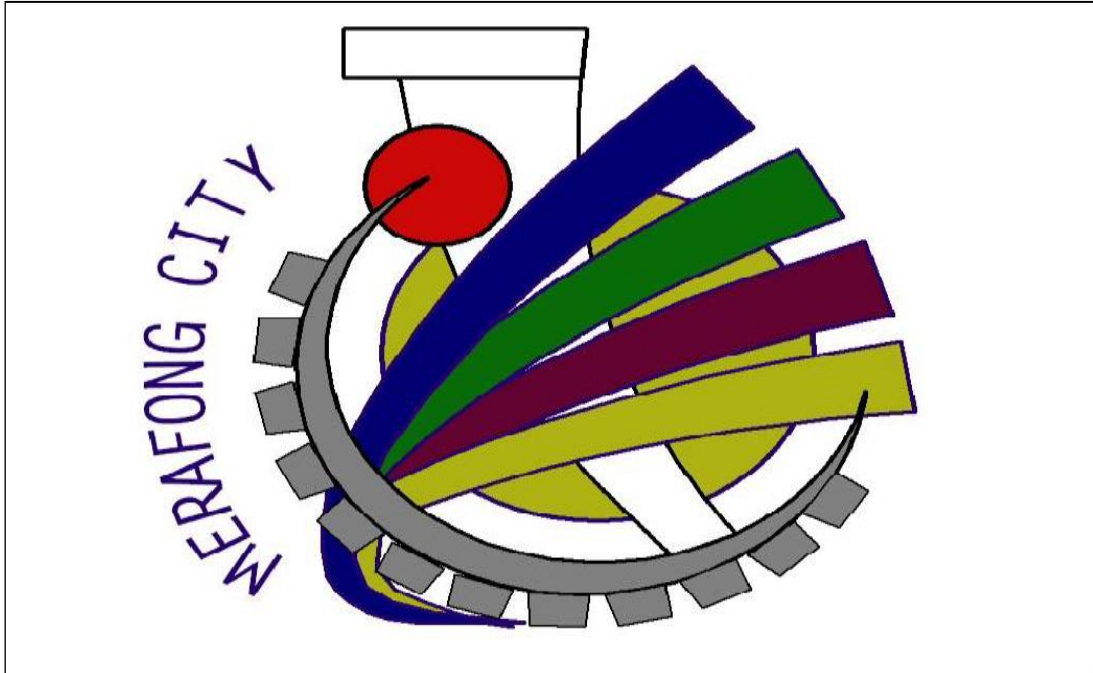


MERAFONG CITY LOCAL MUNICIPALITY



REVISED INDIGENT FREE BASIC SERVICES POLICY 2025/2026

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REVISED INDIGENT AND FREE BASIC SERVICES POLICY 2025/2026

1. DEFINITIONS

“Indigents” refers to any household which is responsible for the payment of services and rates, earning a combined gross income equivalent to or less than two times the Government pension grant as prescribed by the National Department of Social Development or in line with the National Indigence Framework issued by the Department Local Government (DLG), who qualify, according to the policy, for rebates/remissions or a services subsidy. Examples hereof include social 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 grants received by such a household will not be considered as additional income.

“Indigent amount” refers to the applicable value of the indigent subsidy as determined by the Council from time to time.

“Household” refers to a family unit consisting of a head of the family, blood relatives, adopted children and any other persons living on the same property, including a person who lives alone in a property,

“Indigent household” refers to a household that complies with the criteria as determined in terms of section this policy.

“Child-headed household” refers to a household where the registered owner is deceased and the house is occupied by under-age children who are related to the deceased and assume the responsibility of servicing the municipal account.

“Payment” refers to any form of redemption towards the balance on an account whether by cash, cheque or electronic means.

“Indigent debtors” are classified as those debtors who qualify for and receive indigent subsidy for free basic services.

“Indigent Register” Refers to a municipal list of indigent customers as per the provisions of the Indigent Policy which is updated regularly and contains data obtained during the application process

“Sundry debt” refers to any debt other than for rates, housing, metered services, sewerage and refuse removal.

“Supply” means any metered supply of water or electricity.

“Tenant” refers to a registered occupant of a property owned by the Municipality, or an individual sharing the same property with the legal owner and has the responsibility to pay for their own Municipal services

“Accounting Officer” refers to a head of administration appointed in terms of Section 60 of the Municipal Finance Management Act

2. PREAMBLE

Section 152 (1) (b) of the Constitution of the RSA, 1996 (Act 108 of 1996) states that the objects of local government are: *“To ensure the provision of services to communities in a sustainable manner”*

In its quest to fulfill its Constitutional mandate, Local Government should strive within its financial and administrative capacity, to achieve this object and to even deliver other related services and also achieve other objectives. Amongst these is the obligation to cater for the indigents and how this service will be accessed, in line with the spirit of co-operative governance. In terms of **Section 74 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)**, provision for indigent debtors that is consistent with the municipality’s rates and tariff policies and any national policy on indigents, must be included in the **Indigent Policy of Council**.

Merafong City Local Municipality in alignment with the said provisions, develops this policy as a guideline towards addressing the plight of socially distressed households

3. BROADER LEGISLATIVE REQUIREMENTS

The policy will be implemented within the provisions of the following legislation:

- I. The South African Constitution Act 108 of 1998(Section 27)
- II. Municipal Systems Act 32 of 2000
- III. Credit Control and Debt Collection Policy
- IV. Debt write-off Policy
- V. Children's Act 38 of 2005
- VI. National Framework for Indigent Policies
- VII. Local Government Properties Act, No 6 of 2004
- VIII. Municipal Finance Management Act 56 of 2003
- IX. Annual Divisions of Revenues Act

4. BACKGROUND AND PURPOSE

Council receives a grant in the form of an “equitable share” from the national government to subsidize those who cannot afford to pay for the minimum needs in life. This policy is drafted with the intent to ensure that the basic needs of the indigents are met, and their constitutional rights protected. It also attempts to address the socio-economic conditions of the poor prevalent in our country, through the application of certain principles to access minimum level of services.

5. AIM

This Policy aims to assist registered indigents and to outline sound principles and practices to be adhered to in the determination, recognition and treatment of indigent households.

6. OBJECTIVES

4.1 The objectives of this policy are to:

- (a) Meet the basic needs of the indigents
- (b) Alleviate poverty in conjunction with other social development programmes

(c) Empower the disadvantaged groups including but not limited to pensioners, people with disabilities, child-headed households, terminally ill individuals and the unemployed.

7. POLICY PRINCIPLES

7.1 This Policy serves as a guiding principle for the implementation, administration and management of the Indigents. The following must be considered during the formulation and implementation of an Indigent Policy.

7.1.1 Affordability

The implementation of this Policy as a whole must be affordable to Merafong City Local Municipality and to the individual citizens.

7.1.2 Sustainability and implementability

This Policy must ensure the provision of free basic services to the registered indigents in a sustainable manner, within the financial and administrative capacity of Council.

8. POLICY IMPLEMENTATION

8.1 This Policy shall operate within Merafong City Local Municipality's area of jurisdiction with other related policies and By-laws, and it shall provide guidelines for the subsidization of free basic services to registered indigent households.

8.2 Registered indigent households will be subsidized in accordance with this policy, subject to the municipality's financial capacity and also available funding from National Government.

8.3 This Policy is the full and final indigent policy of Merafong City Local Municipality and must be adhered to by all Councilors, Management, Staff and Officials of the Merafong City Local Municipality. This Policy will be subject to review from time to time based on changes arising from the legislation and council resolutions.

9. SCOPE

This Policy applies to the provision of free basic services to all registered indigents falling within the jurisdictional area of the Merafong City Local Municipality, which relates to specified amount of free municipal services including water, electricity, sanitation, waste removal, assessment rates, and indigent burials.

10. RATIONALE FOR AN INDIGENT POLICY

10.1 There are a number of reasons warranting the development and implementation of an indigent policy. The reasons are as follows:

10.1.1 There are moral imperatives

The municipality is guided by the assurance of and the need to meet basic human rights in terms of the constitution as a pillar of a progressive democracy.

10.1.2 There are pragmatic imperatives

The creation of an effective council presents an opportunity to address poverty in the light of socio-economic conditions.

10.1.3 There are financial imperatives

It is prudent to cater for the provision of free basic services for the poor than to pay for the consequences of failing to do so.

10.1.4 There are government imperatives

A well formulated and implemented indigent policy helps Merafong City Local Municipality to respond to its constitutional obligations in ensuring access to basic municipal services.

10.1.5 There are legal and constitutional imperatives

An indigent policy is required to ensure that constitutional obligations relating to the socio-economic rights of all Merafong residents are realized.

11. INDIGENT SUBSIDY CALCULATION

11.1 The most common process for determination of indigence is reference to household income levels. While income levels do not offer a definite indication of poverty, income patterns do give an overall insight on the level of affordability of basic municipal services for different households. The income threshold for indigent support is determined in line with the qualifying criteria for “indigent” as defined in paragraph 14 below.

11.2 Where an indigent is verified and registered, a subsidy on free basic and municipal services as determined in paragraph 7 above will apply inline with the tariff structure for that financial year. The municipality reserves the right to request and verify proof of income.

12. OVERALL INDIGENT SUBSIDY ALLOCATION

12.1 The overall subsidy for indigent debtors shall be determined by Council’s budgetary provisions from time to time, taking into account the South African Local Government Association’s (SALGA) indigents policy proposals and reviews, and other relevant factors.

12.2 The extent of Indigent support shall not exceed the maximum budgeted amount per annum and shall include the following services:

- ⇒ Water,
- ⇒ Electricity,
- ⇒ Refuse removal,
- ⇒ Sewerage, and
- ⇒ Assessment rates.

12.3 Merafong City Local Municipality will restrict services to 6 kiloliters of water and 50 kilowatts of electricity. No indigents should be allowed to fall into arrears on his/her municipal account. Should the indigent's municipal account fall into arrears, the indigent will be required to pay for the excess amount of services consumed. If the excess amount is not paid the indigent will be subject to credit control action in terms of the debt control and collection Policy of Council.

12.4. Indigent support will also be extended to qualified indigents for the following:

12.4.1 Repairs of damaged infrastructure on water and electricity; and

10.4.2 Gravesite fees for indigent burial within the boundaries of Merafong
(Where assistance is sought from Council).

13 APPLICATION FOR SUPPORT

13.1 Applications for indigent support must be made on the prescribed forms obtainable from the Municipal Contact Centre at No. 3 Halite Street, Carletonville. This application form must be completed and signed by the relevant Ward Councilor, confirming residence. The Portfolio Head: Health and Social Development will, in instances where the ward Councilor is not available, be assigned the responsibility to sign-off application forms.

13.2 The application form must attach the following documents:

- ⇒ details of the account holder,
- ⇒ copy of municipal account,
- ⇒ identification documents,
- ⇒ proof of income from employer or bank statement, where applicable
- ⇒ affidavit declaring unemployment
- ⇒ proof of pension or affidavit from pensioner
- ⇒ Affidavit from child headed households
- ⇒ Affidavit from property owner authorizing occupation in the property

13.3 After receipt of application, a verification officer will visit the household to perform onsite verification. The officer will complete a verification form validating the information as provided on application. The applicant must sign the verification form

as proof that the exercise was undertaken. Based on the outcome of the assessment, the verification officer will recommend that the application be considered/ not considered for support.

- 13.4. The Municipality may subject the recommended indigent subsidy candidates to an external scan which can be conducted with for an example, UIF, Home Affairs, Credit bureau and SARS for absolute determination of total economic activities.
- 13.5 All verified and recommended applications will be submitted to Council for approval and initiation of the subsidy term. This outcome will be communicated to applicants by letter. In line with the Debt write-off Policy, the Municipal Manager will approve all applications with debts below R10 000, 00.
- 13.6 In an event an application is declined due to provisions of the policy, the outcome will be captured as such and the applicant will also be notified by letter.
- 13.7 An existing indigent debt will be written off after approval by Council
- 13.8 “The Municipality will, upon approval, install water and electricity restriction devices in order to assist the control of consumption for all approved Indigent households. Exception will be made to indigent households who are not in arrears with their municipal accounts, and such households request to be exempted by ensuring that the municipal account is kept up to date. Failure to keep the account up to date will lead to the discontinuation of the benefit. The Municipality will restrict services to 6 kiloliters of water and 50 kilowatts of electricity. This restriction will be monitored
- 13.9. The onus to re-apply for continued indigent support or to update any changes in circumstances or status rests with the indigent at all times.

14. VALIDITY PERIOD OF INDIGENT ASSISTANCE

- 14.1.1 The validity period of assistance will be for a maximum period of 24 months, after which re-application and re-assessment is required. Council will terminate the indigent support where re-application was not received from an indigent or where the indigent status has improved.

- 14.2 Council will, through the Health and Social Development Section conduct periodic follow up visits to all registered indigents as part of the Indigent After Care program to ensure that the benefit is sustained to all indigents and relevant support is provided where needed.

15. FRAUDULENT APPLICATIONS

- 15.1 In the case where it is discovered that fraudulent applications were made and honored (**without** any knowledge on the part of the municipality):

- (a) Indigent subsidy will be terminated with immediate effect;
- (b) The Municipality shall calculate the total monetary value of subsidy received during the period of support, and recover the stipulated amount in full the individual in question,
- (c) Normal credit control actions will apply in line with the Credit Control Policy of Council, and
- (d) A case of fraud may be opened against the individual who committed the act.

- 15.2 In a case where it is discovered that fraudulent applications were made and approved (**with** the knowledge on the part of a municipal official):

- (a) Indigent subsidy will be terminated with immediate effect;
- (b) Normal credit control actions will apply in line with the Credit Control Policy of Council,
- (c) A case of fraud will be opened against the individual who committed the fraud and the municipal official who honored the fraudulent application;
- (d) Disciplinary action against the municipal's official will be taken, in line with the disciplinary codes and procedures of Council.

- (e) The Municipality shall calculate the total monetary value of subsidy received during the period of support, and recover the stipulated amount in full the individual in question.

16 QUALIFYING CRITERIA FOR INDIGENT SUPPORT

16.1 The following categories qualify for Indigent support:

- a) The applicant must be a South African citizen
- b) The applicant must be a registered property owner of Merafong City (excluding business consumers)
- c) The applicant must have an active Municipal account;
- d) Must be in possession of a valid South African Identity document
- e) Must be the owner or tenant (as per the clarification indicated in the provision of this policy) who receives Municipal services and is registered as an account holder on the Merafong financial system
- f) If a tenant, the owner of the property must give an affidavit declaring that they have given authority for the applicant to occupy the property
- g) If a family home, a collective affidavit by all siblings confirming consent
- h) Household income equivalent to or less than two times Government old age grant (from the 01st July 2025, (R2 315 X 2 = R4 630
- i) Child-headed households;
- j) Pensioners
- k) The Unemployed

16.2 Individuals falling within the above category do not automatically qualify as indigents but must apply to be registered as such.

17. NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENTS

17.1 When an indigent household exceeds the monthly indigent subsidy allocation for free basic services and fails to pay for the excess amount of services consumed normal credit control actions in line with the Council's Credit Control Policy will apply.

17.2 The indigent support or subsidy may be withdrawn at the discretion of Council if:

(a) Any tempering on the municipality's infrastructure is detected at the indigent household's premises; and

(b) A registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition to gain approval as an indigent. Such person shall immediately be removed from the indigent register and will be liable to repay all indigent subsidies received from the date of such fraudulent registration to the municipality, with immediate effect. Furthermore, such person may not again be considered for any indigent support.

18. GENERAL ADMINISTRATIVE GUIDELINES

18.1 Validity period

The validity period for assistance will be for a maximum period of 24 months. Existing indigent customers will be re-assessed at least annually and must re-apply before the end of the 24 months period. Notification to this effect will be advertised annually and ward councillors will be informed of the indigent consumers that must renew their indigent status.

18.2 Death of registered applicant

In the event that the approved applicant passes away, the heirs of the property must re-apply for indigent support provided that the stipulated criteria are met.

18.3 Publication of register of indigent households

Names of indigent beneficiaries may be made open for public perusal and comment. Written objections from the public must be referred to the Directorate: Community Services for investigating the validity of the complaint and for taking appropriate action.

18.4 Excess usage of allocation

If the level of consumption of the indigent household exceeds the total package of free basic services as approved by the Municipality, from month to month or exceeds the monthly charges raised on the indigents account; the household will be obliged to pay for the excess consumption on a monthly basis. Such accounts will be subject to the Municipality's credit control and debt collection measures.

18.5 Under-usage of Allocation

Where the level of consumption of the indigent is less than the consumption level as approved by Council, the household cannot claim or accumulate the unused portion, be it in cash or rebates

18.6 Termination of indigent support

Indigent support will be terminated under the following circumstances:

- Death of the account holder.
- End of the 24 months period
- Upon change of ownership of the property in respect of which support is granted.
- When circumstances in the indigent household have improved in terms of gross income threshold as prescribed by Council.
- If the applicant is found to have supplied fraudulent information about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:
 - All arrears will become payable immediately
 - Stringent credit control measures will apply and
 - The applicant will not be eligible to apply for indigent support.

18.7 Audit and Review

The Municipality may conduct regular audits of the indigent register with regard to

- the information furnished by applicants,
- possible changes in status,

- the usage of allocations and debt collection measures applied and
- Where necessary review the status of applicants.

The frequency of such audits will be determined from time to time depending on the institutional capacity of the Municipality to perform such audits.

18.8 Exit Programme

Members of households registered as indigent must be prepared to participate in exit programmes coordinated by the Municipality in collaboration with other Government departments and the private sector.

As part of its poverty reduction programme, the Municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development initiatives and in the implementation of Extended Public Works Programs where possible.

18.7 Implementing Authority

The Screening and Monitoring Committee (to be determined by the Accounting Officer in consultation with the Portfolio Head) may be constituted by the following persons:

- (a) The Chief Financial Officer/Delegated Person;
- (b) Council Officials (Finance; Energy, Technical Service & Community Services);
- (c) Social Development official; and
- (d) Portfolio Committee members (where necessary)

19. AUTHORITY

Policy Formulation	:	Executive Director: Community Services
Policy Authorization/ Ownership	:	Council
Implementation	:	Municipal Manager
Maintenance	:	Manager: Health and Social Development