

BA-PHALABORWA LOCAL MUNICIPALITY



INDIGENT POLICY

PROCEDURES AND PRINCIPLES ON INDEGENTS

2026-2027

1. LIST OF STAKEHOLDERS

The following stakeholders were available and made contribution in the drafting/review of the Municipal Indigent Policy mainly through IDP processes: -

The Mayor
Speaker
Chief whip
Ward Councillors
Proportional Councillors
Municipal Manager
Section 57 Senior Managers
Officials from Sector Departments
Traditional Leaders
Civic Associations
Community Development Workers
Ward Committee
Taxi Association
Bus Forum
Business Forum
Moral regeneration forum
Youth Council
Women's forum
South African Municipal Union representatives

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3. ABBREVIATION

- IDP** - Integrated Development Planning
LED - Local Economic Development
SDBIP - Services Delivery and budget implementation Plan

2. DEFINITION OF TERMS

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: -

Basic Services	- Means minimum basic services rendered to the communities.
Council	- Means the Municipal Council of Ba-Phalaborwa Municipality.
Councillor	- Means a member of Ba-Phalaborwa Municipal council
Communities/Citizens	- Means communities residing within the area of jurisdiction of Ba-Phalaborwa municipality and consume services as provided by the Council
Consumer	- Means a person who owns property within the area of jurisdiction of the Municipal Council
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.
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);
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
Indigent tariff	- Means the tariff as determined by Council and applicable to indigent households
Indigent Register	- Means the register that has a list of qualifying indigents of specific financial year
Indigent Subsidy	- Means an allocation from the equitable share grant as determined by the Council

3. INTRODUCTION

Ba-Phalaborwa 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.

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.

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.

All indications are that; the equitable share will be used to subsidize the Indigent.

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.

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.

4. PREAMBLE

WHEREAS 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.

WHEREAS Council needs to have an approved Indigent Policy.

WHEREAS such policy must provide procedure and guidelines for the subsidisation of basic services and tariff charges to its indigent household.

WHEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life.

NOW THEREFORE the Council of the Ba-Phalaborwa Municipality has adopted the Indigent set out hereunder: -

5. POLICY ISSUES

(a). 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.*

(b). 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.*

6. POLICY OBJECTIVES

The objective of Ba-Phalaborwa Indigent Policy will be to ensure the following:

- 6.1 The provision of basic services to indigent household in the jurisdiction of Ba-Phalaborwa Municipality in a sustainable manner, within the financial and administrative capacity of the Ba-Phalaborwa Municipality Council
- 6.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through subsidisation
- 6.3 Establishment of procedure for the identification and management of indigent households including a socio-economic analysis and the indigent exit mechanisms
- 6.4 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
- 6.5 To allow the municipality to plan the scale and scope of our Free Basic Services delivery.

7. SCOPE OF POLICY APPLICATION

7.1 The Indigent Policy shall be applicable to all consumers in the area of jurisdiction of the Ba-Phalaborwa Municipality.

7.2 The Indigent Support Programme must be accessible to all qualifying indigent 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; To provide a climate that will reduce Unemployment through the promotion of economic development and job creation

9. LEGAL FRAMEWORKS, POLICY AND GUIDELINES

9.1 Legal Frameworks

This Policy is designed and implemented within the framework of the following Legislation: -

- The Constitution of the Republic of South Africa, Act 108 of 1996;
- The Local Government Municipal Systems Act, Act 32 of 2000
- The Municipal Finance Management Act, Act 56 of 2003
- White Paper on Local Government
- The Property Rates Act, Act 6 of 2004

9. 2 POLICY ANDGUIDELINES

- Framework of Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007
- Ba-Phalaborwa Municipal Credit and Debt Collection Policy
- Ba-Phalaborwa Municipal Tariff Policy
- Ba-Phalaborwa Integrated development plan

10. ECONOMIC PROFILE

- According to Statistics South Africa of the year 2014 o 64,3% of Ba-Phalaborwa Municipality's population are people without income.
- Majority households are unable to pay for municipal services.

11. TARGETING APPROACH OF INDIGENT HOUSEHOLDS

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

- The applicant must be a permanent residents of Ba-Phalaborwa Municipality;
- The applicant must be a South African Citizen;
- The applicant must not be the registered owner of more than one property;
- The property must only be used for residential purposes;
- All households that are child headed, including those who are below eighteen (18) of age can apply for the indigent support;
- The onus for applying for indigent subsidy rest with the consumer who cannot afford to pay the full municipal tariff for services received;

12. APPLICATION AND REGISTRATION AS INDIGENT

Attached, as **Annexure A**, 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.

- 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.
- It is the responsibility of the ward councillor to coordinate the completion of indigent forms in their specific area of jurisdiction.
- The relevant ward Councillor should be involved during the evaluation process and should verify the application together with the relevant community members.
- The Indigent Subsidy Division within the municipality will be responsible to compile and administer the database for households registered in terms of this policy.
- Only one application per **household** in respect of one property shall qualify for consideration.
- 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 conduction an on-site evaluation of the details supplied.

13. QUALIFYING CRITERIA

13.1. 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.

13.2. The amount that is used as threshold for determining the indigent status for a household income two pensioners pay. Household dependent on Pensions or Social Grants also qualify as indigent.

13.3. The following factors must be considered in determining whether a household qualifies as indigent:

- 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.
- 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
- The poverty threshold - The poverty threshold shall be based on the total income of the household applying for consideration as indigent excluding social grants

13.4. Prior year's Qualifying Customers will be vetted to confirm if the Indigent status hasn't changed.

- If the status has not changed, the customer will be included on the current year Indigent register
- If the status has changed, the customer will be removed from the Indigent register

14. INDIGENT TARIFF AND SUBSIDY AMOUNT

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.

Services	Destitute Indigent	Indigent
Water	Maximum of 6 kl	Maximum of 6 kl
Electricity (pre-paid and conventional)	50 kWh	50 kWh
Sewer	Fully subsidised	Fully subsidised
Refuse	Fully subsidised	Fully subsidised
Assessment Rates	Fully subsidised	Fully subsidised

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.

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

15. LEVELS OF SERVICES TO BE SUBSIDISED

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**
 - ❖ Refuse charges will be granted 100% to property owners who are indigents.

- **Electricity**
 - ❖ Household who qualify in terms of this policy will be provided with 50 kwh of electricity.
 - ❖ Only the operational and maintenance cost will be recovered from consumers.

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

- **Sewerage**
 - ❖ Sewerage charges will be granted 100% to property owners who are indigents.

- **Water**
 - ❖ 6 Kilo litres will be granted as a subsidy

16. HANDLING OF QUALIFIED HOUSEHOLDS ACCOUNTS

- 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. (Provided that the municipality has the budget for the write off)
- 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.
- 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: -
 - Affidavit from the commissioner of oath confirming the non - employment of appointed person
 - Marriage certificate where deceased was married to the applicant.
 - Death Certificate
 - Identity document of the deceased
 - Identity document of the appointed person.
 - The latest municipal account of the household

17. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

- Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all incomes, i.e. from formal and/or informal sources are declared.
- Any person who supplies false information will be disqualified from further participation in the subsidy scheme. He/she will also be liable for the immediate repayment of all subsidies received, reversal of any debt written off and the institution of criminal proceedings, as Council may deem fit.
- When an indigent consumer fails to comply with the conditions stipulated to receive the subsidy, they will be dealt with in terms of the Council's uniform credit control procedures.
- The onus also rests on indigent support recipients to immediately notify Council of any changes in their indigence status, failure to notify Council will result in refusal for approval to be indigent consumer in future by council.
- A review screening of the indigent support will be done on Annual basis. This will be by way of using information from the credit agencies (ITC or Experian)

18. MONITORING AND EVALUATION

The Ba-Phalaborwa 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).

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:

- Number of Indigent households application received or registered in the indigent register;
- Number of Indigent households application who received property rates;
- Number of indigent households who received refuse removal;
- Number of Indigent households that have received the first time writeoffs;
- Number of indigent households who receive write-offs by the cause of death of family that cannot afford to pay;
- Amount of subsidy allocated per benefit category

19. EXIT MECHANISMS

Ba-Phalaborwa Municipality will promote exit mechanism programme from indigence by:

- Identifying Indigents for inclusion in public works projects (Extended Public Works Projects);
- Local job creation projects such as cleansing operations, and small infrastructure projects;

20. VERIFICATION OF THE INDIGENT REGISTER

20.1 FINANCIAL DEPARTMENT

The Finance Department will have the following responsibilities: -

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

20.2 MUNICIPAL COUNCILLORS

Municipal Councillors will have the following responsibilities

- To assist consumers in completing the application forms.
- Verify indigent status and financial related answers that were given by the applicant on the application form.
- The approval of indigent subsidy will be done by the delegated municipal official after verification by the Ward Councillor
- To coordinate the completion of indigent forms in their specific area of jurisdiction.

21. COMMUNICATION

The indigent registration process is communicated in all public areas of the municipality through Integrated Development Planning consultation process.

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

Mayoral Imbizo programs will also communicate the indigent registration processes.

22. CREDIT CONTROL ISSUES

22.1 OBLIGATIONS TO PAY

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

22.2 CREDIT CONTROL POLICY TO BE APPLIED FOR INDIGENT HOUSEHOLDS

The credit control policy aims to achieve the following: -

- To distinguish between those who can and cannot pay for services
- To get those that cannot pay to register with Municipality so that they could be given subsidies
- To enable the Municipality to determine and identify defaulters to ensue appropriate credit control procedures
- To establish an indigent directory of all persons who complies with the policy

23. ADDITIONAL INFORMATION

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

- Database management
- Revenue management
- Policy and by-laws implementation
- The Indigent Induction Workshop to newly appointed Councillor;
- The Indigent Training to all Councillors once per annum;
- The Indigent campaign in all Mayoral Imbizo's;
- The Indigent campaign in all Integrated Development Planning in all Nodal points;
- The Indigent presentations to all territorials' councils in our Municipality.

24. CONTACT PERSON IN TERMS OF THE POLICY

For more information, you can contact: -

- Molapo M : 015 780 6438
- E-mail address : MolapoM@Ba-Phalaborwa.gov.za

25. CONCLUSION

In conclusion the granting of an indigent subsidy shall be the sole prerogative of council of Ba-Phalaborwa 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

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.



BA-PHALABORWA MUNICIPALITY

**INDIGENT SUBSIDY
APPLICATION**

A. Property Details

Account No:	Pole Number:
Meter No (water):	Ward Number:
Meter No (electricity)	Suburb Name:

B. Personal Information

Name:	
Surname:	
Identity Number	
Cell Number	
Tel Home	
Email Address	
Is the Applicant Employed	
Marital Status	

C. Spouse Details

Name	
Surname:	
Identity Number	
Cell Number	
Tel Home	
Email Address	
Is the Spouse Employed	

D. Income

Initials and surname	Relation to account holder	ID number	Gross monthly income R	Source of income
Total Income			R	

I the undersigned hereby certify that: _____
 I/We hereby declare that I have acknowledge the requirements and conditions of this document and that the details / information provided by me, is true and correct

Consent to the South Africa Revenue service (SARS) in terms of section 69(6)(b) of the Tax Administration Act No 28 of 2011(TAA):

I/we, the undersigned Applicant(s), hereby give consent to SARS to disclose my/our information to Ba-Phalaborwa Municipality and the National Department of Cooperative Governance (COGTA) for purposes of verifying the details of my/our income levels that I/We have disclosed to the Municipality in support of my/our application for a municipal indigent grant.

Signed at:	
Signature	
Date:	

You must submit certified copies of the following documents with this application:

If you are employed

- i. Proof of identity (such as your ID book)
- ii. Latest salary/wage payslip, or a letter from an employer confirming your income
- iii. If you are self-employed, a sworn affidavit stating how much you earn per month
- iv. Proof that you receive a disability grant or pension
- v. Eskom Token & Pole Number

If you are unemployed

- i. Proof of identity (such as your ID book)
- ii. A sworn affidavit confirming that you are unemployed
- iii. A sworn affidavit that you have no other source of income
- iv. A bank statement for the last three months or a sworn affidavit confirming that you do not have a bank account
- v. Eskom Token & Pole Number

Deceased: please provide the following certified documents

- i. Death Certificate of the Property Owner
- ii. A sworn affidavit confirming the person heading the family /Applicant
- iii. Proof of identity (such as your ID book) of the head of the family /Applicant
- iv. A sworn affidavit that you have no other source of income (Head of the family /Applicant)
- v. A bank statement for the last three months or a sworn affidavit confirming that you do not have a bank account (Head of the family /Applicant)
- vi. Eskom Token & Pole Number
- vii. Latest salary/wage payslip, or a letter from an employer confirming your income (If employed)
- viii. If you are self-employed, a sworn affidavit stating how much you earn per month
- ix. Proof that you receive a disability grant or pension (if receiving Grant)

FOR OFFICE USE ONLY	OFFICIAL'S FULL NAME	DATE	SIGNATURE
All information and documentation supplied			
Verified by Ward Cllr /Committee Member			
Authorised by Finance			

APPLICATION APPROVED

NOT APPROVED

Reasons for disapproval:

1. The applicant does not meet the requirements to be considered as an indigent.
2. The application is incomplete and some of the documents could be missing.
3. Other: _____

26.. Policy Approval

This policy was formulated by Budget and treasury Management in consultation with the Treasury.

27. Review and amendment of the Policy

- This Policy must be reviewed periodically in order to ensure continued alignment with the MFMA, applicable regulations, National Treasury guidance, audit findings and the operational needs of the municipality.
- In addition to periodic review, the municipality must review this Policy where:
 - Legislative or regulatory amendments affect assets Management processes;
 - Audit findings or oversight recommendations indicate weaknesses in assets management;
 - Institutional changes require clarification of roles, procedures or reporting lines; or
 - Practical implementation challenges reveal gaps or ambiguities in the Policy.

- The Council must approve any amendment to this Policy following consideration of a formal submission setting out the reasons for the amendment, the proposed changes and the implications for financial governance and oversight.
- Until amendments are approved by Council, the existing provisions of this Policy remain binding on all officials and councillors.

28. ADOPTION BY THE COUNCIL

Resolution NO:	Approved date:
Effective Date 01 July	Review date: Annually

AUTHORITY



**MUNICIPAL MANAGER
MS MOKOBI ST**



**COUNCIL SPEAKER
MR. NO MABUNDA**

