

THABAZIMBI LOCAL MUNICIPALITY



INDIGENT MANAGEMENT POLICY

2026/2027

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INDIGENT MANAGEMENT

POLICY NUMBER XXXXXX

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Table of Contents

1. PREAMBLE	4
2. DEFINITIONS	5
SECTION A: POLICY STATEMENTS OF INTENT	7
3. PURPOSE OF THIS POLICY	7
4. THE POLICY OBJECTIVES	7
5. LEGISLATIVE FRAMEWORK and POLICIES FRAMEWORK	7
6. POLICY OUTCOMES	7
SECTION B: POLICY PRESCRIPTIONS	8
7. QUALIFICATION CRITERIA	8
8. EXTENT OF INDIGENT SUPPORT	8
8.1 Free basic services	8
9. RESPONSIBILITIES OF REGISTERED INDIGENT HOUSEHOLDS	9
10. SHORT TERM ASSISTANCE	10
11. VALIDITY PERIOD	10
12. DEATH OF REGISTERED APPLICANT	10
13. UNDER-USAGE OF ALLOCATION	10
14. EXCESS USAGE OF ALLOCATION	10
15. TERMINATION OF INDIGENT SUPPORT	10
16. EXIT PROGRAMME	11
17. NON-COMPLIANCE	11
18. REPORTING AND QUALITY MANAGEMENT	11
19. ACCESS TO INFORMATION ON THE REGISTER	11
20. BUDGETING FOR INDIGENT SUPPORT	11
21. AUDITING	11
SECTION C: PROCEDURE GUIDELINES TO GIVE EFFECT TO THIS POLICY	12
22. Communication	12
23. Application/Registration	12
24. Assessment & Screening of Applicants	13
(a) Indigent Management System Check	13

(b) Data Capturing	13
(c) Verification – Site Visit	13
(d) Verification - Ward councilor	13
(e) Verification – External Scans	13
25. Recommendation	14
26. Commencement of status as an indigent consumer	14
27. Project Progress Committee	14
28. Indigent Policy Implementation, Management and Evaluation Committee (IPIMEC)	15
29. POLICY APPROVAL	15

1. PREAMBLE

As a developmental institution, the municipality is committed to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention, and it is therefore the duty of the municipality to support and ensure that citizens can access their constitutional right to basic services.

The municipality must therefore at all times strive to fulfil the constitutional objectives set out in Section 152 of the Constitution and to meet the criteria for a credible indigent policy as laid down in the Credible Indigent Policy Assessment Framework, 2008, issued by the Department of Cooperative Governance and Traditional Affairs.

The successful implementation of this policy depends entirely on affordability and the area's social analysis, both of which should be included in the municipality's Integrated Development Planning. With regard to affordability, the foundation is laid in section 74 of the Municipal Systems Act, 2000, which stipulates that poor households must have access to basic services through tariffs that cover only operating and maintenance costs.

The municipality therefore adopts an indigent support policy that includes an indigent support programme, not only providing procedures and guidelines for the subsidisation of service charges for indigent households within its area of jurisdiction, but also increasing the quality of life of beneficiaries by assisting them to exit indigence.

This policy is designed and implemented within the framework of the following legislation:

- a.** The Constitution of the Republic of South Africa, 1996;
- b.** The Municipal Systems Act, 2000 (Act 32 of 2000);
- c.** The Municipal Finance Management Act, 2003 (Act 56 of 2003);
- d.** The Promotion of Administrative Justice Act, 2000 (Act 3 of 2000);
- e.** The Promotion of Access to Information Act, 2000 (Act 2 of 2000);
- f.** The Property Rates Act, 2004 (Act 6 of 2004)

2. DEFINITIONS

For the purposes of this policy, the following definitions shall apply:

Municipality: Thabazimbi Local Municipality

Approved Registration Point: Will be the Main Office, 7 Rietbok Street, Thabazimbi, and any other municipal customer care point that the Thabazimbi Local Municipality may deem necessary.

Basic Municipal Services: Means municipal services that are necessary to ensure an acceptable and reasonable quality of life, and if not provided, would endanger public health or safety of the environment.

Department: Means the Department of Budget and Treasury of Thabazimbi Local Municipality.

Free Basic Services: The quantity of services that shall be supplied free of charge to an indigent household as specified in this policy.

Household: A household is a registered owner, occupier, vulnerable person, or tenant. Should a group of people live together, even if not related, they will be regarded as one household linked to one Municipal account.

Indigent: Any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than two times government pension grants as prescribed by the Department of Social Development or in line with the National Indigence Framework issued by the Department of Cooperative Governance and Traditional Affairs Government (COGTA), who qualify, according to the Policy, for rebates/remissions or a services subsidy. Examples thereof 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 grant received by such households will not be considered as additional income

Pensioner: Means a person who is 60 years of age or older.

Child-headed Family: Means a household where the main caregiver of the household is 21 years of age or younger.

Indigent Management System: An electronic or any other management system used by the Municipality for the management of the Indigent Register.

Poverty: A state or condition in which a person or community lacks the financial resources and essentials to enjoy a minimum standard of life and well-being that is considered acceptable in society.

Programme Officer: An official duly authorised by the Municipality, or an employee of a service provider appointed by the Municipality, who is responsible for assessment, screening and site visits, and for recommending applicants for approval/disapproval of indigent support.

Tenant: Registered occupant of a property owned by the Municipality, or an individual/family sharing the same property with the legal owner, who has the responsibility to pay for the Municipal Services consumed.

Occupier: A person who lives on land which does not belong to him/her and who has permission from the owner to be there. This is not limited to the account holder.

Vulnerable Person: Means a consumer occupying land with the written consent of the owner, but to which the consumer does not have title, lease or security of tenure. This is not limited to the account holder.

Stakeholders: A committee that comprises relevant councillors, relevant ward committee members, staff and/or service providers, whose function is to assist with the collection of data, capturing of such data, assessment and making recommendations.

IPIMEC: Refers to the Indigent Policy Implementation Management and Evaluation Committee.

Verification Officer: An official duly authorized by the Municipality, or an employee of a Service Provider appointed by the Municipality, to assist with the verification and oversight over the Indigent management process.

Short-Term Assistance: Given to a person who is temporarily unemployed or hospitalised without income or receives income that defines him/her as indigent for a period to be reviewed every six months.

Landlord: A person, body corporate, company or organisation that owns a building or land where people pay for use thereof, plus pay for Municipal services.

Exceptions: Accounts that cannot be subsidised on the Financial Management System of the Municipality. Such accounts are identified as close accounts or property sale accounts.

SECTION A: POLICY STATEMENTS OF INTENT

3. PURPOSE OF THIS POLICY

The purpose of the Policy is to provide a framework and structures to support poverty alleviation within the Municipality by implementing a support programme to subsidise basic services for indigent households.

4. THE POLICY OBJECTIVES

The objective of this Policy will be to ensure the following:

- ❖ The provision of basic services to the approved indigent/vulnerable members of the community in a sustainable manner within the financial and administrative capacity of the Municipality.
- ❖ Establish the framework for the identification, screening and management of indigent Households, including an economic rehabilitation plan where possible.
- ❖ The provision of procedures and guidelines for the subsidisation of basic services.

5. LEGISLATIVE FRAMEWORK and POLICIES FRAMEWORK

The Policy is based on the following legislation and policies framework:

- ❖ South African Constitution Act, Act no. 108 of 1996 (Section 27).
- ❖ Municipal Systems Act, Act 32 of 2000 as amended.
- ❖ Municipal Property Rates Act, Act 26 of 2004 as amended.
- ❖ Extension of the Security of Tenure Act. Act 62 of 1997.
- ❖ Children's Act (Act 38 of 2005)
- ❖ National Framework for Municipal Indigent Policies.
- ❖ Credit Control and Debt Collection Policy.
- ❖ Indigent Burial Policy.
- ❖ Any other relevant Policy or by law as may be passed/amended by Council from time to time.

6. POLICY OUTCOMES

The following are anticipated policy outcomes on Indigent Policy management:

- ❖ Consistent practice in the implementation of the Indigent Management Policy.
- ❖ Satisfactory level of compliance with the Policy provision.
- ❖ Quarterly updated Indigent Register.
- ❖ Quarterly reporting on the implementation of the Indigent Management Programme

SECTION B: POLICY PRESCRIPTIONS

7. QUALIFICATION CRITERIA

Persons who are claiming indigent status (i.e. an inability to pay assessment rates and service accounts in full) must qualify in terms of the following criteria:

- ❖ The applicant and beneficiaries must be South African citizens residing in Thabazimbi Local Municipality.
- ❖ The applicant must reside on the property for which indigent status is applied for.
- ❖ The applicant must have a valid bar-coded South African Identification Document or any other acceptable proof of South African citizenship.
- ❖ The applicant must be a Thabazimbi Municipality resident.
- ❖ The applicant must be the owner, tenant, occupier/vulnerable person who receives Municipal services.
- ❖ An occupier of a child-headed household where the property is registered in the name of the deceased parent(s) – a Letter of Executorship and a Death Certificate will be required as part of the application
- ❖ The party to whom the property is awarded in the event of a divorce; however, separated couples will not be treated as divorced, and the income of both spouses will be included in the joint monthly household income for purposes of determining indigent status. In the event of joint ownership (e.g. 3 owners) where only one owner is staying at the property, the proof of income of all owners shall be included in the joint monthly household.
- ❖ Where a deceased estate has not been wound up, a Letter of Executorship and a death certificate are needed;
- ❖ An Indigent may only derive benefit from one property. A household jointly owning more than one property and applying for indigent support must declare all additional properties to the Municipality.
- ❖ The combined gross income of an applicant must be **equivalent to or less than the** highest amount is twice the government's old age grants as prescribed by the Department of Social Development. Rental income will be included in the threshold of the maximum old-age pension times 3 per month, but the tenant's salary on the Indigent applicant's property will be excluded.
- ❖ For pro-poor Owners dependent on pension grants: Residential property owners who are both permanent occupiers and the sole owners of the property, with a property market value not exceeding R1 500 000.00, and whose aggregate household income does not exceed the maximum of 5 government old age grants as prescribed by the Department of Social Development (R12 000.00) per month.
- ❖ Eligible applicants will include pensioners, the unemployed and child-headed families who are unable to fully meet their obligations for payment of municipal services consumed and property rates on their monthly accounts. Employed people whose monthly income is below the above-mentioned threshold are also eligible to apply. Any other government grant received by such households will not be counted as additional income.
- ❖ The Municipal Manager may grant authority for a prepayment meter to be installed in those properties where the registered owners qualify and are registered for indigent relief.

The Indigent Management Committee will assess each case on merit and advise the Municipality accordingly. The Municipality reserves the right to register or not to register a

household as indigent.

8. EXTENT OF INDIGENT SUPPORT

The extent of the Indigent support granted by Council to indigent households in the Municipal area will be determined by the budgetary allocation for the financial year and the tariff charges for that year. For Indigent applications, all outstanding account balances (including handovers) as at the date of approval will be written off upon Council approval. The following levels of free services are derived from the National Guidelines for determining equitable share allocations and will be accommodated annually in the operating budget, only to the extent that the Municipality is the provider of such services. For pro-poor households, pensioners whose house market value is R 1 500 000.00 and who are 5 times the old age pension qualify for the following free basic services:

- ❖ **50% of their property rates**
- ❖ **50% sewerage**
- ❖ **50% refuse**
- ❖ **6kl Water**
- ❖ **50 Kwh electricity**

Free basic services for the combined gross income of an applicant must be equivalent to the highest of twice the government old-age grants as prescribed by the Department of Social Development.

- ❖ 100% subsidised rates – as per the Municipal Property Rates Act.
- ❖ 6 kilo liters of free basic water.
- ❖ 50 kW/h free basic electricity.
- ❖ 100% subsidized refuse removal.
- ❖ 100% subsidized sanitation services provided this is part of the Municipality's waterborne system.

8.1 Arrears write-off

- The accumulated arrear debt of indigent households will be written off as of the date of subsidisation on the Municipal Financial System. The writing off of debt will however be guided by Council Resolution.
- All levies more than the subsidy discounts are payable every month and any accrued debt after this debt write-off will be subject to credit control and debt collection procedures.
- The accounts of approved applicants should be flagged and installation of pre-paid electricity and water meters should be prioritized.

8.2 Special provision for rural areas and informal settlements

Though the above Criteria for Qualification require that an applicant must have a Municipal account, this Policy makes special and necessary provision for indigent households in rural communities and informal settlements. These households will benefit from the Indigent Management Programme only through access to free basic water delivered in water tankers, bulk refuse removal, communal toilets and communal taps. Introduction and sustenance of water tankers will be subject to permission granted by the landowner. Costs for the water and related tankers will be covered from the Equitable Share.

8.3 Provision for the elderly who reside in council-owned properties, Retirement Villages and Old Age Homes.

- ❖ Elderly people who rent municipal property will be subsidised for municipal services if they qualify in terms of the indigent management qualification criteria.
- ❖ Indigent consumers living in Old Age Homes and Retirement Villages are eligible to apply for indigent support in terms of this policy. It is upon the individual unit owner to apply to the Municipality for indigent support. The applicant must be responsible for the payment of Municipal services.

The Municipality reserves the right to install prepaid meters in all households classified as indigent.

9. RESPONSIBILITIES OF REGISTERED INDIGENT HOUSEHOLDS

To ensure the success of indigent assistance, the following should be observed by registered indigents:

- ❖ The registered indigent household must be willing to accept the installation of prepaid electricity and water meters by the municipality. Refusal to accept installation of these meters will result in the debt being reinstated and the indigency status being revoked.
- ❖ The registered indigent household must be willing to accept technical assistance Offered by the municipality to make his/her current monthly consumption of services affordable through limiting services.

- ❖ The registered indigent household is responsible for the payment of services should the monthly consumption exceed the allocated level of service provided by the Indigent Management Policy.
- ❖ Should the economic status of the registered indigent household change, the onus is on the household to inform the indigent management office immediately.

10. SHORT-TERM ASSISTANCE

An Indigent household in temporary distress may be assisted for a period not exceeding six months under the following circumstances:

- ❖ Temporary unemployment.
- ❖ Hospitalisation.
- ❖ Chronic illness.
- ❖ Incarceration.
- ❖ Missing persons.

It is required that in any of the instances above, the respective ward councillors will have to support such a request in writing to the Indigent Management Office. Indigent households in this category will be reassessed quarterly.

11. VALIDITY PERIOD

The validity period of assistance will be up to 12 months. Households will be re-evaluated over the following intervals:

- ❖ Quarterly to check deceased status and economically active accounts.

12. DEATH OF REGISTERED APPLICANT

In the event that the approved applicant passes away, the heir (s) of the property must reapply for Indigent support and will be assessed in terms of the Policy requirements to determine their eligibility for indigent support.

13. UNDER-USAGE OF ALLOCATION

If the level of consumption of the Indigent household is less than the consumption level approved by the Municipality, the household cannot claim or accrue the unused portion of the benefit, be it in cash or rebates.

14. 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 monthly. Accounts not settled monthly will be subject to Credit Control measures, which may affect the free issue.

15. TERMINATION OF INDIGENT SUPPORT

Indigent support will be terminated under the following circumstances:

- Refusal by indigent households to accept installation of prepaid-type meters after registration will lead to reinstatement of the debt and revocation of indigent

status.

- Death of an account holder, except if the account is transferred to an heir who qualifies in terms of the Criteria outlined in this Policy.
- At the end of the 12-month cycle, subject to re-assessment.

- Upon sale of the property. Registered indigent households that, within 12 months from the date of approval of debt relief, sell or dispose of the property in respect of which registration has been done, will be held liable for the debt written off previously and interest thereof.
- When circumstances in the Indigent household have improved, and their gross income exceeds the combined income of two government pension grants as prescribed by the National Department of Social Development. The Municipality reserves the right to reassess the circumstances of any household registered as indigent, including the right to review and revise the entire Policy, criteria and benefits.

16. EXIT PROGRAMME

Members of households registered as indigent should be prepared to participate in exit programmes coordinated by the Municipality in collaboration with other Government Departments and the Private Sector. The expectation of this clause excludes pensioners and child-headed households.

17. NON-COMPLIANCE

If the applicant is found to have disclosed false information about his/her personal circumstances, the following will apply:

- ❖ All arrears which may have been written off will become payable immediately.
- ❖ Credit Control collection measures will be applicable; and
- ❖ The applicant will not be eligible to apply for this assistance for a period of 5 years.

18. REPORTING AND QUALITY MANAGEMENT

Quarterly reports shall be submitted by the Department: Budget and Treasury with financial cost implications to relevant Portfolio Committees and to the Mayoral Committee on progress made regarding the administration of the Indigent Management Programme.

Reports should reflect costs, quality, and effectiveness of system processes, as well as time frames for application registration and approval review.

19. ACCESS TO INFORMATION ON THE REGISTER

A register of indigent beneficiaries must be maintained; however, applicants' human dignity must also be protected. Written objections from the public must be submitted to the Department of Budget and Treasury's indigent management section, which will forward the complaints to IPMEC for consideration.

20. BUDGETING FOR INDIGENT SUPPORT

The Municipality shall include in its annual budget the amount required for Indigent subsidies in line with the respective Policy and By-laws. Such amount shall be increased annually, based on the Equitable Share plus the amended rates and tariffs for the particular financial year, and credited directly against the monthly service accounts of approved indigents.

21. AUDITING

Auditing will be conducted in accordance with the audit plan of the Internal Audit Section.

SECTION C: PROCEDURE GUIDELINES TO GIVE EFFECT TO THIS POLICY

22. Communication

The Communication unit, in collaboration with the indigent management section, will, within the framework of the Communication Strategy for the Indigent Management Programme, champion communication to inform the residents of Thabazimbi Municipality about the Programme.

22.1 Communication procedures and Free Basic Services Implementation strategy

22.1.1 The municipality will develop the free basic services communication and implementation strategy in terms of which communities will be informed and educated to have a clear understanding of this policy and its implementation.

22.1.2 Regular information dissemination and awareness campaigns will be undertaken and eliminate unrealistic expectations both in terms of qualifying for the free basic services subsidy and the services that will be rendered.

22.1.3 The following communication mechanisms will be used to disseminate information:

22.1.3.1. Ward committees;

22.1.3.2. CDW's;

22.1.3.3. Community based organisations;

22.1.3.4. Local radio stations and newspapers;

22.1.3.5. Municipal accounts;

22.1.3.6. Imbizo and road shows

22.1.3.7 SMS and MMS technology

22.1.3.8 Social Media

23. Application/Registration

An applicant must complete an official/indigent management application form supported by the following original/certified documents:

- ❖ South African valid bar-coded Identity Document

- ❖ Current Municipal account is not older than 3 months.
- ❖ If unemployed, one affidavit by the head of the household mentioning each beneficiary in the household older than 21 years by name and identity number and declaring the status of income for each beneficiary.

- ❖ Copy of a Bank statement where an applicant is employed or self-employed.
- ❖ A letter of authority/Executor where applicable.
- ❖ Proof of receipt of Pension for pensioners.

Signing the Indigent application form entitles the applicant to an allocation of free basic services, as defined in this Policy, upon approval of the application.

As part of the application, the applicant must be willing to give consent for external scans and credit bureau checks and consent to the installation of prepaid water and electricity meters.

24. Assessment & Screening of Applicants

After the application/registration process, all information must be verified by the Programme Officer or a person approved by the Municipality as follows:

(a) Indigent Management System Check

The information in the Municipality's Indigent Management System must be checked to determine whether applicants and beneficiaries are already registered in the system, as well as to determine when these existing applicants should be reviewed.

(b) Data Capturing

The Indigent registration data must be captured in an Indigent Management System as per the application form or as identified on the Municipality's Financial System. The applicant will then be issued with an acknowledgement letter indicating that the application is in progress.

(c) Verification – Site Visit

The Indigent Management officer must assign an application to a duly appointed Verification Officer for on-site verification.

The Verification Officer must then verify the registration application and complete a questionnaire which contains the inventory. The applicant must then sign the complete questionnaire. The Verification Officer then assesses the application and recommends that it be considered for further investigation through an External Scan (see (e) below).

This information shall be entered into the Indigent Management System within 72 (seventy-two) hours after receiving the information from the Verification Officer.

(d) Verification - Ward councillor

Once a site verification visit has been concluded, the application is sent to the ward councillor for final verification. The ward councillor signs the application form once he/she has commented.

(e) Verification – External Scans

An external scan of applicants recommended as suitable households for an Indigent grant, must be concluded with UIF, SARS, Department of Social Development, Retail and Credit Bureau or any other relevant institution. The external scan must immediately follow the process after the information from the site visitation has been captured. The information of the external scan must also be captured in the Indigent Management System.

The external scan must be done separately from the site verification.

25. Recommendation

Once verification is complete, the Indigent Management System must generate a recommendation based on the information stored in the database. Applications that qualify for Indigent support under the system are to be referred to the IPMEC for final approval.

The recommended application must then be recorded in the Indigent Management System. The date the record was submitted to the Indigent Committee should be recorded in the system to track the application's status throughout the process.

If the application is declined, it must be recorded in the Indigent Management System, and a letter should be sent to the applicant informing them of the disapproval. This will also be communicated via SMS to the applicant if a valid mobile number is available. The validity of the mobile number will be verified against the billing system and the application form, in which the applicant disclosed their mobile number.

In the event of a successful application, the Indigent Management System should be updated to reflect this. The Indigent Management System within the Financial Management System should be flagged to indicate that the application has been approved, and a letter should be sent to the applicant informing them of the approval of their application. This will also be communicated via SMS to the applicant if a valid mobile number is available.

The Indigent Management system software must be able to generate a list of all successful indigent applications upon request. This report must be produced at least once every three months for management information.

26. Commencement of status as an indigent consumer

Indigent recommendations reports are tabled at IPIMEC each month for evaluation and approval. The approved recommendations report is flagged and loaded to apply Indigent subsidies to individual accounts. From here, the Indigent Cycle commences, and it is accepted that this is the consumer's first Indigent status, which will be reflected in all communication from this point on.

It is also noted that "Exceptions", defined as accounts that could not be subsidised or account holders who refused the installation of prepaid meters, will be tabled again at IPIMEC at the next meeting, as these accounts must have their status formally changed in line with the audit principles.

27. Project Progress Committee

A Project Progress Committee must be established to plan, monitor and evaluate the implementation of the Programme. It will identify any gaps and challenges and make recommendations to IPIMEC. The Indigent Committee must be established and comprise officials of the Municipality. The Project Progress Committee must hold project progress meetings at least twice a month.

28. Indigent Policy Implementation, Management and Evaluation Committee (IPI MEC)

IPI MEC must be established to receive data, approve or disapprove, and ensure the implementation, management and evaluation of the Indigent Management Process. The committee shall comprise Members of the Executive Committee for Health and Social Upliftment, Finance, Infrastructure Services, Human Settlements and Corporate Support Services, as well as relevant officials. The committee shall be chaired by the Member of EXCO for Health and Social Upliftment.

The IPI MEC shall meet at least once a month to deal with applications tabled before it.

IPI MEC shall do the following:

(a) Monitoring

- ❖ Ongoing monitoring of the execution of the Policy to determine its effectiveness and efficiency.
- ❖ Inputs from various affected stakeholders, including Councilors, Ward Committee Members and affected administrative officials, will assist in monitoring the Policy implementation.

(b) Quality Management

- ❖ Management of the quality of the current basic services as defined in the Policy.
- ❖ Systems and processes for reporting, monitoring and reviewing the Policy.

(c) Reporting

- ❖ All information captured during the monitoring and quality assessment period of this Policy.

(d) Evaluation

- ❖ Evaluate that all processes outlined in the policy were followed and completed to ensure a clean audit trail for all applications, processes and reporting.

(e) Review

- ❖ In line with the information that would have been collected during the monitoring, quality assessment, evaluation and reporting.

(f) Re-evaluation

- ❖ All approved indigent households will be re-evaluated prior to the 24-month expiry period. The recommendations report on the re-evaluation will then be submitted to IPI MEC for approval.

