households registered as Indigents and a brief explanation of any movements in such numbers;
 - 13.2.2 The monetary value of the actual subsidies and rebates granted.

13.2.3 The budgeted value of the subsidies and rebates concerned, and the above information cumulatively for the financial year to date.

13.3 A quarterly consolidated report must be submitted, per ward to Council showing:

13.3.1 Applications received

13.3.2 Applications approved

13.3.3 Applications declined

13.3.4 Indigent defaulters;

13.3.5 The monetary value of the actual subsidies and rebates granted;

13.3.6 The budgeted value of the subsidies and rebates concerned;

13.3.7 Site visits undertaken; and records and monitoring of child headed families per ward;

13.3.8 Awareness and Exit initiatives;

13.3.9 Changes in the registered status of indigents; and

13.3.10 The above information cumulatively for the financial year to date.

The Executive Mayor shall submit the above reports on a quarterly basis to Council.

14 VERIFICATION OF THE INDIGENT REGISTER

14.1 Half yearly verification of indigents, based on a random sample of 30% of the registered indigents, shall be performed to ensure accuracy of the indigent database.

15 COMMUNICATION PROCESSES

15.1 Communication Strategy

15.1.1 The municipality must develop and embark on an extensive community communications programme aimed at informing communities of the contents of this policy, implementation and their duty to pay services charges where free basic services are exceeded

15.1.2 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:

- i) traditional leaders, where applicable;
- ii) community based organisations;

- iii) local radio stations and newspapers;
- iv) municipal website
- v) municipal accounts;
- vi) imbizo's and road shows

15.2 Indigent Assistant Committees within Ward Committees

15.2.1 Indigent Assistance Committees per ward must be nominated annually from existing Ward Committee Members and submitted to the Council for approval for appointment via the Indigent Clerk. A Ward Indigent Assistance Committee consists of three nominated members from the ward and the Ward Councilor, acting in a monitoring role only.

15.2.2 Indigent Assistance Committees must meet regularly, but at least once per month.

15.2.3 The Indigent Assistance Committee must consider each recommended application; assess it in terms of the application and any other knowledge or information which members may have in respect of the applicant.

15.2.4 Recommendations are made by the Indigent Assistance Committee, after which these are approved by the Ward Councilor and submitted to the Indigent Clerk for registration

15.2.5 In the case of an application not being recommended by the Indigent Assistance Committee the applicant must be notified in writing of the decision.

15.2.6 Indigent Assistance Committees must monitor, in conjunction with ward councillors, ward committees and other persons or organisations it may appoint, the implementation of the indigent support programme subject to the policy directions of the Municipality and in consultation with the Municipal Manager.

16 CONTACT OF THE OFFICE RESPONSIBLE FOR THE INDIGENT POLICY

16.1 Any queries and/or complaints relating to any aspect of the application of this policy may be addressed in writing to the Office of the Municipal Manager.

16.2 The municipality will provide prompt responses to the complaints lodged in terms of this section

16.3 Contact number: 058 718 3764/6569

17 NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

- 17.1 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 Indigent 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.
- 17.2 The onus is on each registered Indigent to advise the municipal manager in writing of such failure to comply.
- 17.3 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.
- 17.4 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.
- 17.5 The relief to indigents may be withdrawn at the discretion of the municipal manager if:
- 17.5.1A registered Indigent who qualifies for such relief fails to keep to the terms of the policy agreement; or
- 17.5.2Any tampering with the installations of the meter of the municipality is detected
- 17.6 Indigent support will not apply in respect of property owners owning more than one property, whether in or outside the municipal area.
- 17.7 The indigent status of a consumer will be reviewed quarter, at intervals as determined by Council. This could be done by either physical audit or external verification check (ITC – Credit Bureau). Should the requirements not be met, the subsidy for that consumer will be cancelled.

18 EXCLUSIONS AND SPECIAL CONDITIONS

- 18.1 The following categories of property owners do not qualify for the Municipality's indigent subsidy programme:

18.1.1 Businesses (formal or informal)

18.1.2 Consumers staying in backrooms

18.1.3 Consumers who have tenant(s) in their yards

18.1.4 An owner owning more than one property will only qualify to register for indigent on one property.

18.2 Consumers who have tampered with the municipality's metering systems in the financial year concerned are excluded for consideration for indigent support for a period of 2 years.

19 RIGHT TO APPEAL

19.1 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.

20 PROCESS MANAGEMENT

20.1 Validity period

Validity period of assistance will be for a maximum period of ~~36~~12 months but new indigents can apply. Households must re-apply at the end of a ~~36~~12months period.

20.2 Death of 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.

20.3 Publication of Register of Indigent Households

Names of indigent beneficiaries must be open for public perusal and comment.

Written objections from the public may be referred to the Indigent Officer who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

20.4 Excess Usage of Allocation

If the level of consumption of the indigent household exceeds the consumption level approved by the municipality, the household will be obliged to pay for the excess consumption on a monthly basis. Such accounts will be subject to the municipality's credit control and debt collection measures.

20.5 Termination of Indigent Support

Indigent Support will be terminated under the following circumstances:

20.5.1 Death of the account-holder.

20.5.2 End of the 36 12 months cycle. Except in the case of pensioners and child-headed households, indigents should re-apply for indigent support

20.5.3 Upon the sale of property

20.5.4 When circumstances in the indigent household have improved in terms of a gross income the limit of the Indigent support programme as set out in this policy.

21 LIST OF STAKEHOLDERS

21.1. Department of Energy (Eskom)

21.2. Department of Water and Sanitation affairs (MAP Water)

21.3. Department of Land affairs (Rates and Taxes)

22 REGULAR REVIEW PROCESS

22.1 The Indigent policy must be reviewed on an annual basis to ensure that it complies with the strategy objectives of the municipality, as stipulated in the integrated development plan and other applicable legislations.

23 SHORT TITLE

This policy is the Indigent Management Policy of Maluti-a-Phofung Local Municipality.