

**AGENDA of the
Portfolio Committee : Financial Services
23 September 2025
(Also the agenda for the Mayoral Committee Meeting : 23 September 2025)**

**3.
CONSIDERATION OF INDIGENT POLICY OF THE OVERSTRAND MUNICIPALITY**

**D Louw
15 September 2025**

Acting Chief Financial Officer

(028) 313 8040

1. Executive Summary

The purpose of the report is to present the Indigent Policy to Council for consideration in view of the contents of this report.

2. Service Delivery and Budget Implementation Plan - IGNITE

Directorate: Finance
Department: Revenue

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Provision and maintenance of municipal services

4. Delegated Authority

None

5. Legal Requirements

Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)
(MFMA)
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)

6. Background/Discussion/Evaluation/Conclusion

Background

Subsequent to the annual revision of the Indigent Policy, which served before Council on 29 May 2025, there has been a request to consider certain amendments to the policy in order to provide additional relief to deserving communities but also to reduce the administrative burden on the Municipal Administration.

Discussion/Evaluation/Conclusion

The current Indigent Policy provides for a renewal of all applications on an annual basis. To alleviate the administrative burden, it is proposed that in the instance of pensioners older than 60 years, that such renewal only be done every three

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years subject thereto that it be tested if the applicant/beneficiary is still alive and occupying the property. Furthermore, it was found that many beneficiaries of government funded human settlement initiatives are not registered for indigent subsidies resulting in an increase in irrecoverable debt. It is therefore proposed that beneficiaries of government funded human settlement initiatives are automatically registered for indigent subsidy provided that they re-apply after one year of receipt of the benefit.

For a marked-up view of the proposed changes to the Policy, please see Annexure A attached hereto.

7. Financial Implications

In accordance with the Indigent Support programme. The Municipality has provided for 5 800 indigents in the approved budget for 2025/26 at a total cost of R 110,2 million per annum. The total cost of the free basic services should the proposed amendments be approved will be as follows:

| | Number of Beneficiaries | Monthly Subsidy | Total Per Annum |
|------------------------|------------------------------------|----------------------------|----------------------------|
| All areas (Budgeted) | 5 800 | 1 583.51 | 110 212 324 |
| All Areas (Additional) | 592 | 1 583.51 | 11 249 258 |
| FLISP | 601 | 1 174.94 | 8 473 683 |
| | 6 993 | | 129 935 265 |

The additional for all areas is an estimate of 50% of the total number of 1184 UISP houses in the area.

8. Staff Implications

N/A

9. Comments from other Departments, Divisions and Administrations

N/A

10. Annexures

Annexure A: Indigent Policy

RECOMMENDATION TO THE COUNCIL:

that the Indigent Policy **be considered.**

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RESPONSIBLE OFFICIAL :

**D LOUW
C SWARTZ**

TARGET DATE FOR IMPLEMENTATION :

1 OCTOBER 2025

OVERSTRAND MUNICIPALITY
INDIGENT POLICY

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PREAMBLE

Whereas section 96 of the Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) requires a municipality to adopt, maintain and implement a credit control, debt collection and customer care policy;

And whereas section 97 of the Systems Act prescribes that such policy must provide for “provision for indigent debtors that is consistent with its rates and tariff policies and any national policy on indigents.”

Now therefore the Municipal Council of the Municipality of Overstrand adopts the Indigent Policy as set out in this document:

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1. DEFINITIONS

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: -

| | |
|---|--|
| “Authorised representative” | The person or instance legally appointed by the Council to act or to fulfil a duty on its behalf. |
| “Basic service” | the amount or level of any municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety of the environment and for the purposes of this Policy are restricted to the delivery of electricity, refuse, sewerage and water services. |
| “Chief Financial Officer” | An officer of the Municipality appointed as the Head of the Finance Department and includes any person: - a. acting in such position; and b. to whom the Chief Financial Officer has delegated a power, function or duty in respect of such a delegated power, function or duty. |
| “Council” or “municipal council” | A municipal council referred to in section 18 of the Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998) and for purposes of this policy, the municipal council of the Municipality of Overstrand. |
| “customer” | Any occupier of any property to which the Municipality has agreed to supply services or already supplies services to, or if there is no occupier, then the owner of the property (including registered indigent household). |
| “defaulter” | A person who owes money to in respect of a municipal account after the due date for payment has expired. |
| “Household” | Any customer living on a stand or site on a permanent basis and who receive electricity and/or water from one meter, regardless of whether the person rents or owns the property. |
| “Income” | Income is the gross sum of all monthly income of the occupier received from all sources, including wages, salaries, profits, dividends, pensions, interest received, or investment income received by the occupier including income received by spouses/partners. In the instance where a spouse/partner is no longer part of the household, the applicant must submit an affidavit to declare that (i) the spouse/partner is on a permanent basis no longer part of the household; and (ii) the relationship with the spouse/partner was ended. Discretionary grants/contributions and Government Support (including Child Support grants) will not be added as a financial contribution towards the Occupier's income. Particulars of any Government Support grants received by any Occupier must be declared in the affidavit. |
| “Indigent” | A household which qualifies in terms of clause 5. |
| “interest” | A levy with the same legal priority as service fees and calculated on all amounts in arrears in respect of assessment rates and service levies at a standard rate as approved by Council. |
| “Municipal account” or “billing” | the proper and formal notification by means of a statement of account, to persons liable for monies levied and indicating the net accumulated balance of the account, specifying charges levied by the Municipality, or any authorised and contracted service provider, in the format of, but not limited to: - (a) show the levies for assessment rates and/or building clause; and “Monthly account” rendered monthly and shows the levies for assessment rates and/or building clause, availability charge, sewerage, refuse |

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| | removal, electricity, water, sundries, housing rentals and instalments, all as well as the monthly instalment for annual services paid monthly |
| “Municipality” | The institution that is responsible for the collection of funds and the provision of services to the customers of Overstrand. |
| “Occupier” | A person, including such person’s spouse/life partner, who occupies any premises or part thereof and is primarily responsible for financially supporting and maintaining the household, without regard to the title under which he or she so occupies the premises and includes – (a) any person in actual occupation of those premises; (b) any person legally entitled to occupy those premises; (c) in the case of those premises being subdivided and let to lodgers or various tenants, the person receiving the rent payable by such lodgers or tenants whether on the person’s own account or as agent for any person entitled thereto or interested therein; (d) any person having the charge of or management of those premises, and includes the agent of any such person when the person is absent from the Republic of South Africa or his whereabouts are unknown; or (e) the owner of those premises. |
| <u>Quota/Seasonal worker</u> | <u>Any person who is employed by an employer for an aggregate period of at least one to three months over a 12 -month period with the same employer and whose work is interrupted by reason of a seasonal variation in the availability of work</u> |
| “The Act” | The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000) as amended from time to time. |

2. OBJECTIVES OF POLICY

The objectives of this Policy are to: -

1. provide a framework within which the Municipality can exercise its executive and legislative authority regarding the implementation of financial aid to indigent households in respect of their municipal account.
2. determine the criteria for qualification of indigent households.
3. ensure that the criteria are applied correctly and fairly to all applicants.
4. allow the Municipality to conduct in loco visits to the premises of applicants to verify the actual status of the household.
5. allow the Municipality to maintain and publish the register of names and addresses of account holders receiving subsidies.
6. Provide for the right of appeal to the Municipal Manager.

3. SUBSIDY FOR INDIGENT HOUSEHOLDS

- a. A basic level of services will be provided to qualifying households with:
 - (i) a total gross income which is below a determined amount, and
 - (ii) according to further specified criteria, as determined by the Municipality from time to time.
- b. Indigence subsidies will be funded from the equitable share contribution made by National Treasury and as provided for in the municipal budget. The subsidy can only be credited to the qualifying customers’ accounts until the amount received by the Municipality from National Treasury and provided for in the municipal budget for this purpose, has been exhausted,

whereupon no further credits will be made until further national funds for this purpose are received or additional funds has been provided for in the municipal budget.

- c. Subsidised services are refuse removal, sewerage and consumption service charges.
- d. Customers who qualify for an indigent subsidy must convert to pre-payment electricity meter, except for areas where electricity is not supplied by Overstrand Municipality, and a flow limiter water meter may be installed, free of charge for these customers.
- e. If a customer's consumption or use of the municipal service is less than the subsidised amount of the service, the subsidy will be limited to the lesser amount. The unused portion, if any, may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- f. If a customer's consumption or use of a municipal service is in excess of the subsidised service, the customer will be obliged to pay for such excess consumption at the applicable rates.
- g. All customers who qualify for an indigent subsidy will be considered placed on restricted service levels in order to limit further escalation of debt.
- h. Where applicable, indigent customers may be exonerated from a portion of their arrear debt.
- i. An indigent customer must immediately request de-registration by the Municipality or its authorised agent if his/her circumstances have changed to the extent that he/she no longer meets the criteria.
- j. An indigent customer may, at any time, request de-registration.
- k. A list of indigent customers will be maintained and may be made available to the general public, subject to the Promotion of Access to Information Act ("PAIA") and/Protection of Personal Information Act ("POPI Act").
- l. The applicant may not be the registered owner of more than one property. This exclusion will not be applicable if the second property is an undeveloped stand identified as a so-called wetland stand in Hawston.
- m. Councillors and municipal officials do not qualify for any benefit in terms of this Policy, except for Temporary employees/EPWP workers not appointed on a permanent basis, who qualify for the subsidy according to the Indigent criteria as set out in section 5 below retrospectively from 1 July 2023.
- n. The costs in respect of the informal settlements in connection with supply charges and 70 kWh for electricity will be recovered from the equitable share.

4. PRINCIPLES OF POLICY

- a. The administrative integrity of the Municipality must be maintained at all costs. The democratically elected councillors are responsible for the approval of this policy, while it is the responsibility of the Municipal Manager to ensure the execution of this policy.
- b. Applicants must complete an official application form, which is to be submitted together with the supporting documents as specified in this policy.
- c. Application forms, agreements and documents relating to this Policy must be available in Afrikaans, English and isiXhosa.
- d. The customer is entitled to an efficient, effective and reasonable response to appeals, and should suffer no disadvantage during the processing of a reasonable appeal.
- e. Compliant applications received before the 15th of a particular month will be considered for subsidy for that account levied for the month.

5. CRITERIA OF SUBSIDY

The subsidy for needy households is recognised for purposes of receiving an indigent subsidy.

- i) The total income of the Occupier may not be more than four times the Government State Old Age pension amount plus R1 per month.

The following grants should not be added to the qualifying income threshold:

- (a) additional grant for older persons

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- (b) disability grant
 - (c) war veteran's grant
 - (d) care dependency grant
 - (e) foster child grant
 - (f) child support grant
 - (g) grant-in-aid
 - (h) social relief of distress
 - (i) the municipal manager shall have the discretion to allow a deduction of contributions to a medical aid fund from the total income of the Occupier in the case of pensioners older than 60 years.
 - (j) If the applicant is a seasonal/quota worker the income limits shall be calculated over a period of one year to approximate a monthly income.
- ii) Average monthly units purchase of electricity over the previous 3 months may not exceed 500 kWh.
 - iii) Average monthly consumption of water over the previous 3 months may not exceed 20 kℓ, or
A flow limiter meter will be installed immediately on application for a flow limiter meter and flow will be limited to a maximum of 20 kl per month.
 - iv) Occupy the property as his/her primary residence.
 - v) Must be a South African citizen; and
 - vi) The recipient of an indigent benefit in terms of this policy must not be the registered owner of more than one property[.], except if the second property is an undeveloped stand in the so-called wetland area in Hawston.
 - vii) The property must only be used for residential purposes.
 - viii) Beneficiaries of a government funded human settlement initiative who are the occupant/(s) of the property will be registered as indigents automatically effective from the date of this policy but will be required to re-apply after a period of one year.

If any of the above criteria is not complied with, the household will immediately be given notice and will lose the status of "indigent" and the subsidy will be forfeited. However, should the criteria in (ii) and (iii) above not be complied with, the household will be given written notice and will be allowed an opportunity to comply with the conditions set out in (ii) and (iii) within a period of three months of the date of the letter failing which will result in the household losing his/her indigent status and the subsidy will be forfeited.

Subsidy

- (i) 100% of the basic levy and capacity charge - 30Amp for electricity for one service point per month.
- (ii) 100% of the basic levy for water for one service point per month.
- (iii) 100% of the basic levy for sewage for one service point per month.
- (iv) 100% of 1 X vacuum tanker service after hours, per annum.
- (v) 100% of the basic levy for refuse removal for one service point per month.
- (vi) 100% of all the availability charges on an undeveloped property received as beneficiary of a government funded human settlement initiative.
- (vii) The first 70_kWh in the tariff block 0-350 of electricity per month shall be free of charge.
- (viii) 10 kℓ of water.
- (ix) 7 kℓ of water consumption for sewerage, or 1 x vacuum tanker per month if not able to connect to the sewer; and
- (x) R11.84 in regard of Infrastructure Levy.

6. APPLICATION FOR A SUBSIDY

- A. Applications for indigent subsidy must be submitted on the prescribed application form and must be accompanied by the following documentation: -

- (i) the latest municipal account of the account holder.
- (ii) proof of the applicant's identity and an affidavit confirming responsibility for the account in the instance where the applicant is not the account holder, but reside on the property, and a letter from account holder.
- (iii) In the instance of a deceased estate, indigent applications will be considered in accordance with requirements for Deceased Estates as stipulated in the Overstrand Customer Care, Credit Control and Debt Collection Policy, inclusive of submission of the executors letter, or letter of authority from the Master/Court and a letter from the relatives of the deceased confirming responsibility for the account and In the instance of a child headed household, also a report from a social worker,
- (iv) proof of the total gross household income, e.g. a letter from his/her employer, salary slip/envelope, pension card, unemployment insurance fund (UIF) card
- (v) in the case of a beneficiary of a government funded human settlement initiative, a confirmation of the beneficiary status must be obtained from the Municipality's Housing Department.

B. Incomplete forms or forms without the required documentation attached thereto will be rejected.

7. SWORN STATEMENT

The applicant must complete the sworn statement that forms part of the application form. Failure to do so will render the application invalid.

8. CONVERSION OF CONVENTIONAL ELECTRICITY METER

The applicant must agree to the conversion to pre-payment electricity meter and flow limiter water meter. Refer clause 3(d) of Policy.

9. PUBLICATION OF NAMES

The applicant must grant permission for the Municipality to publish his/her name and address on a list of account holders receiving subsidies in terms of this Policy. Refer clause 3(k) of Policy.

10. FALSE OR MISLEADING INFORMATION

A person who provides false information will be disqualified and be refused further participation in the subsidy scheme. In addition, he/she may be held liable for the immediate repayment of any subsidies already granted and legal action may be instituted against the guilty party/parties. A person who provides misleading information may only apply again for Indigent Subsidy after a period of 12 months.

11. CALCULATION OF SUBSIDY

- a. The subsidies below will be funded from the "equitable share" contribution received from National Treasury, plus an amount from the Municipality's own income as budgeted for in the financial year in question. The subsidies will only be granted to qualifying households to the extent that the above-mentioned funds are available for allocation.
- b. The accounts of qualifying applicants are credited monthly by the subsidies calculated in section 5.

12. VERIFICATION AND AMNESTY PERIOD

The Municipality reserves the right to send officials and/or representatives of the Municipality to the household or site of the recipient(s) of a subsidy at any reasonable time with the aim of carrying out an ongoing audit on the accuracy of the information provided.

13. DURATION OF SUBSIDY

- a. If an application is approved, the subsidy will be applicable up until the equitable share contribution made from the National Governments' fiscus and as provided for in the municipal budget is depleted.
- b. The municipality will at least annually, verify the status of the indigent households to confirm that the requirements as per the indigent policy are still met. The subsidy will be cancelled with immediate effect in the absence of proof that the criteria is still met. Pensioners older than 60 years will not be required to re-apply annually, instead the municipality will verify their indigent status every three years.
- c. If the Municipality obtains information that indicates that the circumstances of the applicant have changed to such an extent that he/she no longer qualifies for the subsidy, the Municipality reserves the right to cancel the subsidy immediately.
- d. If any of the criteria, as set out in 5, is not complied with anymore, the onus is on the recipient of the subsidy to notify the Municipality within 7 days after such criteria is no longer complied with. If a recipient cannot write, a designated official must be informed in person.
- e. If any of the above criteria is not complied with, the household will immediately be given notice and will lose its Indigent status, and the subsidy will be forfeited
- f. In the case of misrepresentation or false declaration, including subsidy recipients of qualifying properties, the Municipality reserves the right to refuse the approval of the subsidy and to recover any subsidy amount if already granted and may institute appropriate legal action civil or otherwise, against guilty party(ies).

14. ACCOUNTS IN ARREAR

Applicants, whose municipal accounts show arrear amounts at the time of the application for a subsidy, will have to make arrangements with the Municipality for paying off the amounts in arrears.

15. REGISTER

- a. The Municipality will compile a register of households that qualify as "indigent".
- b. The register will be updated continually and reconciled with the relevant subsidy account in the general ledger on a monthly basis.

16. ENCOURAGEMENT

Councillors should encourage ratepayers/customers in their various wards to apply for participation in the indigent subsidy scheme.

17. REVIEW AND IMPLEMENTATION PROCESS

This policy will come into effect on 01 October 2025.

This policy will be reviewed at least annually or when required by way of a Council resolution.

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| POLICY SECTION: | DIVISIONAL MANAGER: REVENUE MANGEMENT |
|-----------------------------|--|
| CURRENT UPDATE | 25 SEPT 2025 |
| PREVIOUS REVIEW | 29 MAY 2025 |
| PREVIOUS REVIEW | 25 SEPT 2024 |
| PREVIOUS REVIEW | 31 MAY 2024 |
| PREVIOUS REVIEW | 01 FEB 2024 |
| PREVIOUS REVIEW | 26 JULY 2023 |
| PREVIOUS REVIEW | 28 JUNE 2023 |
| PREVIOUS REVIEW | 31 MAY 2023 |
| PREVIOUS REVIEW | 28 FEB 2023 |
| PREVIOUS REVIEW | 27 JUNE 2022 |
| PREVIOUS REVIEW: | 31 MAY 2022 |
| PREVIOUS REVIEW: | 26 MAY 2021 |
| PREVIOUS REVIEW | 25 NOV 2020 |
| PREVIOUS REVIEW | 27 MAY 2020 |
| PREVIOUS REVIEW | 29 MAY 2019 |
| PREVIOUS REVIEW | 30 MAY 2018 |
| PREVIOUS REVIEW | 26 JUN 2017 |
| PREVIOUS REVIEW | 31 MAY 2017 |
| PREVIOUS REVIEW | 31 AUG 2016 |
| PREVIOUS REVIEW | 28 MAY 2015 |
| PREVIOUS REVIEW | 28 MAY 2014 |
| PREVIOUS REVIEW | 29 MAY 2013 |
| PREVIOUS REVIEW: | 30 MAY 2012 |
| PREVIOUS REVIEW: | 04 MAY 2011 |
| PREVIOUS REVIEW: | 26 MAY 2010 |
| PREVIOUS REVIEW | 27 MAY 2009 |
| PREVIOUS REVIEW | 31 MAY 2006 |
| APPROVAL BY COUNCIL: | 30 JUNE 2004 |