



MAKHADO LOCAL MUNICIPALITY

POLICY ON SUBSIDY SCHEME FOR INDIGENT HOUSEHOLDS, 2026/2027

(Approved by Council Resolution A.46.28.05.26)

Vision: "A dynamic hub for socio-economic development by 2050"

Mission: "To ensure effective utilization of economic resources to address socio-economic imperatives through mining, agriculture and tourism"

Values

1. Distinctiveness (Uniqueness, Excellence)
2. Progressiveness (Open Minded)
3. Dynamic (Energetic, Lively, Self-Motivated)
4. Culpability (Accountability and Responsibility)
5. Efficacy (Effectiveness and Efficiency)
6. Adeptness (Expertise and Proficiency)

Seven (7) Strategic Objectives

1. Promote Community Participation and Environmental Welfare
2. Invest In Local Economy
3. Advance Spatial Planning
4. Invest in Human Capital
5. Good Governance and Administrative Excellence
6. Sound Financial Management and Viability
7. Accessible Basic and Infrastructure Services

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1. ABBREVIATIONS

IDP - Integrated Development Planning

LED - Local Economic Development

SDBIP - Services Delivery and budget implementation Plan

2. LIST OF STAKEHOLDERS

The following stakeholders were available and made contributions 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
Youth Council
Women's forum
South African Municipal Union representatives
Institution of higher learning and officials from Vhembe District Municipality.

3. 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 Makhado Local Municipality
Councillor	- Means a member of Makhado Local Municipal Council
Communities/Citizens	- Means communities residing within the area of jurisdiction of Makhado Local 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 parents 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

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Annexure A: Application for Indigent Household Subsidy

In terms of Government Notice no 1244 of 28 November 2000 Makhado Municipality was by virtue of the authorisation a water services authority and water services provider and as such was authorised to perform water services (water supply and sanitation services) until 30 June 2003. From 1 July 2003 Vhembe District Municipality became the water services authority for the municipal area of Makhado. In this regard, Makhado may not provide any water service other than in terms of any agreement between the parties.

The current Service–Level Agreement between Makhado Local Municipality and Vhembe District Municipality on water and sanitation determines that the Makhado Local Municipality will act as agent for the Vhembe District Municipality to supply such services to all residents within the municipal boundaries of Makhado Municipality. In terms of paragraph 12.1(r) of the agreement Makhado Municipality make such allocations in respect of water services to the consumer accounts of persons enrolled in the indigent register as Vhembe may determine. In this regard, water services (water supply and sanitation services) will be excluded from any arrangements made in this policy.

4. INTRODUCTION/PREAMBLE

- 4.1 The Municipal Council must give priority to the basic needs of the community, promote the social and economical 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.
- 4.2 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.
- 4.3 The Constitution recognizes 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.
- 4.4 The key purpose of an indigent subsidy policy is to ensure that households with lower income are not denied a reasonable service, and on the contrary the Local 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.
- 4.5 To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.
- 4.6 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 Makhado Municipality.

5. LEGAL FRAMEWORKS AND POLICIES

5.1 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

5.2 Policy And Guidelines

- Framework of Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007
- Makhado Municipal Credit and Debt collection Policy
- Makhado Municipal Tariff Policy
- Makhado Integrated Development Plan

6. PURPOSE OF THE POLICY

The purpose of this policy is to ensure that the subsidy scheme for indigent households forms part of the financial management system of Makhado Municipality and to ensure that the same procedure be followed for each individual case.

7. POLICY PRINCIPLES

In recognition of the National Framework the municipality undertakes to promote the following principles:

- a. 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.
- b. To link this policy with the municipal IDP, LED initiatives and poverty alleviation programmes.
- c. To promote an integrated approach to free basic service delivery; and
- d. 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.

8. 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 Makhado Local Municipality.
- The applicant must be a South African Citizen.
- If the applicant owns more than one property, only one property will be considered.
- 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.

9. CRITERIA FOR IDENTIFICATION TO QUALIFY FOR INDIGENT SUPPORT

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

9.2 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 for the preceding three consecutive months:-

Definition of Destitute Indigent. If the total income of all occupants is not more than an amount as determined by the Council from time to time. Currently, this amount is deemed to be equal than the amount received by one state pensioner.

Definition of an indigent. If the total income of all occupants is more than the amount determined for a destitute indigent and less than an amount as determined by the Council from time to time. Currently, this amount is deemed to be equal than the amount received by two state pensioners.

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

9.4 The subsidy will apply to the owner of the property concerned.

9.5 The subsidy will not apply in respect of households owning more than one property and who will therefore not be classified as indigent.

10. APPLICATION AND AUDIT FORM

10.1 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.

10.2 The account holder must apply in person and must present the following documents upon application:

- (a) The latest Municipal account in his/her possession. (b) The accountholder's identity document.

- (c) An application form indicating the names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.
- (d) Documentary proof of income where possible.

- 10.3 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.
- 10.4 Application forms must be read in conjunction with the policy proposed and form part of Council's indigent policy.
- 10.5 The list of indigent households may be made available at any time to the Information Trust Corporation (ITC) for the purpose of exchanging credit information. Households qualifying for consumer credit elsewhere will not be regarded as indigents.
- 10.6 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.

11. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

- 11.1 The Director Finance will be responsible to compile and administer the database for households registered in terms of this policy.
- 11.2 Council reserves the right to send officials or its agents to premises/households receiving relief from time to time for the purpose of conducting an on-site audit of the details supplied.

12. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

- 12.1 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.
- 12.2 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.
- 12.3 The onus also rests on indigent support recipients to immediately notify Council of any changes in their indigence status.

13. SERVICES TO BE SUBSIDISED

13.1 Electricity

A subsidy of fifty (50) units of electricity per property per month to all qualified indigents households will apply. Where the consumption exceeds fifty (50) units per month the consumer will be charged for actual consumption exceeding fifty (50) units at the approved tariff.

13.2 Refuse Removal

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.

13.3 Assessment Rates

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.

14. TARIFF POLICY

14.1 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.

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

- The amount individual users pay for their services should generally be in proportion to their use of that service;
- 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 subsidization of tariffs for poor households; and
- The extent of subsidization of tariffs for poor households and other categories of users should be fully disclosed.

15. SOURCES OF FUNDING

15.1 The amount of subsidization 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.

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

15.3 The indigents will be subsidized 100% on the relevant services, qualifying for subsidy.

16. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY

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.

17. ARREAR ACCOUNTS

17.1 All arrear amounts which accumulated before the approval of the indigent application will be written off according the municipal write-off policy.

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

18. RESTORING SERVICES TO QUALIFIED HOUSEHOLDS

If an application is approved services will be restored free of charge. If services are to be suspended thereafter in terms of the approved credit control policy the approved tariff for reconnection will be payable.

19. 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.

20. CREDIT CONTROL POLICY TO BE APPLIED FOR INDIGENT HOUSEHOLDS

20.1 Aims of the 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.

20.2 Obligation to Pay

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

20.2.2 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.

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

21. EXIT MECHANISMS

Makhado Local Municipality will promote exit mechanism programme from indigence by:

- Giving bursary to indigents families who got bachelors and further their studies in the Institution of Higher Learning through the Office of the Mayor; The bursary will be awarded as per the Thulamela municipality bursary policy
- Identifying Indigents for inclusion in public works projects(Extended Public Works Projects);
- Local job creation projects such as cleansing operations, and small infrastructure projects;

22. MONITORING AND EVALUATION

The Makhado Local 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 write-offs;
- 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

23. COMMUNICATION

- o The indigent registration process is communicated in all nodal points of the municipality through Integrated Development Planning consultation process.
- o Councillors through community outreach programs will educate the community about the indigent registration process and the importance thereof.
- o Mayoral Imbizo programs will also communicate the indigent registration processes.

24. CONTACT PERSON IN TERMS OF THE POLICY

For more information you can contact: -

- _____ : _____
- Office help line : 015 _____
- E-mail address : _____

25. ADDITIONAL INFORMATION

The Makhado Local 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.

26. IMPLEMENTATION AND REVIEW OF THIS POLICY

- 26.1 This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy.
- 26.2 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.

27. EFFECTIVE DATE

The policy shall become effective from 1 July 2026.

28. AUTHORIZED BY SIGNATURE

I, THE UNDERSIGNED, CLLR GT MUKWEVHO MITILENI, SPEAKER, HEREBY CERTIFY THAT THIS SUBSIDY SCHEME FOR INDIGENT HOUSEHOLDS, 2026/27 IS AN EXTRACT AS FILED IN THE OFFICIAL AGENDA OF THE 640th EXECUTIVE COMMITTEE MEETING HELD ON 26 MAY 2026 AND APPROVED BY COUNCIL AT ITS 194th SPECIAL MEETING HELD ON 28 MAY 2026 UNDER COUNCIL RESOLUTION A.46.28.05.26.


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CLLR GT MUKWEVHO MITILENI


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DATE