

**LEKWA-TEEMANE  
LOCAL MUNICIPALITY  
“NW396”**



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

**ADOPTED BY COUNCIL  
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## INTRODUCTION

- The Municipal Council must give priority to the basic needs of the community, promote the social and economic development of the community and ensure that all residents and communities in the municipality have access to at least the minimum level of basic municipality services in terms of Section 152(1) (b) and 153(b) of the Constitution.
- Section 74 (2) (c) (iii) of the Local Government: Municipal Systems Act, (Act No. 32 of 2000) determines that a municipal council must provide that poor households have access to basic services through tariffs that only provide for operating and maintenance costs, or through special or life line tariffs or through any direct or any indirect method of subsidisation of tariffs for poor households. Section 97 (c) of the Local Government: Municipal Systems Act, (Act No. 32 of 2000) provides that the credit control and debt collection policy of a municipality should make provision for indigent customers consistent with the tariff policy of the municipality.
- 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.
- 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.
- 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.
- To achieve the purpose it is important to set a fair threshold level, and then to provide a fair subsidy of tariffs.
- The consumer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated by Lekwa-Teemane Municipality.

## **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 Lekwa-Teemane Municipality and to ensure that the same procedure is followed for each individual case.

## **POLICY PRINCIPLES**

It is against the above background that the municipality undertakes to promote the following principles:

- To ensure that 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.
- To link this policy with the municipality's Credit Control & Debt Collection Policy, Municipal Budget, Tariff Policy and accounting procedures and poverty alleviation programmes.
- To promote an integrated approach to free basic service delivery; and
- To engage the community in the development and implementation of this policy

## **POLICY OBJECTIVES**

In support of the above principles the objectives of this policy will be to ensure the following;

- The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.
- The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation.
- Establishment of a framework for the identification and management of indigent households including a socio-economic analysis and an exit strategy.

- The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households.
- To ensure co-operative governance with other spheres of government, and
- To enhance the institutional and financial capacity of the municipality to implement policy.

## **LEGISLATIVE FRAMEWORK**

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

- The Constitution of the RSA, 1996
- Local Government Municipal Systems Amendment Act, 2003, Act No 44 of 2003
- The Local Government Municipal Finance Management Act 2003, Act no 56 of 2003.
- The Promotion of Administrative Justice Act, 2000, Act no 3 of 2000.
- The Promotion of Access to Information Act, 2000 no 2 of 2000 and
- The Local Government Municipal Property Rates Act, 2004, ACT no 6 of 2004

## **DEFINITIONS**

“Council” means the Council of the Municipality of Lekwa Teemane or any duly authorised Committee or official of the said Council;

“Gender” any reference to the one gender shall include reference to the other

“Household Income” means all sources of income being formal and/ or informal of nature including, but not restricted to, salaries, revenue generated, pensions, fixed deposits, investments, state subsidies and or grants, private financial support/contributions from outside the indigent household

“Indigent” means an indigent household whose total household income is less than R2800.00 per month or such amount determined by Council annually during the budget process.

“Indigent debtor” means the head of an indigent household, inclusive of destitute indigents and indigents, being old age pensioners, the unemployed and households with a total monthly income as determined in this policy:

- [a] who applies for the provision of services from the municipality; and
- [b] Who makes application for indigent support in terms of this Policy;
- [c] Who shall be regarded as the representative of all members of his/her household?
- [d] Which indigent household members shall not own any other fixed property other than the property for which the application is made, or hold fixed deposits and investments

“Indigent Households” shall include all individuals above the age of 18 (eighteen) years residing at the residential premises of the indigent debtor, inclusive of destitute indigents and indigents, by whom and for which application is made, which premises has access to municipal services.

“Indigent and Free Basic Services Subsidy Policy” means the policy for the provision of indigent support subsidies to qualifying indigent debtors as reviewed annually by Council during the budget process, in line with national norms and guidelines.

“Municipality” means the Municipality of Lekwa Teemane, a local municipality established in terms of Section 12 of the Local Government: Municipal Structures Act 1998;

“Municipal Manager” means the Municipal Manager of the Lekwa Teemane Municipality or his/her nominee acting in terms of power delegated to him/her by the said Municipal Manager with the concurrence of the Council.

“Poverty” is defined with reference to a poverty line i.e. if a household earns gross income lower than a set amount that household and its members are deemed to be living in poverty.

“Vote” means:

- (a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and
- (b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

## **POLICY**

### **SECTION 1: QUALIFICATION CRITERIA**

An indigent debtor shall qualify for consideration of indigent benefits in terms of the laid down procedures of Council

[1.1] A debtor will be considered:

- (a) An indigent if his/her total household income is less than R2800 per month or such amount determined by Council annually during the budget process.

[1.2] For the purpose of determining the total household income of all applicants, the combined or joint gross income of all occupants/residents/dependants in such household shall be taken into account.

[1.3] Applicants and/or any occupant/resident/dependant of the debtor’s household shall not own any fixed property in addition to the property in respect of which indigent support is required from the Council in terms of this Policy.

[1.4] Applicants shall be:

- (a) Citizens of the Republic of South Africa in possession of a valid South African Identity Document.
- (b) Resident at the premises for which application is made within Lekwa Teemane Municipality.
- (c) In possession of a service agreement with Lekwa-Teemane Municipality in the name of the indigent debtor.
- (d) Do not own more than one property
- (e) Where the registered owner or occupant is deceased and underage children of the deceased are residing in the house, the relevant documentation to this effect must be produced.

[1.5] An indigent would qualify for subsidy on one household (property) only.

## **SECTION 2: CRITERIA FOR ACCEPTANCE**

An indigent debtor shall apply for indigent benefits on the prescribed application form and in terms of the laid down procedures of Council.

[2.1] the applicant shall agree to the following:

- (a) To appear personally before the designated official with the application form and documentation required for verification purposes.
- (b) To the installation of a prepaid electricity meter by Council which costs Council may recover by applying the applicable prepaid tariff.
- (c) To the installation of a water flow restrictor meter by Council.



- (d) To the valuation by the Municipal Valuer of the residential property for which application is made (applicable if applicant is owner)
- (e) Annual review of the existing indigent debtors' status and availing of such a report to Council on the anniversary of the granting thereof and/or on a date determined by Council and communicated to the applicant. This process will entail, inter alia, the indigent debtor providing an affidavit confirming that his/her status has changed or not. Failure to comply herewith shall result in the debtor's indigent status being revoked. The annual review cannot, however, be done for more than three consecutive years. Thus, a new registration process, in terms of the policy, should after the third anniversary.
- (f) That the onus shall be on the approved indigent debtor to inform the Council of any change in his status or personal household circumstances.

[2.2] Council shall have the right to:

- (a) Verify the details provided by an applicant for indigent support;
- (b) Undertake house visits by Councillors, Ward Representatives, Council staff or Council's accredited agents to confirm the indigent's claim and living conditions.
- (c) Where an indigent debtor is found to be living at a standard inconsistent with his indigent application or fails to allow access or provide any further information as may be required by the Council, such debtor's indigent benefits may be cancelled at Council's sole discretion retrospective to the date of approval.
- (d) Re-evaluate all indigent households after a period of six months or such period as the Council may determine to enable the Council to assess the provision of continued basic services and indigent support to them.

- (e) For the purposes of transparency the Council, shall cause to be kept a register of all indigent households at Office of the Council containing:
  - (i) The names of indigent debtors receiving indigent relief for a prescribed period;
  - (ii) The erf or stand numbers where services are rendered to recipient indigent debtors;
  - (iii) The total household income of recipient indigent debtors; and
  - (iv) The number of dependants residing on the property of the recipient indigent debtor;
- (f) Any resident, Councillor, Ward Committee member or official may, in writing, addressed to the Municipal Manager, query the qualification of a recipient indigent debtor within 21 days from the date of tabling at the Council meeting of the report as stipulated in section 3.4.
- (g) The Municipal Manager shall refer queries referred to in (f) above to the relevant official for Indigent Support who may take one or more of the following actions:
  - (i) Request the indigent debtor against whom a query has been raised to provide full proof of his/her banking account and income details as well as pension registration number;
  - (ii) Undertake an inspection at the indigent debtor's place of residence to determine his/her social conditions;
  - (iii) Request a social welfare worker's report on the indigent debtor's household; and

- (h) where after the official shall recommend to the Municipal Manager for submission to Council such action as he may deem appropriate in the circumstances including a recommendation to the Council -
- (i) that the indigent status of the debtor be suspended for a defined period and subject to such conditions as it may determine;
- (ii) That irregular or excess payments of indigent subsidies be recovered from the indigent debtor by way of debiting such indigent debtor's services account or accounts with such payments;
- (iii) that normal credit control measures be applied to the indigent debtor in accordance with the Council's Credit Control & Debt Collection By Law ; and
- (iv) That criminal charges of theft or fraud be instituted against the indigent debtor.
- (i) The Municipal Manager must, in writing, advise a complainant who lodges a query against an indigent debtor in terms of (h) above of this Policy of the result of the investigation.
- (j) The indigent status of a debtor cannot be withdrawn, suspended or altered until and unless such debtor has been given an opportunity to be heard and make representations on the allegations against him or her.

### **SECTION 3: REGISTRATION PROCEDURE – NEW AND REVIEWED APPLICATIONS**

[3.1] a debtor should make application for indigent benefits at the nearest Municipal office on a prescribed application form.

[3.2] the application process shall be as follows:

- (a) The application form shall be completed by the Municipal Official and the applicant
- (b) The completed application form will be printed and signed by the applicant before the Municipal Official.
- (c) All required documentation must be submitted simultaneously on completion and signature of application, together with the following documents (original and a certified copy):
  - (i) Identity Document of all occupants/residents/dependants of indigent household to be produced and copied
  - (ii) Municipal account
  - (iii) Proof of income/grants of all occupants/residents/dependants of the indigent household.
  - (iv) Proof of employment status or low income or reduction in income of any member of the household;
  - (v) Proof of inability to work of any member of the household.
  - (vi) Proof of all minor members of the household

The above documentation should be current, i.e. not more than one month old, and should be submitted with the application form.

[3.3] the application and all supporting documents would then be submitted to the relevant ward councillor for endorsement and approval. The applicant will then be treated as an Indigence consumer.

[3.4] a quarterly-consolidated report must be submitted, per ward to the Portfolio Committee Meeting and each Council meeting of:

- (a) Applications received

- (b) Applications approved
- (c) Applications declined
- (d) Indigent defaulters

[3.5] Termination of Indigent Support

Indigent support will be terminated under the following circumstances:-

- a) Upon death of the account-holder or the head of household where no accounts are rendered.
- b) At the end of the 12 months cycle, except in the case of pensioners and child-headed households.
- c) Upon sale of the property in respect of which support is granted.
- d) When circumstances in the indigent household have improved to the extent where the income threshold as determined is exceeded.
- e) If the applicant is found to have lied about his/her personal circumstances or has furnished false information regarding indigent status, in which case the following will apply;-
  - i. All arrears will become payable immediately
  - ii. Stringent credit control measures will apply; and
  - iii. The applicant will not be eligible to apply for indigent support for a period of five (5) years.

[3.6] “An annual renewal for indigents will start six months before end of current financial year”

**SECTION 4: SUBSIDY**

Council shall annually, determine the overall subsidy for indigent and other debtors within Council’s budget process and financial constraints and in line with the annual amount of the equitable share.

[4.1] Indigent subsidies may be granted on:

- Rates,
- Water,

Sewerage,  
Refuse removal,  
Electricity  
Interest and  
Arrears on any of the above services.

[4.2] all registered indigent households will, on approval, be designated as:

- Indigent

and shall be charged the determined economical tariff or charge for a service applicable to their designation.

[4.3] the indigent households monthly account will be credited with the amount of the indigent subsidy as determined by the Council budget according to their designation.

[4.4] Subsidy allocations

An indigent household shall qualify to receive subsidised services on the following terms and conditions:

4.4.1 Property Rates

- (a) All owners of residential properties or properties used for multiple purposes, provided one or more components of the property are used for residential purposes would receive a reduction on the rateable value of the property under the value of R 50,000 as per Lekwa Teemane Property Rates By-Law.
- (b) An indigent who resides in a property which value exceeds the exemption amount as provided for in the Property Rates Act as designated from time to time shall be subsidised for property rates in full.

4.4.2 Water

- (a) All metered domestic consumers shall receive the allocated 6 kl free water as determined by Council.
- (b) If the water supply was disconnected prior to the debtor applying for indigent support the water reconnection would be made free of charge.
- (c) The basic and availability charge for metered and un-metered indigent consumers as determined annually by Council shall be subsidized in full.

#### 4.4.3 Electricity

- (a) Shall, on approval of his application for indigent support, be transferred to a prepaid energy dispenser.
- (b) All indigence consumers shall receive the allocated 50 Kwh Free Basic Electricity by Council.
- (c) Free Basic Electricity shall be dispensed as determined by Council where Council is the service provider.
- (d) Free Basic Electricity shall be dispensed as determined by Council and ESOM, where Council is not the service provider.
- (e) Shall not carry over, from one month to another, the Free Basic Electricity subsidy or any portion thereof allocated which is not claimed. Free Basic Electricity subsidy not claimed, in any calendar month, will be forfeited.
- (f) Subsidisation shall be withdrawn following disconnection from the electricity supplier due to non-payment of service account and or meter tampering until such time as the requirements have been met as described in Council's Credit Control and Debt Collection By-Law.

#### 4.4.4 Sewerage

- (a) Indigent consumers shall be subsidised in full for sewerage levies as determined annually by Council.

#### 4.4.5 Refuse Removal

- (a) Indigent consumers shall be subsidised in full for refuse levies as determined annually by Council.

#### 4.4.6 Interest

- (a) No interest shall be charged on arrear accounts when a person is classified as indigent.

#### 4.4.7. Arrears

- (a) Once classified indigent all the arrears that such an indigence consumer might have on his / her consumer account in respect of any service above may be written off within the discretion of the Council.

### **SECTION 5: BUDGETING FOR INDIGENT SUPPORT**

[5.1] The Council must annually budget for the total indigent subsidy to be granted to indigent debtors in terms of this Policy. Such amount must, upon approval of the budget of the Council, be reflected against a separate vote in the name of indigent subsidy.

[5.2] the total value of indigent subsidies for all subsidised services must be reflected against such indigent subsidy vote on a monthly basis.

[5.3] The Municipality shall include in its annual budget the amount required for indigent subsidies in line with respective policy and By –Laws. Such amount shall be increased annually, based on the Equitable plus the amended rates



and tariffs for the particular financial year, credit directly against the monthly services account of approved indigents.

## **SECTION 6: REVIEW AND AMENDMENT OF POLICY**

- a) The Council has the discretionary power to amend any clause, stipulation or tariff embodied in this Policy in the interests of all the parties concerned at the annual budgetary review of Council policies in conjunction with the consideration of the annual budget of the Council.
- b) 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.

## **SECTION 7: COMMUNICATION STRATEGY AND SKILLS DEVELOPMENT**

- (a) The Ward Councillors shall, with the aid of Ward Committees, embark on an extensive community communications programme aimed at informing communities of the contents of this policy and the duty on them to pay service charges and contribute to the funds of the Municipality;
  - (a) The Council should endeavour to support and, within its capacity, access skills training and other education related programmes aimed at developing the indigent to become self - sufficient and thereby reducing the rate of indigence.

## **SECTION 8: APPEAL**

- (a) An indigent household application, which has been declined, may appeal against such decision.

- (b) The appeal must be in writing and lodged with the Municipal Manager or delegated person within 14 days after receipt of the notification setting out:
  - (i) The reason for the appeal
  - (ii) Any other documentary proof in support of the appeal.
  
- (c) The appeal shall be decided: -
  - (i) Within 21 days after lodgement of the appeal
  - (ii) Strictly in terms of the provisions of the bylaw and this policy
  - (iii) By three officials from Finance designated by the Municipal Manager.
  
- (d) The decision of the committee is final and the appellant shall be notified of the outcome in writing.

## **SECTION 9: OFFENCES**

As determined by the Indigent and Free Basic Services Support By-Law: -

Any applicant who misuses the indigent support policy of the Council or provides incorrect information to the Municipality and or tampers with the supply of services or municipal installations shall be subject to forfeiture of indigent status, criminal prosecution and other measures as determined by the Council within the Credit and Debt Collection By-Law.

## **SECTION 10: NOTICES AND DOCUMENTS**

A notice or document issued by the Council in terms of this policy shall be deemed to be duly issued if signed by an employee duly authorized by the Council.

If a notice is to be served on a person in terms of this policy such service shall be effected by:

- [a] Delivering the notice to him personally

- [b] By delivering the notice at his residence or to a person apparently not less than sixteen years of age and apparently residing or employed there;
- [c] If he has nominated an address for legal purposes, by delivering the notice to such an address; or
- [d] By registered or certified post addressed to his last known address.
- [e] If service cannot be effected in terms of the aforesaid sub-sections by affixing it to the principal door of entry to the premises, or displaying it on a conspicuous place on the land