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FREE BASIC SERVICES & INDIGENT SUPPORT POLICY

AMENDED

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CONTENTS

1. Definitions
2. Introduction
3. Legislative framework
4. Principle of the policy
5. Objectives
6. Criteria for qualification for indigent support
7. Extent of indigent support
8. Conditions of support
9. Child-headed households
10. Administration of indigent support
11. Review
12. Short title

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, 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.

“*basic level of services*” means the minimum level of services:

- (i) communal stand pipe; and
- (ii) biological toilet

“*formal settlement*” means an area where basic levels of services are provided in a proclaimed township.

“*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.

“*informal settlement*” means an area where basic levels of services are provided in an unproclaimed township.

“*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, Act 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.

“permanently employed” means a person who is hired to work without a predetermined time limit for exit and paid directly by that employer for a minimum of twenty (20) hours a week.

“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.

“previously predetermined areas” means stands situated in the following areas:

- (i) Mhluzi Extension 2, Phase 2
- (ii) Mhluzi Extension 4
- (iii) Mhluzi Extension 5
- (iv) Mhluzi Extension 6 including Newtown
- (v) Mhluzi Extension 7
- (vi) Mhluzi Extension 8
- (vii) Kwazamokuhle Extension 4
- (viii) Kwazamokuhle Extension 6
- (ix) Tokologo – all extensions
- (x) Middelburg Extension 24

2. **INTRODUCTION**

2.1 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.

2.2 The indigent policy has three (3) parts namely:

- (a) physical access to the municipal services;
- (b) functional and maintenance of services provided; and
- (c) access to services must be properly targeted.

3. **LEGISLATIVE FRAMEWORK**

3.1 Constitution of the Republic of South Africa, 1996.

3.2 Local Government : Municipal Systems Act, Act 32 of 2000.

4. **PRINCIPLE OF THE POLICY**

4.1 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 households in terms of the South African Constitution.

5.2 To determine a level of affordability for the supply of free basic services.

5.3 To prevent the escalation of debt on the accounts of consumers not in the position to pay.

5.4 To restrict the level of utilization of consumer services for the people who cannot afford to pay.

5.5 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.

5.6 To regulate the access of households to free basic services.

5.7 To maintain a register of indigent households.

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

6.1 The municipality does not have a social welfare division to evaluate all applications for indigent support based on levels of affordability. Therefore a system was introduced where the limitation of the electricity circuit breaker size is limited to 20 ampere is used to approve and control all indigent applications and support.

6.2 Indigent relief will be granted to a household where:

- (a) The current circuit breaker size is limited to 20 ampere.
- (b) Child-headed households which complies with the qualifying criteria principles as determined.
- (c) Declaration by the owner or account holder of the property that he/she is unemployed. In the case of a deceased estate the appointed beneficiary must submit the letter of authority to act on behalf of the estate.
- (d) Account holders and/or owners must reside within the municipal boundaries.
- (e) Monthly income is less than R3 600,00 per month (state social grant).

6.3 Where the electricity supply is outside the municipal supply area and it is a proclaimed township, indigents can qualify subject to:

- (a) Declaration by applicant or owner of property that all persons living on the property are unemployed.

6.4 Where households reside in municipal approved formal and/or informal rural villages where the electricity supply is outside the municipal supply area, indigent can qualify subject to the conditions stipulated in subsection 6.3.

6.5 Where households reside in a newly developed proclaimed township for low cost housing and the electricity infrastructure is in a process to be installed by the municipality, indigents can qualify subject to the conditions stipulated in subsection 6.2.

6.6 Where the property owner/s monthly income is limited to the state pensions grant earnings as determined from time to time.

- 6.7 Consent be granted by the applicant to the South African Revenue Services (SARS) in terms of section 69(6) of the Tax Administration Act, Act 22 of 2011 TA to provide information to the municipality and national Department of Cooperative Governance (COGTA).
- 6.8 Indigent relief will not be granted where the owner, partner or account holder:
- (a) Is not registered as a consumer of municipal services.
 - (b) Resides outside the municipal area.
 - (c) Owns more than one (1) developed property.
 - (d) Is in the service of the state or municipality.
 - (e) Is permanently employed with monthly income more than *twice* the state pension grant subsidy as determined from time to time.
 - (f) Is a director of an active company.
 - (g) The property has been classified with “*illegal*” status.
 - (h) The average electricity consumption exceeds 650 units per annum.
 - (i) The applicant does not give authority to the municipality and national Department of Cooperative Governance (COGTA) to receive information from SARS as legislated.

7. **EXTENT OF INDIGENT SUPPORT**

7.1 Free basic electricity or energy

- (a) 50 kWh (units) of free basic electricity per month.
- (b) The current electricity supply will be limited to a 20 ampere circuit breaker.
- (c) The necessary activating number (pre-paid token) to the value of 50 kWh can be obtained from any municipal pay point once per month.
- (d) Any unclaimed tokens cannot be carried forward to the following month.
- (e) Prepaid electricity in excess of 50 kWh will be purchased at the applicable electricity tariff.

- (f) For conventional consumers the value of 50 kWh of electricity will be credited to their monthly consumer account.
- (g) 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.
- (h) 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

- (a) Ten (10) kiloliters of free water per month.
- (b) 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

- (a) The first thirty thousand rand (R30 000,00) of the property value of residential households is exempted from tax.
- (b) Registered indigents will receive a 100% rebate on assessment rates.

7.4 Free basic refuse removal

- (a) Registered indigents will receive a 100% rebate on the applicable refuse removal tariff.

7.5 Free basic sewerage

- (a) Registered indigents will receive a 100% rebate on the applicable sewerage tariff.

7.6 Support for water leaks

Should an indigent consumer's internal water system develop a water leak and which is confirmed by all of the following criteria:

- (a) The consumption according to the meter readings actually increased substantially from the normal average consumption; and
- (b) That the actual consumption after the water leak had been repaired, returned to the normal average consumption; and
- (c) Confirmation in writing by the civil engineering department, based on their technical opinion, that a water leak exists or did exist -
 - (i) then the indigent account can be credited with the amount levied on the account which exceeds the normal average consumption from the equitable share provision as free basic service to indigent consumers.
 - (ii) Only one (1) water leak adjustments per annum per property will be allowed.

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 subsection 7.
- 8.2 The indigent monthly account will 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 are recovered from the equitable share allocation. Annual adjustments to the free basic benefits are subjected to the increase in the equitable share.
- 8.4 Consumers partaking in the municipal indigent scheme must be consumers of the four (4) consumer services to qualify, except for:
 - (a) Areas which fall in the Eskom electricity supply area;
 - (b) Areas where council is in a process to supply each stand with all services (newly developed areas); and/or
 - (c) Informal and formal areas with access to basic levels of services.
- 8.5 An owner, partner or account holder who is a director of a dormant or inactive company may apply for indigent support subject to the following conditions:

- (a) Completed application form.
- (b) Latest bank statement of dormant / inactive company.
- (c) Bank statements of applicant.
- (d) Copy of SARS tax clearance certificate for dormant/inactive company.

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

9. **CHILD-HEADED HOUSEHOLDS**

9.1 Support may be 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:

- (a) The indigent application form is completed with assistance by the appointed legal guardian;
- (b) Must submit proof of the death of both parents;
- (c) Must be eighteen (18) years or younger; and
- (d) Produce a valid identity document, certified copy or birth certificate.

10. **ADMINISTRATION OF INDIGENT SUPPORT**

10.1 **Applications**

- (a) Only applications on the prescribed form will be accepted (Annexure A).

The status quo for previously predetermined areas for indigent support where no formal application has been received will be maintained until an application to de-register has been received and approved.

- (b) Indigent support will only be provided after an applicant has formally applied for relieve on the prescribed form and confirmation has been received from the electrical engineering department that the circuit breaker of the property has been reduced to 20 amperes.
- (c) An affidavit on unemployment must be attached to the application.

- (d) On application an applicant has to prove that he/she is the full time occupant of the related premises and/or owner of the property.
- (e) An approved enlisted applicant remains enlisted until he/she applies to be delisted or be requested to apply to be delisted.
- (f) 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.
- (g) 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.
- (h) If any owner or account holder is employed in the service of the state (see definitions) and resides in the previously predetermined areas no indigent support will be provided.
- (i) Application forms for indigents must be finalized within five (5) working days from receipt.

10.2 Re-evaluation

- (a) 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.
- (b) 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.
- (c) Regular physical inspections will be carried out by the electrical department at the premises of each of the registered indigents to ensure that the supply installations and supply limitation are intact to prevent illegal electricity connections.

10.3 Delistment of indigent support

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

- (i) Must apply in writing on the prescribed application delistment form (Annexure B).
 - (ii) Must be the owner and/or full time occupant of the property.
 - (iii) Must remain delisted for a minimum period of six (6) months.
 - (iv) The following documents must be attached to the application form:
 - copy or valid identity document; and
 - proof of income and/or pay slip
 - (v) The application is approved by the chief financial officer or delegated official.
- (b) Should an indigent use more than an average of six hundred and (650) units of electricity for the preceding financial year such persons will be delisted from the indigent scheme by August of each year and the full municipal account will be payable. The consumer can only reapply for indigent support after six (6) months from being delisted by council.
 - (c) Indigents to be delisted will be informed by council in writing. The electricity supply restriction of 20 ampere will automatically be amended to 40 ampere life-line with the first prepaid token purchased by the consumer.
 - (d) The above delistment can be reconsidered on an individual basis after considering any change in specific circumstances and motivation by the owner/account holder subject to the approval by the chief financial officer or delegated official.
 - (e) Application forms for delistment must be finalized within five (5) working days from receipt.
 - (f) Indigents who tampered with electricity will be removed from the indigent scheme for a minimum period of twelve (12) months.

10.4 Approval

- (a) All indigent applications must be approved by the chief finance officer or delegate.

- (b) Upon approval the applications will be submitted to the clerk grade 1 consumer relations for recording and updating to the financial system.
- (c) Simultaneously the application form is submitted to the electrical department for the electricity supply to be restricted.
- (d) Any exceptional cases on the application of the policy must be approved by the chief finance officer or delegate after considering all factors and it does not contradict the principles and/or objectives of the policy.

10.5 Recording

- (a) The clerk grade 1 consumer relations must record all new applications and delistments in the indigent register.
- (b) The register with reconciliation must be submitted to the assistant director treasury office to be verified; thereafter it is submitted to the chief finance officer or delegate for approval.

10.6 Procedures

Indigent applications will be managed according to the approved processes and procedures.

11. **REVIEW**

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

12. **SHORT TITLE**

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