

**ADDRESSING CHALLENGES WITH WASTE SERVICE PROVISION
IN SOUTH AFRICA**

REVIEW OF MUNICIPAL INDIGENT POLICIES

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LIST OF ABBREVIATIONS

ASGISA	Accelerated and Shared Growth Initiative of South Africa
CDS	Centre for Development Support
CFO	Chief financial officer
CSIR	Council for Scientific and Industrial Research
DEAT	Department of Environmental Affairs and Tourism
DORA	Division of Revenue Act
DPLG	Department of Provincial and Local Government
DPS	Department of Public Service
DWAF	Department of Water Affairs and Forestry
FBS	Free Basic Services
FBW	Free Basic Water
GIS	Geographic Information System
IDP	Integrated Development Plan
JIPSA	Joint Initiative for Priority Skills Acquisition
MIG	Municipal Infrastructure Grant
RSA	Republic of South Africa
RSC	Regional Services Council
StatsSA	Statistics South Africa
ToR	Terms of Reference
UIF	Unemployment Insurance Fund

EXECUTIVE SUMMARY

This work has been commissioned as part of the Department of Environmental Affairs (DEAT) project on *Addressing Challenges with Waste Service Provision in South Africa*. This review of the Municipal Indigent Policies in South Africa, will feed into the development of the “Free Basic Refuse Removal Policy” for South Africa.

A desktop review of Municipal Indigent Policies (supported by limited telephonic interviewing) showed that municipalities do not have stand alone indigent support policies for free basic refuse removal. Rather, they have comprehensive indigent support policy frameworks addressing free basic services for water, electricity, sanitation and refuse removal. Aspects pertaining to free refuse removal are not presented in much depth.

The Department of Provincial and Local Government (DPLG) developed guidelines (DPLG, 2005) to assist municipalities. A number of critical role players that should work together in the development and implementation of indigent policies include (DPLG, 2005): municipalities, DPLG, Department of Water Affairs and Forestry, Department of Minerals and Energy, ESKOM, the National Treasury, the National Energy Regulator, South African Local Government Association, Ward Committees and communities.

Research by the Centre for Development Support (CDS) (2002) revealed that in general there is a lack of evidence of well-conducted socio-economic research preceding the formulation of indigent policies in municipalities. This approach usually focuses on the indigent factor in isolation from other socio-economic problems. The validity of the indigent policies can therefore be questioned and monitoring the meeting of objectives also becomes difficult, if not impossible (CDS, 2002). The research findings further suggest that there is no evidence of a scientific base for the determination of the qualifying criteria for households to be registered as beneficiaries of the indigent grants (CDS, 2002). Consultation with communities during the policy formulation process was also found to be inadequate and in certain instances, non-existent. The CDS (2002) reported serious levels of mistrust in existing structures such as ward committees as consultation mechanisms. In general the formulation of indigent policies is seen as a unilateral process that does not necessarily represent the views of indigent people, and therefore the indigent people feel excluded from the process (CDS, 2002).

The municipalities consulted during the drafting of this report indicated similar patterns in terms of methodologies and processes followed when formulating the indigent policies. In many case they indicated that the normal procedures were followed and accordingly the so-called normal procedure involved:

1. Responsible department sitting down to draft the indigent policy.
2. Explaining the draft policy to the public through the local media and displaying documents at designated public places.
3. Advertising to invite the public and communities for comments (through Imbizos, workshops and other acceptable means) with special emphasis on having trade unions representation.

4. Incorporating observations or comments from the public consultation processes into the draft indigent policy.
5. Sending the revised draft of the indigent policy to council for adoption (including passage through the Mayoral Committee).
6. Start implementing the finalised indigent policy through laid down procedures and selection criteria for the indigent beneficiaries.

In a Non-financial census of municipalities for the year ended 30 June 2007, StatsSA (2008) reveals that 8 062 866 consumer units received basic solid waste management services. Of those stipulated, an estimated 3 220 782 (39.9%) received free basic solid waste management services. A total of 200 municipalities had elements of indigent support for solid waste management in place by June 2007 and this figure had increased from 195 of those with the same facility in 2006. By June 2007, a total of 186 out of 200 municipalities that had generic indigent support policies in place, implemented these policies (StatsSA, 2008). This amounts to an estimated 93% implementation rate.

Research conducted by the Community Agency for Social Enquiry (2003) covering eThekweni, Cape Town, Mangaung and Buffalo City Municipalities revealed that the application of indigent policies followed four broad policy options namely:

1. Targeted approach;
2. Blanket or universal approach;
3. Self-targeted approach; and
4. 'Ring-fencing' of poorer communities/townships approach.

These four approaches are covered in detail in the report.

The following constraints to implementation of municipal indigent policies, was noted by the DPLG in 2005:

- Defining beneficiaries: in terms of households, account holders or citizens and then reporting accordingly.
- Defining what constitutes a household: how should municipalities deal with properties that have a main structure as well as other living structures on the same property, and what should municipalities do about dwellings with more than one household?
- Defining who is an indigent.
- Targeting methods to be used.
- Accessing non account holders (homeless, people not receiving services etc).
- Although administered means testing is the most effective way of targeting and tracking indigents, it does pose administration challenges for municipalities.
- Very few municipalities have been monitoring the implementation of their Free Basic Services (FBS) programme and even less can report on the real impacts that the programme has had on the quality of life of beneficiaries.
- Difficulties in the process of verifying application details.
- Exit strategies for identified indigents to move off the list of beneficiaries.

- Municipalities can only provide what they can afford. Many municipalities highlight that they do not believe they have sufficient funds for a full scale implementation of the FBS programme.

The Framework for a Municipal Indigent Policy by the Department of Provincial and Local Government (DPLG) provides a definition of indigent as adopted from the Oxford Dictionary as “lacking the necessities of life”. The DPLG identifies the necessities of life in South Africa as determined by the Constitution including having access to sufficient water, basic sanitation, refuse removal in dense settlements, environmental health, basic energy, health care, basic housing as well as food and clothing.

To support indigent policy implementation at municipal level in the country, the South African government budgets for indigents through the equitable share based on the number of indigents identified by the municipalities and transmitted via Statistics South Africa (StatsSA) surveys. Most of the indigent policy monthly grants are determined based on budgetary allocations for a specific financial year and the tariff increases for that particular year. The grants are also linked to the Municipal Infrastructure Grant (MIG).

A ‘benchmark’ set of targeting mechanisms for refuse removal has been identified by the DPLG (DPLG, 2005). For refuse removal, benchmark targeting based on property value with additional service payments for those requiring more than the basic service has proved to be much workable.

The following key elements emerged from indigent policies that have been implemented across the country in the nine provinces: Principles; Responsibility and delegated authority; Accountability and auditing; Definitions, especially on what comprises indigent; Criteria for indigent household or grant; Rights of municipalities; Services; Action against malpractices; and Reporting requirements. Details on specific aspects covered under each of the elements are presented in the report.

The legislative provisions informing municipal indigent policies include:

- *Constitution of the Republic of South Africa Act No.108 of 1996* : Section 27 (1) (c) stipulates that everyone has the right to have access to social security, and if they are unable to support themselves and their dependants, appropriate social assistance. Section 27 (2) places responsibility on the state to take reasonable legislative steps and other measures within its available resources, to achieve the progressive realisation of these rights.
- *White Paper on the Transformation of the Public Service of 1997*: Stipulates that service delivery is one of Government’s eight priorities. To this effect, government has launched an initiative under the banner of Batho-Pele – meaning ‘People First’ in Sesotho – aimed at improving the delivery of public services (including waste management services).
- *Local Government: Municipal Systems Act No. 32 of 2000*: Section 74 stipulates that a municipal council must adopt and implement a tariff policy and Section 74(i) indicates that in adopting a tariff policy, the council should

at least take into consideration the extent of subsidization of tariffs for poor households.

- *Municipal Finance Management Act No 56 of 2003*: Section 62 states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality. For the purposes of many municipal indigent policies that officer (usually the Municipal Manager or Chief Finance Officer as delegated) must take all reasonable steps to ensure that the municipality has and implements an indigent policy.

In 2005, the DPLG (DPLG, 2005a) set the indigent gross income threshold per household at R 1 100 per month and indicated that the threshold should be moved to R 1 600 per month. The DPLG, however, state that what characterises an indigent household must not be based entirely on its income or consumption levels as other factors need to be considered. The criteria stipulated above are not prescriptive to all municipalities and to this end; municipalities must use their own discretion and work within these criteria.

The gross monthly income has been a key criterion for the selection of indigent beneficiaries. The R 1 100.00 per month has been used widely in the municipal indigent policies promulgated as of 2005. Other criteria that emerged from existing municipal indigent support policies include: ownership to property; residence status; being an active municipal account holder; social worker's report; list of applicants made available for public scrutiny; having been orphans as well as the need for a Municipal Official or Councillor Traditional Leader to sign off application form.

In 2005 the DPLG adopted the Department of Water Affairs and Forestry free basic sanitation strategy's demarcation of what a basic refuse removal service could be (DPLG, 2005a). In an urban core, basic refuse removal service is identified by a free or subsidised removal of a 250 litre wheeled bin and two times kerbside collection using motorised compactors in a fortnight. In a deep rural area this is defined by the assistance in the burial or burning of refuse on the plot. To this end most municipal indigent polices make provision for subsidies that range from 50-100% on the amount billed in that month. A detailed account on what municipalities have done is presented under Appendix 1.

There has also been significant and appropriate movement towards harmonising rates, tariff and indigent policies in a number of municipalities. Ekurhuleni Metropolitan Municipality's Rates Policy of 2008/9 states as one of its criteria for exemptions, reductions and rebates the indigent status of the property owner.

Finally, the insights gained from this review will inform the development of a Free Basic Refuse Removal Policy for South Africa under the auspices of the Department of Environmental Affairs and Tourism.

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1. INTRODUCTION

This review of municipal indigent policies of South Africa was done as part of the Department of Environmental Affairs (DEAT) project on *Addressing Challenges with Waste Service Provision in South Africa*. The insights gained from this review will inform the development of the “Free Basic Refuse Removal Policy” for South Africa. Municipalities in general, do not have stand alone indigent support policies for free basic refuse removal but in most cases, indigent support policy frameworks addressing free basic services for water, electricity, sanitation and refuse removal were present.

The Department of Provincial and Local Government (DPLG) states the overall objective of the framework for a municipal indigent policy is to “substantially eradicate those elements of poverty over which local government has control by the year 2012” (DPLG, 2005a: 3). Since 1994 the South African government has put in place many policies aimed at promoting development and addressing the imbalances of the past. The need to eradicate poverty, particularly addressing issues pertaining to the disadvantaged that include women, children and the disabled has emerged as central to the government’s agenda. Some of the key government programmes and documentation on development and poverty eradication since 1994 include (Nhamo & Nhamo, 2008):

- 1994: Reconstruction and Development Programme (RDP)
- 1995: Development Facilitation Act No 67 of 1995
- 1996: Constitutional right to social security (RSA, 1996)
- 1996: Growth, Employment and Redistribution Strategy (GEAR)
- 1997: White Paper for Social Welfare
- 1999: National Spatial Development Perspective (1999-2006)
- 2003: Growth and Development Summit
- 2004: Expanded Public Works Programme
- 2004: Project Consolidate
- 2006: Accelerated and Shared Growth Initiative of South Africa (ASGISA)
- 2006: Joint Initiative for Priority Skills Acquisition (JIPSA)
- 2008: War on Poverty Campaign by the government of South Africa

To support the attainment of the poverty eradication agenda, the South African government budgets for indigents through the equitable share based on the number of indigents identified by the municipalities and transmitted via Statistics South Africa (StatsSA) surveys. Most of the indigent policy monthly grants are determined based on budgetary allocations for a specific financial year and the tariff increases for that particular year. The grants are also linked to the Municipal Infrastructure Grant (MIG). Annual contributions from the National Treasury are primarily based on census data. This contribution is utilised for subsidising indigent households (Merafong City Local Municipality, 2008). Other municipalities supplement the equitable share grant with their internal revenues.

The next section of this report deliberates on materials and methods applied to this review. Section 3 addresses the enabling legislative and policy framework whilst Section 4 deals with the definition of ‘indigent’ as prescribed by the DPLG. Elements

of an indigent policy feature in Section 5 and the financial management and generic principles of indigent policies are documented in Sections 6. Section 7 deliberates on monitoring of indigent policy implementation and this is followed by Sections 8 and 9 that focus on elements from implemented municipal indigent policies and approaches to administering municipal indigent polices. The opportunities and challenges surrounding indigent policy implementation are considered under Section 10 before Section 11 presents a summary of findings and concluding remarks.

2. MATERIALS AND METHODS

The materials used in this review included national policies and laws with both direct and indirect bearing on municipal indigent policies (including refuse removal), municipal indigent policies, Integrated Development Plans (IDPs), Tariff Policies and other general scholarly documents. Selected indigent support policies reviewed from the provinces are listed in Table 1.

Since this was a desktop study, the internet was used as the main method of information and data collection. This was supplemented by literature searches and telephonic interviews. Telephonic interviews were mainly used to gain insight into the processes and methodologies followed to develop the policies. Much of the information gathered through telephone interviews was supplied by indigent clerks. Concerted effort was made to locate key relevant documentation from all the six metropolitan municipalities i.e. City of Cape Town, Ekurhuleni, eThekweni, City of Johannesburg, City of Tshwane and Nelson Mandela Metropolitan Municipality. However, indigent policies for Ekurhuleni and eThekweni Metropolitan Municipalities could not be retrieved in time for inclusion in this report.

Purposive sampling was done in order to maintain provincial balance in indigent policies reviewed as well as in terms of the nature (rural, urban and mixed) and scale (metropolitans, district and local) of municipalities. Indigent policies were therefore sampled from all the nine provinces of South Africa. However, given that the internet was the main source for locating the indigent polices, there was bound to be a bias in that municipalities whose indigent polices were not online at the time of searches could not be retrieved. The number and nature of documents retrieved for each province is presented in Table 2.

In addition, the national documents listed in Table 3 are of importance to those involved in the government's Free Basic Services policy in general and indigent policies specifically (including refuse removal).

Table 1: List of indigent policies reviewed in the report

Province	Municipality/Policy/Year Published
Eastern Cape	<ul style="list-style-type: none"> • Alfred Nzo District Municipality Draft Indigent Assistance Policy (2008) • Elundini Local Municipality Indigent Policy (2008) • Makana Local Municipality Assistance to the Poor/Indigent By-Law (2008) • Matatiele Local Municipality Indigent Policy (2005) • Nelson Mandela Metropolitan Indigent Policy (revised 2003) • Senqu Local Municipality Free Basic Services and Indigent Support Policy (2006)
Free States	<ul style="list-style-type: none"> • Dihlabeng Local Municipality Indigent Policy (2008) • Kopanong Local Municipality Indigent Policy (2008) • Masilonyana Local Municipality Indigent Policy (undated) • Thaba Chweu Indigent Support Policy (2005)
Gauteng	<ul style="list-style-type: none"> • City of Johannesburg Indigent (Basic Services) Policy (2002) • City of Tshwane Metropolitan Municipality Basic Social Services Package (2003) • Mogale City Indigent Management Policy (2008)
Limpopo	<ul style="list-style-type: none"> • Makhado Local Municipality Policy on Subsidy Scheme for Indigent Households (2006)
KwaZulu-Natal	<ul style="list-style-type: none"> • Abaqulusi Local Municipality Tariff Policy By-Laws for Indigent Persons (2007) • Greater Kokstad Municipality Indigent Support Policy (2007) • Hlabisa Local Municipality Indigent Policy (2005) • Msundizi Local Municipality Indigent Policy (2006) • Ntambanana Local Municipality Indigent Policy – Rates and Tariffs Policies and Procedures (2005) • Umkhanyakude District Municipality Indigent Policy (2005)
Mpumalanga	<ul style="list-style-type: none"> • Delmas Local Municipality Indigent Policy (2006) • Dr JS Moroka Municipality Indigent Policy (2008) • Msukaligwa Municipality Policy for the Indigent (2006) • Thembisile Local Municipality Indigent Support Policy (undated) • Umjindi Local Municipality Indigent Management Policy (2008)
Northern Cape	<ul style="list-style-type: none"> • Sol Plaatje Local Municipality Indigent Policy (2008)
North West	<ul style="list-style-type: none"> • Mafikeng Local Municipality Indigent Policy • Merafong Local Municipality Tariff Policy (2008/9) • Rustenburg Local Municipality Tariff Policy
Western Cape	<ul style="list-style-type: none"> • City of Cape Town Indigent Policy (2008) • Drakenstein Local Municipality Indigent Policy (undated) • George Local Municipality Indigent Policy (undated) • Indigent Policy for Theewaterskloof Local Municipality (undated) • Knysna Local Municipality Indigent Support Policy and Procedures (2007) • Matzikama Local Municipality Tariff and Free Basic Service Policy (2007)

Table 2: Indigent policy related documents retrieved by province

Province/Spatial scale	No. of Indigent Policies	No. of Tariff Policies	Other documents (including IDPs)	Total
Eastern Cape	7	4	-	11
Free State	6	4	2	12
Gauteng	3	6	1	10
KwaZulu-Natal	7	7	5	19
Limpopo	3	2	2	7
Mpumalanga	6	3	3	12
North West	1	2	2	5
Northern Cape	3	1	8	12
Western Cape	7	3	3	13
National	3	2	18	25
<i>Total</i>	<i>46</i>	<i>34</i>	<i>44</i>	<i>124</i>

Table 3: Available documentation of relevance to indigent policies

Key Policies and Laws	Other policies and laws
<ul style="list-style-type: none"> • 1996: Constitution of the Republic of South Africa Act No.108 • 2004: Local Government Municipal Property Rates Act No.6 of 2004 • 2005: Framework for a municipal indigent policy available from the Department of Provincial and Local Government (DPLG) • 2005: Study to determine progress with and challenges faced by municipalities in the provision of Free Basic Services & supporting those municipalities struggling with implementation available from the DPLG 	<ul style="list-style-type: none"> • 1974: Local Authorities Ordinance, No. 25 • 1985: Regional Services Councils Act No. 109 • 1994: Electricity Amendment Act No. 46 • 1997: Water Services Act No. 108 • 1998: Local Government: Municipal Demarcation Act No. 27 • 1998: Local Government: Municipal Structures Act No. 117 • 2000: Department of State Expenditure – Preferential Procurement Policy Framework Act No. 5 • 2000: Local Government: Cross-Boundary Municipalities Act No. 29 • 2000: Local Government: Municipal Systems Act No. 32 • 2000: Local Government: Municipal Structures Amendment Act No. 33 • 2003: Local Government: Municipal Systems Amendment Act No. 44 • 2003: Municipal Finance Management Act No 56 • 2006: Division of Revenue Act No. 2

Source: Modified after DPLG (2005b)

3. ENABLING LEGISLATION

The White Paper on the Transformation of the Public Service stipulates that service delivery is one of Government's eight priorities (DPS, 1997). To this effect, government has launched an initiative under the banner of Batho-Pele – meaning 'People First' in Sesotho – aimed at improving the delivery of public services (Drakenstein Local Municipality, 2008).

The relevant sections of South African legislation that give effect to indigent policies for municipalities are outlined in Table 4.

Table 4: Enabling legislation for indigent municipal policies

Year	Legislation and policies	Relevant Sections
1996	Constitution of the Republic of South Africa Act No.108 (RSA, 1996)	<ul style="list-style-type: none"> Section 27 (1) (c) stipulates that Everyone has the right to have access to Social security, and if they are unable to support themselves and their dependants, appropriate social assistance. Section 27 (2) states that the state must take reasonable legislative steps and other measures within its available resources, to achieve the progressive realisation of these rights.
2000	Local Government: Municipal Systems Act No. 32 (RSA, 2000)	<ul style="list-style-type: none"> Section 74 stipulates that a municipal council must adopt and implement a tariff policy and Section 74(i) indicates that in adopting a tariff policy, the council should at least take into consideration the extent of subsidization of tariffs for <i>poor households</i>¹.
2003	Municipal Finance Management Act No 56 (RSA, 2003)	<ul style="list-style-type: none"> Section 62 states that the accounting officer of a municipality is responsible for managing the financial administration of the municipality. For the purposes of many municipal indigent policies that officer (usually the Municipal Manager or Chief Finance Officer as delegated) must take all reasonable steps to ensure that the municipality has and implements an indigent policy. In terms of Section 173, A person is liable on conviction of an offence to imprisonment for a period not exceeding five years, or to an appropriate fine determined in terms of applicable legislation.

4. DEFINING INDIGENT

The Framework for a Municipal Indigent Policy by the DPLG provides a definition of indigent as adopted from the Oxford Dictionary as “lacking the necessities of life”. The necessities of life in the South African context refer to having access to sufficient water, basic sanitation, refuse removal in denser settlements, environmental health, basic energy, health care, basic housing as well as food and clothing (DPLG, 2005a). Hence any South African without access to the goods and services outlined above would be considered *indigent*.

The DPLG, however, establishes two further categories related to services namely: full social services package and the essential household service package. Based on the current limited available resources in municipalities, the full social services package cannot be offered to the indigent. A more realistic package which include containing five essential goods and services were therefore established as the essential package that include (DPLG, 2005a: 11): water supply; sanitation; refuse removal; supply of basic energy and assisting in the housing process.

4.1 Rand value to define the indigent

The South African government, in addition to the lack of services also uses an income level poverty line of R 800 per month per household (Leatt, 2006: 27) as an ultra poverty line to denote what is referred to as an ‘indigent’ household. The ultra poverty line is not based on the calculation of any basket of goods, but it is presumed that subsistence is very difficult at these low levels of income (Studies in Poverty and Inequality Institute, 2007: 15). About 55% (10 million out of 18 million) of children

¹ Emphasis is ours

reside in households that earn R 800 or less (Leatt, 2006: 26). The poorest provinces were found to be those with large rural populations and little access to employment opportunities, i.e., the Eastern Cape and Limpopo. These provinces had 73% and 74% of children living in households with monthly incomes of R 800 or less (ibid). In comparison, more urbanised provinces like Gauteng and Western Cape have relatively low proportions of populations living below the ultra poverty line.

The Department of Water Affairs and Forestry (DWAF) set the qualification benchmark for Free Basic Water (FBW) at an income of less than R 800 per household (DWAF, 2001). In 2005, the DPLG set the indigent income threshold per household at R 1 100 per month and indicated that the threshold should be moved to R 1 600 per month based on census data (DPLG, 2005b). However, what characterises an indigent household must not be based entirely on its income or consumption levels but other factors should also be considered. Examples of such factors include citizenship, recognised refugee status, physical residence of the qualifying indigent since FBS are provided to a household, must prove that they cannot afford to pay for the services (and provide proof like UIF card, bank statements, proof of income, letter from employer, etc), combined monthly household income of the applicant should be not higher than R 1 600, child headed households, and when households does not have access to FBS infrastructure. The mentioned criteria form a baseline within which municipalities can apply discretion (DPLG, 2005b).

It is interesting to note that one of the original determinates for indigence used by the sector departments and National Treasury was a household income that is equivalent to two old age pensions (in April 2005 the maximum old age grant was increased to R 780 per month leading to two old age pensions equal R 1 560 rounded to R 1 600) (DPLG, 2005b).

5. ELEMENTS OF AN INDIGENT POLICY

The indigent policy framework aim to address three key pillars listed in order of priority namely (DPLG, 2005a: 15):

1. gaining access to services(capital expenditure);
2. maintaining access to services(operating expenditure); and
3. targeting the poor (revenue mechanisms).

In order to gain access to services, essential infrastructure must be provided and kept in a good functional order. Long term sustainability of services is needed to contribute to the improvement of lives of the indigent populace. Improved access to services must target the poor (indigent) therefore people that are in a position to pay for the services must pay. Hence municipalities are encouraged to selectively apply subsidy policies (DPLG, 2005a).

6. FINANCIAL MANAGEMENT AND PRINCIPLES

In terms of the financial arrangements, the Framework for a Municipal Indigent Policy (DPLG, 2005a: 20) puts across three main sources of subsidy namely:

- Cross subsidies from non-residential and high income consumers using the particular service (they are charged more than what the service costs to generate a surplus to be used to cover the cost of services to the indigent).
- The core administration revenue of the municipality which includes property rates, Regional Services Council (RSC) levies and electricity surpluses.
- The national fiscus, through the equitable share.

A number of targeting options, which relate to the manner in which subsidies are allocated to the indigent, are proposed by the DPLG for the municipalities. These include service level targeting, consumption based, property value, means testing, plot size, geographical (zonal) targeting, demand side subsidies and targeting through lack of credit control. In addition, guiding and operational principles were also developed and these are presented in Box 1.

Box 1: Guiding and Operational Principles

Guiding Principles

- *Equity*: The subsidy mechanism must promote both vertical and horizontal equity:
 - Horizontal equity: people are treated equally across the municipality in the way tariffs influence their access to the social package.
 - Vertical equity: Groups with greater ability to pay should pay more.
- *Efficiency*: Incentives must be provided for efficient production and allocation of services (Service providers must be faced with appropriate economic signals).
- *Environmental sustainability*: The tariff and subsidy mechanism must promote the delivery of services in an environmentally sustainable manner. (This implies that tariffs should influence the demand for services).
- *Financial viability*: The financial viability of the municipality through ensuring that income meets expenditure.
- *Promotion of local economic development*: Tariff policies should be applied with recognition of their impact on local economic development. (Tariff policies can assist local businesses to remain competitive).
- *Implementability*: The municipality must be able to effectively implement the policy.

Operational principles

- *Ability to pay* for the service must be used in designing tariffs, within the framework of a subsidy to poor households.
- *Transparency*: Tariffs should be clear and easily understood.
- *Participation*: Tariffs should be set with an appropriate level of participation of consumers of the service to which the tariff applies.
- *Cost reflective*: Tariff levels should be based on the cost of delivering the service. (Within an appropriate subsidy framework)
- *Related to consumption*: Tariffs should, where practical, be consumption based (users should pay in proportion to the amount consumed) as this encourages efficient and environmentally sustainable resource use.
- *Stability*: Tariffs should enable stable revenue generation.
- *Operating subsidies should be provided to poor households* to ensure that they obtain ongoing access to a minimum, level of service.
- *Targeting*: Operating subsidies must be well targeted to ensure that they reach the poor (part of maintaining equity)
- *Enforcement*: In cases of non-payment tariff enforcement should be consistent and predictable.

Source: DPLG (DPLG, 2005a: 21-22)

A ‘benchmark’ set of targeting mechanisms for refuse removal has been identified. For refuse removal, benchmark targeting based on property value with additional service payments for those requiring more than the basic service has been proposed. Such an approach leads to a situation where those indigent can easily gain access to basic and free basic refuse removal services (DPLG, 2005a).

7. INDIGENT POLICY DEVELOPMENT METHODOLOGIES

All municipalities are responsible to develop an indigent policy (DPLG, 2005). The DPLG developed guidelines (DPLG, 2005) to assist municipalities. A number of critical role players that should work together in the development and implementation of indigent policies include (DPLG, 2005):

- Municipalities
- DPLG
- DWAF
- DME
- ESKOM
- The National Treasury
- The National Energy regulator
- SALGA
- Ward Committees and
- Communities.

Research by the Centre for Development Support (CDS) (2002), revealed that in general there is a lack of evidence of well-conducted socio-economic research preceding the formulation of indigent policies in municipalities. This approach usually focuses on the indigent factor in isolation of other socio-economic problems. The validity of the policy can thus be questioned and monitoring the meeting of objectives also becomes difficult, if not impossible (CDS, 2002). The research findings further suggest that there is no evidence of a scientific base for the determination of the qualifying criteria for households to be registered as beneficiaries of the grants (CDS, 2002). Consultation with communities during the policy formulation process was also found to be inadequate and in certain instances, non-existent. The CDS (2002) reported serious levels of mistrust in existing structures such as ward committees as consultation mechanisms. In general the formulation of indigent policies is seen as a unilateral process that does not necessarily represent the views of indigent people, and therefore the indigent people feel excluded from the process (CDS, 2002).

A few suggested strategies from this research (CDS, 2002) includes:

- Research and analysis of the socio-economic needs in the communities. More effort should be put into understanding and addressing the real causes of the indigent situation. The indigent policies should therefore be integrated into the broader poverty eradication policies of the municipalities.
- Implementation of co-operative governance between municipalities and the other spheres of government. Duplication of efforts to identify, verify and register indigent people could be eliminated if the role players representing the

different spheres of government would collaborate in the processes of policy design.

- Steps should be taken to re-activate municipal and community structures (including those established by law as well as NGOs and CBOs) to fulfil their roles as representatives of the community especially the poor.
- The re-orientation and where necessary, re-training of councillors, officials and communities in the fields of consultation and communication in the indigent policy formulation process.
- The design and implementation of monitoring and control mechanisms that would enforce sustainable consultation and communication in the indigent policy formulation process.

The municipalities interviewed during the course of this project, indicated similar patterns in terms of methodologies and processes followed when formulating the indigent policies. In many case they indicated that the “normal” procedures were followed. So-called normal procedures involved:

1. Responsible department sitting down to draft the indigent policy.
2. Explaining the draft policy to the public through the local media and displaying documents at designated public places.
3. Advertising to invite the public and communities for comments (through Imbizos, workshops and other acceptable means) with special emphasis on having trade union representation.
4. Incorporating observations or comments from the public consultation processes into the draft indigent policy.
5. Sending the revised draft of the indigent policy to council for adoption (including passage through the Mayoral Committee).
6. Start implementing the finalised indigent policy through laid down procedures and selection criteria for the indigent beneficiaries.

An interview with the Indigent Clerk of the Makana Local Municipality revealed the following methodologies and processes:

- *Draft Assistance to the Poor/Indigent by-Law* was put in place early 2007.
- Adverts were put in the local paper, *The Grocotts* explaining the draft by-law as well as inviting stakeholders, especially the residents to attend Ward-based Imbizos during specific days and times.
- Imbizos were held in all the 12 Wards with observations being recorded from participants.
- All those who participated during the Ward Imbizos were presented with hard copies of the draft by-law.
- The observations from the Imbizos were incorporated into the draft by-law before presenting it to the Council for approval.
- The *Assistance to the Poor/Indigent by-Law* for Makana Local Municipality was then approved and adopted on 27 November 2008.

Information obtained from the City of Cape Town website regarding the procedures (http://www.capetown.gov.za/en/Policies/Pages/Proposed_Policies.aspx) leading to the approval of its Indigent Policy revealed that after the drafting of the policy it was noted by Council on 28 May 2003, with the view to obtain comment from the public

and to submit a further report to Council in September 2003. The Indigent Policy was then finalised incorporating the comments received. Public comments on the draft policy were submitted online through the City of Cape Town website.

Municipalities contacted telephonically included: City of Cape Town Metropolitan Municipality, Nelson Mandela Metropolitan Municipality, Makana Local Municipality, Buffalo City Local Municipality, and the Blue Crane Route Local Municipality.

8. MONITORING THE INDIGENT POLICY IMPLEMENTATION

Monitoring of the municipal indigent policy covers the twin components of design requirements and information gathering. Design requirements outlined include:

- Functionality - Gaining access (coverage with respect to physical provision of the services), maintaining access (the extent to which the service is functional) and targeting the indigent (the extent to which subsidies are targeted at the indigent which implies that those who are not indigent pay for services).
- Starting simply
- Emphasis on the essential services package
- Designed for expansion
- Based on consumer units as municipalities do not typically interact with households but deal with consumer units (groups of people living on a property or in a dwelling or dwellings in rural or informal areas which can form a consumer unit).
- Link to existing municipal systems
- Link to a geographic information system (GIS)

The information for monitoring a municipal indigent policy will be gathered through the following arrangements (DPLG, 2005a: 26):

- Gaining access - Information to be collected through physical visits to individual consumer units
- Maintaining access - Information to be collected through a national annual municipal services survey, run by Stats SA
- Targeting the indigent - Information to be based on a financial assessment by an expert to determine the quality of the subsidy framework applied, the extent to which subsidies reach indigent consumer units, the level of coverage with respect to billing of those who are not categorized as indigent (based on the targeting methodology selected) and the level of credit control.

9. IMPLEMENTATION OF INDIGENT POLICIES IN SOUTH AFRICA

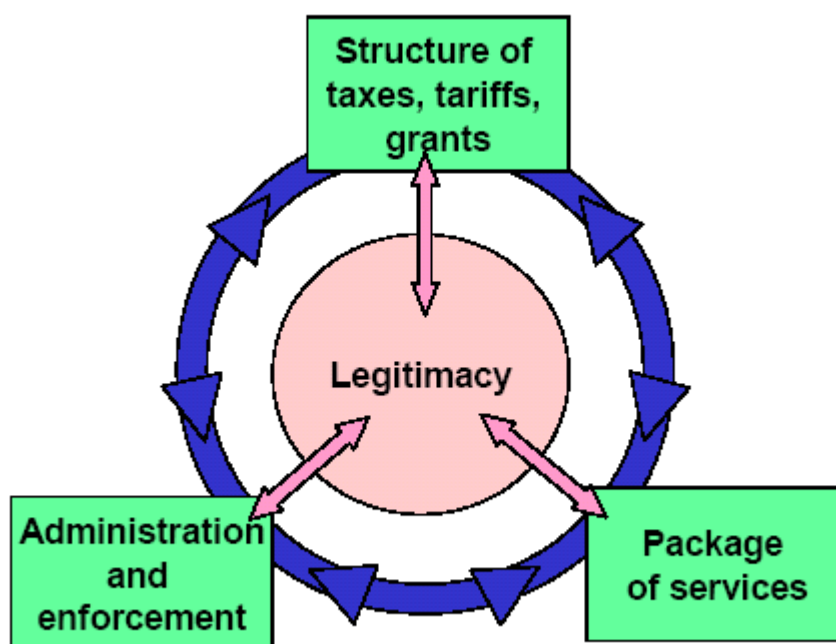
9.1 An overview

The City of Cape Town (2003) notes that there are four key inter-related components to an indigent policy and if any one of the four components is not successfully addressed the policy will be ineffective and difficult to implement. The four key components are:

1. The package of services
2. The tax, tariff and grant structure
3. Administration and enforcement and
4. Legitimacy

These components must be addressed in such a way that they are consistent with one another. The four components can be represented graphically as shown in Figure 1.

Figure 1: Four key components of an indigent policy



Source: City of Cape Town (after Van Ryneveld, 2003: 38)

9.2 Current status quo

The non-financial census of municipalities for the year ended 30 June 2007 (StatsSA, 2008) reveals that 8 062 866 consumer units² received basic solid waste management services. Of those stipulated, an estimated 3 220 782 (39.9%) received free basic solid waste management services (StatsSA, 2008: xiv). The percentage of consumer units receiving free basic solid waste services had actually reduced compared to 3 457 501 (46.8%) of the 7 380 405 recorded for 2006. StatsSA also identified households that were considered indigent by municipalities during 2006 and 2007 (Table 5).

² Defined as “An entity to which the service is (or would be) delivered, and which receives one bill if the service is billed, alternatively known as a delivery point. (This concept is often referred to as a household by municipalities, but this is not strictly correct, as households and consumer units do not coincide one to one, particularly in blocks of flats, on stands where there are multiple households in the same dwelling, or in additional dwellings, such as garden flats, backyard rooms, etc. and in the case of public taps) (StatsSA, 2008)

Table 5: Indigent³ households by province in South Africa

Province/National	Indigent households identified by municipalities		Solid waste management support	
	2006	2007	2006	2007
Western Cape	278 339	359 544	254 355	353 804
Eastern Cape	729 762	415 838	255 537	220 783
Northern Cape	82 778	81 827	60 113	64 534
Free States	204 556	215 878	162 062	187 067
KwaZulu-Natal	861 961	695 794	328 133	194 404
North West	194 034	325 823	121 708	142 286
Gauteng	306 474	303 351	287 389	294 393
Mpumalanga	137 600	259 653	57 388	110 115
Limpopo	465 656	452 014	56 321	68 193
<i>South Africa</i>	<i>3 261 160</i>	<i>3 109 722</i>	<i>1 583 006</i>	<i>1 635 579</i>

Source: StatsSA (2008: xv)

A total of 200 municipalities had elements of **indigent support for solid waste management** in place by June 2007 and this figure had increased from 195 of those with the same facility in 2006. Of the 200 municipalities that had generic indigent support policies in place by June 2007, 186 had implemented the policies (StatsSA, 2008). This amounts to an estimated **93%** implementation rate. Details concerning the provincial distribution of the indigent support policies implementation are shown in Table 6.

The DPLG adopted the free basic sanitation strategy of DWAF's demarcation of what a basic refuse removal service could be for the urban core and deep rural area. In an urban core, basic refuse removal service is identified by a free or subsidised removal of 250 litre wheeled bins and twice weekly kerbside collection using motorised compactors. In a deep rural area this is defined by the assistance in the burial or burning of refuse on the plot (DPLG, 2005a). The fact that many municipalities already have in place indigent policies addressing basic and free basic refuse removal stands out as one of the key opportunities that could be utilised in finalising the national policy in this regard. Selected indigent policies (including in other cases rates and tariff policies) available and their reference to refuse removal are presented in Appendix 1.

³ These are poor households as defined by municipalities. The basis on which a municipality determines if a household is indigent (and the criteria used for such determination) can vary.

Table 6: Provincial implementation of indigent waste management policies

Province/National	Total number of municipalities	Solid waste management		% coverage as of 2007
		2006	2007	
KwaZulu-Natal	61	25	29	47.5
Limpopo	30	15	15	50.0
North West	26	13	14	53.8
Mpumalanga	21	12	13	61.9
Eastern Cape	45	40	31	68.9
Gauteng	14	10	10	71.4
Free States	25	17	18	72.0
Western Cape	30	24	26	86.7
Northern Cape	31	28	30	96.8
<i>South Africa</i>	283	177	186	65.7

Source: Modified after StatsSA (2008: 16)

There has been significant and appropriate movement towards harmonising rates, tariff and indigent policies in a number of municipalities. Ekurhuleni Metropolitan Municipality Rates Policy of 2008/9 states as one of its criteria for exemptions, reductions and rebates the indigent status of the property owner (Ekurhuleni Metropolitan Municipality, 2008). Table 7 presents a typical budget from one of the local municipalities' tariff policy. The Merafong Local Municipality proposed an increase in tariffs of 12% for electricity and 6.50% for other services (including refuse removal). Tariffs were subsidised from the Equitable Share allocation with R 79 922 million (Merafong City Local Municipality, 2008).

Table 7: Proposed tariff increases for Merafong 2008/9

Service	% Increase	Indigent Policy	Subsidy	Free Service	Total Income (Exc. Subsidy)
Electricity	12.0	R 1 994 160	R 21 281 344	R 1 893 360	R 108 204 497
Water	6.5	-	R 10 146 583	R 2 550 240	R 150 649 132
<i>Refuse⁴</i>	6.5	<i>R 5 070 240</i>	<i>R 8 746 886</i>	-	<i>R 22 979 051</i>
Sewage	6.5	R 1 391 040	R 3 951 373	-	R 16 002 081
Property Rates	6.5	R 1 968 120	R 12 195 880	-	R 63 923 497
All services		R 10 423 560	R 56 322 066	R 4 443 600	R 361 758 258

Source: Merafong Local Municipality (2008: 14)

9.3 Implementation challenges

A 2002 study by the Centre for Development Support (CDS) from the University of Free State on “Indigent Policy Support” revealed compelling facts on challenges associated with implementing the policies. The study looked at four case studies that included the municipalities of Nelson Mandela Metropolitan, eThekweni Metropolitan Municipality, Mangaung Local Municipality and Witzenberg Local Municipality (CDS, 2002). The research established that by 2002, eThekweni had no formal indigent policy and the paragraphs that follow consider implementation challenges from the Nelson Mandela Metropolitan and Mangaung Local Municipalities.

⁴ Emphasis is ours due to the focus of this review

The Nelson Mandela Metropolitan Municipality had an indigent policy in place as far back as 1997. In terms of the challenges associated with the implementation of the indigent policy in the Metro, the CDS noted that the so-called indigent applicants provided false information and that residents did not fully understand the policy. About 80% of inhabitants in the Metro were said not to be able to interpret their municipal bills (CDS, 2002). Other problems noted by the study include: the fact that residents filed repeated applications despite having been informed that their previous applications were unsuccessful. Reimbursements for running expenses incurred by municipal staff involved with verification were also problematic.

Similar and new challenges in implementing the 2001 Indigent Policy of the Mangaung Local Municipality emerged from the CDS research. Respondents indicated that there was a lack of both human and financial resources (CDS, 2002) resulting in delays between the application and registration dates of the indigent. The evaluation of properties presented a key challenge. A property value of R 95 000.00 was used as cut off point, but when a family inherited a property valued higher than the cut-off amount, in reality the household may still be indigent despite the higher property value.

The DPLG observed the following as major difficulties linked to the establishment and implementation of a municipal indigent policy (DPLG, 2005b: 16-17):

- Defining beneficiaries: in terms of households, account holders or citizens and then reporting accordingly.
- Defining what constitutes a household: how should municipalities deal with properties that have a main structure as well as other living structures on the same property, and what should municipalities do about dwellings with more than one household?
- Defining who is an indigent.
- Targeting methods to be used.
- Accessing non account holders (homeless, people not receiving services etc).
- Although administered means testing is the most effective way of targeting and tracking indigents, it does pose administration challenges for municipalities.
- Very few municipalities have been monitoring the implementation of their Free Basic Services (FBS) programme and even less can talk to the real impacts that the programme has had on the quality of life of beneficiaries.
- Difficulties in the process of verifying application details.
- Exit strategies for identified indigents to move off the list of beneficiaries
- Municipalities can only provide what they can afford. Many municipalities highlight that they do not believe they have sufficient funds for a full scale implementation of the FBS programme.

9.4 Approaches to administering indigent policies

The Community Agency for Social Enquiry (2003) conducted research that looked at eThekweni, Cape Town, Mangaung and Buffalo City Municipalities. This research revealed that the application of indigent policies followed four broad policy options namely:

Targeted approach: Aimed specifically at the poor and requires households to apply for a free or subsidised service and pass a means test with monthly household income being one of the measures of indigency. The approach, however, has a major shortfall in that it is not practical and is too costly. To run effectively, the approach requires that a municipality establishes an administrative and/ or monitoring structure whereby social workers would be required to visit households repeatedly over time to ensure that their economic circumstances have not changed.

Blanket or universal approach: In this system, every household receives a free portion of service, especially water and electricity and a step-tariff structure applies thereafter to subsidise the free portion of the service.

Self-targeted approach: In this approach a municipality supplies access to free basic services, especially water and electricity, provided households fall within a specified property-value range and consume less than a specified limit of the free basic or subsidised service. This approach has an advantage in that it does not involve costly administrative structures to undertake repeated means to check whether a household's circumstances have changed.

'Ring-fencing' poorer communities/townships: Those 'ring fenced' are provided with services for free. The key challenge in using this approach is that there has to be a trade-off and balancing of costs to the local government and to households of unfairly benefiting some proportion of households who live in the township versus unfairly disadvantaging households who live outside the township. This method has a major advantage in that it is simple and cheap to administer.

10. ELEMENTS IN IMPLEMENTED MUNICIPAL INDIGENT POLICIES

The indigent policies reviewed are not limited to free basic refuse removal but cut across other free basic services. However, there are a few municipalities that developed combined tariff and free basic (indigent) policies. Examples include Matzikama Local Municipality in Western Cape (Matzikama Local Municipality, 2007), Frances Baard District Municipality in the Northern Cape Province (Frances Baard District Municipality, 2008) as well as Ntabanana Local Municipality and Abaqulusi Local Municipality both in KwaZulu-Natal Province (Ntabanana Local Municipality, undated; Abaqulusi Local Municipality, 2007).

Other municipalities incorporate elements of indigent policy in their rates and tariff policies. Indigent policy aspects have also been incorporated into many municipal IDPs (Bojanala Platinum District Municipality, 2008; Central Karoo District Municipality, 2007; Dikgatlong Local Municipality, 2006; Magareng Local Municipality, 2006; Metsimaholo Local Municipality, 2008; Msukaligwa Local Municipality, 2007; Namakwa District Municipality, 2006; Potchefstroom City Council, 2009; Saldanha Bay Local Municipality, 2006; Theewaterskloof Local Municipality, 2006).

The following key generic elements were identified from implemented indigent policies across the country in the nine provinces:

1. Legal and Policy Framework
2. Purpose and Objectives
3. Principles
4. Definitions, especially on what comprises indigent
5. Criteria for indigent household or grant
6. Accountability and auditing
7. Rights of municipalities
8. Services
9. Action against malpractices
10. Reporting requirements

Each of the outlined key generic elements will now be considered briefly in turn selecting cases from the available indigent support policies. Where similar or identical components are noted, the necessary cross referencing is done.

10.1 Legal and policy framework

The legal and policy framework that informs the indigent policies include: the Municipal Systems Act, Municipal Structures Act, Municipal Finance Management Act and the Batho-Pele (People First) government fundamental (see for example, Drakenstein Local Municipality, 2008; Masilonyana Local Municipality, 2008; Thaba Chweu Local Municipality, 2005). Other Acts identified include the Public Protector Act of 1994 and the Access to Information Act of 2000 (Breede Valley Local Municipality, 2005).

The Knysna Indigent Support Policy and Procedures specifically refers to Section 74(i) and 97(1)(c) of the Municipal Systems Act that requires municipalities to establish indigent policies that are consistent with municipal rates and tariff policies and also meet the requirements of Section 152 of the Constitution. The Knysna Indigent Support Policy highlights that in adopting a Tariff Policy, the Council should at least take into consideration the extent of subsidisation of tariffs for poor households (Knysna Local Municipality, 2007). The City of Tshwane Metropolitan Municipality's Basic Social Services Package aimed at addressing poverty alleviation and the building of sustainable communities in line with Section 27 of the Constitutions (City of Tshwane Metropolitan Municipality, 2003). The Maruleng Local Municipality Indigent Policy cites Section 214(1) of the Constitution and Section 74(2)(c) of the Municipal Systems Act (Maruleng Local Municipality, 2007). The Frances Baard District Municipality cites the Regional Services Councils Act of 1985 (Frances Baard District Municipality, 2008). The Makhado Policy on Subsidy Scheme for Indigent Households, however, brings further insights regarding the powers and functions of municipalities in South Africa. This document outlines the process followed by the Vhembe District Municipality - under which the Makhado Local Municipality falls – in signing a service agreement in July 2003 taking over water and sanitation services (Makhado Local Municipality, 2006a).

10.2 Purpose and Objectives

The purpose of indigent policies, as defined in the majority of policies studied for this review, can be summarised as the need to ensure that poor/indigent households have access to at least basic (essential) municipal services. Makhado Local Municipality links the purpose of its indigent policy to the need to align it to financial management system and to ensure uniformity when dealing with various cases (Makhado Local Municipality, 2006b).

A number of objectives were identified by different municipalities (Masilonyana Local Municipality, 2008; Mogale City Local Municipality, 2008; Umjindi Local Municipality, 2008; Greater Kokstad Municipality, 2007; Maruleng Local Municipality, 2007). The objectives listed by different municipalities include:

- The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of the Council.
- Establish a framework (or set guidelines) for the identification and management of indigent households including an economic rehabilitation plan.
- The provision of procedures and guidelines for the funding (including subsidisation and cross subsidisation) of basic service charges to indigent households.
- To set guidelines on determining the appropriate level of services that will be supplied to indigent households.
- To set broad principles, resulting in the adoption of by-laws for the implementation and enforcement of the tariff policy.
- To ensure affordability through setting rates and tariffs in terms of the Council's Rates and Tariff Policy, which will balance the economic viability of continued service delivery; and

10.3 Principles

The use of principles in indigent policies varies, with a considerable number of municipalities opting to exclude them. In the case of Makana Local Municipality where these are spelt out (Makana Local Municipality, 2008), the so-called principles turned out to be indigent qualification criteria from other municipalities. However, a detailed list of indigent policy principles was found in the Mantsopa Local Municipality Indigent Support Policy (Mantsopa Local Municipality, 2008) and this is shown in Box 2.

Frances Baard District Municipality (2008) and Sol Plaatje Local Municipality (2008) also included a selection of principles. The Mafikeng Local Municipality presents another comprehensive list of principles (Mafikeng Local Municipality, 2005: 147-148).

The Indigent Policy also emphasises that relief should be constitutional, practical, fair, equitable and justifiable. Accompanying the Indigent Policy should be a skills training and other educational programmes to assist indigents to become self-sufficient and thereby reduce the rate of indigence (see for example Greater Kokstad Municipality, 2007: 4).

Box 2: Mantsopa Local Municipality Indigent Policy Principles

- a) Relief will be provided by the Council to registered residential consumers of services who are declared indigent by the Council.
- b) The Council shall, wherever possible, ensure that any relief provided in terms of this bylaw and its policy is constitutional, practical, fair, equitable and justifiable in order to avoid the alienation of any group of households.
- c) Differentiation between residential consumers shall, in accordance with the Bylaws, Policies and resolutions of the Council and legislation, be permitted.
- d) Differentiation shall also be permitted in respect of the level of service provided to or to be provided to indigent households.
- e) The application of the indigent support subsidy for minimum service levels should not result in the creation of a massive bureaucratic administration that would not be cost effective to implement.
- f) A differentiation shall be made between those households who cannot afford to pay for basic services and those households who refuse to pay for such services.
- g) The payment for services rendered should be affordable for the indigent.
- h) The Indigent and Free Basic Services Subsidy Policy will apply during each financial year of Council.
- i) Financial support to the indigent will be dependent upon the availability of funds to enable the Council to provide such support.
- j) The Council shall, annually, review and amend the qualification criteria for indigent support provided by it if and when necessary.
- k) The collective or joint gross income of members of indigent households will always be taken into account to determine the level of financial support to be granted to indigent households.
- l) Indigent households must formally apply on the prescribed application form for indigent support and will qualify for such support according to prescribed criteria/principles to be laid down by the Council.
- m) The household income must be correctly reflected on the application form requesting indigent support.
- n) The applicant who signs the prescribed application form shall be regarded as the indigent debtor and the representative of the indigent household.
- o) After the application form for indigent support has been completed by an indigent debtor it shall be assessed in terms of the policy.
- p) All approved indigent debtors should be registered on a municipal database system.
- q) The onus will be on the approved indigent debtor to inform the Council of any change in his status or personal household circumstances.
- r) All indigent households should be re-evaluated after a period of six months or such period as the Council may determine to assess the provision of continued basic services and indigent support to them.
- s) Disciplinary measures decided by the Council, should be imposed on indigent debtors who misuse the indigent support policy of the Council and/or provide incorrect information to the Municipality.
- t) An approved community communications programme, embodying the principles of transparency and fairness, must be implemented in respect of the indigent support policy.
- u) Skills Training and other education related programmes should be supported to develop the indigent to become self - sufficient and thereby reduce the rate of indigence.

Source: http://www.mantsopa.com/site_files/index.asp?pid=88 (visited 30-01-09)

The Ntambanana Local Municipality Indigent Policy – Rates and Tariffs presents its principles along the lines of equity, fairness, efficiency, accuracy, openness and transparency as well as accountability (Ntambanana Local Municipality, 2005). These are principles founded on good corporate governance fundamentals and also partially covered by the DPLG (DPLG, 2005a). The whole list of principles for the Ntambanana Local Municipality Indigent Policy is presented in Box 3.

Box 3: Ntambanana Local municipality Indigent Policy Principles

Equity

The constitutional goal of equity should be promoted. This can be done through ensuring that very poor households gain access to the minimum package of basic municipal services through the subsidisation of services for such households.

Fairness

All residents should be treated fairly. This means that poor households who qualify for the subsidy must be identified by the same set of criteria, and these criteria must be applied throughout.

Efficiency

Care must be taken to ensure that targeting occurs in an efficient manner so that all households in the scheme receive the maximum benefits possible.

Accuracy

Leakage should be kept to the minimum. This requires that the scheme is well designed and effectively implemented. The cost of the administrative system for targeting should be balanced against the benefits of targeting, that is, the number of people the target is able to reach and the value of each targeted subsidy.

Openness and transparency

There should be transparency about the targeting of subsidies. Adequate information should be provided about the subsidy scheme to all residents in their jurisdiction. An effective communication system should be established for this purpose.

Accountability

Accountability should be promoted regarding the application of the subsidy scheme at the key points of decision making, administration, budgeting and reporting.

Source: Ntambanana Local Municipality (2005: 3)

10.4 Defining indigent and related concepts

The Mogale City Local Municipality adopts the definition of indigent as per the DPLG Framework Policy and Guidelines. However, it provides additional definitions amongst other for: household, indigent management systems and poverty (Mogale City Local Municipality, 2008). The Breede Valley Local Municipality's Indigent Policy presents several definitions, among them, credit control and debt collection, customer, customer arrangement, defaulter, occupier, owner, and premises (Breede Valley Local Municipality, 2005). The Makana Local Municipality Assistance to the Poor/Indigent By-Law adds 'equitable share' to the list definitions as "an allocation made by the National Government during a financial year, in its fiscal allocation, gazetted through the Division of Revenue Act (DORA) in order to assist municipalities to fund various expenses including expenses such as indigent subsidy costs" (Makana Local Municipality, 2008: 2). The Frances Bard District Municipality uses definitions from the Sectional Titles Act of 1986, Companies Act of 1973 and the Closed Corporation Act of 1984, Land Survey Act of 1927 and the Deed Registry Act of 1937 (Frances Bard District Municipality, 2008).

The Makhado Local Municipality defines indigent in the context of what it terms 'destitute indigent'. The destitute indigent situation is when "the total income of all occupants is not more than an amount as determined by the Council from time to time" and this amount was equal to the amount received by one state pensioner in

2006 (Makhado Local Municipality, 2006b: 3; Dr JS Moroka Local Municipality, 2008; Matzikana Local Municipality, 2007). An indigent therefore results when “the total income of all occupants is more than the amount determined for a destitute indigent and less than an amount as determined by the Council from time to time” and that amount was equal to the amount received by two state pensioners (Ibid). Msunduzi Local Municipality defines an automatic indigent and this refers to owners and/or occupiers of residential property where the combined municipal value of the land and building or the vacant land value of the property is equal to, or less than the values determined by resolution of the Council (Msunduzi Local Municipality, 2006: 2).

The Maruleng Local Municipality brings up and defines various terms linked to indigent including: indigent household, indigent, indigent tariff, indigent subsidy and indigent rebate. Indigent is defined to refer to those persons that, due to a number of factors are unable to pay the full economic costs on basic levels of services (Maruleng Local Municipality, 2007).

10.5 Criteria for indigent household or grant application and registrations

The criteria for indigent beneficiary household address the following key pointers:

- Income: usually a maximum amount is stipulated and this differs greatly across the municipalities. Social, foster care and child grants can be excluded (Sol Plaatje Local Municipality, 2008; Elundini Local Municipality, 2008). The maximum amounts for selected municipalities are detailed in Table 8.

Table 8: Maximum indigent amounts for selected municipalities

Amount (Rand) ⁵	Name of Municipality	Year
800.00	<ul style="list-style-type: none"> • Matatiele Local Municipality • Thembisile Local Municipality • Unkhanyakude District Municipality 	<ul style="list-style-type: none"> • 2005 • Undated • 2005
900.00	<ul style="list-style-type: none"> • Alfred Nzo District Municipality 	<ul style="list-style-type: none"> • 2007
1 100.00	<ul style="list-style-type: none"> • Frances Baard District Municipality • Hlabisa Local Municipality • Kopanong Local Municipality • Mafikeng Local Municipality • Masilonyana Local Municipality • Msukaligwa Local Municipality • Umjindi Local Municipality 	<ul style="list-style-type: none"> • 2008 • 2005 • 2008 • 2005 • 2008 • 2006 • 2006
1 500.00	<ul style="list-style-type: none"> • Greater Kokstad Municipality • Nelson Mandela Metropolitan • Thaba Chweu Local Municipality 	<ul style="list-style-type: none"> • 2007 • 2006 • 2005
1 600.00	<ul style="list-style-type: none"> • Senqu Local Municipality 	<ul style="list-style-type: none"> • 2006
1 640.00	<ul style="list-style-type: none"> • Theewaterskloof Local Municipality 	<ul style="list-style-type: none"> • Undated
1 880.00	<ul style="list-style-type: none"> • Dihlabeng Local Municipality • Drakenstein Local Municipality 	<ul style="list-style-type: none"> • 2008 • 2008
2 880.00	<ul style="list-style-type: none"> • City of Cape Town 	<ul style="list-style-type: none"> • 2008

⁵ Proof of income is stringent in other municipalities with the following required from applicants (Senqu Municipality, 2006: 4): household income/grants for each member of the household; employment status or low income or reduction in income of each member of the household; inability to work of each member of the household; and all minor members of the household.

- Ownership to property: In many instances municipalities stipulate that indigent households should not own more than one fixed property including outside that municipality (see for example, Frances Baard District Municipality, 2008; Makhado Local Municipality, 2006b; Elundini Local Municipality, 2008).
- Residence status: Applicants must be resident on the property to qualify for subsidy (Mogale City Local Municipality, 2008) and citizens of South Africa as per the requirements of Senqu Local Municipality (Senqu Municipality, 2006).
- Must be an active municipal account holder (Mogale City Local Municipality, 2008; Maruleng Local Municipality, 2007)
- Time frames: Usually renewed annually (Mogale City Local Municipality, 2008).
- Application and Registration: Indigent households to register in person and sign relevant forms and documentation. Some of the documentation required include payslips or any other proof of income, identity documents and sworn affidavits confirming correctness of filed information (Mogale City Local Municipality, 2008).
- Social worker's report is needed (Maruleng Local Municipality, 2007; Delmas Local Municipality, 2006) and in Elundini Local Municipality can from time to time verify indigent status of applicants (Elundini Local Municipality, 2008).
- List of applicants made available for public scrutiny for one month at most accessible public points (Maruleng Local Municipality, 2007).
- Orphans: Orphans that inherit fixed property and are not able to pay the arrears can register as indigent and the municipality can write-off their arrears (Masilonyana Local Municipality, 2008; Delmas Local Municipality, 2006) provided the property is in their names.
- Municipal Official/Councillor/Traditional Leader to sign off application form as proof that all requirements have been complied with (Maruleng Local Municipality, 2007).
- Unsuccessful applicants have the right to appeal against the decision of the committee (Maruleng Local Municipality, 2007).
- Registration time: Usually takes place in January and/ or February each year to provide municipalities with the numbers of indigents to be planned for in the budget (Elundini Local Municipality, 2008; Dihlabeng Local Municipality, 2008). However, Delmas Local Municipality sets a maximum period for the completion of assessments at three months from date of application (Delmas Local Municipality, 2006).
- All indigents must apply annually for re-registration, failure to do so will result in them being removed from the indigent register (Maruleng Local Municipality, 2007). In Delmas Local Municipality this must be done in the ninth month of indigence (Delmas Local Municipality, 2006).
- Number and names of dependents to be supplied on application (Masilonyana Local Municipality, 2008).

After all the criteria have been met, successful indigent households normally receive monthly indigent subsidies from the municipality. The latest criteria of the City of Cape Town and Johannesburg are presented in Appendix 2. (City of Cape Town Metropolitan Municipality, 2008; City of Johannesburg, 2009).

For the City of Tshwane Metropolitan Municipality, the Council, in liaison with the Chief Financial Officer (CFO) determines the affordability level of assistance to

indigent debtors during annual budget determination of tariffs (City of Tshane Metropolitan Municipality, 2003). The registration criteria for indigent debtors require that a private residential household be registered or remain registered as indigent under **all** of the following circumstances:

- If the total gross monthly income of all the members of the household does not exceed the combined amount of two (2) old age state pensioners,
- If the applicant as well as any other member of the household does not own other fixed property than the one on which they reside,
- If the improved municipal value of the property on which the household resides does not exceed R150 000,
- If technical assistance is needed to make current monthly consumption of services more affordable through the limited supply of services,
- The applicant agrees to accept the limited level of service and agrees to stay in the program for at least 6 months.
- In the event that an indigent debtor applies to de-registered within a period shorter than 6 months, such request will be considered by the Social Development Department. If it is established that the request is due to the fact that the indigent debtor disclosed or withheld certain information, all benefits which were accorded to the indigent debtor upon registration, will be written back to the services account and appropriate legal action will be considered (City of Tshwane Metropolitan Municipality, 2003: 2).

Further to this, benefits to indigent debtors are covered under the assessment of rates to rebate, free basic services, service delivery benefits, arrears of indigent debtors and other benefits. For example, an indigent will receive a 100% exemption or rebate if their property is valued below a threshold determined by council in liaison with the CFO. In addition, households who own such properties will receive a further 25% rebate on the monthly levies for assessment rates (City of Tshwane Metropolitan Municipality, 2003). Although refuse removal is not directly mentioned under the free basic services like water, electricity and sanitation, it is covered under a clause dealing with “as well as any other free basic services” that will be determined annually by the council. In the event that the indigent wishes to exit the programme after the expiry of six months, they can do so through applying for de-registration to the Department of Social Development. The Department will in turn notify the CFO and the Service Delivery Department will be notified to restore full services at the property (ibid).

The Mogale City Local Municipality established assistance procedures. These spell out aspects around communication, application/registration, assessment and screening of applicants (which include indigent management system check, date capture, verification through site visit and external scans), recommendation, indigent committee and re-evaluations (Mogale City Local Municipality, 2008). This indigent committee is established to approve/disapprove indigent support to applicants and comprises councillors and relevant officials of the municipality that meet monthly. The Maruleng Municipality has also established a committee responsible for assessing all applications (Maruleng Local Municipality, 2007; Thembisile Local Municipality, undated).

The Mogale City Local Municipality defines ‘short-term indigent assistance’. This assistance is due to an indigent in incidental distress. Such a person may apply for this assistance for a period not exceeding six months if temporarily unemployed and if the person is hospitalised as long as they are not receiving other assistance from other sources. Persons falling under this category will have their indigent assistance reviewed on a quarterly basis (Mogale City Local Municipality, 2008). The Ekurhuleni Indigent Policy makes provision to evaluate child headed households for indigent purposes (Ekurhuleni Metropolitan Municipality, 2008). The Senqu Local Municipality and Alfred Nzo District Municipality probably provides the most comprehensive list of registration procedure to be followed by both the old and new applicants (Senqu Municipality, 2006; Alfred Nzo District Municipality, 2008).

The Delmas Local Municipality differentiates between three levels of indigents and these are subsidized as indicated in Table 9. The Delmas Indigent Policy also explains typical indigents which include certain categories of students, pensioners, disabled persons, single parents, unemployed people and orphans (Delmas Local Municipality, 2006). These indigents are characterised by appalling living conditions, have basic stable diet, rudimentary utensils (basic furniture and basic cooking), high birth rates, abuse of alcohol and violent, high illiteracy rates, malnutrition and basic shelter as a home.

Table 9: Delmas Local Municipality Levels of Indigents

Type of indigent	% covered by subsidy	% debtors account
1. Those with absolutely no income	85%	15%
2. Those receiving an income of less than the amount as stipulated by National Legislation, as an indigent income.	40%	60%
3. Those with an income of more than the amount stipulated by national legislation as indigent but less a figure determined by council	Flat rates	

Source: Delmas Local Municipality (2006: 4)

10.6 Accountability and auditing

All indigents must be registered and captured on a database that can be retrieved and which must be regularly maintained and updated. For the Mogale City Local Municipality a quarterly auditing must be conducted regarding the indigent register, usage rate of allocations and credit control measures applied (Mogale City Local Municipality, 2008). In other instances an Indigent Committee comprising councillors and officials reports to the Finance Standing Committee on implementation progress (Elundini Local Municipality, 2008). For Alfred Nzo District Municipality, all indigent registrations will be audited and if a person has filed false application this will be communicated to the Ward Councillor, who will verify the facts within 14 days (Alfred Nzo District Municipality, 2008; Masilonyana Local Municipality, 2008; Frances Baard District Municipality, 2008). Should the Councillor fail to verify the information within the stipulated time then the Council assumes the information was false and the indigent will be de-registered. Half yearly verification of indigent

households is undertaken to ensure accuracy of the indigent database in Dihlabeng Local Municipality (Dihlabeng Local Municipality, 2008).

10.7 Rights of municipalities

The Senqu Local Municipality Free Basic Services and Indigent Support Policy was distinctive in terms of the manner in which it addressed the right of the Council. Details concerning the Council's rights with regard to the policy are stipulated under Section 2.2(a-j). The Council has the right to (Senqu Municipality, 2006: 5-6):

- 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; for the perusal by Councillors, Ward Committees and officials.
- 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.
- 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; and
 - iii. Request a social welfare worker's report on the indigent debtor's household.

- h) whereafter 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 Policy; 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.

10.8 Services covered

Four common basic services are covered by various municipal indigent policies. These services commonly stipulated include water, sanitation, electricity and refuse removal (Abaqulusi Local Municipality, 2007; Centre for Development Support, 2002; Dr JS Moroka Local Municipality, 2008; Elundini Local Municipality, 2008; Kopanong Local Municipality, 2008; Msunduzi Local Municipality, 2006; Ntambanana Local Municipality, 2005; Senqu Municipality, 2006; Umjindi Local Municipality, 2008). None of the policies covered by this review specifically focussed on refuse removal. All policies reviewed covered the full spectrum of services identified to receive indigent support.

10.9 Arrear accounts

In most instances indigent households will have arrear accounts at the time of verification and final approval and entering into the indigent database. Municipalities have different ways of addressing this aspect. For Makhado Local Municipalities, the indigent account holder remains responsible for such outstanding amounts at the date of application as well as for future charges (Makhado Local Municipality, 2006b). However, the arrears on approved indigents are suspended until such time when the status of the indigent account holder changes. In the interim period, no interest is charged on the arrears but the indigent must sign an acknowledgement of debt in respect of that suspended account (see for example, Alfred Nzo District Municipality, 2008; Msukaligwa Local Municipality, 2006). The council may, however, from time to time resolve to write off such debts. For Senqu Local Municipality once a household is classified as indigent all arrears in respect of the identified service will receive a 100% subsidy – write off (Senqu Municipality, 2006) this is also the case for Masilonyana Local Municipality (Masilonyana Local Municipality, 2008). In Thaba Chweu Local Municipality the indigent is required to pay a nominal amount on

arrears so that no impression is gained that the arrear has been written off by the council (Thaba Chweu Local Municipality, 2005).

10.10 Action against malpractices

Usually the first line of defence for municipalities is to stipulate in their policies withdrawal of indigent benefit in cases of malpractice with possible prosecution. For Mogale City Local Municipality, if the so-called indigent is found to have lied about his/her personal circumstances the following actions will be taken:

- All arrears will become payable immediately;
- Stringent credit control measures will apply; and
- The applicant will not be eligible to apply for this assistance for a period of five (5) years (Mogale City Local Municipality, 2008).

Similar punitive measures are evident in many indigent policies and in Makhado Local Municipality criminal procedures can be instituted against the offending parties (Makhado Local Municipality, 2006b; Mafikeng Local Municipality, 2005). For Alfred Nzo District Municipality proved malpractices from indigents lead to suspension for two (2) years beyond the financial year in which the misdemeanour is detected (Alfred Nzo District Municipality, 2008; Frances Baard District Municipality, 2008). In other municipalities the suspension period is longer, i.e., five (5) years in Dihlabeng (Dihlabeng Local Municipality, 2008; Hlabisa Local Municipality, 2005).

10.11 Normal termination of indigent services

There are incidences where normal termination of indigent services will be called for. For the Maruleng and Thembisile Local Municipalities, an indigent benefit can be terminated when, among other aspects: the accountholder dies; indigent sells his/her property; indigent's circumstances change or indigent criteria for approval changes to an extent that approval no longer applies; indigent fails to pay for the account of his/her consumption or use of a Municipal service in excess of the subsidised service or fails to honor any arrangements made by him/her for payment of outstanding account, and the indigent fails to renew status after the validity period of status being granted (Maruleng Local Municipality, 2007; Thembisile Local Municipality, undated).

10.12 Reporting requirements

In many instances the indigent policies stipulate that the Municipal Managers and Mayors be involved in reporting requirements. For Sol Plaatje Local Municipality the Municipal Manager submits monthly reports to the mayor with regards to the number of registered indigents and explanations concerning changes in such figures (Sol Plaatje Local Municipality, 2008). The Municipal Manager also presents the monetary value of the actual subsidies and rebates granted and the budgeted value of the subsidies and rebates. The Mayor will, in turn submit such reports on quarterly basis to council (see for example, Dihlabeng Local Municipality, 2008; Unkhanyakude District Municipality, 2005). Similar reporting arrangements exist in Maruleng Local Municipality (Maruleng Local Municipality, 2007) and Elundini Local Municipality

(Elundini Local Municipality, 2008) although in the latter case the Municipal Manager compiles quarterly rather than monthly reports to the Mayor or executive committee. However, for Makhado Local Municipality the Director of Finance is responsible for compiling and administering the database indigent households (Makhado Local Municipality, 2006b).

11. SUMMARY AND CONCLUSIONS

This report looked at the following major aspects with regard to municipal indigent support policy in South Africa: indigent household waste policies implemented and reported 2006 and 2007; the enabling legislative and policy framework; definition of what comprises indigent as prescribed by the DPLG; elements of an indigent policy; financial management and generic principles of indigent policies; methodologies of development; monitoring of indigent policy implementation; elements from implemented municipal indigent policies; the free basic refuse removal aspects contained in available municipal indigent policies; link between rates, tariffs and indigent policies as well as problems associated with the implementation of municipal indigent policies.

This review concluded that municipalities do not have stand alone indigent support policies for free basic refuse removal. Instead, they have in most cases indigent support policy frameworks addressing free basic services for water, electricity, sanitation and refuse removal. To support indigent policy implementation at municipal level in the county, the South African government budgets for indigents through the equitable share based on the number of indigents identified by the municipalities and transmitted via Statistics South Africa (StatsSA) surveys. Most of the indigent policy monthly grants are determined based on budgetary allocations for a specific financial year and the tariff increases for that particular year. The grants are also linked to the Municipal Infrastructure Grant (MIG).

It also emerged that the DPLG developed guidelines in 2005 to assist municipalities. A number of critical role players that should work together in the development and implementation of indigent policies were cited by the DPLG to include: municipalities, DPLG, Department of Water affairs and Forestry, Department of Minerals and Energy, ESKOM, The National Treasury, The National Energy regulator, South African Local Government Association, Ward Committees and communities.

Research by the CDS (2002) revealed that in general there is a lack of evidence of well-conducted socio-economic research preceding the formulation of indigent policies in municipalities. The approach followed, usually focuses on the indigent factor in isolation from other socio-economic problems. The validity of the policy can thus be questioned and monitoring the meeting of objectives also becomes difficult, if not impossible. The research findings further suggest that there is no evidence of a scientific base for the determination of the qualifying criteria for households to be registered as beneficiaries of the grant. Consultation with communities during the policy formulation process was also found to be inadequate and in certain instances, non-existent. The CDS reported serious levels of mistrust in existing structures such as ward committees as consultation mechanisms. In general the formulation of indigent policies is seen as a unilateral process that does not necessarily represent the

views of indigent people, and therefore the indigent people feel excluded from the process.

The telephonic interviews with designated Indigent Clerks from selected municipalities confirmed the findings of the CDS study. In many cases they indicated that the normal procedures were followed and accordingly the so-called normal procedure involved:

1. Responsible department sitting down to draft the indigent policy.
2. Explaining the draft policy to the public through the local media and displaying documents at designated public places.
3. Advertising to invite the public and communities for comments (through Imbizos, workshops and other acceptable means) with special emphasis on having unions' representation.
4. Incorporating observations or comments from the public consultation processes into the draft indigent policy.
5. Sending the revised draft of the indigent policy to council for adoption (including passage through the Mayoral Committee).
6. Start implementing the finalised indigent policy through laid down procedures and selection criteria for the indigent beneficiaries.

A 'benchmark' set of targeting mechanisms for refuse removal has been identified. For refuse removal, benchmark targeting based on property value with additional service payments for those requiring more than the basic service has proved to be a workable approach.

Finally, the insights gained from this review will be used to inform the development of a Free Basic Refuse Removal Policy for South Africa. This Policy is being developed under the auspices of the Department of Environmental Affairs and Tourism.

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Appendix 1: Refuse removal provisions from selected indigent policies

Province	Municipality/Policy/Year Published	Provisions from the policy
Eastern Cape	Elundini Local Municipality Indigent Policy (2008)	<ul style="list-style-type: none"> The relief granted shall not be less than a rebate of 50% of the monthly amount billed for refuse removal.
	Nelson Mandela Metropolitan Indigent Policy (revised 2003)	<ul style="list-style-type: none"> 100% subsidy on refuse and environmental charge to households with maximum monthly income of R 1 500.00
	Senqu Local Municipality Free Basic Services and Indigent Support Policy (2006)	<ul style="list-style-type: none"> 100% subsidy for refuse removal for households with less than R 1 600.00 per month or such amount determined by Council during budget process
	Alfred Nzo District Municipality Draft Indigent Assistance Policy (2008)	<ul style="list-style-type: none"> Subsidy provided where total gross income of all occupants over 18 years not more than R 1 500.00 per month or such amount as council set from time to time
	Makana Local Municipality Assistance to the Poor/Indigent By-Law (2008)	<ul style="list-style-type: none"> Qualifying household monthly income determined by Council from time to time
Free States	Dhlabeng Local Municipality Indigent Policy (2008)	<ul style="list-style-type: none"> Households with verified gross monthly income of all occupants over 18 years not exceeding R 1 880.00 or such amount determined by council from time to time qualify for a rebate on refuse removal that will not be less than 50% on the monthly amount billed for the service.
	Kopanong Local Municipality Indigent Policy (2008)	<ul style="list-style-type: none"> Households with gross monthly income of all occupants over 18 years not more than R 1 100.00 qualify for a rebate on refuse removal that will not be less than 100% on the monthly amount billed for the service.
	Masilonyana Local Municipality Indigent Policy (undated)	<ul style="list-style-type: none"> Households with gross monthly income of all occupants over 18 years not more than R 1 100.00 qualify for a rebate on refuse removal that will not be less than 100% on the monthly amount billed for the service.
	Thaba Chweu Indigent Support Policy (2005)	<ul style="list-style-type: none"> Households with gross monthly income of all occupants over 18 years not more than R 1 500.00 qualify for a rebate on refuse removal that will not be less than 100% on the monthly amount billed for the service.
Gauteng	Mogale City Indigent Management Policy (2008)	<ul style="list-style-type: none"> Subsidised refuse removal
	City of Tshwane Metropolitan Municipality Basic Social Services Package (2003)	<ul style="list-style-type: none"> Implied under “any other free basic services” for properties valued at R 150 000.00 Gross monthly income of all household members is less than the combined amount of 2 old age state pensioners. Available for 6 months
	City of Johannesburg Indigent (Basic Services) Policy (2002)	<ul style="list-style-type: none"> Free refuse removal to particular vulnerable groups who register and living on properties of less than 300m². Account holders who are pensioners as well as unemployed, self-employed, or employed people with a total family income of less than R1 100 per month.

		<ul style="list-style-type: none"> Account holders receiving disability grants who have a total family income of less than R 1 100 per month. An account holder whose partner also receives a government pension and has a total family income of less than R1 241 per month - the equivalent of two government pensions plus R1. HIV/AIDS breadwinners and/or their orphans.
Limpopo	Makhado Local Municipality Policy on Subsidy Scheme for Indigent Households (2006)	<ul style="list-style-type: none"> 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. The subsidy is allocated as follows: (i) households with monthly income of R0.00 to one state pensioner get 100%; (i) one state pensioner to R 1 100.00 get 80%; and (iii) R1 100.00 to two state pensioners get 60%.
KwaZulu-Natal	Greater Kokstad Municipality Indigent Support Policy (2007)	<ul style="list-style-type: none"> Households with gross monthly income of all occupants over 18 years not more than R1 600.00
	Matatiele Local Municipality Indigent Policy (2005)	<ul style="list-style-type: none"> Households with gross monthly income of all occupants over 18 years not more than R800.00 Ten (10) percent of an indigent household's electricity sales will be allocated to Refuse Income to be utilized as payment for refuse removals i.e. R50.00 electricity purchases will issue R45.00 worth of electricity units and R5.00 will pay for refuse removals.
	Ntambanana Local Municipality Indigent Policy – Rates and Tariffs Policies and Procedures (2005)	<ul style="list-style-type: none"> Define weekly communal refuse collections of domestic waste as basic service and this will be done free of charge.
	Umkhanyakude District Municipality Indigent Policy (2005)	<ul style="list-style-type: none"> Households with gross monthly income of all occupants over 18 years not more than R800.00
	Mkundizi Local Municipality Indigent Policy (2006)	<ul style="list-style-type: none"> Free to automatic indigents as defined in the Indigent Policy
	Hlabisa Local Municipality Indigent Policy (2005)	<ul style="list-style-type: none"> Households with gross monthly income of all occupants over 18 years not more than R1,100.00 qualify for subsidy or such other amount approved by the Council from time to time.
	Abaqulusi Local Municipality Tariff Policy By-Laws for Indigent Persons (2007)	<ul style="list-style-type: none"> Combined income of owners and/or occupiers does not exceed the level determined by Council from time to time
Mpumalanga	Delmas Local Municipality Indigent Policy (2006)	<ul style="list-style-type: none"> Indigents covered at three levels with subsidy ranging from 85%, 40% and flat rate
	Umjindi Local Municipality Indigent Management Policy (2008)	<ul style="list-style-type: none"> For indigents with gross monthly incomes of R1 100.00 and relief grant shall not be less than a rebate of 50% on the monthly amount billed.
	Thembisile Local Municipality Indigent Support Policy (undated)	<ul style="list-style-type: none"> Maximum subsidy as approved by Council available to indigents earning gross of R800.00 or less.
	Msukaligwa Municipality Policy for the Indigent	<ul style="list-style-type: none"> Households with gross monthly income of all occupants not more than R1 100.00.

	(2006)	
	Dr JS Moroka Municipality Indigent Policy (2008)	<ul style="list-style-type: none"> All registered destitute indigents shall be fully subsidised for refuse removal. 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.
Northern Cape	Sol Plaatje Local Municipality Indigent Policy (2008)	<ul style="list-style-type: none"> The relief granted in respect of charges for households refuse removal to households with gross income of up to R1,100.00 per month.
North West	Merafong Local Municipality Tariff Policy (2008/9)	<ul style="list-style-type: none"> An indigent subsidy of R60.36 per month will be awarded to indigent consumers who qualify in accordance with council's indigent policy.
	Mafikeng Local Municipality Indigent Policy	<ul style="list-style-type: none"> Subsidy granted in respect of charges for households refuse removal to households with gross income of up to R1,100.00 per month depending on the availability of funds.
	Rustenburg Local Municipality Tariff Policy	<ul style="list-style-type: none"> Registered indigents receive a discount on refuse removal charge in terms of the approved indigent policy
Western Cape	Drakenstein Local Municipality Indigent Policy (200)	<ul style="list-style-type: none"> Households with incomes of R1,880 per month subject to annual increase based on pension grants
	George Local Municipality Indigent Policy (200)	<ul style="list-style-type: none"> Talks of household access to at least basic municipal services (refuse removal implied)
	City of Cape Town Indigent Policy (2008)	<ul style="list-style-type: none"> For a household to qualify as indigent in the City of Cape Town, its monthly gross income must not exceed R2,880, irrespective of the municipal valuation of the property. To qualify for free refuse or subsidised waste collection, the household's residential properties must be valued at R300,000 or less. A once-off arrears write off (for indigent people who are over 60 years of age, and in receipt of a disability pension/grant or an occupant of a child headed household) is also spelt out.
	Indigent Policy for Theewaterskloof Local Municipality (200)	<ul style="list-style-type: none"> Households where combined or joint gross income of all occupants/residents/dependents over 18 years is less than R1,640.00 per month.
	Knysna Local Municipality Indigent Support Policy and Procedures (2007)	<ul style="list-style-type: none"> Household where combined gross income of all occupants over 18 years is below a level as defined by Council on an annual basis.
	Matzikama Local Municipality Tariff and Free Basic Service Policy (2007)	<ul style="list-style-type: none"> Cost of refuse removal is subsidised for all registered indigents at 50% of billed monthly figure.

Appendix 2: Criteria for indigent property owners for City of Cape Town and Johannesburg

City of Cape Town

To qualify for the policy's benefits, property owners who think they might be eligible need to register as indigent. The City uses the following criteria to evaluate applicants:

Proof of gross income: This must not exceed R2 880 per household per month, irrespective of the municipal valuation of the property.

Ownership status: The applicant must be the registered owner of the property or an occupant of a child headed household where the property in which they reside is registered in the name of a deceased parent/s. In addition, the applicant must not be the registered owner of more than one property.

Occupancy status: The applicant must be a full time occupant of the property, and the property must be used for residential purposes only.

Registration can be undertaken at any City of Cape Town office, or by calling 0860 103 089 for further information.

Once registered, indigent people will need to re-register each year.

Relief measures include:

- A 100% rates rebate for senior citizens and disabled people who meet the criteria for a rates rebate and indigence.
- 6,000 litres of water free to all households each month
- 50 kWh free electricity for households that consume less than 400kWh per month on average
- The first R88 000 of all residential properties are exempt from property rates
- Special rates, refuse removal, water and sanitation rebates to accredited shelters for homeless people
- Upper limit for rates rebates to the disabled and elderly up to R7 000 per month from all sources
- Retirement schemes and life rights schemes now pay only the residential rate.

Source: <http://www.capetown.gov.za/en/Pages/Indigentpolicy.aspx> (visited 28-01-09)

City of Johannesburg (Based on the 2002 Indigent (Basic Services) Policy)

Who will be eligible for free sanitation and refuse removal?

Only people living on properties of less than 300m² in size will be eligible.

Who can apply for this subsidy?

- Account holders who are pensioners as well as unemployed, self-employed, or employed people with a total family income of less than R1 100 a month.
- Account holders receiving disability grants who have a total family income of less than R1 100 a month.
- An account holder whose partner also receives a government pension and has a total family income of less than R1 241 per month - the equivalent of two government pensions plus R1.
- HIV/AIDS breadwinners and/or their orphans.

What documents must accompany the application form?

- A certified copy of your ID (Identity Document)
- Your latest municipal account
- Your pay slip or receipt of government pension or a certified copy of your pension card or disability grant or an affidavit if you are unemployed.
- Death certificate of the account holder if the applicant is not the account holder
- In the case of AIDS patients and/or orphans, attach a letter stating your HIV/AIDS status. This information will be treated confidentially.

How long will I be eligible for the free sewage and refuse removal?

The subsidy period is for 12 months, after which account holders can apply for further subsidy.

What happens if I provide false information on the application form?

This will lead to immediate disqualification and credit control action and you will not be allowed to apply for this municipal subsidy for 5 years.

Source: Modified from <http://www.joburg.org.za/content/view/724/9/> (visited 29-01-09)