

# THEMBISILE HANI LOCAL MUNICIPALITY



## INDIGENT SUBSIDY AND FREE BASIC SERVICES PROVISION POLICY 2026/2027

# **INDIGENT SUBSIDY AND FREE BASIC SERVICES PROVISION POLICY**

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## 1. Purpose and Intention of the Policy

The purpose of this document is to outline the Indigent Subsidy and Free Basic Services Provision Policy of THEMBISILE HANI local Municipality, and to set out the administrative procedures for the Policy.

The key purpose is to ensure that households with no or lower income are not denied *access to basic services*, and that the municipality is not burdened with non- payment of services. Provided that grants are received and funds are available, the Indigent Subsidy and Free Basic Services Provision policy should remain intact. The conditions of the policy provides for the provision of free basic services at the rural village.

## 2. Legislative Authority

Section 97(1)(c) of the *Local Government Municipal System Act, 2000* states that a municipality must provide in its debt collection and credit control policy for indigent debtors in a manner that is consistent with its rates and tariff policies and any national policy on indigents.

Section 74.2(c) of the *Local Government Municipal System Act, 2000* states that a poor households must have access to at least one basic service through - □

Tariffs that cover only operating and maintenance cost

- Special tariffs or life line tariffs for low levels of use or consumption of services; and
- Any other direct or indirect method of subsidization of tariffs for poor households.

In terms of section 27 of the South African Constitution Act, 1996(Act 108 of 1996), everyone has the right to have access to:

- a) Health care services, electricity supply
- b) Sufficient food and water; and
- c) Social security including, if they are unable to support themselves and their dependents, appropriate social assistance.

## 3. Definitions

In this policy:

“**THLM**” means THEMBISILE HANI Local Municipality.

**“Free Basic Services”** means a municipal service, subsidized by THEMBISILE HANI Municipality that is necessary to ensure an acceptable and reasonable quality of life that is provided, would endanger public health or safety of the environment. For the purposes of this policy: Free Basic Services” refers to the following services supplied by THEMBISILE HANI Local Municipality:

- Water
- Sanitation
- Refuse removal
- Property Rates

**“Council”** means the Council of THEMBISILE HANI Local Municipality.

**“Indigent Households”** refers to the household that, due to a number of *socio*-economic factors, are unable to afford the full monetary contribution towards the services provided by THEMBISILE HANI Local Municipality.

**“Indigent Subsidy and Free Basic Services Provision”** refers to the amount of money allocated on a monthly basis to qualifying households to assist them in paying for basic services.

**“Indigent Subsidy and Free Basic Services Provision Application”** means the application form, approved by the indigent households support committee, required from all applicants for Indigent Households Support, a sample of this Application form is attached to and forms part of this policy.

**“Indigent Subsidy and Free Basic Services Provision Committee”** means the Ward Committee as constituted by Council in terms of its ward committee system which will also serve as the supervisory and oversight body to the administrative section responsible for processing Indigent Household applications.

**“Indigent register”** refers to the system used to record all applications, whether approved or not, received d requesting Indigent Household Support.

**“Municipal Account”** means the monthly account or statement, sent out by THEMBISILE HANI Local Municipality to all consumers of municipal services.

**“Relevant Section / Division”** means the administrative office or section of THEMBISILE HANI Local Municipality that is charged with the responsibility of receiving and processing all applications made with respect to Indigent Subsidy and Free Basic Services Provision.

**“Child headed household”** means all household members are under the age of 18 years as defined in the relevant legislation.

**“MFMA”** means Municipal Financial Management Act

#### **4. Qualifying Criteria**

To qualify as an Indigent Household, the following requirements must be met:

- a) The person/applicant applying on behalf of the household must be eighteen (18) years of age or older.
- b) Child headed households as defined and supported by the Department of Social Welfare shall also be considered for Indigent Subsidy and Free Basic Services Provision regardless of the age of the breadwinner.
- c) The person/applicant applying on behalf of the household must have an active municipal account.
- d) Only one application per household will be considered.
- e) The Indigent Subsidy and Free Basic Services Provision will not apply to persons owning more than one property in the municipality.
- f) The total household gross income of all occupants must not be more than two (02) old age grant per month in alignment with the government subsidy.
- g) The recommended applications by the Indigents Committee shall be subjected to verification process.
- h) Applicants are expected to exclusively rely on the free basic services for the application to be considered for processing.

#### **5. Source of Funding**

- 5.1 The Council of THEMBISILE HANI Local Municipality will provide annually on the operational budget for the Indigent Subsidy and Free Basic Services Provision for electricity, water, sanitation, property rates and refuse removal.
- 5.2 This means that beneficiaries are only legible for the above clause for a period of one financial year and towards the end they should come a re-apply.
- 5.3 Indigent Subsidy and Free Basic Services Provision will be financed from a portion of the Equitable Share contribution received from the National Government.
- 5.4 Existing indigent arrears on the services covered by Indigent Subsidy and Free Basic Services Provision may be written off against the provision for bad debts.

#### **6. Application and Registration Procedure**

6.1 An account holder must apply in person by completing an Indigent Subsidy and Free Basic Services Provision Application at a service centre designated in their respective area and not any other place; and the following documentary proof will be required to be submitted with the Application.

- a. Account holder's certified copy of Identity Document.
- b. Most recent Municipal account.

- c. Documentary proof of total monthly income of the household (e.g. UIF card, salary advice, letter from an employer, etc.) or declaration to the effect that total household gross income is not more than two (2) old age grant per month.
- d. An application form indicating the names and identity numbers of all occupants/residents over the age of 18 years, who reside at the property.
- e. A three month bank statement.
- f. An affidavit confirming that all information provided is accurate and that income from all sources has been fully declared.
- g. A stamped recommendation from a Ward Councillor supporting the consideration of the indigent application.

6.2 The Indigent Subsidy and Free Basic Services Provision Application will be processed and information provided will be assessed and screened by THEMBISILE HANI Local Municipality as assigned by the Municipal Manager.

6.3 The Indigent Subsidy and Free Basic Services Provision Committee will consider all applications prepared in such a format to demonstrate the applicants and indigent status by the responsible department and recommend such applications for approval by the Municipal Manager. When uncertain about the merit of the application, the Committee may cause inspectors (e.g. social workers) to visit the applicants at the indicated residential address, to verify the correctness of the information provided in the Indigent Application, and to record any changes in the circumstances, and make recommendations for approval or disapproval of the application to the Indigent Subsidy and Free Basic Services Provision Committee.

6.4 The Indigent Subsidy and Free Basic Services Provision Committee will, on recommendations of the inspectors, recommend approval or disapproval of applications.

6.5 If an application is approved, the subsidy will remain in effect subject to an annual assessment by the municipality to confirm the applicant's eligibility. It is the responsibility of the approved account holder to cooperate with the municipality's verification process and to notify the municipality of any changes in their circumstances.

6.6 Any re-application for Indigent Subsidy and Free Basic Services Provision will not be approved if the consumer's account in respect of electricity, water and sanitation as well as refuse removal is higher than the Indigent Subsidy and Free Basic Services Provision approved by Council and not paid up.

6.7 Where a household becomes eligible for Indigent Subsidy and Free Basic Services Provision due to a deceased account holder, the person taking over responsibility for the household must open a new account with the municipality and apply for Indigent Subsidy and Free Basic Services Provision in the prescribed format. The deceased account will become inactive and must be closed in the appropriate manner determined by the municipality and in accordance with relevant legislation.

6.8 A household must immediately request de-registration if their circumstances have changed to the extent that the household no longer meets the requirements set out in this Policy.

## **7. Indigent Subsidy and Free Basic Services Provision Benefits**

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.

### 7.1. Free basic services benefits

7.1.1 Provision of free 6kl basic water as recommended by THLM and relevant Legislature.

7.1.2 Provision of free Sanitation Services

7.1.3 Provision of free refuse removal

7.1.4 Exemption of Property Rates and Taxes

7.1.5 Provision of 50kw in respect of electricity

### 7.2 Service delivery benefits

The Municipality will take reasonable precaution within its means to ensure the minimization of loss or wastage of services at indigent households. Property This will ensure the limitation of the consumption of services and secure the affordability of monthly levies for that portion of services which are not discounted or exempted.

### 7.4 Principle of Payment for Services

The policy on provision of services should endeavour to provide services in accordance with the amount available for subsidization. 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 received. Special consideration of financial relief will be given to child-headed households where such households are in need of additional support in terms of basic services. Furthermore, the Indigent Committee will make recommendations of how the incumbents will benefit.

### 7.5 Other benefits

Indigent households are entitled to all other benefits in terms of any of other approved policies of Council.

## **8. Affordability of Services**

In an attempt to make services more affordable to the indigent household, the following additional measures will be implemented:

### **8.1 Water**

Metered water should be reduced to 6kl per month flow rate for poor households to address the affordability of their current monthly accounts.

The credit control measure will apply in instances whereby the indigent request Council not to install a restrictor in his/her household.

### **8.2 Finance**

No credit control measures will be instituted against Indigent Households for as long as the discounted monthly levies are paid in full.

## **9. Termination of Indigent Subsidy and Free Basic Services Provision**

The Indigent Status will be terminated based on the following:

9.1 Upon the death of the account holder.

9.2 Debtor is expected to de-register upon securing employment .

9.3 If it is discovered later after approval that the person/ applicant applying on behalf of the household has supplied false information; this will also result in the household's municipal account being debited with all monies previously credited.

9.4 Upon the sale of property.

9.5 If the account holder fails to pay for the account of his/her consumption or use of municipal service in excess of the Indigent Subsidy and Free Basic Services Provision or fails to honour any arrangement made by him/her for payment of arrears.

9.6 At the end of Municipal Financial Year as per clause 6.5 of the Indigent Policy as approved by Council.

## **10 Responsibilities of the Indigent Subsidy and Free Basic Services Provision Committee.**

- 10.1 The Ward Committees as established by Council's ward committee system shall be the Indigent Subsidy and Free Basic Services Provision Committee of Council.
- 10.2 The Municipal Manager shall establish a committee of Five (5) senior administrative officials including one Manager to serve in the indigent committee. The said committee shall convene once per quarter to consider applications received during that quarter, which applications must contain a recommendation by the CDW and the Ward Councillor from which area the applicant is domiciled and resides.
- 10.3 The responsibilities of the Committees shall include, but not be limited to:
  - a. The design and periodic review of Indigent Subsidy and Free Basic Services Provision Application
  - b. The periodic publishing of the indigent policy, inviting applications from household that may qualify as indigents.
  - c. The periodic review of the amount of Indigent Subsidy and Free Basic
  - d. Services Provision
  - e. Making recommendations to the Municipal Manager regarding the approval or disapproval of applications received.
  - f. Making recommendation to Council from time to time regarding amendments to this policy.
  - g. Any other duties as assigned by the Municipal Manager

## **11. Conclusion**

The Indigent Subsidy and Free Basic Services Provision should be seen as a revenue protection mechanism for THEMBISILE HANI Local Municipality; the municipality and its officials must apply the policy fairly and consistently. For consistency to prevail; uniform standards and practices are being established in this Policy and must be adhered to.

In terms of section 17(1) (e) of the MFMA, this policy must be reviewed on an annual basis and the reviewed policy tabled to Council for approval as part of the budget process.