

MKHONDO LOCAL MUNICIPALITY



INDIGENT POLICY
2026/2027 FINANCIAL YEAR

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This policy was amended by Mkhondo Local Municipality for 2026/27 in terms of section 96(1)(a) of the Municipal Financial Management Act, 2003 (Act No. 56 of 2003)

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INDIGENT POLICY

1. DEFINITIONS

“Accounting Officer” means the municipal manager appointed in terms of Section 60 of the Municipal Finance Management Act;

“Annually” means once every financial year;

“Chief Financial Officer” means the person appointed as the Chief Financial Officer of the Municipality, or his or her nominee;

“Child headed family” means a household where both parents are deceased and where all occupants of property are children of the deceased and under the legal age to contract for services.

“Household” means all the adults and children living together at a single residential property.

“Indigent” means any household or category of households, including a child headed household earning a combined gross income, as determined by the municipality in terms of social and economic analysis of its area, as vested in the municipal policy, which qualifies for rebates or service subsidy, provided that the child support grant is not included when calculating such household income.

“Indigent Customer” means the head of an indigent household who applied for and has been declared indigent;

“Indigent Policy” means the Indigent Policy adopted by the Council of the Municipality.

“Indigent Support Program” means a structured program for the provision of indigent support subsidies to qualifying indigent customers in terms of the Council's Indigent Policy;

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“Indigent register” means the municipal list of indigent customers as per the municipal policy which has to be updated on a monthly basis or as and when required, designed to contain all the data contained in the completed indigent application forms.

“Informal Structure” means a temporary structure used for residential purposes

“Owner” in relation to immovable property means the legally registered owner or person in whom is vested the legal title thereto.

“Occupier” means the person who controls and resides on or control and otherwise uses immovable property.

2. **PREAMBLE**

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 to ensure that citizens are able to access their constitutional right to have access to a basic level of services.

Most commonly, these policies adopt a narrow approach to this, seeking to define indigence in terms of particular household income level, administratively identifying household falling below this level, and providing them with a package of free basic services which is subsidized by the Equitable Share transfers that the municipality receives from National Treasury.

The approach taken by Mkhondo is that the indigent policy should refer to something broader and defines it rather as the whole set of interventions that ensure that the basic needs of the underprivileged are met, and their rights upheld while protecting resources for use by the next generation.

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

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

- The Constitution of South Africa sets out the obligation of government
- Local Government: Municipal Structures Act 117 of 1998
- Municipal Structures Amendment Act 33 of 2000
- Municipal Systems Act 32 of 2000
- Local Government Property Rates Act, 6 of 2004
- Municipal Finance Management Act 56 of 2003
- Water Services Act 108 of 1997
- Annual Division of Revenue Act

3. POLICY PRINCIPLES

In recognition of the above-mentioned National framework the municipality undertakes to promote the following principles

Equity

This implies that all people in a similar position should be treated similarly. The municipality must differentiate fairly between those in different circumstances, and treat them accordingly.

Sustainability

The policy must be financially and environmentally sustainable. This assumes a judicious long term approach to the use of resources in both Finance and Target Group sections.

Reasonable choices

The policy shall enable all households, including indigent households, to take responsibility and make choices wherever possible that best suit their circumstances.

Inclusivity

Income and indigent policies for poor residents must be integrated seamlessly with income policy for all other citizens.

As households' circumstances change they should be able to shift relatively easily across the continuum of choices.

Implementable

The indigent Policy must be administratively practical and implementable. Both Target Group and Finance shall play a key role to implement the policy.

4. POLICY OBJECTIVES

In support of the above principles the policy seeks to address but not limited to:

- a) The high levels of chronic poverty in Mkhondo Municipality in a sustainable manner within the financial and administrative capacity of the Council;
- b) The financial sustainability of free basic services through the determination of appropriate tariffs that contributes to such sustainability through cross subsidization;
- c) Establish a framework for the identification and management of indigent households including a socio-economic analysis and the indigent exist strategy;
- d) To Enhance the institutional and financial capacity of the municipality by implementing the policy;
- e) To strive to reach all the poor households, in line with the poverty percentage declared for Mkhondo Local Municipality by the Statistics South Africa from time to time.
- f) The Constitutional obligations to provide basic services to the poor.

5. QUALIFICATION CRITERIA

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

- a) The applicant must be a resident of the Municipality and be the full time occupier of the property (i.e. it must be a residential property)
- b) The applicant must be a Bonafide South African citizen, with a valid Identification document
- c) If the applicant is not a South African citizen, they must have appropriate and recognized refugee status (**Proof to be provided**)
- d) The household must have a combined monthly household income of not more than R5 500 per month excluding support from family and nonprofit organizations, child support grant, foster grant and disability grant and bursaries such as NSFAS or any other form of income. Rental income will be included in the threshold of R5500.00.
- e) The applicant must be the owner or occupant who receives municipal services and is registered as an account holder on the municipal financial system or has provided proof if not the one registered.
- f) Applicant must submit proof that they cannot afford to pay for municipal services and attach the necessary documentation e.g. Affidavit, bank statement and proof of income.
- g) Child headed households (**Proof in the form of an Affidavit or a letter from the department of social development must be provided**)
- h) All households applying for free basic services must have an electricity connection and water supply.
- i) The indigent relief applies to households not individuals.

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- j) All pensioners provided they are owners of the property will be subsidized according to Municipal approved tariffs
- k) Be a pensioner who receives social grant or retired from work and receives retirement fund
- l) RDP property owners for which the property is still in the process of being transferred to the beneficiary's name will benefit from the rebates in sections 11.1 – 11.11 (must qualify in terms of section 9.2 – 9.9 below). These properties shall be levied for refuse and sewer services where the occupiers are already receiving the services
- m) Property owners with more than one property only qualify for one household where they are dwelling permanently;
- n) Owners of vacant land do not qualify as indigents, with the exception of owners living in informal structures on the vacant land and provided that the owner does not own multiple properties;

Pensioners

- a) Pensioners dependent on the retirement fund – subsidy subjected to the following criteria:
 - Certified ID COPY
 - Proof of pension certificate
 - Three months Bank statement

6. SOURCE OF FUNDING

- The Council will have to provide funds annually on the budget for the subsidization of indigent households for rates, refuse removal and electricity
- The indigent subsidies will have to be financed from the equitable share contribution to the municipality obtained from National Treasury.
- Existing indigent arrears may be written off subject to Council approval

7. APPLICATION PROCESS

Residents wishing to apply as indigent households should complete an application form and the following information **MUST** be provided:

- Valid SA identity document;
- Latest municipal or Eskom account and proof of ownership;
- Letter of Authority, Will and Death Certificate where applicable;
- Proof of total household income (e.g. UIF card, salary advice, or letter from employer);
- A sworn affidavit to the effect that all information supplied is true and that income from all sources has been declared;
- Pension certificate or card in case of a pensioner;
- An additional verification shall be done with credit vetting agencies as an internal control measures for all indigent applications;
- The indigent must be approved or disapproved by the Chief Financial Officer or any delegated Senior official **in consultation with the Ward Councilor**.
- Indigent household must re-apply for the indigent support every 12(twelve) months,
- An indigent customer must immediately request de-registrations if his/her circumstances have changed to the extent that he or she no longer complies with the requirements set out in the policy.
- All applicants will be informed via sms or WhatsApp message about the outcome of their applications,
- All application forms received will be recorded electronically by the Finance department.
- The Municipality may appoint a screening committee who will consider the applications and approve applications complying with the criteria set out in this policy.
- All approved applications will be returned to the Finance department for capturing on the financial system.
- No legal action, eviction will be instituted against approved and registered indigents.

8. EXTENT OF INDIGENT SUPPORT

8.1 Water and Sanitation

- a. Approved indigent registered household shall receive subsidized water to maximum of 6kl per month, including the basic charges for such supply
- b. Where the consumption exceeds 6kl per month the Municipality will bill the excess consumption used at a normal rate.

8.2 Electricity

- a. Approved indigent registered households shall receive electricity full subsidized to a maximum of 50kwh per month, the free basic services subsidy is also applicable to registered indigent households in rural areas where Mkhondo Local Municipality and Eskom is the supplier
- b. Where the consumption exceeds the 50kwh, the consumer will be liable for the purchasing of electricity until end of the month.

8.3 Indigent customers are subsidized with the indigent subsidy of an amount of R401.00 per month

8.4 If an indigent consumer's consumption or use of Municipal services is less than the subsidized service or free basic services, the unused portion may not be accrued by the customer and will not entitle the customers cash refund or a rebate in respect of unused portion.

8.5 Approved Indigent household accounts will not be charged any interest.

8.6 Additional services to be subsidized

a) Assessment rates

- Registered Indigents will get 100% rebate on assessment rates

b) Pensioners

- Pensioners whose gross monthly earnings are higher than R5500 but less than R10 000. – 60% subsidy on all services
- Pensioners whose gross monthly income is higher than R10 000.00 but less than R15 000.00 – 40% subsidy on all services
- Pensioners whose gross monthly income is higher than R15 000.00 – 20% subsidy on all services

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9. COMMUNICATION PROCEDURES

Communication and Free Basic Services implementation strategy;

- Regular information dissemination and awareness campaigns will be undertaken and eliminate unrealistic expectations in terms of qualifying for free basic services subsidy as well as the services that will be rendered.
- The following communication mechanisms will be used to disseminate information:
 - Ward committees;
 - Community based organizations;
 - Local radio stations;
 - Local Newspapers;
 - Municipal accounts;
 - Izimbizo's and road shows;
 - SMS and social media

10. INDIGENT PROCESS MANAGEMENT

a) Validity period

- The validity period of assistance will be for the duration that the applicant remains an indigent. Households in terms of the audit review process, will be subjected to scrutiny to determine any changes in status.
- All the pensioners and disabled household indigent status will be maintained until they are deceased.
- All other indigent house holds must re-apply should their economic and living status remain unchanged on an annual basis.

b) Death of the registered applicant

- In the event that the approved applicant passes away the heir/s of the property must re-apply for indigent support, provided that the stipulated criteria are met as per the Municipal Indigent Policy.

c) Termination of Indigent Support

Indigent support will be terminated under the following circumstances:

- Upon death of the approved indigent beneficiary
- Automatically terminates at the end of the 12 months' cycle, except in the case of pensioners and disabled indigent beneficiaries.
- Upon sale of the property
- When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.
- If an applicant falsifies information about his/her personal circumstances regarding indigent status.
- If any extensions to the property is effected, building or otherwise, the debt will be re-instated and the indigent status will be cancelled.

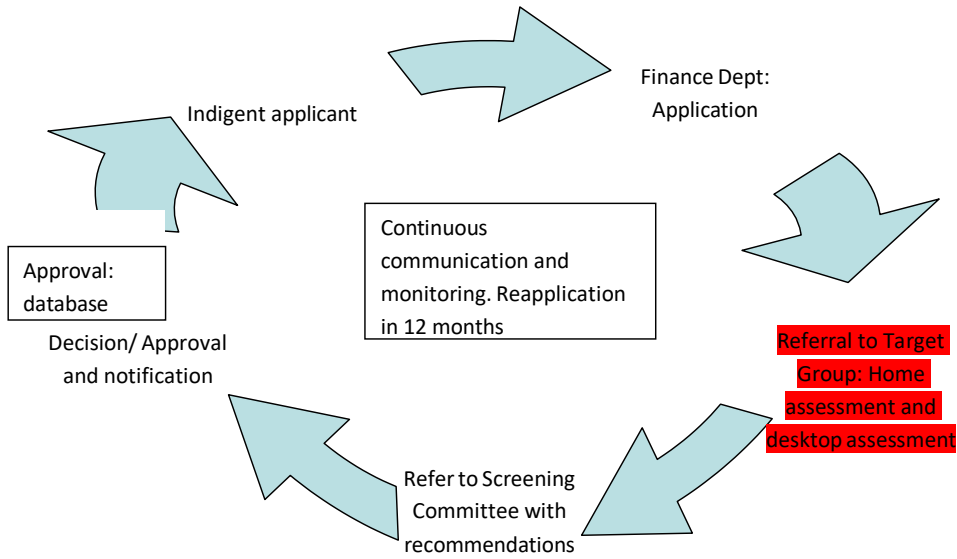
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11. IMPLEMENTATION OF THE POLICY

The Indigent Policy of Mkhondo Local Municipality shall come into effect on 1 July 2026.

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MJ MKHONZA
MUNICIPAL MANAGER

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