

FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY



dr.jsmlm

Dr JS Moroka Local Municipality

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FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY

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FREE BASIC SERVICES AND INDIGENT SUPPORT POLICY

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 statutes approved by parliament.

"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) Supply of Electricity
- (ii) Refuse removal
- (iii) Supply of water
- (iv) Provision and maintenance of sewerage systems
- (v) Cemetery services

"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.

"Indigent Verification Committee" means the committee which is responsible to ascertain and decide whether the applicant qualifies to be an indigent in terms of Municipal Indigent Scheme.

"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 (councilors);
 - (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, 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 Dr JS Moroka Local Municipality

"poverty" means inability to afford basic needs such as food, shelter, health care, education, clothing and/or basic municipal services.

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2. ABBREVIATIONS

- 2.1 **"IDP"** means Integrated Development Plan.
- 2.2 **"LED"** means Local Economic Development.
- 2.3 **"LGMSA"** means The Local Government Municipal Systems Amendment Act, 2003, Act No 44 of 2003.
- 2.4 **"MFMA"** means Municipal Finance Management Act.
- 2.5 **"MPRA"** means Municipal Property Rates Act
- 2.6 **"PAIA"** means Promotion of Access to Information Act
- 2.7 **"PFMA"** means Public Finance Management Act.
- 2.8 **"RDP"** means Reconstruction and Development Programme.
- 2.9 **"SASSA"** means South African Social Security Agency.

3. INTRODUCTION

- 3.1 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 municipal services in terms of Section 152(1)(b) and 153(b) of the Constitution.
- 3.2 Basic services are generally regarded as 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 and other services.
- 3.3 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.
- 3.4 The key purpose of a Free Basic Services and Indigent Support 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.
- 3.5 To achieve the purpose, it is important to set a fair threshold income level, and then to provide a fair subsidy of tariffs.
- 3.6 The consumer, in order to qualify as an indigent, needs to complete the necessary documentation as required and agree to regulations and restrictions stipulated in the Free Basic Services and Indigent Support Policy of DR J.S. Moroka Municipality.

4. BACKGROUND

- 4.1 An indigent policy is required to ensure that constitutional obligations relating to the socio-economic rights of all South Africans are realised.
- 4.2 Failure to address the needs of the poor may jeopardise growth while poverty relief

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may stimulate growth and competitiveness by creating a more stable environment.

- 4.3 An indigent policy provides an opportunity to create a safety net to the poorest section of the population.

5. LEGAL FRAMEWORK

This policy is formulated on the premises of the following legislations:

- 5.1 The constitution of the Republic of South Africa.
- 5.2 The Local Government Municipal Systems Amendment Act.
- 5.3 Municipal Finance Management Act.
- 5.4 Municipal Property Rates Act.

6. OBJECTIVES OF THE POLICY

- 6.1 The purpose of this policy is to ensure that the subsidy scheme for indigent households forms part of the financial management system of DR J.S. Moroka Municipality and to ensure that there are procedures to be followed for each individual case.
- 6.2 To ensure access to basic services for all indigent households in terms of the South African Constitution.
- 6.3 To identify indigent households for the supply of free basic services.
- 6.4 To prevent the escalation of debt on the accounts of consumers not in the position to pay.
- 6.5 To restrict the level of utilization of consumer services for the people who cannot afford to pay.
- 6.6 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.
- 6.7 To regulate the access of households to free basic services.
- 6.8 To maintain a register of indigent households.

7. PRINCIPLE OF THE POLICY

- 7.1 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

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8. SOCIO-ECONOMIC ANALYSIS

Welfare facilities in the Dr JS Moroka Local Municipality fall under the jurisdiction of the Department of Health in Mpumalanga Province. Although there are still challenges in terms of distribution of welfare services, the population within the municipality has fair access to social welfare services.

SASSA indicates that a big portion of the State resources are spent in the form of pension pay out in the entire municipality with 114 439 beneficiaries, especially in areas that are predominantly rural. Many of the beneficiaries are either fostered, old aged, need support one way or the other hence they receive different forms of grants. Issues contributing to high dependency rate on grants range from amongst others, orphans resulting from HIV/AIDS related deaths, child-headed households, people living with disabilities and old age.

This policy aims to augment the abovementioned efforts in the provision of grants-in-aid.

9. CRITERIA FOR IDENTIFICATION TO QUALIFY FOR INDIGENT SUPPORT

- 9.1 Grants-in-aid may, within the financial ability of the Municipality, be allocated to owners or tenants of premises who receive electricity (directly from Eskom), water, sanitation, refuse removal and other services from the Municipality, in respect of charges payable to the Municipality for such services.
- 9.2 This grant may be allocated if such a person or any other occupier of the property concerned make an application by submitting proof of income or declare under oath that all occupants over 18 years of age had no income or a verified total gross monthly income of less than the amount indicated in terms of the definitions below for the preceding three consecutive months from date of application or is deemed to qualify as per following criteria.
- 9.3 A household shall qualify for indigent support by application:
 - i. If a household is dependent on state grants which may amount to more than the council and there is no other occupant with income in the household
 - ii. If a declaration is made by the owner or account holder of the property that he/she is unemployed with no other employed occupant of the household. In the case of a deceased estate the appointed beneficiary must submit the executor's letter granting him/her authority to act on behalf of the estate.
 - iii. If the total income of all occupants is more than the amount determined for the indigent scheme and less than the amount determined by the Council from time to time. Currently, this amount is deemed to be from R.00 income to R4 000. This includes the child headed families and people with disability.
 - iv. If the total income of all occupants is between R4 001 – R10 000, have more than **4 over 18 years / 4 occupants** occupants and can provide verifiable expenses to show none-affordability.
- 9.4 A household shall be deemed to qualify for indigent support:
 - i. If the value of the property is equal to or less than R255 364 as determined by

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the Minister of Human Settlements to be the cost of building an RDP house in the 2023/2024 financial year and this property is the only registered property to the owner, unless the owner / occupant(s) is employed and earns a total household income of more than R10 000.00 per month.

- ii. Specific areas where households are regarded as poor irrespective of service level. In the case of DR JS Moroka this includes all Rural Lands.

9.5 Only one application per person (household consumer) in respect of one property only shall qualify for consideration. A business, school, body association, club or government institutions shall not qualify for consideration.

9.6 The subsidy will apply to the owner or occupant of the property concerned.

9.7 The subsidy will not apply in respect of households owning more than one property.

10. ESTABLISHMENT OF THE COMMITTEE

The Indigent Verification Committee will be constituted as follows:

- i. A Councillor/ward committee member of the affected ward who sits as a chairperson.
- ii. At least two (2) ward committee members and or Community Development Worker.
- iii. An authorised officer from the municipality/ indigent officer who serves as the secretariate.

11. FUNCTIONS OF THE COMMITTEE

- i. The Committee shall receive and consider the applications of those intending to register as indigent households.
- ii. Upon considering applications, the committee shall follow all processes to satisfy whether the applicant qualifies to be indigent or not.
- iii. The committee shall decide whether the municipality can grant the indigent subsidy.
- iv. A ward committee member who serves as a secretary to the committee, and Chairperson of the committee, shall both sign the relevant document which confirms the approval/disapproval of the application form for indigent scheme.
- v. The municipality reserves a right to use other method of verification and approval than those listed under clause 9 above.

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12. APPLICATION AND APPLICATION FORM

- 12.1 The applicant must present the following documents upon application:-
- i. Municipal account statement (if Applicable)
 - ii. The accountholder's identity document copy.
 - iii. Listed gross monthly income of all adults (over 18), with proof (pay slip, grant proof, etc); if any.
 - iv. The applicant's total household monthly income and expenditure statement (Template to be provided).
 - v. Recommendation letter from a councillor or ward committee member for any information that could not be supported; if any.
 - vi. In the case where the applicant is a minor, a recommendation letter from the Social Worker assigned to the minor by SASSA shall be required.
 - vii. All applications must be verified by the Indigent Verification Committee.
 - viii. Application forms must be read in conjunction with the policy proposed and form part of Council's indigent policy.
- 12.2 If an application is favourably considered, a subsidy will be granted during that municipal financial year and be subjected for verification annually.
- 12.3 Any applicant charged for services will be credited from the last three (3) months preceding the approval date of the application.

13. DRAFTING AND MAINTENANCE OF AN INDIGENT REGISTER

- 13.1 The Chief Financial Officer will be responsible for compiling and administering the database for households registered in terms of this policy.
- 13.2 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.

14. PENALTIES AND DISQUALIFICATION FOR FALSE INFORMATION

- i. 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. In the case where the applicant is a minor, the assigned social worker will be required to sign on behalf of the applicant.
- ii. Any person who supplies false information will be disqualified from further participation in the subsidy scheme. He/she will also be liable for the immediate repayment of all subsidies received, and the institution of criminal proceedings, as Council may deem fit.
- iii. The onus also rests on indigent support recipients to immediately notify the municipality of any changes in their indigence status.

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15. SERVICES TO BE SUBSIDISED

15.1 Electricity

All registered indigents will receive 50 units of electricity per month free of charge. Unused free electricity units will not be carried over to the next month. Any meter tampering will result in the withdrawal subsidisation to being withdrawn.

15.2 Water

All registered indigent consumers will receive water fully subsidized, including any costs associated with call outs for burst pipes or water leaks. In the case of metered services, the first 6 kilolitres of water will be fully subsidised. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

15.3 Refuse Removal

All registered indigents shall be fully subsidised for refuse removal, limited to weekly collection of one (1) standard size wheelie bin per household. All registered indigents shall be subsidised for refuse removal as determined and provided for by the Council in the annual budget from time to time. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

15.4 Sewerage

All registered indigents shall be fully subsidised for sewerage services, including any costs associated with call outs for blocked drains. All registered indigents shall be subsidised for sewerage services as determined and provided for by the Council in the annual budget from time to time.

A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

15.5 Property Rates

All registered indigents shall be fully subsidised for the payment of property rates

regardless of the value of the property. All registered indigents shall be subsidised for the payment of property rates as determined and provided for by the Council in the annual budget from time to time. A subsidy, determined at the beginning of every financial year and not more than the applicable tariff for that year, will be applied for the duration of that particular financial year. The amount of the subsidy will be determined and approved as part of the tariff policy applicable for the financial year.

15.6 **Cemetery service**

All registered indigents shall be fully subsidised for cemetery service when they apply for the this services.

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16. TARIFF POLICY

- 16.1 The LGMSA, Act No 44 of 2003 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.
- 16.2 A tariff policy must reflect, amongst others, at least the following principles, namely that:
The amount individual users pay for their services should generally be in proportion to their use of that service;
- 16.3 Poor households must have access to at least basic services through:
- i. tariffs that cover only operating and maintenance costs;
 - ii. special tariffs or life line tariffs for low levels of use or consumption of services or for basic levels of service; or
 - iii. any other direct or indirect method of subsidisation of tariffs for poor households; and
- 16.4 The extent of subsidisation of tariffs for poor households and other categories of users should be fully disclosed.

17. SOURCES OF FUNDING

- 17.1 The amount of subsidisation will be limited to the amount of the equitable share received on annual basis. This amount may be verified on a yearly basis according to the new allocation for a particular financial year.
- 17.2 If approved as part of the tariff policy the amount of subsidisation may be increased through cross subsidisation.

18. METHOD OF TRANSFER AND THE VALUE OF THE SUBSIDY

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

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19. ARREAR ACCOUNTS

- 19.1 The approved account holder shall remain responsible for any outstanding amount at the date of application. DR JS Moroka Municipality credit control department may not collect on the arrears once the application has been approved, unless a registered indigent consumer's status changes within the same financial year as that of application for enrolment.
- 19.2 Council will consider, on an annual basis, the writing off arrears accounts at the time of enrolment as an indigent household. The Chief Financial Officer should recommend such writing-off to Council.

20. RESTORING SERVICES TO QUALIFIED HOUSEHOLDS

- 20.1 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.

21. SERVICES IN EXTENT TO AVAILABLE FUNDING

- 21.1 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.

22. CREDIT CONTROL MEASURES APPLIED FOR INDIGENT HOUSEHOLDS

22.1 Aims of the Credit Control Policy

The credit control policy aims to achieve the following:-

- i. To distinguish between those who can and cannot genuinely pay for services;
- ii. To get those who cannot pay to register with the municipality so that they could be given subsidies;
- iii. To enable the municipality to determine and identify defaulters to ensure appropriate credit control procedures; and
- iv. To establish an indigent directory of all persons who complies with the policy.

22.2 Obligation to Pay

The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidisation.

- i. It is however important to note that the subsidy received, in the majority of cases, does not cover the full account. In such event the consumer is still responsible for the balance between the full account and the subsidy

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received.

- ii. Where applicable, credit control must still be applied, in accordance with the approved credit control policy, for these outstanding amounts.

23. IMPLEMENTATION AND REVIEW OF THIS POLICY

- 23.1 This policy shall be implemented once approved by Council. All future applications for indigent registrations must be considered in accordance with this policy. Application Forms for Indigent Scheme are obtainable at the Municipal Head Quarters, Municipal Unit Offices and Pay Points.
- 23.2 In terms of section 17(1)(e) of the Municipal Finance Management Act this policy must be reviewed on annual basis and the reviewed policy tabled to Council for approval as part of the budget process.

24. MONITORING AND EVALUATION

- 24.1 If average consumption levels exceed of 6 kiloliters of water per month, taken over a period of three months, the Finance Department will receive such information on which the relevant officials must physically investigate and evaluate the household for qualification in accordance with the other criteria of the policy.
- 24.2 Recommendation by the Ward Councilor that the person qualifies as indigent.
- 24.3 Physical inspections will be carried out by Dr JS Moroka Municipality officials at the premises of each of the registered indigents as and when there is probable reason to believe that the registered indigents' circumstances have changed.

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25. DELISTMENT OF INDIGENT SUPPORT

- 25.1 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.
 - 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.
- 25.2 Indigents to be delisted will be informed by council in writing.
- 25.3 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.
- 25.4 Application forms for delistment must be finalized within five (5) working days from receipt.
- 25.5 Indigents who tampered with the municipality's water supply infrastructure, including meters, will be removed from the indigent scheme for a minimum period of twelve(12) months.

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26. EXIT MECHANISM

- 26.1 Members of households registered as indigent must be prepared to participate in exit programmes co-ordinated by the municipality in collaboration with other government departments and the private sector.
- 26.2 As part of its broader poverty reduction programme the municipality undertakes to provide for the participation and accommodation of indigent persons in its local economic development (LED) initiatives and in the implementation of integrated development programmes where possible.
- 26.3 The municipality must promote exit from indigence by:
 - i. identifying indigents for inclusion in public works projects.
 - ii. Initiating local job creation projects such as cleansing operations, small infrastructure projects, etc.
- 26.4 Facilitation of opportunities to enter the informal trade market.
- 26.5 Facilitation of food security projects; and
- 26.6 Liaison with National and Provincial departments to include indigent persons in their public works programmes.

27. COMMUNICATION

Dr JS Moroka Local municipality has developed its communication strategy and is reviewed on an annual basis. There is a dedicated communication unit available which serves as a key driver of the strategy. There are several means of communication used e.g., print media and electronic media. The municipality also uses its website for communication purposes.

This policy is displayed at the information board of Dr JS Moroka Municipality and is also accessible on the website.

28. ADDRESS AND CONTACT DETAILS

**DR JS MOROKA LOCAL MUNICIPALITY
FINANCE DEPARTMENT: FREE BASIC SERVICES SECTION**

Physical Address: 2601/3 Bongimfundo Street, Siyabyswa

Postal Address: Private Bag X4012, Siyabuswa, 0472

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