



**MATJHABENG LOCAL MUNICIPALITY  
POLICY ON INDIGENT CUSTOMERS**

# **MATJHABENG LOCAL MUNICIPALITY**



## **POLICY ON INDIGENT CUSTOMERS**

**2026/2027**



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**MATJHABENG MUNICIPALITY  
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**1. DEFINITIONS**

**“Responsible Official”** an official duly authorised by the Municipality, or an employee of a service provider appointed by the Municipality, who is responsible for the following:-

- a. to ensure that applications for indigent support are received, assessed and submitted for consideration and approval;
- b. to ensure that approved applications are captured on the Financial Management System; and
- c. to ensure that information on applications are verified and that regular audits are executed.

**“household”** means a registered owner or tenant with or without children who reside on the same premises;

**“indigent”** means any household or category of households, earning a combined gross income, as determined by the Municipality annually in terms of a social and economic analysis of its area, which qualifies for rebates/remissions, support or a services subsidy; provided that child support grants are not included when calculating such household income;

**“Municipality”** means the **Matjhabeng 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;

**‘occupier’** means the person who controls and resides on or controls 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;

**‘owner’**, in relation to immovable property, means:-

- a. the person in whom is vested the legal title thereto provided that:-
  - (i) 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 the owner thereof; and
  - (ii) the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;



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- b. 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;
- c. if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship 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; OR
- d. if the Municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

**'premises'** includes any piece of land, the external surface boundaries of which are delineated on:-

- a. 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); or
- b. a general plan registered in terms of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and
- c. situated within the jurisdiction of the Municipality;

**'rates'** means any tax, duty or levy imposed on property by the Council;

## **2. INTRODUCTION**

- 2.1 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.
- 2.2 Basic services are generally regarded 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.
- 2.3 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.
- 2.4 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 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.
- 2.5 To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.



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- 2.6 The customer, to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Matjhabeng Municipality.

**3. 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 Matjhabeng Municipality and to ensure that the same procedure is followed for each individual case.

**4. POLICY PRINCIPLES**

- 4.1 It is against the above background that the Matjhabeng Municipality undertakes to promote the following principles:-

- 4.1.1 To ensure that the portion for free basic services allocated as part of 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;
- 4.1.2 To link this policy with the Municipality's Integrated Development Plan (IDP), Local Economic Development (LED) initiatives and poverty alleviation programmes;
- 4.1.3 To promote an integrated approach to free basic service delivery; and
- 4.1.4 To engage the community in the development and implementation of this policy.

**5. POLICY OBJECTIVES**

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 subsidisation;
- 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 subsidisation 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. LEGISLATIVE FRAMEWORK**

This policy is designed and implemented within the framework of the following legislation:-

- 6.1 The Constitution of the RSA, 1996;



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- 6.2 Local Government Municipal Systems Amendment Act, 2003, Act No 44 of 2003;
- 6.3 The Local Government Municipal Finance Management Act 2003, Act no 56 of 2003;
- 6.4 The Promotion of Administrative Justice Act, 2000, Act no 3 of 2000;
- 6.5 The Promotion of Access to Information Act, 2000, Act no 2 of 2000; and
- 6.6 The Local Government Municipal Property Rates Act, 2004, Act no 6 of 2004.
- 6.7 FBS Policy, all other sectors policies
- 6.8 White Paper on Local Government

### **7. TARGETING OF INDIGENT HOUSEHOLDS**

- 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 initiatives and other poverty relief programmes of the Matjhabeng 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.
- 7.2 The Municipality may apply the following targeting methods:-

<b>Targeting approach</b>	<b>Application</b>
1. Service levels	Lowest service levels normally in informal settlements and rural areas.
2 Household income	Threshold shall be R6930.00.
3. Household income	Threshold shall be determined in terms of socio-economic analysis equalling three state pension grants per indigent household or an amount determined by the Council from time to time.
4. Geographical (Zonal) targeting	Specific areas (rural or urban) where households are regarded as poor irrespective of service level.

- 7.3 For the 2025/2026 financial year the Municipality will use household income as the targeting approach for the registration and verification of indigent customers to the maximum of R6930.00.

### **8. QUALIFICATION CRITERIA**

Qualification criteria for indigent support shall be determined by the Municipality from time to time, provided that until the Matjhabeng Municipality determines otherwise, the following criteria shall apply:-

- 8.1 The applicant must be a resident within the Matjhabeng municipal area.
- 8.2 The applicant must be in possession of a valid South African identity document.
- 8.3 The total monthly gross income of the registered owner his/her spouse or life companion is not more than an amount as determined by 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. Currently the income amount is deemed to be less or equal to the amount received by two state pensioners as determined annually by the Minister of Finance and not more than R6930.00 as approved by MLM Council.

- 8.4 Child headed households may be given indigent status or support for as long as the unfortunate situation exists and appointed by the court of law as the executor. The executor must bring letter of authority from the court of law stating that he/she is responsible for the assets of the deceased.

**No tenants is allowed to register as an Indigent.**

- 8.5 The applicant must be the owner who receives municipal services and is registered as an account holder on the municipal financial system;
- 8.6 Any occupant or resident of the single household referred to above may not benefit in more than one property in addition to the property in respect of which indigent support is provided.
- 8.7 The current account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance. Relevant supporting documentation need to be submitted as part of the application in order for the municipality to assist with the costs of transferring the property (e.g Housing permit, Court order or letter of Authority).
- 8.8 The applicant whose total monthly household exceed the threshold but the circumstances are such that the applicant is not able to pay for services (eg. When the applicant uses most of the monthly income towards payment of medication) may apply. Their applications will be considered by Council on merit.

## **9. ASSISTANCE PROCEDURES**

### **9.1 Communication**

- 9.1.1 The Municipality will from time to time inform and educate the communities in order to have a clear understanding of this policy and its implementation.
- 9.1.2 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:-
- 9.1.2.1 Ward committees;
  - 9.1.2.2 Community Development Workers (CDW's);
  - 9.1.2.3 Local radio stations and newspapers;



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- 9.1.2.4 Municipal accounts;
- 9.1.2.5 Imbizo's and road shows; and
- 9.1.2.6 Sector department road shows (sharing resources promotion of access to services)
- 9.1.2.7 Jamborees where government and municipal officials are made available to assist residents with applications such as ID applications, pension- and social grant applications, etc.

## **9.2 Institutional Arrangements**

The Municipality must designate existing staff or appoint officials, or engage appointed 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.

## **9.3 Application/Registration**

- 9.3.1 A person applying for indigent support must complete a formal indigent support application form approved by the Municipality.
- 9.3.2 Such forms will be available at approved registration points provided by the Municipality.
- 9.3.3 Applications for the indigent subsidy must be accompanied by the following documentation:-
  - 9.3.3.1 The latest municipal account/ account information for the household;
  - 9.3.3.2 Proof of the identity of the account holder; and
  - 9.3.3.3 Proof of the income of all occupants on the property; i.e. a letter from his/her employer, salary slip/ envelope, pension grant receipt or bank statement showing the grant transferred unemployment insurance fund (UIF) card or a certificate that confirms registration as "looking for employment"; or
  - 9.3.3.4 Bank Statement for the last three months certified by the bank and a statement from the applicant that no other bank accounts exist.
  - 9.3.3.5 In the absence of any proof to be submitted either through paragraphs 9.3.3.3 or 9.3.3.4 a sworn affidavit must be submitted together with the documentation required in terms of paragraphs 9.3.3.1 and 9.3.3.2.

## **9.4 Assessment and Screening of Applicants**

Upon registration of an application, all information will be verified by the responsible officials.



## **9.5 Recommendation and Approval**

Once the verification has been completed the responsible official must submit the application and recommendation to the relevant Supervisor for review and submission of a batch for approval.

To ensure credibility Councillors, Ward Committees, will be consulted as part of the verification process.

## **9.6 Indigent Applications submitted by Councillors and Ward Committees**

All application forms collected or completed by Ward Councillors and Ward Committees on behalf of the beneficiaries will be submitted to the responsible official and will be processed in line with paragraph 9.3 and 9.5 above.

## **9.7 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, Act no 32 of 2000.

## **10. INTRODUCTION TO INDIGENT SUPPORT**

10.1 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.

10.2 The general threshold for indigent support is restricted to qualifying households with a total monthly gross income of the registered owner and his/her spouse or life companion not more than an amount as determined by 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. **Currently the income amount is deemed R6930.00.**

## **11. THE EXTENT OF INDIGENT SUPPORT**

Within the above mentioned budgetary process and in striving to create the situation where poor households will be granted access to a full social package, assistance and support to households may be granted as set out below.

### **11.1 Electricity**

11.1.1 All registered indigents will receive 50 kWh of electricity per month fully subsidised or an amount to be determined by Council on an annual basis. Meter numbers must be provided by the consumers for this subsidy.

11.1.2 Unused/Uncollected free electricity units will not be carried over to the next month. Any meter tampering will result in the subsidisation to be withdrawn. In the event of the electricity supplied by Eskom directly the Municipality will pay over an amount to Eskom equal to 50 kWh of electricity per month based on the customers registered with the Matjhabeng Municipality as indigents and not based on any indigent records submitted by Eskom.



## **11.2 Water**

- 11.2.1 All registered indigents will receive 6 kilolitres of water per month fully subsidised or an amount as determined and provided for by the Council in the annual budget from time to time
- 11.2.2 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.
- 11.2.3 All registered indigents' leaks on internal water infrastructure, where possible, shall be repaired free of charge by the Municipality.

## **11.3 Excess Consumption**

**Any consumer who uses in excess of any free allocation of services, will be charged for those services in accordance with the Tariff policy for payment thereof. Failure to pay will result in the suspension of services.**

## **11.4 Sanitation**

- 11.2.4 All registered indigents shall be fully subsidised for sanitation charges calculated on the bases of the market value of the property.
- 11.2.5 Residential property with a Market Value Equal or less than value as per tariff schedule are exempted from paying sanitation charges.
- 11.2.6 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **11.5 Refuse Removal**

- 11.5.1 All registered indigents shall be fully subsidised for the basic levy for refuse removal for one service connection as provided for by Council in the annual budget from time to time.
- 11.5.2 Residential property with a Market Value Equal or less than value as per tariff schedule are exempted from paying refuse charges
- 11.5.3 The subsidy shall not be more than the applicable tariff for that year and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **11.6 Property Rates**

- 11.6.1 All registered indigents shall be fully subsidised for the payment of property rates provided for by Council in the annual budget from time to time and subject to the provisions of the Municipal Property Rates Act.



11.6.2 The subsidy shall not be more than the applicable tariff for that year, and will be applied for the duration of that particular financial year. The subsidy shall form part of the tariff policy applicable for the financial year.

## **11.7 Burials**

11.7.1 In the event of the death of a member of a registered indigent household, the Municipality will exempt the household from the cost of digging and preparation of a grave, provided that the burial takes place in a municipal cemetery. Such application must be accompanied by a certified copy of the Death Certificate, Burial Order and a sworn affidavit regarding the relationship of the applicant.

11.7.2 In the event of the death of a member of a registered indigent household, the municipality will follow the processes outline in the "Guidelines for the burial of indigent persons and unidentified bodies" which forms part of this policy attached hereto as an annexure.

## **12 PROCESS MANAGEMENT**

### **12.5 Applications**

12.5.1 The indigent application form should be completed in full.

12.5.2 All applications must be sworn by the SAPS or a Commissioner of Oath.

12.5.3 Applicants must give permission that the information submitted may be verified by a credit bureau or similar agency.

12.5.4 Compile all pre-approved and rejected applications to department supervisor.

12.5.5 Supervisor will take all indigents applications to manager indicating which ones have been pre-approved and which one has been rejected.

### **12.6 Validity Period**

12.6.1 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.

12.6.2 Households may have to periodically re-apply. The period of validity will be determined by the Municipality from time to time. Re-application must be done at least once in a year cycle or any other period as may be determined by the Municipality.

12.6.3 Pensioners and disabled person will re-register and there is a need for this group to re-apply. However, the periodic verification must be performed in order to ascertain that the right people are enjoying the benefit.



### **12.7 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. These are now husband or wife or child minded homes.

### **12.8 Publication of Register of Indigent Households**

12.8.1 Names of indigent beneficiaries must be open for public perusal and comment. The Municipality will place names and addresses on a list of account holders who receives subsidy in terms of this Policy.

12.8.2 Written objections from the public must be referred to the responsible official who will be responsible for investigating the validity of the complaint and referral to the Indigent Committee for appropriate action.

### **12.9 Arrears and Excess Usage of Allocations**

12.9.1 Upon registration as an indigent household, the arrears on the account of the applicant will be written off.

12.9.2 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.

12.9.3 Current policy requires that upon approval of indigent status the customer's meters for after will be converted to pre-paid meters for Automated Meter Reading (AMR), at the cost of Council (**currently the municipality does not have capacity to do this**).

12.9.4 If a pre-paid meter cannot be installed immediately the customer may be subjected to restriction measures to only allow for the monthly minimum free basic services.

**12.9.5 The writing off of any arrears is strictly subject to the provision that the property may not be sold within a period of three years from the date that the owner qualify as a registered indigent. In the case of the property being sold inside a period of three years the arrear debt, excluding any further accumulated interest, will be recovered before a clearance certificate is issued**

Costs for operation and maintenance of infrastructure at indigent households to be borne by the municipality (Align it with Water Conservation and Demand Management Plan)

### **12.10 Termination of Indigent Support**

Indigent Support will be terminated under the following circumstances:-

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



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12.10.1.1 All arrears will become payable immediately;

12.10.1.2 Stringent credit control measures will apply; and

12.10.1.3 The applicant will not be eligible to apply for indigent support for a period of five (5) years.

### **12.11 Audit and Review**

12.11.1 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.

12.11.2 The frequency of audits will depend on the institutional capacity of the Municipality to do so. Targeted audits and reviews should be undertaken to ensure the verification of each qualified indigent customer at least once in a three (3) year cycle.

12.11.3 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.

12.11.4 Where any doubt exists regarding the current status of a registered indigent customer, the matter should immediately be referred to the responsible official for verification at any time.

## **13 DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER**

13.5 The Municipal manager or his/her delegate will be responsible to compile and administer the database for households registered in terms of this policy.

13.6 Registration will take place on a continuous basis and in accordance with the programme. The Municipality may decide to launch special registration campaigns from time to time.

13.7 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.

## **14 PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION**

14.5 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. Non-compliance will make the application invalid.

**14.6 Any person who supplies false information will be disqualified from further participation in the subsidy scheme and be liable for the immediate repayment of all subsidies received and all debts including arrears that have previously been written off. Council may furthermore institute criminal proceedings, as it may deem fit.**



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

## **15 TARIFF POLICY**

- 15.5 The Municipal Systems Amendment Act 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.

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

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

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

15.6.2.1 tariffs that cover only operating and maintenance costs;

15.6.2.2 special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or

15.6.2.3 any other direct or indirect method of subsidisation of tariffs for poor households.

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

## **16 SOURCES OF FUNDING**

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

- 16.6 The Municipality resolves to subsidise all registered indigents for property rates, electricity, water, sewerage, refuse removal and burials per month or an amount to be determined annually by Council.

- 16.7 If approved as part of the tariff policy the amount of subsidisation may at any time be increased through cross subsidisation.

## **17 METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY**

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

- 17.6 Arrear amounts shall not qualify for any assistance and shall not be taken into consideration. Calculations shall be based on the monthly current accounts only and in accordance with the approved tariff policy.



## **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 DEPOSITS**

19.5 In terms of Councils Credit Control and Debt Collection Policy all customers must apply for the provision of municipal services before such services are rendered to a particular property. On application for the provision of municipal services the customer deposit prescribed by Council shall be paid.

19.6 For the purposes of registering and allocating the applicable subsidy to qualified indigent customers, accounts will be opened for these customers without requiring any deposit. This is made possible through the fact that the value of services levied against these accounts is fully offset on a monthly basis against the applicable indigent subsidy. This arrangement will immediately terminate if the status of the indigent customer changes.

## **20 MONITORING AND REPORTING**

The Chief Financial Officer and Credit Control Manager must report quarterly 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:-

20.5 Number of indigent household applications received;

20.6 Amount of subsidy allocated per benefit category;

20.7 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);

## **21 CAPACITY BUILDING**

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

21.5 Database management;

21.6 Demand and revenue management; and

21.7 Policy and by-law implementation.

## **22 IMPLEMENTATION AND REVIEW OF THIS POLICY**

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



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- 22.6 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.