

**NGWATHE LOCAL MUNICIPALITY:
INDIGENT SUPPORT & FREE BASIC SERVICE POLICY
2026/2027**



Policy: Indigent Support & Free Basic Service Policy	Effective Date: 01 July 2026
Approved:	Review Date: 29 January 2026

Notwithstanding the current review and approved process, this policy shall remain effective from the last approved date (per item .../.. of ...) until such time approved otherwise by Council and, must be reviewed at least annually during the Budget/IDP process or on an earlier date if necessary.

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ABBREVIATION & DEFINITIONS AND TERMS

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

For the purpose of this document, the following definitions will apply:

- **Act:** means the Local Government: Municipal System Act, 2000 (Act No. 32 of 2000), as amended from time to time,
- **Apparatus:** includes a building, structure, pipe, pump, wire, cable, meter, machine or any fitting,
- **Billing:** means proper formal notification on an account to persons liable for payment of amounts levied for assessment rates and other taxes by the municipality and the charges of the fees for municipal services and indicating the net accumulated balances of the account,
- **Council:** the municipal council of the municipality of Ngwathe Local Municipality,
- **Credit control and debt collection:** means the functions relating to the collection of all money that is due and payable to the municipality,
- **Customer:** means any occupier of any premises to which the municipality has agreed to supply or is actually serviced, or if there is no occupier, then the owner of the premises,
- **Customer management:** means focusing on the client's needs in respective and reciprocal relationship between persons liable for these payments and the municipality, and when applicable, a service provider, thereby limiting the need for enforcement,
- **Defaulter:** means a person owing the municipality money in respect of taxes and/ or municipal service charges not paid on the due date for payment,
- **Engineer:** means a person in charge of the civil or electrical departments of the municipality,
- **Interest:** constitutes a levy equal in legal priority to service levies and is equivalent to the prime banking rate applicable from time to time plus 5%,
- **Municipal account:** shall include levies or charges in respect of the following:
- **Service and taxes:** water and electricity availability charges (on developed and vacant stands), electricity and water consumption, refuse removal, sewerage services, rates and taxes, interest, miscellaneous and sundry charges.
- **Municipal manager:** means the person appointed by Municipal Council as the Municipal Manager of the municipality in terms of section 82 of the Local Government Structures Act, 1998 (Act 117 of 1998) and includes any person acting in such position, and to whom the municipal manager has delegated a power, function or duty in respect of such delegated power, function or duty,
- **Municipal services:** all services including, but not limited to, water, sanitation, electricity, refuse, rates and taxes reflected on the municipal account for which payment is required by the municipality,
- **Chief Financial Officer (CFO):** means a person appointed by Council to manage the Council's financial,
- **Occupier:** means any person who occupies any premises or part thereof, without regard to the title under which he/she occupies,
- **Owner:** means
 - The person in whom the legal title to the premises is vested,
 - in case where the person in whom the legal title is vested is insolvent or dead, or is under any form or of legal disability whatsoever, the person in whom the administration of and control of such premises is vested as curator, trustee, executor, administrator, judicial manager, liquidator or other legal representative,

- in relation to a piece of land delineated on a sectional plan registered in terms of the Sectional Titles Act 1986, (Act 95 of 1986), and without restricting the above developer or the body corporate in respect of the common property, or a section as defined in such Act, the person in whom name such section is registered under sectional title deed and includes the lawfully appointed agent of such a person,
- any legal person including but not limited to accompany registered in terms of the Companies Act, 1973 (Act 61 of 1973), Trust *inter vivos*, Trust *mortis causa*, a Closed Corporation registered in terms of the Closed Corporation Act, 1984 (Act 69 of 1984), a Voluntary Associated.
- Any Department of State.
- Any Council or Board established in terms of any legislation applicable to the Republic of South Africa
- **Pensioner:** for the purpose of the indigent application process a pensioner is taken as a person that can substantiate with some supporting documentation that he/she is on pension, being it for medical, old age, or any other related reason without a limitation on age or alternatively any person older than 65 years old.
- **Policy document:** means the approved indigent policy of this Municipal Council, as will be amended from time to time.
- **Premises:** includes any piece of land, the external surface boundaries of which are delineated on:
 - A generally plan or diagram registered in terms of the land Survey
 - A sectional plan registered in terms of the Sectional Titles Act, 95 of 1986, which situated within the area of jurisdiction of the Council.
- **Indigent:** includes an owner or occupier of a property who qualifies according to the conditions outlined within the indigent policy.

INTRODUCTION/PREAMBLE

The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the council, and to provide procedures and guidelines for the subsidization of basic service(s) charges to its indigent households, using the council's budgetary provisions and/or funds received from central government in accordance with prescribed policy guidelines. The indigent Support Policy is legal imperative, a tool designed to ensure that persons and households classified as indigent have access to basic services as defined in the Constitution of the Republic of South Africa, Act No108 of 1996.

LEGAL FRAMEWORKS AND POLICIES

- Constitution of the Republic of South Africa, Act No 108 of 1996
- Local Government Municipal Systems Act, Act No 32 of 2000..
- Local Government Municipal Systems Amendment Act, 2003, Act No 44 of 2003.
- The Local Government Municipal Property Rates Act, 2004, Act no 6 of 2004 as amended.
- Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
- Free Basic Strategy and Guidelines prepared by the Department of Water Affairs and Forestry.
- Electricity Basic Support Tariff (free basic electricity) Policy prepared by the Department of Minerals and Energy.

POLICY BACKGROUND

- 4.1 The council also recognizes that many of the residents can simply not afford the cost of full provision of basic services and for this reason, the council will endeavour to ensure affordability through setting tariffs in terms of the council's tariff policy, which will balance the economic viability of continued service delivery and determined appropriate service levels.
- 4.2 This policy aims to address the key issues and challenges of indigents. The strategic aim is to create an enabling environment in which the objectives of revenue generation can be realized, given that many of the residents can simply not afford the cost of full provision of basic services although it will be limited to the basic needs as identified by the relevant departments.

POLICY PRINCIPLES

- 5.1 In terms of section 74 of the Local Government Municipal Systems Act 2000, a 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 subsidization of tariff's for poor households.
- 5.2 Arising from the above, the municipality needs an indigent support policy. The indigent support policy must provide procedures and guidelines for the subsidization of basic services and tariff charges to its indigent households.

POLICY OBJECTIVES

- 6.1 Provide procedures and guidelines for the subsidization of basic service(s) charges to indigent households, using the council's budgetary provisions and/or funds received from central government in accordance with prescribed policy guidelines.
- 6.2 Facilitate implementation of an effective program to assure free or lower cost services to those that cannot afford it, while eliminating the booking of these services as outstanding debtors.
- 6.3 Provide a framework to assist the Municipality in identifying those who qualify for the limited basic services and assuring that the limits are placed as needed.
- 6.4 The successful applicants will receive 50 kwh electricity (where applicable), full subsidy on the basic/ availability electricity charge(where applicable), 6 kl water, full subsidy on the basic/availability charges for water, full subsidy on the basic/availability charge for sewer, refuse and property rates unless other circumstances prevail. The subsidy is only applicable to residential usage and on a monthly basis.

SCOPE OF APPLICATION

This policy document shall apply to the administration of all indigent determination and offerings as determined by Ngwathe Local Municipality and is directly linked to the Credit Control and Debt Collection Policy, Tariff List, Tariff Policy, Property Rates Policy, Budget, etc.

TARGETING APPROACH

- 8.1 The effective targeting of indigent households and the implementation of this policy will depend largely on the social analysis included in the IDP, the LED initiative and other poverty relief programs of Ngwathe Local Municipality. The socio-economic information and performance indicators contained in these documents will assist in guiding the basis for the targeting of indigent household.
- 8.2 **Household income** – The threshold for qualifying indigents is **R 6000.00** per household. The allocation of indigent assistance on water and electricity consumption will be determined by Council from time to time but are currently at 6kl water and 50kWh electricity per month. In the areas not serviced by the municipality, the monetary value of the said consumptions will be credited to the customer's accounts. Consumers will then pay less on their monthly accounts and purchase their "free" electricity with the saving.
- 8.3 **Medical Grounds Qualification**
An applicant may qualify for indigent support on medical grounds where the household can provide proof of substantial medical expenses, including payments to doctors, hospitals, clinics, pharmacies, or for chronic medical treatment, which materially impacts the household income and ability to afford basic municipal services.
Supporting documents such as medical invoices, receipts, proof of payment, medical aid statements, or confirmation from a registered medical practitioner may be required for assessment purposes.
- 8.4 **EPWP Workers**
Stipends: Participants do not earn a standard corporate salary but receive a government-mandated daily or hourly stipend. Any stipend below the threshold will qualify for indigent.

QUALIFYING CRITERIA

- In order to qualify for the registration as an indigent, an applicant must satisfy the following criteria:
- 9.1 The usage of the property must be for private residential purposes only with the exclusion of the NPO's qualifying according to the approved criteria.
- 9.2 Where a site has rooms for renting, such site will not qualify for indigent assistance as the site will be billed on business tariffs.
- 9.3 Where a site has additional units, and each such unit and the main dwelling has its own account(s), the individual unit can qualify for indigent assistance if the approved criteria for indigent assistance are met.
- 9.4 Where a site or a portion of the site has any type of business on it, such site will not qualify for indigent assistance unless separate accounts are open for the residential portion and for every business. In such instance, the residential account can qualify for indigent assistance if the approved criteria for indigent assistance are met.
- 9.5 The total monthly household income must not exceed twice the maximum monthly SASSA pension contribution, rounded off to the next R1000.
- 9.6 The under mentioned grants received will be included when determining household income:
- Forster Child Grant (Not exceeding the approved monthly income limit),
 - Monthly Pension Grant
 - Monthly Donations
 - Child Support Grant
 - Care Dependency Grant
 - Monthly Disability Grant
- 9.7 The applicant can only qualify for indigent subsidy on one property and the said property must be occupied by the applicant.

- 9.8 The account must be in the name of the applicant.
- 9.9 The applicant, in the case of an occupier, can only qualify for indigent assistance if the owner's account (property rates) is paid up to date or the prescribed written arrangements for such debts have been approved. This will prevent the legislative termination/reduction of services of the indigent occupants due to the outstanding debts. It will also ensure the adherence to legislation (credit control and debt collection) that no new accounts be opened on sites with arrear debts.
- 9.10 The application for indigent support, in the case of an occupier, can only be considered with the written approval from the owner or the authorized agent.
- 9.11 Council may determine and review the criteria as mentioned above.
- 9.12 Any registered non-profit welfare organization (NPO) can apply and be treated in the same manner as the indigents in order to receive the same benefits. The property must be registered in the name of the organisation to receive the benefit of a subsidy on property rates.
- 9.13 Pensioners (above the set norm for the maximum household income) may also apply for relieve under the indigent process and approved households will receive the free approved water usage and basic water charges together with the free approved electricity usage and basic charges, as per the indigents.

APPLICATION PROCESS

- 10.1 Consumers that are deemed to be indigent (including pensioners and Non-Profit Organizations) by the Municipality, shall formally apply on the prescribed form for the relief and will qualify for the indigent support program according to prescribed criteria and principles laid down by the Municipality.
- 10.2 The application form is to contain, inter alia, the following important information:
- Details of the account holder;
 - Proof of residence (copy of latest service account);
 - Original identification document of applicant (municipality will make a copy of ID document) or alternatively an original certified copy of ID document;
 - ID numbers (where applicable) and names of all people above 18 years of age that are staying in the house to determine the household income (this detail may be used for the issue of proof of residence);
 - Water and Electricity meter numbers;
 - Original of latest Bank statement (where applicable); or
 - Original last pay slip or other original form of income (municipality will make a copy); or
 - SASSA card or original SASSA bank confirmation slip (municipality will make a copy); or
 - A SAPS affidavit that the occupant has no source of income;
 - Application Procedures
- 10.3 The fully completed indigent application form must be handed in at any of Ngwathe Local Municipality offices
- 10.4 A sworn SAPS affidavit to confirm the correctness of the information on the form.
- 10.5 The municipal manager or the designed person (Ward Councillor) must approve the application.
- 10.6 Complaints and enquiries will be managed by the official Ngwathe Customer Care Division who will ensure the effective communication between the council and its customers.

PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

- 11.1 This section states the steps that council will take against people who contravene the conditions of this policy.
- 11.2 If it is established that incorrect information was furnished in obtaining relief the following action(s) are to be taken:
- Suspend or stop the relief immediately.

- Recover the amount of relief furnished from the recipient by debiting his/her account.
 - Apply normal credit control in accordance with the council's credit control and debt collection processes.
 - Institute a criminal charge of fraud against the recipient.
- 11.3 Theft and fraud
- Any person found to be illegally connected or reconnected to municipal services, tampering with meters, reticulation network or any other supply equipment with the supply of municipal services, as well as theft and damage to Council property, will be liable for penalties as determined from time to time.
 - Council will immediately terminate the subsidy and supply of services to a customer should conduct as outlined above be detected.
 - The total bill owing, including penalties, assessment of unauthorised consumption and discontinuation and reconnection fees, and increased deposits as determined by council if applicable, becomes due and payable before any reconnection can be sanctioned.
 - The debt collection process as outlined by the Credit Control and Debt Collection policy shall become applicable immediately.

EXIT MECHANISMS

- 12.1 Upon the expiry of the 12 months period as contained in above the debtors may apply to be de-registered. The application for de-registration will be administrated by the Health and Social Development Department who will advise Finance accordingly where after the affected department will be requested to restore the standard service tariffs at the property.
- 12.2 Indigent applications must be submitted/re-submitted for every financial year. At the end of every municipal financial year, all indigents will be removed from the financial system and reverted back to the standard tariffs. New applications will then be registered on the system as from 2 July every year. This is substantiated by the risks involved during the special registration periods where, especially our elderly residents, gather in great volumes for registration with the uncontrollable inherited risk scenarios.
- 12.3 Due to the limited capacity of the council, no separate Indigent Committee will be selected. These functions are incorporated into the powers and functions of Ngwathe finance Committee.

MONITORING AND EVALUATION

- 13.1 The Municipal Manager must establish and control the administration necessary to fulfil this policy and report efficiently and regularly to the Mayor in this regard.
- 13.2 The performance measure will identify the number of indigent households, and measure the percentage of these households to whom the municipality offers help.
- 13.3 Number of indigent household applications received.
- 13.4 Amount of subsidy allocated
- 13.5 Awareness and Exit initiatives.
- 13.6 It is the responsibility and part of the conditions of the subsidy that the applicant will inform the council of any changes in its qualifying circumstances immediately.
- 13.7 The council removes all approved applications at the end of the financial year and all applicants' at the end of the financial year and all applicants' needs to re-apply annually to ensure that subsidies withheld randomly and for an indefinite period.

VERIFICATION OF THE INDIGENT REGISTER

- 1.1. If the applicant is employed the latest pay slip must be produced or any other original proof of income.
- 1.2. The applicant must provide a copy of his/her identity document.
- 1.3. The fully completed prescribed indigent application form must be hand at Ngwathe Local Municipality.
- 1.4. A sworn affidavit to confirm the correctness of the information on the form.
- 1.5. The municipality manager or the designed person (Ward Councillor) must approve the application.
- 1.6. The indigent's register is supplied at least annually to Treasury to verify whether the approved indigents do not appear on any of the government's payroll systems.

COMMUNICATION

Communication on the procedures will take place through any of the following aspects or a combination thereof:

- Official notes/newsletters
- Ward committee meetings
- Load haling
- Annual Budget & IDP road shows
- Special week-end exercises during the registration process

CONTACT OF THE OFFICE RESPONSIBLE FOR THE INDIGENT POLICY

Formulation Policy : Chief Financial Officer

Authorization Policy : Council

Ownership and Maintenance Manager : Manager Revenue

All of the above can be reached using Ngwathe Local Municipality's official contact number

Name and Surname	Designation	Email Address	Contact Details
Bhungane Radebe	Manager Revenue	bhunganer@ngwathe.co.za	069 019 8194
Stephen Letshaba	Assistant Manager –Credit Control & Customer Care	letshabas@ngwathe.co.za	082 668 3926
Moipone Mazamelela	Assistant Manager – Billing & Cash Management	valuations@ngwathe.co.za	078 006 3229
Zelda Majoe	Sub-Accountant Credit Control	majoez@ngwathe.co.za	078 081 0924
Mimi Gibson	Indigent Officer	gibsonm@ngwathe.co.za	060 421 5088

ADDITIONAL INFORMATION/ITEMS COVERED

None

LIST OF STAKEHOLDERS

- National/Provincial Treasury
- National/ Provincial COGTA
- Eskom
- Department of Water and Sanitation
- Department of Energy
- Department of Environmental Affairs
- Rural & Urban residence
- Budget & IDP officials
- Professionals
- Business

APPROVAL BY COUNCIL

Date:

Item No: