



# **INDIGENT AND SOCIAL ASSISTANCE POLICY**

**2025/26**

**APPROVED BY COUNCIL -----**

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**PREAMBLE**

**Whereas** section 96 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) requires a municipality to adopt, maintain and implement a credit control and debt collection policy;

**And whereas** section 97 of the Systems Act prescribes that such policy must provide for 'provision for Indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents'.

**Now therefore** the Municipal Council of the Municipality of Nquthu adopts the Indigent and Social Assistance Policy as set out in this document.

## **1. DEFINITIONS**

For the purpose of this policy, unless the context indicates otherwise, any word or expression to which a meaning has been attached in the Act shall bear the same meaning and means.

**“Municipality”** means the Nquthu Local Municipality, established in terms of Section 12 of the Municipal Structures Act, 117 of 1998.

**“Energy White Paper”** means the White Paper on Energy Policy for South Africa of 1988.

**“Free Basic Electricity”** means specified free amount of electricity supply deemed necessary to support basic electricity services for indigent household as determined from time to time.

**“Free Basic Alternative Energy”** means any other form of basic energy excluding electricity (Including solar home system) deemed necessary to support basic energy needs of an indigent household as determined from time to time and funded by the government.

**“Child headed household”** means a household where both parents are deceased and where all occupants of the property are children of the deceased and are under the legal age to contract for services.

‘Household’ shall mean a group of people who live together and share money, even if they are not related to each other within the three degrees of consanguinity that may include, amongst others, stepfamilies; single-parent families; families headed by two unmarried partners, households that include one or more family members from a generation; adoptive families; foster families; and families where children are raised by their grandparents or other relatives;

**“Indigent household”** means any household or category of households, including a child-headed household, earning a combined gross income of R6000.00 revised annually, which qualifies for rebate/remissions, support or a services subsidy; provided that child support grant are not included when calculating such household income.

**“Indigent Register”** means the database which has to be updated and reconciled with financial system on a monthly basis, designed to contain all the inputted data contained within completed indigent application form.

**“Indigent Management System”** an electronic management system on the financial system applied by Nquthu Local Municipality for the management of the register of indigent households;

"Occupier" means any person who occupies any premises or part thereof, without regard to the title under which such person occupies the premises concerned, which may include, amongst others the dependents and/ or beneficiaries of the deceased estate;

**“Rates”** means any tax, duty or levy imposed on property by the Council.

**“Service Provider”** that means an agent (persons or institution or any combination of persons and institutions), which provides service(s) on behalf of the Municipality.

**“Social grant”** refers to a grant paid by the South African Social Security Agency (that is: disability grant; grant for older persons; war veteran's grant; foster child grant; care dependency grant; child support grant and grant-in-aid).

**“Subsidy”** means relief granted by the municipality to help indigent customers to ease the arrear and affordability burden.

**“Systems Act”** means Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)

## 2. ABBREVIATIONS AND ACRONYMS

CDW	Community Development Worker
DCoG	National Department of Cooperative Governance
LED	Local Economic Development
DPLG	Department of Provincial and Local Government
UIF	Unemployment Insurance Fund

## 3. POLICY BACKGROUND

The Indigent Policy for Nquthu Local Municipality is developed to systematically identify indigent households, ensuring they receive essential free basic services and property rate rebates. This policy is crucial in mitigating the socioeconomic challenges faced by the municipality's most vulnerable residents, thereby fostering a more equitable distribution of resources and improving overall living standards.

Nquthu Local Municipality had a total population of 201,133. The demographic profile reveals a significant proportion of young children, with 36.4% of the population aged 0-14 years, placing considerable pressure on the working-age population (15-64 years), which accounts for 57.7%. The elderly population (65+ years) represents 5.9%. The dependency ratio stands at 73.3, indicating a high burden on the working-age individuals to support both the young and the elderly. The sex ratio is 86.1, suggesting a higher female population, which can influence household dynamics and economic participation.

Educational attainment within the municipality is low, with 14.0% of individuals aged 20 and above having no schooling and only 4.7% having completed higher education. This educational gap significantly affects employment prospects and economic stability. The unemployment rate is notably high at 55%, further exacerbating poverty levels and the need for social support systems. There are 33,617 households in the municipality, with an average household size of 6.0 persons, reflecting large family units that often share limited resources. Housing and access to basic services present significant challenges in Nquthu. While 75.5% of households live in formal dwellings, only 20.1% have flush toilets connected to sewerage, and just 21.9% receive weekly refuse disposal services. Access to piped water within dwellings is available to only 20.4% of the population. However, 93.5% of households have electricity for lighting, indicating some progress in infrastructure development. The presence of child-headed households, which make up 1.5% of all households, highlights the vulnerability of children who often lack adult support and guidance.

Additionally, a significant portion of the population, 81,193 individuals, relies on social grants, emphasizing the high levels of poverty and the essential role of government assistance. These figures underscore the necessity for the Indigent Policy, which aims to identify those in dire need and ensure they receive the required support.

The implementation of the Indigent Policy is vital for improving the living conditions of Nquthu's residents. By providing free basic services and property rate rebates to indigent households, the policy aims to alleviate poverty and enhance the quality of life for the municipality's most disadvantaged citizens.

#### **4. LEGISLATIVE FRAMEWORK**

4.1 Section 26(1)(2) and 27(1)(2) of the Constitution of Republic of South Africa provides that everyone has a right to have access to adequate housing, health care, food, water and social security.

4.2 Section 152(1) (b, c, d) of the Constitution of Republic of South Africa provides objective of Local government which includes among others:

- To ensure the provision of services to the communities in a sustainable manner.
  - To promote social and economic development.
  - To promote a safe and healthy environment.
- 4.3 Section 153(a) of the Constitution of Republic of South Africa provides that a Developmental municipality must structure and manage its administration and planning process to give priority to the basic needs of the community and to promote the social and economic development of the community.
- 4.4 Section 120 and 97 of the Municipal Systems Act mandates the National Department of Cooperative Governance to issue guidelines or regulation which serve as a guide for municipality's indigent policies and provide advice among others on the development and implementation of municipal indigent policy.
- 4.5 Section 15 of the Property Rate Act provides for the exemption of certain category of persons from paying their accounts in full in instances where they lack affordability.

## **5. OBJECTIVES OF POLICY**

The objectives of this Policy are to:

- a) Provide a framework within which the Municipality can exercise its executive and legislative authority with regard to the implementation of financial aid to indigent and poor households in respect of their municipal account;
- b) Determine the criteria for qualification of Indigent and poor households;
- c) Ensure that the criteria is applied correctly and fairly to all applicants;
- d) Allow the municipality to conduct visits to the premises of applicants to verify the actual status of the household with respect to meeting the criteria on an indigent household.
- e) Allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies (financial aid in respect of the Municipal Services account).

## **6. PRINCIPLES OF POLICY**

- a) The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for compiling the policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b) Applicants to complete an official application form, which is to be submitted to the Municipality together with the supporting documents as specified in this policy, where applicable;
- c) The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage due to the processing of a reasonable appeal.
- d) All registered indigent households will be connected to electricity prepaid meters.

## **7. CRITERIA FOR INDIGENT HOUSEHOLDS**

To qualify as 'Indigent household, a household must comply with all the following criteria:-

- a) The total household income may not exceed the sum of three times the amount of state funded social grants plus two child grants as determined by the National Treasury of RSA from time to time. Other income earned from employment or self-employment of the applicant may not exceed R6000.00. Total income of the household should not exceed R 6000.00 in 2024/2025 for an applicant to qualify.
- b) A Municipal account holder must be a permanent resident of Nquthu
- c) Occupant(s) of the household must be a South African citizen(s);
- d) The applicant will be approved for only one property registered in the name of the owner/occupant or beneficiary (child headed households).
- e) The property may only be used for residential purposes; in instances where the property is used for dual purposes, the majority use of the property must be for residential purposes.
- f) The applicant must be the owner/occupant of the property including child headed family.

## 8. SUBSIDY

The subsidies below will be funded from the 'equitable share' contribution received from National Treasury, plus an amount from the Municipality's own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the above-mentioned funds are available for allocation. The subsidy amount will be allocated as a rebate to account holders, on account against service charges

- a) The qualifying Indigent households will receive the following subsidies per month.
  - Refuse removal - 100 % rebate of the basic levies for refuse removal.
  - Property rates - 100% exemption for property rates
  - 50 - Kilowatt energy to all customers under Eskom Licensed areas.
  
- b) The blanket approach for electricity free units is applicable to customers under licenced municipal distribution area, the benefit is granted to domestic customers only amounting to 50-Kilowatt energy on a monthly basis.

## 9. APPLICATION FOR A SUBSIDY

The indigent subsidy applicant may apply in person at Revenue Collection Office of the Municipality on the prescribed application form when applicable. The following items must accompany the application:

### **Municipal Licenced Areas**

- Certified copies of applicant's Identity document and birth certificate/s.
- Proof of household income (Bank statement, Letter from SASSA, Payslip Letter from employer or sworn affidavit if unemployed)
- Recent prepaid electricity slip
- Written proof of a child headed family status i.e a death certificate/s of a parent/s or a letter of authority from a Social Worker, and/or a Traditional leader and/or a Ward Councillor where the property is situated, if the applicant is not the account holder.

### **Eskom Distribution Areas**

- Copies of applicant's Identity document and birth certificate/s.
- Proof of household income (Bank statement, Letter from SASSA, Payslip Letter from employer or sworn affidavit if unemployed)
- Proof of residential address
- Eskom recent prepaid slip

### **10.FALSE INFORMATION**

A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition, he / she will be held liable for the immediate re-payment of any subsidies already granted and legal action, civil or criminal may be instituted against the guilty party/parties.

### **11. PUBLICATION OF NAMES OF QUALIFYING APPLICANTS**

The Municipality may publish names and addresses of account holders receiving subsidies in terms of this policy for inspection and objection. Any person may inspect or scrutinize the list at a Customer Care Office and inform / notify the Municipality of any person who, according to their true circumstances, should not be entitled to receive a subsidy as per the conditions of this policy.

### **12. LOCAL AUDIT (VERIFICATION)**

The Municipality reserves the right to send officials and / or representatives of the Municipality to the household or site of the applicant(s) at any reasonable time, with the aim

of carrying out a local verification of the accuracy of the information provided by the applicant(s).

Such audit will be conducted on a continuous basis as deemed necessary by the municipality . The verification will be performed through scientifically approved and suitable verification channels. Since such verification provide vast background history, in contact verification or house visits will be performed.

### **13. DURATION OF SUBSIDY**

Subsidy will be applicable for the duration of 12 months (within the financial year for which the application is approved), if the beneficiary's circumstances have not changed over this period he will re-register in the following year.

If the municipality obtains information that indicates that the circumstances of the applicant changed to such an extent that the applicant no longer qualifies for the subsidy, the Municipality reserves the right to suspend the subsidy. If any of the criteria, as set out in this policy, is not complied with , the onus is on the recipient of the subsidy to notify the Municipality within seven (7) days after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.

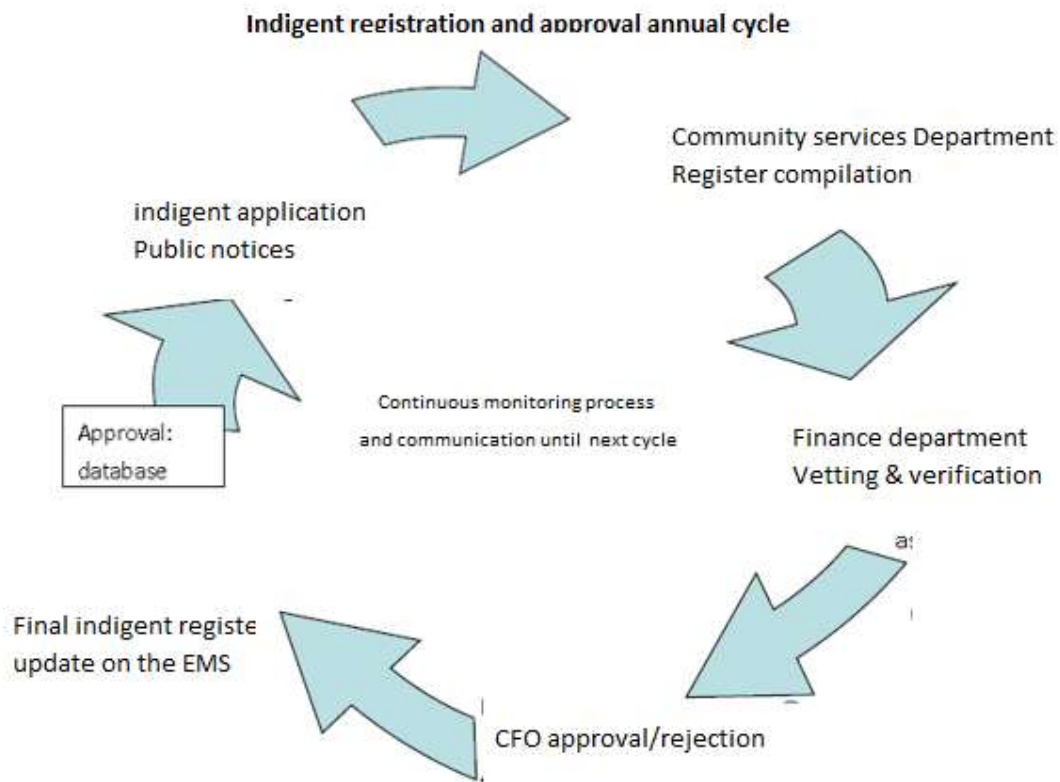
### **14. CURRENT AMOUNT IN ARREARS**

Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy, such arrears may be partially or entirely written off on approval depending on availability of budget/Funds. A consumer will only qualify for write off once per account for every five years if the status did not change.

### **15. MONITORING AND REPORTING**

The Community Services: Senior Manager with the consultation of Chief Financial Officer must report to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

- I. Number of indigent households' applications received;
- II. Amount of subsidy allocated per benefit category;
- III. Amount of debt accumulating and debt recovery information (number of customers; enquiries; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);
- IV. Performance against targets set in respect of indigent support and poverty relief and in particular regarding the following:
  - Number of applications for indigent support dealt with;
  - Time taken to process and finalise applications;
  - Site visits undertaken;
  - Awareness initiatives; and
  - Exit initiatives.
  - Changes in the registered status of indigents.



## 16. CAPACITY BUILDING

The municipality must ensure that all officials and councillors are appropriately capacitated in the provision of Free Basic Services in the following key areas:

- Database management
- Demand and revenue management
- Policy and by-law implementation

## **17. EXIT PROGRAM**

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.

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.

The municipality must promote exit from indigence by -

- a) Identifying indigents for inclusion in public works projects;
- b) Initiating local job creation projects such as cleansing operations, small infrastructure projects, etc.
- c) Facilitation of opportunities to enter the informal trade market;
- d) Facilitation of food security projects; and
- e) Liaison with National and Provincial departments to include indigent persons in their public works programmes.

## **18. INDIGENT STEERING COMMITTEE**

### **18.1. Composition of the committee**

- a. The committee should compose of a minimum of five (5) and a maximum of ten (10) members.

- b. To be chaired by the Revenue manager or by a delegated person from the revenue management unit to champion within the area of jurisdiction.
- c. Members to serve in this committee may be drawn from all affected municipal units and political structures.
- d. CDW's, Ward Councillors and Committee Members are ex officio members of this committee, on a needs driven basis.

### **18.2. Term of office**

- a) The term of the committee should correspond with the term of the council.
- b) They should meet at least quarterly.

### **18.3. Roles and responsibilities**

- i. Meet quarterly to discuss matters pertaining to indigent services.
- ii. To monitor the application process and the exit process of indigents.
- iii. Report all matters pertaining to indigent services to the program officer for the attention of the Council.

## **19. REGISTER**

The Municipality will complete a register of households that qualify as indigent". The register will be annually updated upon registration or re-registration of customers.

## **20. SHORT TITLE**

This policy shall be called the Indigent and social support Policy of the Nquthu Local Municipality.