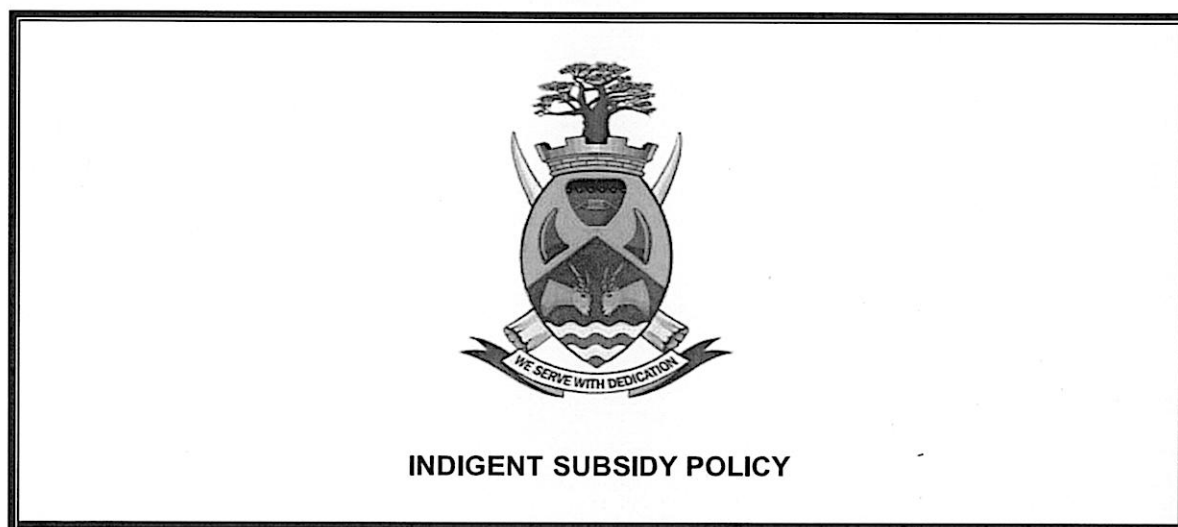


BUDGET AND TREASURY DEPARTMENT	Doc Nr	
INDIGENT SUBSIDY POLICY	Version	
	Issue Date	30 May 2025
	Next Review Date	30 May 2026



Signatories

The signatories hereof, confirm acceptance of the contents, recommendation, and adoption hereof.

TITLE	INDIGENT SUBSIDY POLICY		
APPROVED DATE		PAGES	19
EFFECTIVE DATE		REVIEW DATE	
ROLE	DESIGNATION	OFFICIAL/MEMBER	SIGNATURES
INITIATED BY	Chief Financial Officer	AC Mufamadi	
RECOMMENDED BY	Municipal Manager	Matshivha M	
APPROVED BY	Council		
CUSTODIAN OF THE POLICY	Chief Financial Officer	AC Mufamadi	

DOCUMENT CONTROL PAGE				
Document title	INDIGENT SUBSIDY POLICY			
Creation date	May 2025			
Effective date				
Status	Draft		Final	
Version	0.1			
Author title, name and contact details	Chief Financial Officer Email - MufamadiAC@thulamela.gov.za Telephone – 015 962 7515			
Owner title, name and contact details	Chief Financial Officer Email - MufamadiAC@thulamela.gov.za Telephone – 015 962 7515			
Distribution	• Council • Accounting Authority and Committees • Municipal Officials • Relevant Stakeholders			
Classification	Restricted	N/A	Confidential	N/A
Revision	Version Number	Revision Date	Revision Details	Revised by
Review History				

INDEX

1.	DEFINITIONS AND ACRONYMS	4
2.	POLICY STATEMENT.....	5
3.	PREAMBLE.....	5
4.	PURPOSE.....	6
5.	OBJECTIVES.....	7
6.	SCOPE.....	7
7.	POLICY ISSUES.....	7
8.	POLICY PRINCIPLES	8
9.	ECONOMIC PROFILE.....	8
10.	TARGETING APPROACH OF INDIGENT HOUSEHOLDS	9
11.	APPLICATION AND REGISTRATION AS INDIGENT.....	9
12.	QUALIFYING CRITERIA	10
13.	INDIGENT TARIFF AND SUBSIDY AMOUNT	11
14.	LEVELS OF SERVICES TO BE SUBSIDISED.....	12
15.	HANDLING OF QUALIFIED HOUSEHOLDS ACCOUNTS.....	12
16.	PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION	14
18.	VERIFICATION OF THE INDIGENT REGISTER.....	15
19.	CREDIT CONTROL ISSUES.....	16
20.	ADDITIONAL INFORMATION	17
21.	LEGAL FRAMEWORK AND POLICY GUIDELINES	17
22.	STAKEHOLDER ENGAGEMENT	18
23.	COMMUNICATION.....	18
24.	IMPLEMENTATION.....	18
25.	MONITORING AND EVALUATION.....	18
26.	CONCLUSION.....	19
27.	REVISION DATE	19
28.	ANNEXURES.....	19

1. DEFINITIONS AND ACRONYMS

1.1 Statutory and Regulatory

This Procedure applies to the following meanings and interpretations:

#	TERM	DESCRIPTION
1.1	Basic Services	Means minimum basic services rendered to the communities.
1.2	Council	Means the Municipal Council of Thulamela Municipality.
1.3	Councillor	Means a member of Thulamela Municipal council
1.4	Communities/Citizens	Means communities residing within the area of jurisdiction of Thulamela municipality and consume services as provided by the Council
1.5	Consumer	Means a person who owns property within the area of jurisdiction of the Municipal Council
1.6	Child headed households	Means household where both parent are deceased and where all occupants of the property are children of the deceased and under the legal age to contract for services.
1.7	Households	Means traditional family unit consisting of a maximum of 08 (eight) persons (being a combination of four persons over the age of eighteen and four persons eighteen years or younger);
1.8	Indigent households	Means household customer qualifying and registered with the Municipal Council as an indigent in accordance with the Indigent Policy of the Municipal Council
1.9	Indigent tariff	Means the tariff as determined by Council and applicable to indigent households
1.10	Indigent Register	Means the register that has a list of qualifying indigents of specific financial year
1.11	Indigent Subsidy	Means an allocation from the equitable share grant as determined by the Council

1.2 ACRONYMS

#	TERM	DESCRIPTION
1.2.1	IDP	Integrated Development Planning
1.2.2	LED	Local Economic Development
1.2.3	SDBIP	Services Delivery and budget implementation Plan

2. POLICY STATEMENT

- 2.1 Thulamela Municipality Indigent policy is a tool designed to ensure that destitute households and child headed family that are classified as indigent have the access to basic services as defined in the Constitution of the Republic of South Africa, Act 108 of 1996.
- 2.2 The constitution establishes a society based on democratic values, social justice and fundamental human rights and seeks to improve the quality of life of all citizens and to free the potential of each person. In terms of the Bill of Rights, everyone has inherent dignity and the right to have their dignity respected and protected.
- 2.3 Section 152(1) of the Constitution sets out the developmental objects and duties of the local government as follows: A municipality is required inter alia: to ensure the provision of services to communities in a sustainable manner; to promote social and economic development; to promote a safe and healthy environment. Furthermore, section 153(1) requires a municipality to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

3. PREAMBLE

- 3.1 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.
- 3.2 The municipality receives an equitable share contribution from National Treasury annually.
- 3.3 Cogshta has issued Limpopo indigent policy framework regarding indigent support.
- 3.4 This policy must provide procedure and guidelines for the subsidisation of basic services and tariff charges to its indigent household.
- 3.5 The Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life and wishes to give access to basic service for all members of its communities.

4. PURPOSE

- 4.1 Thulamela Municipality Indigent policy is a tool designed to ensure that destitute households and child headed family that are classified as indigent have the access to basic services as defined in the Constitution of the Republic of South Africa, Act 108 of 1996.
- 4.2 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.
- 4.3 In terms of Section 74 of the Local Government Systems Act of the year 2000, The Municipal Council (hereinafter referred to as the Council) must adopt and implement a tariff policy. In terms of Section 74(i) of the Act in adopting a tariff policy, the Council should at least take into consideration the extent of subsidisation of tariffs for poor households. Arising from the above, the council needs to approve an indigent support policy to provide procedures and guidelines for the subsidisation of basic services and tariffs charged to its indigent household.
- 4.4 All indications are that, the equitable share will be used to subsidize the Indigent.
- 4.5 The indigent is the category of people, those earning less than the set threshold, unemployed, disabled, child headed family and pensioners who are unable to make any monetary contribution towards their monthly account.
- 4.6 In line with the objective of creating a vibrant and growing Municipality, the indigent policy is also aligned to the principles of Batho-Pele. Service delivery is one of Government's eight priorities as set out in the White Paper on the Transformation of the Public Service. To this effect, government has launched an initiative in South Africa under the banner of Batho-Pele – meaning 'People First' in Sesotho – aimed at improving the delivery of public serves. Batho-Pele further aims to ensure that attitudes, systems and procedures are capable of delivering enhanced public serves. Batho-Pele is also about ensuring that the resources available are used to the best possible extent, eliminating wasteful and expensive procedures and reducing unnecessary expenditure on inefficient processes and systems.

5. OBJECTIVES

The objective of Thulamela Indigent Policy will be to ensure the following:

- 5.1 The provision of basic services to indigent household in the jurisdiction of Thulamela Municipality in a sustainable manner, within the financial and administrative capacity of the Thulamela Municipality Council;
- 5.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through subsidization;
- 5.3 Establishment of procedure for the identification and management of indigent households including a socio-economic analysis and the indigent exit mechanisms;
- 5.4 The provision of procedures and guidelines for the effective of subsidisation of basic charges to such approved indigent household, within budgetary and intergovernmental grant guidelines and the provision of free basic energy to indigent households;
- 5.5 To allow the municipality to plan the scale and scope of our Free Basic Services delivery.

6. SCOPE

- 6.1 The Indigent Policy shall be applicable to all consumers in the area of jurisdiction of the Thulamela Local Municipality.
- 6.2 The Indigent Support Programme must be accessible to all qualifying indigent households.

7. POLICY ISSUES

- 7.1 Section 214 (1) of the Constitution of the Republic of South Africa Act 108 of 1996, stipulates inter alia the following:

"An act of parliament must provide for-

The equitable division of revenue raised nationally among the national, provincial and local spheres of government."

7.2 Section 74 (2) (c) of the Municipal System 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 operation and maintenance costs,*
- ii. Special tariffs or lifeline tariffs for low level of use or consumption of services or for basic levels of service; or*
- iii. any other direct or indirect method of subsidization of tariffs for poor households.”*

8. POLICY PRINCIPLES

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

- 8.1 To ensure that the Equitable Share received annually will be utilised for the benefit of the poor only and not to subsidise rates and services charges of those who can afford to pay.
- 8.2 To link this policy with the municipal IDP, LED initiatives and poverty alleviation programmes.
- 8.3 To promote an integrated approach to free basic service delivery; and
- 8.4 To engage participation of the communities structures in the development and implementation of this policy;
- 8.5 To provide a climate that will reduce unemployment through the promotion of economic development and job creation.

9. ECONOMIC PROFILE

- 9.1 According to Statistics South Africa of the year 2022, 62% of Thulamela Municipality's population are people without income.
- 9.2 Majority households are unable to pay for municipal services.

10. TARGETING APPROACH OF INDIGENT HOUSEHOLDS

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

- 10.1 The applicant must be a permanent resident of Thulamela Municipality;
- 10.2 The applicant must be a South African Citizen;
- 10.3 If the applicant owns more than one property, only one property will be considered;
- 10.4 The property must only be used for residential purposes;
- 10.5 All households that are child headed, including those who are below twenty - one (21) of age can apply for the indigent support;
- 10.6 The onus for applying for indigent subsidy rest with the consumer who cannot afford to pay the full municipal tariff for services received.

11. APPLICATION AND REGISTRATION AS INDIGENT

- 11.1 Attached as an Annexure is an application form for Indigent Household subsidy, which should be completed by all consumers who qualify in terms of this policy and the affidavit form.
- 11.2 Households that seek to be classified as indigent should complete an application form, and affidavit form to confirm that applicant's income is less than the threshold determined by Council. The form should be returned between July and May of each municipal financial year.
- 11.3 It is the responsibility of the ward councillor to coordinate the completion of indigent forms in their specific area of jurisdiction.
- 11.4 The relevant ward Councillor should be involved during the evaluation process and should verify the application together with the relevant community members.
- 11.5 The Indigent Subsidy Division within the municipality will be responsible to compile and administer the database for households registered in terms of this policy.

- 11.6 Only one application per household in respect of one property shall qualify for consideration.
- 11.7 Council reserves the right to send, from time to time, official or its agent to the premises/households registered as indigent for the purpose of conducting an on-site evaluation of the details supplied.
- 11.8 The validity of indigent subsidy status is for a period of one (1) financial year. All those indigents who do not apply for re-registration after expiry of the above period will be removed from the indigent register and will be considered as normal consumers from the month in which they were removed from the register.

12. QUALIFYING CRITERIA

- 12.1 Grants in aid may, within the financial ability of the Municipality, be allocated to owners or tenants of premises who has consumer accounts with the municipality in respect of charges payable to the Municipality for such services.
- 12.2 The amount that is used as threshold for determining the indigent status for a household income must be less than R4,620 per month. Household dependent on Pensions or Social Grants also qualify as indigent.
- 12.3 The following factors must be considered in determining whether a household qualifies as indigent:
- 12.3.1. A household that receives ONLY social grant as their income.
 - 12.3.2. These grants may be allocated if a person or any other occupier of the property concerned can submit proof or declare under oath that all occupants over 18 years of age had no income or a verified total gross monthly income less than the amount decided by Council for the preceding three consecutive months.
 - 12.3.3. Only one application per household in respect of one property shall qualify for consideration. The subsidy will apply to the owner or tenant of the property concerned.
 - 12.3.4. The poverty threshold - The poverty threshold shall be based on the total income of the household applying for consideration as indigent excluding social grants.

12.3.5. The applicant must have a single property (erf), the applicant cannot have two properties registered in his/her name in order to qualify. If the applicant owns more than one properties, only one property will be considered.

12.3.6. All households that are child-headed, even if they are below twenty-one (21) years of age can apply for indigent support.

12.3.7. Subsidies apply to households and not individuals.

12.3.8. The onus for applying for indigent subsidy rests with the consumer who cannot afford to pay the full municipal tariff for services received, rates and/or refuse.

13. INDIGENT TARIFF AND SUBSIDY AMOUNT

13.1 For this purpose, Council should, at the latest as part of the budgetary process, determine the poverty threshold that will be applicable for that particular financial year.

13.2 The amount will be allocated based on the approved by council annual tariffs.

13.3 No amount shall be paid directly to any individual. The indigent subsidy shall be transferred as credit against the approved indigent consumer's municipal account.

13.4 The amount payable by the indigent household will be as follows:

Amount Billed: XXXX

Less : Indigent subsidy R (as per approved Tariffs)

Amount payable: XXX

13.5 Should the calculation of the amount payable as per the above formula results in a negative figure, the amount of the indigent subsidy will be limited to the amount owed at year end, which will result to zero balance. No indigent account should be negative at the end of the financial year as a result of indigent subsidy.

13.6 If approved as part of the tariff policy, the amount of subsidisation may be increased through cross subsidisation.

13.7 Council will determine the indigent subsidy from time to time based on the equitable share received from the government and the poverty threshold.

14. LEVELS OF SERVICES TO BE SUBSIDISED

- 14.1 Where a restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of Council's policy. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.

REFUSE

- 14.2 The same service will be rendered as to other households.
- 14.3 The amount of the subsidy (if any) will be determined and approved as part of the tariff policy applicable for the financial year.

FREE BASIC ELECTRICITY AND SOLAR

- 14.4 Household who qualifies in terms of this policy will be provided with 50 Amp circuit breaker. This will be done by ESKOM.
- 14.5 Only the operational and maintenance cost will be recovered from consumers.
- 14.6 80 % of the cost for the provision of free basic energy (50 Watt) per households per month connected to an approve solar home system.

ASSESSMENT RATES AND OTHER BILLED SERVICES

- 14.7 Assessment rate rebate of 100% is granted to property owners who are indigents.
- 14.8 Other billed services levied on the service account of the qualifying consumer limited to the annual approved subsidy amount.

HOUSING SUBSIDY

- 14.9 An applicant's gross monthly household income must not exceed R4,620

15. HANDLING OF QUALIFIED HOUSEHOLDS ACCOUNTS

- 15.1 Upon approval for first registration as an indigent household consumer, the debtor's outstanding balance to date of approval must be written off and write- off will be limited to the amount owed on the date of registration/ approval.

- 15.2 Any new arrears accumulated by the debtor (i.e. any amounts in excess of the indigent allowance for free basic services) whilst registered as an indigent consumer, will not qualify to be written off and must be dealt with strictly in accordance with the Municipality's Credit Control Policy and Debt collection Policy.
- 15.3 The outstanding debt for the deceased whose family is indigent should be written-off, after confirmation from the municipal legal service section of their status based on the value of their estate, and the following attachment will be needed:
- 15.3.1 Fully completed and signed Indigent Subsidy form;
 - 15.3.2 Civic letter confirming the indigent status;
 - 15.3.3 Affidavit from the commissioner of oath confirming the non - employment of appointed person;
 - 15.3.4 Certificate of appointment from High Court (Proclaimed area);
 - 15.3.5 For un-proclaimed areas, (Certificate of appointment from High Court or letter from relevant Headman);
 - 15.3.6 Marriage certificate where deceased was married to the applicant;
 - 15.3.7 Death Certificate of the deceased owner;
 - 15.3.8 Identity document of the deceased;
 - 15.3.9 Identity document of the appointed person;
 - 15.3.10 The latest municipal account of the household;
- 15.4 The outstanding debt for an indigent person who has acquired ownership via divorce settlement should be written-off, after confirmation from the municipal legal service section of their status based on the value of their estate, and the following attachment will be needed:
- 15.4.1 Fully completed and signed Indigent Subsidy form
 - 15.4.2 Identity Document of the applicant

15.4.3 Affidavit from the commissioner of oath confirming the non - employment of appointed person

15.4.4 Decree of Divorce and / or Divorce Settlement

15.4.5 Civic letter confirming the indigent status;

15.4.6 The latest municipal account of the household;

16. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

16.1 Where a consumer no longer qualifies as indigent normal tariffs will apply to him/her from the year in which his/her name was removed from the indigent register.

16.2 Applicant will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, from formal and informal sources, is declared.

16.3 Where any consumer that supplied false information he/she will be disqualified from further participation in the subsidy scheme. He/she will also be liable for the immediate repayment of all subsidies received.

16.4 The onus rests on the indigent support recipients to immediately notify councillors of any changes in their indigent status.

17. EXIT MECHANISMS

Thulamela Municipality will promote exit mechanism programme from indigence by:

17.1 Giving bursary to indigents families who got bachelor's degree and further their studies in the Institution of Higher Learning through the Office of the Mayor; The bursary will be awarded as per the Thulamela municipality bursary policy.

17.2 Identifying Indigents for inclusion in public works projects (Extended Public Works Projects).

17.3 Local job creation projects such as cleansing operations, and small infrastructure projects.

- 17.4 The status of the Indigent may, even within the twelve (12) month validity period, alter if it is established: The consumption exceeds any of the norms stated in per metering period (month), the consumer will be charged normal tariff on the exceeding above-mentioned limits.
- 17.5 The household income exceeds the threshold. The household employment status changes Fraudulent or incorrect information was supplied by the applicant and in such a case the applicant will have to repay all the benefits or support received.
- 17.6 The status of Indigent will all cease to exist upon:
- 17.6.1 End of 12 (twelve) month cycle.
 - 17.6.2 When the indigent account holder disposes of the property by means of sale or donation
 - 17.6.3 When a registered indigent applies in writing, to be delisted as a registered indigent either wholly or in part, which will be reported to Council.

18. VERIFICATION OF THE INDIGENT REGISTER

FINANCIAL DEPARTMENT

The Finance Department will have the following responsibilities:

- 18.1 To register every applicant in register.
- 18.2 Ensure that the applicant has a service account with Council.
- 18.3 Ensure that the income for the household does not exceed the amount allocated for that particular year.
- 18.4 To check the completeness of the form before capturing into the system. The Municipality will complete a register of households that qualify as indigent.
- 18.5 The indigent register will be updated annually.
- 18.6 The verification process is undertaken through yearly review for any change of circumstances.

18.7 In that financial year the register will be continually updated.

MUNICIPAL COUNCILLORS

Municipal Councillors will have the following responsibilities:

18.8 To assist consumers in completing the application forms.

18.9 Verify indigent status and financial related answers that were given by the applicant on the application form.

18.10 The approval of indigent subsidy will be done by the Ward Councillor.

18.11 To coordinate the completion of indigent forms in their specific area of jurisdiction.

19. CREDIT CONTROL ISSUES

OBLIGATIONS TO PAY

19.1 The subsidy received, in the majority of cases, does not cover the account. In such event the consumer is still responsible for the balance between the full account and the subsidy received.

19.2 Where applicable, credit control must still be applied, in accordance with the approved credit control policy, for these outstanding amounts.

CREDIT CONTROL POLICY TO BE APPLIED FOR INDIGENT HOUSEHOLDS

The credit control policy aims to achieve the following:

19.3 To distinguish between those who can and cannot pay for services.

19.4 To get those that cannot pay to register with Municipality so that they could be given subsidies.

19.5 To enable the Municipality to determine and identify defaulters to ensue appropriate credit control procedures.

19.6 To establish an indigent directory of all persons who complies with the policy

20. ADDITIONAL INFORMATION

The Thulamela Municipality will ensure that all officials and Councillors are appropriately capacitated in free basic services in terms of the following key areas:

- 20.1 Database management
- 20.2 Revenue management
- 20.3 Policy and by-laws implementation
- 20.4 The Indigent Induction Workshop for newly appointed Councilor
- 20.5 The Indigent Training to all Councilors once per annum;
- 20.6 The Indigent campaign in all Mayoral Imbizo's;
- 20.7 The Indigent campaign in all Integrated Development Planning in all Nodal points.
- 20.8 The Indigent presentations to all territorials' councils in our Municipality.

21. LEGAL FRAMEWORK AND POLICY GUIDELINES

The policy is developed within the framework of the following legislation;

- 21.1 The Constitution of the Republic of South Africa, Act 108 of 1996
- 21.2 Promotion of Administrative Justice Act no 3 of 2000
- 21.3 The Local Government Municipal Systems Act, Act 32 of 2000;
- 21.4 The Municipal Finance Management Act, Act 56 of 2003;
- 21.5 White Paper on Local Government;
- 21.6 The Property Rates Act, Act 6 of 2004.

POLICY AND GUIDELINES

- 21.7 Framework of Municipal Indigent policies: Towards a basket of services for the poor dated May 2007

21.8 Thulamela Municipal Credit and Debt collection Policy

21.9 Thulamela Municipal Tariff Policy

21.10 Thulamela Integrated development plan.

22. STAKEHOLDER ENGAGEMENT

22.1 All the relevant stakeholders internal and external will be consulted through the development and implementation of this policy

23. COMMUNICATION

23.1 The indigent registration process is communicated in all nodal points of the municipality through Integrated Development Planning consultation process.

23.2 Councillors through community outreach programs will educate the community about the indigent registration process and the importance thereof.

23.3 Mayoral Imbizo programs will also communicate the indigent registration processes.

24. IMPLEMENTATION

24.1 All the respective departments within the municipality must ensure adequate implementation of this policy. The CFO is responsible for enforcing this policy and continuously ensuring monitoring and compliance and ensure that the corrective steps are taken where necessary.

25. MONITORING AND EVALUATION

25.1 On a continuous basis this policy will be assessed to determine its relevance and effectiveness and to assess whether it has achieved the intended objectives

25.2 The Municipality reserves the right to send Officials in the Indigent Office 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).

25.3 The Chief Financial Officer will report quarterly to the Municipal Manager in Municipality 's SDBIP to enable the Municipal Manager to report to Council, and Quarterly reports to Department of Local Government and such report shall reflect:

25.4 Number of Indigent household application received or registered in the indigent register.

26. CONCLUSION

26.1 In conclusion the granting of an indigent subsidy shall be the sole prerogative of council of Thulamela Municipality, whose decision shall be final. 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

26.2 The municipal support through Councillors, officials in the Indigent Office, Ward Committee and Community Development Workers, Campaigns on indigents, and community participation is important in implementing the Indigent Subsidy Policy.

27. REVISION DATE

27.1 This policy shall be reviewed on an annual basis or as and when the needs arise

28. ANNEXURES

28.1 Municipal Services Indigent form

28.2 Business Process Map

28.3 Standard Operating Procedure