



# **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.

**“Indigent household”** means any household or category of households, including a child-headed household, earning a combined gross income of R5 500.00 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;

**“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.

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

**“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.

## 2) ABBREVIATIONS AND ACRONYMS

BEE	Black Economic Empowerment
DME	Department of Minerals and Energy
LED	Local Economic Development
FBE	Free Basic Electricity
FBS	Free Basic Service
INEP	Integrated National Electrification Programme
DPLG	Department of Provincial and Local Government
UIF	Unemployment Insurance Fund

## 3) POLICY BACKGROUND

An indigent policy is required to ensure that constitutional obligations relating to the socioeconomic rights of all South Africans are realised. Failure to address the needs of the poor may jeopardise growth while poverty relief may stimulate growth and competitiveness by creating a more stable environment. An indigent policy provides an opportunity to create a safety net to the poorest section of the population.

#### **4) LEGISLATIVE FRAMEWORK**

##### **3.1 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.

**3.2 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.

**3.3 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.

**3.4 Section 120 and 97 of the Municipal Systems Act** mandates the DPLG / CoGTA 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.

**3.5 Section 15 of the Property Rate Act** provides for the exemption of certain category of Persons from full pay account.

#### **5) OBJECTIVES OF POLICY**

The objectives of this Policy are to:-

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;

2. Determine the criteria for qualification of Indigent and poor households;
3. Ensure that the criteria is applied correctly and fairly to all applicants;

4. 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.
5. 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 making of policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy;
- b) Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy, when 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 household will be connected to water and 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 R5 500.00. Total income of the household should not exceed R 5 500.00 in 2024/2025 for an applicant to qualify.
- b) Municipal account holder must be a permanent resident of Nquthu
- c) Occupants of the household must be a South African citizen;
- d) The applicant will be approved for only one property registered in the name of the owner/applicant or beneficiary (child headed households).
- e) The property may only be used for residential purposes;

- f) The applicant may not necessarily be the owner of the property but could also be the account holder 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 on account against service of charge.

- a) The qualifying Indigent households will receive the following subsidy per month.
- Refuse removal - 100 % rebate of the basic levies for refuse removal per month.
  - Property rates -100% exemption for property rates.
- 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 customer may apply in person at a customer care office of the Municipality on the prescribed application form when applicable.

The following items must accompany the application:-

- Proof of the account holder's identity;
- Proof of income of the account holder (e.g. a letter from his / her employer, salary slip , bank statement/SASSA confirmation letter, unemployment insurance fund (UIF) card),
- Sworn Affidavits which states that the applicant is unemployed/self employed.
- Written proof of child headed family, death certificates of parents or letter of authority from a Social Worker, and/or Traditional leader and Ward Councillor where the property is situated if the applicant is not the account holder.
- Any other proof or confirmation/ evidencing the qualification as indigent.

Should the property registered owner/ account holder be unable to apply in person, due to medical reasons, his / her application may be certified by a commissioner of oaths/community worker or submit medical certificate.

#### **10) PUBLICATION OF NAMES OF QUALIFYING APPLICANTS**

The Municipality may publish names and address 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 in receipt of a subsidy as envisaged in this policy.

#### **11) 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.

#### **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 municipality require. The verification will be performed through the TransUnion verification channels or any other channels deemed suitable by the municipality. Since such verification provide vast background history, in contact verification or house visits will be performed when need arises.

#### **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 has changed to such an extent that he / she 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 any more, 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**

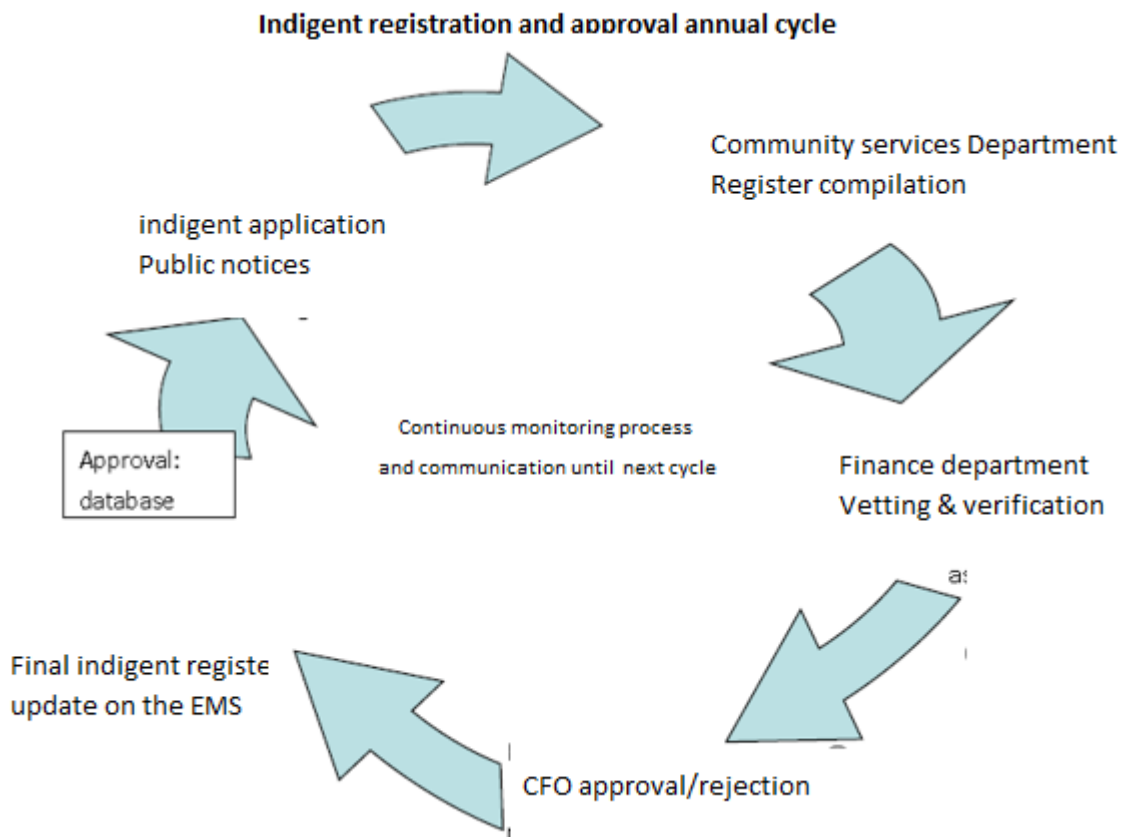
Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy, such arrears may be partially or entirely written off on approval depending on availability of budget/Funds. A consumer will only qualify for write off once per account for every five years if the status 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; enquires; 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 with regard to the following:
  - V. Number of applications for indigent support dealt with;
  - VI. Time taken to process and finalise applications;
    - a) Site visits undertaken;
    - b) Awareness initiatives; and

- c) Exit initiatives.
- d) Changes in the registered status of indigents.



## 16) CAPACITY BUILDING

The municipality must ensure that all officials and councillors are appropriately capacitated in Free Basic Services in terms of 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 -

17.1 Identifying indigents for inclusion in public works projects;

17.2 Initiating local job creation projects such as cleansing operations, small infrastructure projects, etc.

17.3 Facilitation of opportunities to enter the informal trade market;

17.4 Facilitation of food security projects; and

17.5 Liaison with National and Provincial departments to include indigent persons in their public works programmes.

## **18) 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.

## **19)SHORT TITLE**

This policy shall be called the Indigent and social support Policy of the Nquthu Municipality, and the effective date for implementation is on 01 July 2024.