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MANDENI LOCAL MUNICIPALITY INDIGENT SUPPORT POLICY JULY 2025 TO JUNE 2026

S.G.K



1. DEFINITIONS OF TERMS

- **“Child headed household”** means a 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.
- **“Household”** means a registered owner or tenant with or without children who reside on the same property.
- **“Indigent”** means any household or category of households, including a child headed household, earning a combined gross income, as determined by the municipality annually in terms of a social and economic analysis of its area, as vested in the municipal policy, which qualifies for rebates or remissions, support or a services subsidy, provided that child support grants and foster care grant are not included when calculating such household income.
- **“Indigent Management System”** an electronic management system applied by the Mandeni Municipality in consideration of other municipalities for the smooth and efficient management of the register of indigent households.
- **“Municipality”** means the Mandeni Municipality, established in terms of Section 12 of the Municipal structures Act 117 of 1998, and includes any political structure, political office bearer, councillor, duly authorized agent or any employee acting in connection with this by- law by virtue of a power vested in the municipality and delegated or sub-delegated to such political structure, political office bearer, councillor, agent or employee.
- **“Programme officer”** an official duly authorised by the municipality, or an employee of a services provider appointed by the municipality, who is responsible for the following:
 - a) to ensure that applications for indigent support are received and assessed.
 - b) to ensure that applications are captured on the Indigent Management System.
 - c) to ensure that information on applications is verified and that regular audits are executed; and
 - d) to authorise expenditure regarding indigent support.



- **“Occupier”** means the person who controls and resides on or control and otherwise uses immovable property provided that:
 - a) the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof.
 - b) where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier.

“Indigent register” means the municipal list of indigent customers as per the municipal policy, designed to contain all the inputted data contained within completed indigent application forms which contains the following:

1. Indigent customer details

a) Socio-economic details

b) Skills details

c) In addition, the indigent register can provide reports relating to, but not limited to the following

i. indigent application exceptions.

ii. Socio economic reporting.

- **“Owner”** in relation to immovable property means:

a) The person in whom is vested the legal title thereto provided that:

- The lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be owner thereof, and



- The occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof.
- b) If the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under executorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be.
- i. If the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or
- ii. If the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property.
- **“Property”** includes any piece of land, the external surface boundaries of which are delineated on:
 - A general plan or diagram registered in terms of the Land Survey Act, 1997 (Act No. 8 of 1997) or in terms of the Deeds Registries Act, 1937 (Act No. 47 of 1937).
 - A general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and situated within the jurisdiction of the municipality.
- **“Rates”** means any tax, duty or levy imposed on property by the Council.



1. INTRODUCTION

The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the council and to provide procedures and guidelines for the subsidization of basic service (s) charges to its indigent households, using the council's budgetary provisions and/or funds received from central government in accordance with prescribed policy guidelines. The Indigent Support Policy is a legal imperative, a tool designed to ensure that persons and households classified as indigent have access to basic services as defined in the Constitution of the Republic of South Africa, Act No108 of 1996.

2. LEGAL FRAMEWORK

- Constitution of the Republic of South Africa, Act No 108 of 1996
- Local Government Municipal Systems Act, Act No 32 of 2000.
- Local Government Municipal Systems Amendment Act ,2003, Act No 44 of 2003
- The Local Government Municipal Property Rates Act,2004, Act no 6 of 2004
- Framework for Municipal Indigent Policies: Towards a basket of services for the poor dated May 2007.
- Electricity Basic Support Tariff (free basic electricity) Policy prepared by NERSA

3. POLICY BACKGROUND

3.1 The council also recognizes that many of the residents can simply not afford the cost of full provision of basic services and for this reason the council will endeavour 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 determined appropriate service levels.

3.2 This policy aims to address the key issues and challenges of indigents. The strategic aim is to create an enabling environment in which the objectives of revenue generation can be realized, given that many of the residents can simply not afford the



cost of full provision of basic services although it will be limited to the basic needs as identified by the relevant departments.

3.3 The population trends, which inform settlement patterns, socio-economic needs and people migration that in turn inform the municipality's development agenda. The Municipality takes necessary strides to effectively respond to the needs of those who live, work and play within the Mandeni area of jurisdiction.

3.4 Mandeni Municipality is second largest in terms of population size, after Kwadukuza Municipality. When compared to other municipalities within the region, with growth rate of 2,6% contribution to the total of the entire district. The primary source of the information presented below is Census 2022, 2016 Community survey and lastly 2011 Census data all provided by Statistics South Africa.

Population refers to the disaggregation of population by age and sex, this is usually shown in the format of population pyramid or graphs. In the context of the hereunder graph indicates the Mandeni population by sex being the number of males and females that make up the entire population. It is noteworthy that 52% of the population constitutes of females closely followed by males who constitute 48% of Mandeni.

4. POLICY BACKGROUND

4.1 In terms of section 74 of the Local Government Municipal Systems Act 2000, a municipal council (hereinafter referred to as the Council) must adopt and implement a tariff policy. In terms of section 74 (i) of the Act in adopting a tariff policy, the Council should at least take into consideration the extent of subsidization of tariffs for poor households. Arising from the above, the municipality needs an indigent support policy. The indigent support policy must provide procedures and guidelines for the subsidization of basic services and tariff charges to its indigent households



4.2 Provide procedures and guidelines for the subsidization of basic service(s) charges to indigent households, using the council's budgetary provisions and/or funds received from central government in accordance with prescribed policy guidelines.

4.3 Facilitate implementation of an effective program to assure free or lower cost services to those that cannot afford it, while eliminating the booking of these services as outstanding debtors.

4.4 Provide a framework to assist the Municipality in identifying those who qualify for the limited basic services and assuring that the limits are placed as needed.

5. POLICY OBJECTIVES

5.1 Provide procedures and guidelines for the subsidization of basic service(s) charges to indigent households, using the council's budgetary provisions and/or funds received from central government in accordance with prescribed policy guidelines.

5.2 Facilitate implementation of an effective program to assure free or lower cost services to those that cannot afford it, while eliminating the booking of these services as outstanding debtors.

5.3 Provide a framework to assist the Municipality in identifying those who qualify for the limited basic services and assuring that the limits are placed as needed.

6. SCOPE OF APPLICATION

This policy document shall apply to the administration of all indigent determinations and offerings as determined by the Mandeni Municipality and is directly linked to the Credit Control and Debt Collection policy, Tariff Schedule, Tariff Policy, Budget, etc.

7. TARGETING APPROACH

7.1 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 initiative and other poverty relief programs of Mandeni Municipality.



The socio-economic information and performance indicators contained in these documents will assist in guiding the basis for the targeting of indigent household.

7.2 Household income- The threshold shall be determined in terms of socio-economic analysis equalling two state pension grants per indigent household.

8. QUALIFYING CRITERIA

8.1 A private residential household will be registered as indigent on the following conditions:

8.2 The applicant agrees to the limited supply of electricity to a 20 Ampere prepaid installation. The first application to change ampere to the lower level will be free of charge.

8.3 Applicants who own more than one fixed property are not eligible for the indigent subsidy.

8.4 The total gross monthly income of all members of the household must not exceed the amount of R4 500.00 per month.

9. MONITORING

Whereas the Budget and Treasury department will keep and monitor a complete register and to evaluate all applications for indigent support, a control system linked with the demand for electricity current (circuit breaker size) must be operated and maintained, meaning that all residential consumers for whom it is possible to receive electricity current limited to 50kiloward per month.

10. REGISTER OF INDIGENT HOUSEHOLDS

10.1 APPLICATIONS

1. The member of a private household who is responsible for the payment of the services and/or rates account can apply for that household to be registered as indigent.



2. Support is also given to youth-headed households for as long as the unfortunate situation exists as per the Department of Social Services might indicate.
3. Should an applicant in his/her application present any fraudulent statement he will be denied enlistment or, if he/she had already been enlisted, that person immediately be de-registered. A consumer will also be held responsible for the refund of the benefits received at the ordinary rates for the period between when the fraudulent presentation is detected and when it arose.
4. Applications for indigent relief must be made on a prescribed application form.
5. No deposit should be paid

10.2 REGISTERING /RE - EVALUATION

1. Applicants, who agree to the limited electricity supply of 50 kilowatts per month will be registered as indigents, but their average electricity consumption levels must be monitored. The indigent status shall be re-valuated upon the expiry of the existing status

10.3 COMMUNICATION

1. New registrations and de-registration on the register must be communicated by Department of Finance, Engineering and Corporate Services and councillors
2. The concessions regarding tariffs and arrears can be initiated or cancelled on the relevant accounts.
3. The concession regarding electricity supply can be initiated or cancelled.
4. That the technical assistance can be rendered to make more affordable water consumption possible.
5. Department of Finance will register indigents or de-registered indigents and communicate to the consumer and ward councillor accordingly.
6. The list of approved or de-registered indigents must be submitted to Council on monthly basis.
7. Service annual budget community participation process.



10.4 REGISTRATION CRITERIA (FINANCIAL)

A private residential household will be registered as indigent on the following conditions:

- a. The applicant agrees to the limited supply of electricity to 50 kilowatts. The first application to change ampere to the lower level will be free of charge.
- b. Applicants who own more than one fixed property are not eligible for the indigent subsidy.
- c. The total gross monthly income of all members of the household must not exceed the amount of R4 500.00 per month.

10.5 PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

1. Deregistration shall follow evaluation reveals that the consumer falls outside the above-mentioned criteria. Such cases must be reported on monthly basis to Finance to change indigent status on the system.

2. Once a registered indigent consumer has been de-registered after evaluation, he/she will not again be considered as indigent for a period of 12 months from date of de-registration.

a) Review of indigent status.

1. All registered indigents must be reviewed for qualification in terms of the criteria of the policy every financial year.

2. Registration shall take place in the last quarter of the financial year to be effective the following financial year.



3. Indigent debtors who qualify and remain with indigent status at the date of approval, balances transferred to abeyance account including the debt that would have accumulated until 30 June each year, shall be written off after obtaining a council approval.

10.7 CAPACITY BUILDING

1. The municipality must ensure that all officials and councillors are appropriately capacitated to understand and implement Free Basic Services in terms of the following key areas:
2. Database management
3. Demand and revenue management
4. Policy and by-laws implementation

11. TARIFFS AND SUBSIDIES AFTER REGISTRATION

The consumption of services and service delivery are charged and subsidized at the applicable tariffs as approved by Council from time to time, limited to the amount provided in the budget for indigent subsidies.

11.1 ELECTRICITY (BASIC CHARGE)

- a. Free Basic Electricity to the maximum of 50 kilowatts per month, per household. The tariff to low consumption private household consumers will be applicable.
- b. Free basic electricity will not be carried over to a next month. (Basic charge = zero)
- c. Any free basic electricity for indigent consumers outside the supply area of the municipality and supplied by a different service provider at its price for 50kilowatts per household per month consumed.
- d. Upon the discovery and confirmation of any tampering to electricity supply equipment or electricity theft, the registration as indigent will be cancelled.
- e. Consumers are responsible for consumption exceeding the 50kilowatts of electricity per month.



11.2 REFUSE

- a) Applicable tariff to normal private household consumers would apply which would include amount which comes as the indigent funding as determined by council.
- b) The refuse removal rate in respect of indigents will be fully discounted.
- c) Applicable tariff to normal household's consumers would apply and it is included in the total maximum subsidy

11.3 CONVENTIONAL METERS

- a) Indigents, who qualify to receive subsidies and using conventional meters, be converted to pre-paid meters and be funded through the Equitable Share.

11.4 MISCELLANEOUS

- a) The level of indigent support granted shall not exceed the actual monthly billing to the account in respect of the services referred to in the preceding paragraphs.
- b) The indigent monthly account must be credited with the amount of indigent relief.
- c) The amount granted will be budgeted as an expenditure item under grants and subsidies paid and be recovered from the equitable share.

12. ARREARS DEBT AND CREDIT CONTROL

- a) A blocking of vending of pre-paid electricity is done to encourage payment of monthly current accounts. This will result in the indigent not falling into arrears even further by first paying their discounted levies every month before they can buy electricity.
- b) No interest is calculated on arrear debt in respect of consumers who qualify as indigent in terms of this Policy.



- c) No credit control measures will be taken against the registered indigent for as long as the discounted monthly levies are paid in full every month.
- d) Restricted metered water services are installed for those indigent households who default on the payment of their current Municipal accounts.
- e) Subject to the conditions specified in this policy, the normal Credit Control Policy is also applicable to the Indigent.

13. CHILD HEADED HOUSEHOLDS

- a) Support is also given to child headed households for as long as the unfortunate situation exists as per the Department of Social Services might indicate. Child headed households will be treated as special cases subject to the following conditions:
- b) The indigent application form is completed with assistance by the appointed legal guardian when the applicant is below 18 years of age.
- c) Must submit proof of the death of either or both parents if parents were married.
- d) Must be older 16 years if still at school.
- e) Produce a valid document, certified copy or birth certificate.

14. LIMITATIONS

- a) The above free issues or discounts are based on the expected equitable share to be paid to the Council by National Treasury annually. The annual adjustment to these benefits is subjected to the increase in the equitable share.
- b) The benefits are reserved for consumers who are prepared to limit their electricity consumption to 50kilowatts per month.
- c) No official or councillors may apply for indigent support.

15. TAMPER WITH ELECTRICITY METER

- a) When an Indigent is found tampering with electricity:
- b) The Indigent status will be revoked



- c) The Indigent's account will be debited with the amount and units owed, to decrease the municipality's distribution loss.

16. EXIT STRATEGY

- a) It is imperative to provide subsidised services to Indigent households, it is also important for the Municipality and other sphere of Government to create economic opportunities to Indigent households.
- b) The Indigent household may exit from the subsidy:
- c) If the household income exceeds the threshold (R4 500.00).
- d) If the household employment status change.
- e) If the Indigent consumer is deceased.
- f) upon the lapse of two year period for which support is valid.

17. CONTACT OF THE OFFICE RESPONSIBLE FOR INDIGENT POLICY

032 456 8290

18. STAKEHOLDERS

Department of social Development

Department of Home Affairs

Department of Labour

South African Revenue Services

19. POLICY REVIEW

- a) This policy shall be subject to review annually.



20. ADOPTION OF POLICY

The Council of the Mandeni Municipality adopted this Indigent Support policy at its

PREPARED BY: N.Z. GUZANA

DATE OF ADOPTION BY COUNCIL: 29 MAY 2025

COUNCIL RESOLUTION NUMBER: C122



MUNICIPAL MANAGER

S.G KHUZWAYO

09/06/2025
DATE