INGQUZA HILL
LOCAL MUNICIPALITY

INDIGENT POLICY

2026/27

Contents

REVIEW HISTORY 3
1. BACKGROUND 3
2. INTRODUCTION 3
3. LEGISLATIVE FRAMEWORK 4
4. POLICY PRINCIPLES 4
5. POLICY OBJECTIVES 5
6. IMPLEMENTATION OF FBS 5
7. TARGETING OF INDIGENT HOUSEHOLDS 6
8. EXTENT OF INDIGENT SUPPORT 6
8.1 ELECTRICITY 7
8.2 REFUSE REMOVAL 7
8.3 PROPERTY RATES 7
8.4 BASIC ALTERNATIVE ENERGY 7
9. COMMUNICATION 7
10. INSTITUTIONAL ARRANGEMENTS 8
11. APPLICATION/REGISTRATION 8
12. ASSESMENT AND SCREENING OF APPLICANTS 8
13. RECOMMENDATION 8
14. RIGHT OF APPEAL 8
15. APPLICATIONS 8
16. VALIDITY PERIOD 8
17. DEATH OF REGISTERED APPLICANT 8
18. PUBLICATION OF REGISTER OF INDIGENT HOUSEHOLDS 9
19. ARREARS AND EXCESS USAGE OF ALLOCATIONS 9
20. TERMINATION OF INDIGENT SUPPORT 9
21. AUDIT AND REVIEWS 9
22. EXIT PROGRAMME 10
23. MONITORING AND REPORTING 10
24. CAPACITY BUILDING 10
25. WARD INDIGENT STEERING COMMITTEE 11
26. ADOPTION OF THE POLICY 11

REVIEW HISTORY

LAST REVIEW DATE	SUMMARY OF CHANGES
May 31, 2025	• No amendments
June 30, 2025	• No amendments
May 31, 2026	• No amendments

1. BACKGROUND

In 2000, Government announced its intent to provide free basic services to Indigent households. In this regard various services including energy were identified as basic services to be supported by Government's programmes with respect to indigent households.

Free Basic Electricity was launched by the Department in 2003, with the aim to support indigent households in meeting their basic energy needs. However the program suffers in most areas because of limited grid availability. After seeing this, the Department realized the need to support indigent households that reside in un-electrified areas with free basic alternative energy.

In this regard, the policy on Free Basic Alternative Energy is intended to provide indigent households with alternative energy where electricity is not available. Since it is the local sphere of government that is tasked with discharging such a service, there is a need to strike a balance between a number of factors including but not limited.

I trust that the combination of our three current programmes namely:
Integrated National Electrification Program, Free Basic Electricity and Free Basic Alternative Energy under the auspices of the Department will go a long way in improving the quality of life of the less fortunate South Africans.

2. INTRODUCTION

The Indigent program's objective is to support indigent households with free basic services so as to meet their basic needs. It is due to high level of unemployment and poverty in the municipal area that there are households who are unable to pay for basic municipal services. Therefore the Ingquza Hill Local Municipality views it necessary that steps are taken in alleviating some of the difficulties associated with access to basic services.

This provision of free basic services by Ingquza Hill Local Municipality is part of a broader social agenda and anti-poverty strategy of the National government as it is mentioned in the background section. The Municipality as a third sphere of governance therefore strives to fulfil this broader national strategy as contemplated in **section 152 of the constitution of South Africa**.

Ingquza Hill Local Municipality therefore adopts the indigent policy which embodies an indigent support program not only providing procedures and

guidelines for the subsidization of services charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from the indigent program.

3. LEGISLATIVE FRAMEWORK

3.1 Section 26(1)(2) and 27(1)(2) of the Constitution of Republic of South Africa provides that everyone has a right to have access to adequate housing, health care, food, water, and social security.

3.2 Section 152(1) (b, c, d) of the Constitution of Republic of South Africa provides objective of Local government which includes among others:

- ❖ To ensure the provision of services to the communities in a sustainable manner.
- ❖ To promote social and economic development.
- ❖ To promote a safe and healthy environment.

3.3 Section 153(a) of the Constitution of Republic of South Africa provides that a developmental municipality must structure and manage its administration and planning process to give priority to the basic needs of the community and to promote the social and economic development of the community.

3.4 Section 120 and 97 of the Municipal Systems Act mandates the DPLG to issue guidelines or regulation which serve as a guide for municipality's indigent policies and provide advice among others on the development and implementation of municipal indigent policy.

3.5 Section 15 of the Property Rate Act provides for the exemption of certain category of Persons from full pay account.

4. POLICY PRINCIPLES

In recognition of the abovementioned National Framework the Ingquza Hill Local Municipality undertakes to promote the following principles:

4.1 To ensure that the Equitable Share received annually will be utilized for the benefit of the poor only and not to subsidies rates and services charges of those who can afford to pay;

4.2 To link this policy with the Ingquza Hill Local Municipality's IDP, local economic development (LED) initiatives and poverty alleviation programmes;

4.3 To promote an integrated approach to free basic service delivery; and

4.4 To engage the community in the development and implementation of this policy;

5. POLICY OBJECTIVES

The Council recognizes that many residents can simply not afford the basic services provided and for this reason the council will endeavor 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
- ❖ Setting guidelines on the level of services that will be supplied to indigent household.

In support of the above principles the objectives of this policy will be to ensure the following:

5.1 The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council;

5.2 The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidization;

5.3 Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy;

5.4 The provision of procedures and guidelines for the subsidization of basic charges and the provision of free basic energy to indigent households;

5.5 To ensure co-operative governance with other spheres of government; and

5.6 To enhance the institutional and financial capacity of the municipality to implement the policy.

6. IMPLEMENTATION OF FBS

6.1 Funding of FBS

Funding is critical aspect to a successful implementation of any poverty alleviation initiatives including FBS. In line with national government support to its program, Funds are allocated to municipalities though Equitable Share grant disbursed by DPLG to Local Government.

6.2 Qualification Criteria

A residential household can only be registered as indigent if it meets all the following criteria:

6.2.1 Permanent resident of Republic of South Africa.
6.2.2 Reside in the jurisdiction of Ingquza Hill Local Municipality.
6.2.3 Has total household income that equals or is less than joint amount of two state old pension with exclusion of child/disability state grants.

6.2.4 The person applying on behalf of the household is older than 18 years of age except in a case of child headed households.

6.2.5 The person applying does not own other fixed property than the one in which he/she resides.

6.2.6 The applicant aggress that he/she is in need of indigent support.

7. TARGETING OF INDIGENT HOUSEHOLDS

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 initiatives and other poverty relief programmes of the Ingquza Hill Local Municipality. The socio-economic information and performance indicators contained in these documents must form the basis for the targeting of indigent households.

Against the background of such socio-economic analysis, the municipality must within its financial and institutional capacity decide which targeting approach or option should be applied.

The Municipality will apply the following targeting methods.

Targeting approach	Application
1. Service levels	Lowest service levels normally in informal settlements and rural areas.
2. Property value	Applicable only to registered indigents in respect of subsidized or RDP housing to a value determined in addition to the R30 000 in terms of the Property Rates Act, 2004.
3. Household income	Threshold shall be an amount not exceeding joint amount of two old state pensions revised annually and Child support/disability grant shall not be included when calculating such household income.
4. Geographical (Zone) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

8. EXTENT OF INDIGENT SUPPORT

The extent of the monthly indigent support granted to indigent households must be based on budgetary allocations for a particular financial year and the tariffs determined for each financial year.

Within the abovementioned budgetary process, and in striving to create a situation where poor households will be granted access to a full social package, the following assistance and support may be granted:

8.1 ELECTRICITY

Each registered indigent household shall receive electricity fully subsidized to a maximum of **50 kWh per month**. This subsidy may also apply to registered indigent households in rural areas where the municipality is the electricity supplier while agreements with Eskom, where the latter is the supplier, may be negotiated to support such households

8.2 REFUSE REMOVAL

Each registered indigent household shall be fully subsidized on monthly bases for refuse removal as provided for in the annual budget.

8.3 PROPERTY RATES

Each registered indigent household shall be subsidized for property rates as provided for in the annual budget and subject to the provisions of the Municipal Property Rates Act, 2006.

8.4 BASIC ALTERNATIVE ENERGY

Indigent households in informal settlements where limited or no electricity is available, may be provided with alternative energy sources including, but not limited to: paraffin, fire gel, liquefied petroleum gas, etc., provided that procurement of service providers or services shall be subject to the Supply Chain Management regulations of the municipality and that the support given does not exceed the level of support given to other indigent households. As for electricity 50kw free per month (The service shall be supplied by Eskom) and alternative energy Paraffin of up **to 20 liters a month**.

9. COMMUNICATION

The municipality must develop a communication strategy in terms of which communities will be informed and educated in order to have a clear understanding of this policy and its implementation. Regular information dissemination and awareness campaigns must be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general and methods of communication may include, but will not be limited to:

9.1 Ward committees, CDW's, and ward clerks;
9.2 Traditional leaders, where applicable;
9.3 Community based organizations;
9.4 Local radio stations and newspapers;
9.5 Municipal accounts;
9.6 Imbizo's and road shows; and
9.7 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

10. INSTITUTIONAL ARRANGEMENTS

The municipality must designate existing staff or appoint officials or engage properly Community Development Workers who have been trained in terms of the municipality's directions to assist with the implementation and development of this policy and must establish appropriate registration points in its area, the cost of which may be funded through the equitable share allocation.

11. APPLICATION/REGISTRATION

A person applying for indigent support must complete a formal indigent support application form approved by the municipality. Such forms will be available at approved registration points provided by the municipality and shall be dealt with in terms of the Procedures Manual.

12. ASSESMENT AND SCREENING OF APPLICANTS

Upon registration of an application, all information must be verified by the Steering committee with the assistance of Program Officer in terms of the Procedure Manual.

13. RECOMMENDATION

Once the verification has been completed the Indigent Management System must generate a recommendation based on the information captured in the database and shall be dealt with in terms of the Procedures Manual.

14. RIGHT OF APPEAL

An applicant who feels aggrieved by a decision taken in respect of his or her application may lodge an appeal in terms of section 62 of the Municipal Systems Act, 32 of 2000.

15. APPLICATIONS

With the exception of Property and Zonal Targeting the indigent application form should be completed in full and then captured onto the relevant indigent register and accounting system.

16. VALIDITY PERIOD

The validity period of assistance will be for the duration that the applicant remains indigent. Households, in terms of the audit and review process, will be subjected to scrutiny to determine any change in status. Households may have to periodically re-apply after 12 months.

17. DEATH OF 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.

18. PUBLICATION OF REGISTER OF INDIGENT HOUSEHOLDS

Names of indigent beneficiaries must be open for public perusal and comment.
Written objections from the public must be referred to the Program Officer who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

19. ARREARS AND EXCESS USAGE OF ALLOCATIONS

19.1 Upon registration as an indigent household, the arrears on the account of the applicant will be kept pending for a period of at least six months after which it may be written off with council's approval.

19.2 No interest may be calculated on the arrears as contemplated in 19.1.

19.3 If the applicant exits from the indigent support program within the six months period in 19.1, the arrears will be re-introduced in the account and will be subject to the credit control and debt collection policy of the municipality;

19.4 Where an indigent household exceeds the water consumption level approved by the municipality, the supply may be restricted.

20. TERMINATION OF INDIGENT SUPPORT

Indigent Support will be terminated under the following circumstances:

20.1 upon death of the accountholder or the head of the household where no accounts are rendered.

20.2 at the end of the 12 months cycle, except in the case of pensioners and child-headed households.

20.3 upon sale of the property in respect of which support is granted.

20.4 When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.

20.5 If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply:

20.6 All arrears will become payable immediately;

20.7 Stringent credit control measures will apply; and

20.8 The applicant will not be eligible to apply for indigent support for a period of 2 years.

21. AUDIT AND REVIEWS

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 depend on the institutional capacity of the municipality to do so. It is proposed that at least monthly targeted audits and reviews are undertaken, with a complete review scheduled for at least every 5 years.

22. 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 broader poverty reduction program the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.

The municipality must promote exit from indigence by -

22.1 Identifying indigents for inclusion in public works projects;

22.2 Initiating local job creation projects such as cleansing operations, small infrastructure projects, etc.

22.3 Facilitation of opportunities to enter the informal trade market;

22.4 Facilitation of food security projects; and

22.5 Liaison with National and Provincial departments to include indigent persons in their public works programmes.

23. MONITORING AND REPORTING

The Community Services Senior manager with the consultation of Chief Financial Officer must report monthly to the Municipal Manager via the municipality's Service Delivery and Budget Implementation Plan to enable the Municipal Manager to report to Council and other interested parties. Such report shall reflect on:

23.1 Number of indigent households' applications received;

23.2 Amount of subsidy allocated per benefit category;

23.3 Amount of debt accumulating and debt recovery information (number of customers; enquires; default arrangements; growth or diminishing of arrear debtors; ideally divided into wards, domestic, state, institutional and other such divisions);

23.4 Performance against targets set in respect of indigent support and poverty relief and in particular with regard to the following:

23.4.1 Number of applications for indigent support dealt with;

23.4.2 Time taken to process and finalize applications;

23.4.3 Site visits undertaken;

23.4.4 Awareness initiatives; and

23.4.5 Exit initiatives.

23.5 Changes in the registered status of indigents.

24. CAPACITY BUILDING

The municipality must ensure that all officials and councilors are appropriately capacitated in Free Basic Services in terms of the following key areas:

- Database management

- Demand and revenue management
- Policy and by-law implementation

25. WARD INDIGENT STEERING COMMITTEE

25.1 Composition

i) Should compose of members not less than 10 members but not more than 15 Members.

ii) Ward Councilor should be chairperson or appoint within the ward Committees the person to champion the indigent services in the ward.

iii) Members to serve in this committee must be drawn from all active Stakeholders within the ward (churches, traditional leaders, and others).

iv) CDW's and Ward Administrators are ex officio members for this committee.

25.2 Terms of office

a) The term of the committee should correspond with the term of the council.

b) They should meet at least quarterly.

25.3 Roles and responsibilities

i. Meet quarterly to discuss matters pertaining to indigent services.

ii. To monitor the application process and the exit process of indigents.

iii. Report all matters pertaining to indigent services to the program officer for the attention of the council.

26. ADOPTION OF THE POLICY

Policy adopted by Council of Ingquza Hill Local Municipality for implementation.

Approved by Resolution number……on this …….day of …….....

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S.B. VATSHA

HONORABLE SPEAKER