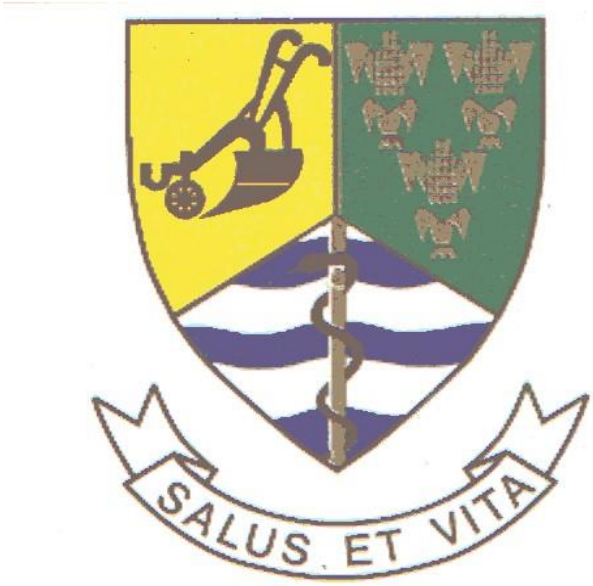
BELA-BELA
LOCAL MUNICIPALITY



PRINCIPLES AND POLICY ON INDIGENT CONSUMERS
FINAL
2025-2026

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BELA BELA LOCAL MUNICIPALITY

PRINCIPLES AND POLICY ON SUBSIDY SCHEME FOR INDIGENT HOUSEHOLDS

1. INTRODUCTION

1.1 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(a) of the Constitution.

1.2 Basic services are generally regarded as to be access to electricity, access to clean water within a reasonable distance of one's dwelling, basic sanitation, solid waste removal and access to and availability of roads.

1.3 The Constitution recognises Local Government as a distinct sphere of Government and as such also entitles Local Government to a share of nationally raised revenue, which will enable it to perform their basic function of providing essential services to the community within their boundaries.

1.4 The key purpose of an indigent subsidy policy is to ensure that households with no or lower income are not denied a reasonable service, and on the contrary the Municipality Authority is not financially burdened with non-payment of services. Provided that grants are received and funds are available, the indigent subsidy policy should remain intact.

1.5 To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.

1.6 The consumer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Bela-Bela Municipality.

2. PURPOSE OF THE POLICY

2.1 The purpose of this policy is to outline the indigent qualification criteria, the registration process, and the amount of basic services to be provided and the level of free basic services to be provided to the approved indigents.

3. QUALIFICATION CRITERIA FOR INDIGENT SUPPORT

3.1 Grants-in-aid may, within the financial ability of the Municipality, be allocated to owners or tenants of premises who receive electricity (directly from Eskom or the Municipality), water, sanitation, refuse removal or assessment rate services from the Municipality, in respect of charges payable to the Municipality for such services.

3.2 These grants may be allocated if such 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 of less than the amount indicated in terms of the definitions below..

3.2.1 Definition of an Indigent. The total monthly income of all occupants is not more than an amount as determined by the Council from time to time. This amount will be determined at the beginning of every financial year and will be applied for the duration of that particular financial year. In the 2025/2026 financial year this amount is deemed to be **R5000 excluding child support grant and SRD grant**

3.2.2 Definition of an Indigent with Pensioner Status.

The total monthly income of all occupants is equal to the amount received by two state pensioners.

3.2.3 Definition of an Occupier

Means a person who lives in a property which they do not own, but have been permitted by the owner to do so.

3.2.4 Children who are staying at a property where both parents have passed away and the household has no other means of income as result of any other person also occupying the property.

3.2.5 Households with back yard dwellers and micro businesses will also be subjected to **R5000** threshold on rental income.

3.3 Only one application per person (household consumer) in respect of one property only shall qualify for consideration. A business, school, body association, club or governing body shall not qualify for consideration.

3.4 The subsidy will apply to the owner or occupier with the relationship affidavit from the owner of the property concerned.

3.5 Where a household owns two properties adjacent to one another and are used as one property, the rebate will only be applied to one property.

3.6 Where a household owns more than one property that are not adjacent to one another and makes an application on more than one property, the rebate will apply only on the property where the applicant resides and consumes services.

3.7 Where a property is registered in the name of a trust, application will be considered for indigent support only if the property is used for residential purposes.

4. APPLICATION AND AUDIT FORM

4.1 Attached, as Annexure A is an Application for Indigent Household Subsidy, which must be completed by all consumers who qualify in terms of this policy.

4.2 The account holder or a permitted person residing on the property must apply in person and must present the following documents upon application:-

4.2.1 Municipal statement and electricity receipt or meter number.

4.2.2 The accountholder's identity document or identity document of permitted person residing on the property.

4.2.3 A letter from the applicant's ward councillor (Failure to submit the owners ID copy or death certificate)

4.2.4 In case of one partner being deceased or divorced ,a certified copy of marriage certificate, death certificate, decree of divorce document or a letter from the applicant 's ward councillor.

4.2.5 An application form indicating the names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.

4.2.6 Documentary proof of income or an affidavit confirming that you do not have a bank account if unemployed.

4.2.7 Three months Bank statement where the applicant is the director of a company.

4.2.8 A relationship Affidavit between the owner and the applicant.

4.2.9 A copy of death certificate and a relationship affidavit in the case of deceased household.

4.3 All applications must be verified by an official or municipal agent appointed by Council. The relevant Ward Councillor must be involved during the evaluation process and must verify the application together with the relevant officials or municipal agent appointed by council.

4.4 Application forms must be read in conjunction with the policy proposed and form part of Council's indigent policy.

4.5 The list of indigent households may be made available at any time to the Information Trust Corporation (ITC) for the purpose of obtaining credit information.

4.6 If an application is favourably considered, a subsidy will only be granted during that municipal financial year and the subsequent twelve (12) month budget cycle. The onus will rest on the approved account holders to apply for relief on an annual basis.

4.7 All new applications must be submitted to the Municipality from 01 April to 31 May every year.

4.8 The application period shall be re-opened on the first week of the beginning of each quarter of the Municipality's financial year.

4.9 Approved indigents will be granted the subsidy for only one financial year from 01 July 2025 to 30 June 2026.

4.10 Where the applicant is deceased, the indigent support will continue on condition that new application has been submitted, vetted and approved for that particular household.

5. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

5.1 The Chief Financial Officer will be responsible to compile and administer the database for households registered in terms of this policy.

5.2 Registration will take place on dates and at times and places determined by the Council, but shall generally be undertaken during April and /or May each year**.** The Municipal Manager or his/her delegate will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.

5.4 Residence will only be registered as indigents upon submission of all the required documents and verification of income and other financial status.

5.3 Council reserves the right to send officials or its agents to premises/households receiving indigent support from time to time for the purpose of conducting an on-site audit and system verification of the details provided.

6. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

6.1 Applicants will be required to sign and submit a sworn affidavit, to the effect that all information supplied is true and that all income, i.e. from formal and/or informal sources, is declared.

6.2 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, and the institution of criminal proceedings, as Council may deem fit.

6.3 The onus also rests on indigent support recipients to immediately notify Council of any changes in their indigent status.

6.4 Where indigent support recipient is transferring his\her property, the recipient will forfeit their indigent status and the Municipality will recoup all the indigent subsidies and any debt written-off in the current financial year, prior to the clearance certificate being issued. This will not apply where:

- An indigent support recipient is transferring to an indigent person.
- The indigent recipient is deceased.

7. SERVICES TO BE SUBSIDISED

7.1 Electricity

7.1.1 All registered indigents will receive 50 kilowatts (kWh) of electricity per month as required by legislation. Unclaimed free electricity units will not be carried over to the next month. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

7.1.2 The Municipality will downgrade the electricity meter capacity of all approved indigent households to 30 Amps or lower. (The Chief financial officer will determine a suitable arrangement for qualifying indigents that use shared electricity meter depending on the merits of each case).

7.2 Water

7.2.1 All registered indigents consumers will receive the first 6 kilolitres of water and basic/fixed charge is subsidised. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

7.3 Refuse Removal

7.3.1 All registered indigents shall be fully subsidised for refuse removal charge as determined and provided for by the Council in the annual budget from time to time. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be

applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

7.4 Sewerage

7.4.1 All registered indigents shall be fully subsidised for sewerage charge as determined and provided for by the Council in the annual budget from time to time. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

7.5 Property Rates

7.5.1 All registered indigents shall be fully subsidised for property rates as determined and provided for by the Council in the annual budget from time to time. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

8 TARIFF POLICY

8.1 The Local Government Municipal Systems Amendment Act (MSA), 2003, Act No 44 of 2003 stipulates that a Municipal Council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements and which complies with the provisions of the Act and with any other applicable legislation.

8.2 A tariff policy must reflect, amongst others, at least the following principles, namely that:-

8.2.1 The amount individual users pay for their services should generally be in proportion to their use of that service;

8.2.2 Poor households must have access to at least basic services through-

- tariffs that cover only operating and maintenance costs;
- special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
- any other direct or indirect method of subsidisation of tariffs for poor households; and

8.2.3 The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

9. SOURCES OF FUNDING

9.1 The amount of subsidisation will be limited to the amount of the equitable share received on annual basis. This amount may be varied on a yearly basis according to the new allocation for a particular financial year.

9.2 If approved as part of the tariff policy the amount of subsidisation may be increased through cross subsidisation, i.e. step tariff system.

10. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY

10.1 No amount shall be paid to any person or body, but shall be transferred as a credit towards the approved account holder's municipal services account in respect of the property concerned.

10.2 Calculations for subsidies shall be based on the monthly current accounts only and in accordance with the approved tariff policy. Arrear amounts shall be dealt with in accordance with the Municipality's credit control and debt collection policy and the irrecoverable and doubtful debt policy.

11. ARREAR ACCOUNTS

11.1 The approved account holder shall remain responsible for any outstanding amount at the date of application as well as for future charges.

11.2 No interest and credit control fees due to credit control measures or actions will be levied on the outstanding arrears of accounts approved as indigents. An agreement will be entered into with an indigent to pay his previous debt on a reasonable basis, taking into consideration the income of all occupants of the household.

11.3 A reasonable amount needs to be paid on arrear amounts, before services in excess of the approved subsidy for water and electricity will be allowed. Consumption in excess of the approved subsidy must be paid.

11.4 Water restrictors will be placed in meters of Indigent Households who are in arrears and do not have the means to make payments on the arrear amounts, in order to limit the consumption of the Indigent household to that of the subsidy.

11.5 Indigent Households who are in arrears and do not have the means to make payments on the arrear amounts, names will be handed to the credit bureau.

11.6 Approved indigents accounts will only be written off upon council approval.

12. SERVICES IN EXTENT TO AVAILABLE FUNDING

Where restriction of consumption applies to a particular service, applicants may not refuse to be restricted in terms of Council policy. Where restrictions are not possible the account holder will be responsible for the consumption in excess of the approved subsidy.

13. CREDIT CONTROL POLICY TO BE APPLIED TO INDIGENT HOUSEHOLDS

13.1 Aim of the Credit Control Policy

The credit control policy aims to achieve the following:-

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

13.2 Obligation to Pay

13.2.1 The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidisation.

13.2.2 It is however important to note that the subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy received.

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

14. REPORTING REQUIREMENTS

14.1 The CFO shall report on a monthly basis to the Governance Committee, as the case may be, for the month concerned and by municipal ward:

14.1.1 The number of households registered as indigents and a brief explanation of any movements in such numbers;

14.1.2 The monetary value of the actual subsidies and rebates granted; and

14.1.3 The budgeted value of the actual subsidies and rebates concerned; and the above information cumulatively for the financial year to date.

14.2 The Mayor or Executive Committee, as the case may be, shall submit the above reports on a quarterly basis to the Council and to the municipalities ward committees quarterly to any ward committees if so requested.

15 IMPLEMENTATION AND REVIEW OF THE POLICY

15.1 This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy.

15.2 In terms of section 17(1)(e) of the MFMA this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

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