

# **FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY**

**REVISED 1 JULY 2012**



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## 1. **DEFINITIONS**

For the purpose of this policy, any word or expression to which a meaning has been assigned in the Act, shall bear the same meaning in this policy, and unless the context indicates otherwise:-

“*Act*” means the Local Government : Municipal Systems Act, 2000 (Act 32 of 2000), as amended from time to time.

“*authorized officer*” means any official of the Council who has been authorized by the Council to administer, implement and enforce the provisions of this policy.

“*indigent person*” means a person lacking the necessities of life such as sufficient water, basic sanitation, refuse removal, health care, housing, environmental health, supply of basic energy, food and clothing.

“*in the service of the state*” means to be:

- (a) a member of:
  - (i) any municipal council (councillors);
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature.

“*municipality*” means the Steve Tshwete Local Municipality.

“*poverty*” means absence of capital such as land, access to natural resources, importance of social and intellectual capital, climate of democracy and security necessary to enhance the capabilities of the poor and the excluded, inability to access government assistance designed to provide a social safety net because of institutional failure.

## 2. **INTRODUCTION**

The indigent policy is to guide the national initiative to improve the lives of indigents and to improve access to free basic services. The policy is aimed to provide a social safety net to relieve poverty within communities.

The indigent policy has three (3) parts namely:

- physical access to the municipal services;
- functional and maintenance of services provided; and
- access to services must be properly targeted.

## 3. **LEGISLATIVE FRAMEWORK**

- Constitution of the Republic of South Africa, 1996.
- Local Government : Municipal Systems Act, Act No. 32 of 2000.

## 4. **PRINCIPLE OF THE POLICY**

Section 74(2)(c) of the Municipal Systems Act, Act 32 of 2000 stipulates inter alia the following:

*“Poor households must have access to at least basic services through:*

- (i) tariffs that cover any operating and maintenance costs;*
- (ii) special tariffs or life line tariffs for low levels of use or consumptions of services for basic levels of service; or*
- (iii) any other direct or indirect method of subsidization of tariffs for poor households”.*

## 5. **OBJECTIVES**

- 5.1 To ensure access to basic services for all indigent persons in terms of the South African Constitution.
- 5.2 To reflect the true extent of indigency.
- 5.3 To determine a level of affordability by Council for the supply of free basic services.
- 5.4 To prevent the escalation of debt on the accounts of consumers not in the position to pay.
- 5.5 To restrict the level of utilization of consumer services for the people who cannot afford to pay.

- 5.6 To determine the total value for free basic services in a way that it can be recovered from the available portion of the equitable share.
- 5.7 To regulate the access of consumers to free basic services and to maintain a ledger of such indigents.

6. **CRITERIA FOR QUALIFICATION FOR INDIGENT SUPPORT**

- 6.1 Indigent relief will be granted to a household where:
- (a) The Council does not have a social welfare division to keep register of 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 and controlled by a 20 ampere circuit breaker, qualify for the free services as mentioned in this policy.
  - (b) Child-headed households which complies with the qualifying criteria principles as determined.
- 6.2 Indigent relief will not be granted where the household, occupants and/or residents as the case may be:
- (a) Are not registered as consumers where services are rendered by Council.
  - (b) Who reside outside the municipal area.
  - (c) Own more than one (1) property.
  - (d) Is in the service of the State.

7. **EXTENT OF INDIGENT SUPPORT**

- 7.1 Free basic electricity or energy
- 50 kWh (units) of free basic electricity per month.
  - the current limited supply will be set at 20 amperes and the prepaid dispensers at each home will be set accordingly.
  - the necessary activating number (pre-paid token) to the value of 50 kWh will be obtained from a municipal paypoint on monthly basis.

- the free issue will be limited to 50 kWh (units) per month and unclaimed issues cannot be carried forward to a following month.
- any requests for prepaid electricity in excess of 50 kWh must be purchased at the applicable lifeline electricity tariff.
- for conventional consumers a credit of 50 kWh electricity will be entered to their monthly consumer services account.
- any free basic electricity for indigent consumers outside the supply area of the municipality but within the municipal boundaries and supplied by a different service provider such as Eskom will be compensated to the service provider at its price for 50 kWh per household per month actually consumed, subject to registration as indigent at the service provider according to signed agreement.
- in cases where two (2) electricity meters exist on a single property both meters must be restricted to 20 amperes to receive free basic electricity and indigent support.

## 7.2 Free basic water

- ten (10) kilolitre of free water per month.
- a restriction at 15 kiloliters per month shall be applicable. Where a restriction of 15 kiloliters per month is exceeded and the consumer account is in arrears the Council's credit control and debt collection policy will apply.
- consumers will be informed of the adopted service levels and how to use a limitation system when installed.
- the supply of water by means of a tanker service communal stand pipes, or any other service where there is no reticulated distribution area, will be at no cost to the consumer and recoverable from the equitable share provision as free basic service to indigent consumers.

## 7.3 Assessment rates

- the first R15 000,00 of the property value of residential households is exempted from tax.
- registered indigents will get 100% rebate on assessment rates.

7.4 Free basic refuse removal

The refuse removal rate in respect of indigents will be fully discounted.

7.5 Free basic sewerage

The sewerage rate in respect of indigents will be fully discounted irrespective whether the indigent uses a waterborne, VIP or biological sewerage system.

8. **CONDITIONS OF SUPPORT**

8.1 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.

8.2 The indigent monthly account must be credited with the amount of indigent relief.

8.3 The amount granted will be budgeted as an expenditure item under grants and subsidies paid and be recovered from the equitable share.

8.4 Free issues or discounts will be funded from the equitable share paid to the Council by National Treasury annually. The annual adjustment to these benefits is subjected to the increase in the equitable share.

8.5 The benefits are reserved for consumers who are prepared to limit their electricity current demand to 20 ampere.

8.6 Consumers partaking in this indigent scheme need not have to be consumers of all four (4) consumer services to qualify for free basic service support.

8.7 If a household's application is approved to be indigent, the household cannot be deregistered and re-registered more than once per annum.

9. **CHILD-HEADED HOUSEHOLDS**

Support is also given to child headed households for as long as the unfortunate situation exists. Child-headed households will be treated as special cases subject to the following conditions:

- the indigent application form is completed with assistance by the appointed legal guardian.
- must submit proof of the death of both parents.
- must be 18 years or younger.
- produce a valid identity document, certified copy or birth certificate.

## 10. **ADMINISTRATION OF INDIGENT SUPPORT**

### 10.1 Applications

- except for predetermined areas as determined by Council indigents must formally apply for relief on the prescribed application form.
- on application an applicant has to prove ownership or that he/she is the full time occupant of the related premises
- support is also given to child-headed households for as long as the unfortunate situation exists.
- an approved enlisted applicant remain enlisted until he/she applies to be delisted or be requested to apply to be delisted from the indigent register subject to the approval of the chief financial officer.
- should an applicant in his/her application present any fraudulent statement he will be denied enlistment or, if he/she had already been enlisted, he/she immediately be delisted. He/she 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.
- if a person is found to be indigent, his/her personal particulars must be registered on the indigent register linked to the debtors system with immediate effect.
- a reconciliation between the indigent register and the debtor system must be compiled on a quarterly basis and be submitted to the Assistant Town Treasurer : Treasury Office to be verified whereafter it must be submitted to the chief financial officer.

## 10.2 Re-evaluation

The decision whether an indigent household remain satisfied with the restriction to the supply of free basic services lies solely with the member of the household responsible for the payment of services.

The onus is on the recipient of relief in terms of the policy to inform the Council of any change in his/her status or personal household circumstances.

Regular physical inspections will be carried out at the premises of each of the registered indigents to ensure that the supply installations including the supply limitation applications are intact to prevent illegal electricity connections.

## 10.3 Communication

The policy must be communicated with ward councillors, ward committees and through ward meetings with the inhabitants of the suburbs. Service levels and tariffs for registered indigents will be communicated with the annual budget community participation process.

## 11. **DELISTMENT OF INDIGENT SUPPORT**

Should a person wish to be removed from the municipal indigent support scheme, it may only be considered subject to the following conditions:

- must apply in writing on the prescribed application form.
- must be the owner and/or full time occupant of the property.
- the following documents must be attached to the application form:
  - certified copy or valid identity document; and
  - certified proof of income and/or payslip
- the application must be approved by the Executive Manager Finance and delegate.

## 12. **REVIEW**

This policy will be reviewed annually with the annual budget process to be in line with legislation requirements.



13. **SHORT TITLE**

This policy shall be called Free Basic Services and Indigent Support Policy.