

RICHMOND LOCAL MUNICIPALITY



Draft Indigent & Free Basic Services Policy 2025/2026

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PART 1 PREAMBLE

WHEREAS section 74 of the Local Government: Municipal Systems Act, No. 32 of 2000, requires that the Council should, in formulating a Tariff Policy for the municipality, at least take into consideration the extent of subsidization of tariffs for poor households;

WHEREAS Council therefore needs to approve an Indigent Support Policy;

WHEREAS such policy must provide procedures and guidelines for the subsidization of basic services and tariff charges to its indigent households; and

WHEREAS the Council has committed itself to render a basic level of services necessary to ensure an acceptable and reasonable quality of life, which takes into account health and environmental considerations;

NOW THEREFORE the Council of Richmond Local Municipality has adopted the Indigent Support Policy set out hereunder:

PART 2 KEY DEFINITIONS

In this Indigent Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Local Government: Municipal Finance Management Act No. 56 of 2003 and other related legislations/regulations, has the same meaning as in that Act.

“Accounts” means statement of moneys received.

“Act” means the Local Government: Municipal Finance Management Act No. 56 of 2003, the Local Government: Municipal Systems Act No. 32 of 2000.

“Authorised Officer” means any official of the Council who has been authorised By the Council to administer, implement and enforce the provisions of this Policy;

“by law” means a by-law adopted by the Council;

“Bank” means an institution recognized by the Registrar of Banks.

“Bank Accounts” are recognized statement of financial holdings on behalf of the municipality.

“Basic municipal services” means a municipal service that is necessary to ensure an acceptable and reasonable quality of life that if not provided, would endanger public health or safety or the environment.

“Child headed households” refers to a household headed by a person under age of 21 years but with all other requirements for an indigent household as stated in this document.

“Chief Financial Officer” means a responsible official for financial affairs of the municipality.

“Household” is defined as a person, or a group of persons, who occupy a common dwelling (or a registered owner or tenant with children who reside on the same premises);

“Indigent” means any household which is responsible for the payment of municipal services, earning a combined gross income equivalent to or less than two times the Government pension grant as prescribed by the National Department of Social Development or in line with the National Indigence Framework issued by the Department Local Government (DLG), who qualify, according to the policy, for rebates/remissions, support or a services subsidy. Examples hereof include pensioners, the unemployed and child-headed families who are unable to fully meet their payment obligations for municipal services.

“Indigent burial/ cremation” refers to any burial/cremation of an indigent (in terms of this policy), motivated by a ward councilor, excluding a pauper.

“application for indigent” means a process whereby the resident in charge of a household, and who is responsible for payment of municipal charges and also whose combined household income is equal to or less that the amount as determined by Council and is adapted to be classified as an indigent.

“Municipal value” means the total combined value of land and buildings on a property, as reflected in the municipal valuation roll.

“Occupier” means the person who controls and resides on or controls and otherwise uses immovable property, provided that –

- [a] the spouse of the owner of immovable property, which is used by such spouse or owner as a dwelling at any time, shall be deemed to be the occupier thereof;
- [b] where both spouses reside on immovable property and one of them is an occupier thereof, the other shall also be deemed an occupier;

“Owner”, in relation to immovable property, means -

- [a] the person in whom the legal title to the property is vested provided that –

[i] the lessee of immovable property which is leased for a period of not less than fifty years, whether the lease is registered or not, shall be deemed to be the owner thereof; and
[ii] the occupier of immovable property occupied in terms of a servitude or right analogous thereto shall be deemed the owner thereof;

[b] if the owner is deceased, insolvent, has assigned his or her estate for the benefit of his or her creditors, has been placed under curatorship by order of court or is a company being wound up or under judicial management, then the person in whom the administration of such property is vested as executor, administrator, trustee, assignee, curator, liquidator or judicial manager, as the case may be;

[c] if the owner is absent from the Republic or if his or her address is unknown to the municipality, then any person who as agent or otherwise receives or is entitled to receive the rent in respect of such property; or

[d] if the municipality is unable to determine who such person is, then the person who is entitled to the beneficial use of such property;

“Premises” includes any piece of land, the external surface boundaries of which are delineated on –

[a] a general plan or diagram registered in terms of the Land Survey Act, 1997 [Act No. 8 of 1997] or in terms of the Deeds Registries Act, 1937 [Act No. 47 of 1937];

[b] a general plan registered in terms of the Sectional Titles Act, 1986 [Act No. 95 of 1986], and situated within the jurisdiction of the municipality;

“Property” means land in the Republic and any fixtures thereon;

“Free Basic Services” includes electricity, rates, refuse and sewerage

PART 3 OBJECTIVE

Because of the level of unemployment and subsequent poverty in the municipal area, there are households which are unable to pay for normal municipal services. The municipality therefore adopts this indigency management policy to ensure that these households have access to at least basic municipal services, and is guided in the formulation of this policy by the national government’s policy in this regard.

This policy supersedes all financial policy instructions that have previously been issued.

Failure to comply with the prescribed policies will result in the institution of disciplinary in terms of the stipulated human resources policies and procedures of Richmond Municipality.

PART 4 PURPOSE

The purpose of this policy is to ensure:

the provision of basic services to the community in a sustainable manner within the financial and administrative capacity for the council

To provide procedures and guidelines for the subsidisation of basic service charges to its indigent household, using the Council's budgetary provisions received from Central Government, according to prescribed policy guidelines.

The Council also recognises that many residents can simply not afford the full cost of provision and for this reason the Council will endeavor to ensure affordability through:

Setting tariffs in terms of the Council Tariff Policy, which will balance the economic viability of continued service delivery

Determining appropriate service levels

PART 5 LEGISLATIVE FRAMEWORK

This framework is designed and implemented within the contexts, but not limited to other prescripts:

- a) the Constitutional of the Republic of South Africa, 1996;
- b) the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- c) the Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
- d) the Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- e) the Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
- f) the Local Government: Municipal Structures Act 2000, (Act No. 33 of 2000)
- g) the Local Government: Municipal Systems Act 2003, (Act No. 32 of 2003)
- h) the Free Basic Alternative Energy Policy 2007;
- i) the Free Basic Electricity Policy 2003;
- j) the National Policy for the Provision of Basic Refuse Removal Services to Indigent Households 2011;

PART 6 QUALIFICATION CRITERIA FOR INDIGENT SUPPORT

INDIGENT SUPPORT

Households where verified total gross monthly income of all occupants over 18 years of age does not exceed an old age state pension times two applicable at the time, or such other amount as the council may from time to time determine, qualify for a subsidy on property rates, service charges for refuse removal and will additionally receive 50 kWh of electricity per month free of charge (pre-paid) and an equivalent monetary value for conventional meters.

Only households where the accountholder or property owner has registered as indigent in terms of the municipality's annual registration programme, and whose registration has been accepted and entered into the register of indigents shall qualify for the above concessions.

For a household to qualify for subsidies or rebates on the major service charges (see part 8 below), the registered indigent must be the full-time occupant of the property concerned, and if not also the owner of the property concerned, may not own any other property, whether in or out of the municipal area.

For a household to qualify for a rebate on rates, the registered indigent must be both the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the municipal area.

Indigency relief shall apply for a period not extending beyond the financial year in which the particular household is registered as indigent. Registration must be renewed in each registration programme if relief is to continue.

To register as an indigent, the relevant property owner or accountholder must personally complete and sign the registration form provided by the municipality for this purpose, and furnish such further documentation as the municipality specifies. The municipal manager will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place. Registration will take place on dates and at times and places determined by the council but shall generally be undertaken during April and/or May each year.

FREE BASIC SERVICES:

Households where the verified gross monthly incomes of all occupants over 18 years of age does not exceed two times the old age state pension applicable at the time. Owners with more than one property do not qualify. Proof of unemployment

Application should be made on a prescribed form. A payment arrangement in addition to the grant should be made if account is in arrears. Application shall be made every 12 months. The grant will take effect from the date of approval of the application. All Pay pension card or salary advices must be submitted with the application.

The grant period is dependent on the funds available from Government. The grant is given only if the tenant of municipal property or owner is staying on the premises. The allocation of free services may vary on an annual basis depending on tariff structures and availability of equitable share funds. The subsidy grant is as annually determined by Council which will be credited towards the current account during the monthly billing.

Pensioners in old age home where the home's sewerage and refuse account will be credited with the prescribed amount as determined by Council per pensioner (room), who qualifies, residing in the old age home after an application form and affidavit is completed stating the number etc. Individuals who make themselves guilty of any malpractices will forfeit the payment of the grant.

PART 7 COMMUNICATION PROCEDURES

The municipality will utilise its communication strategy for purposes of informing and educating communities in order to have a clear understanding of this policy and its implementation. Regular information dissemination through ward committees, community based organisation and face-to-face contact by means of imbizo's will be undertaken to eliminate unrealistic expectations both in terms of qualifying for subsidy as well as service delivery in general.

PART 8 APPLICATION OF THE POLICY

The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the municipality's policies on property rates and tariffs.

Electricity – Households qualify for free electricity with a connection of 20 amps (pre-paid), up to the monetary value applicable at the time. The benefits are reserved for consumers who are prepared to limit their electricity current demand to 20 amps. With regards to conventional meters, the monetary value equivalent to 50kwh will apply.

In respect of household refuse removal, the relief granted shall be a rebate of 100% on the monthly amount billed for the service concerned. Furthermore, the relief shall be granted to households living on properties which can be classified as low-cost housing.

PART 9 NON-COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENT

When a property owner or accountholder who has registered as an indigent fails to comply with any arrangements or conditions materially relevant to the receipt of indigency relief, such person will forfeit his or her status as a registered indigent with immediate effect and will thereafter be treated as an ordinary residential property owner or accountholder for the financial year concerned.

The onus is on each registered indigent to advise the municipal manager of such failure to comply.

It may happen that even with the introduction of the indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or accountholder concerned will have to make immediate arrangements with the municipal manager to pay off these arrears owing within a reasonable time determined by the municipal manager in terms of the municipality's credit control and debt collection policy. If these arrangements are not made, no subsidies will be paid, or free services provided, and services may be terminated in terms of the municipality's credit control and debt collection policy.

The relief to indigents may be withdrawn at the discretion of the municipal manager if:

- a registered indigent who qualifies for such relief fails to keep to the terms of the policy agreement.

If a registered indigent is found to have provided fraudulent information to the municipality in regard to any material condition for registration as an indigent, such person shall immediately be removed from the register of indigents and shall be liable to repay to the municipality with immediate effect all indigency relief received from the date of such fraudulent registration. Moreover, such person may not again be considered for indigency relief for a period extending for 5 (five) years beyond the financial year in which the misdemeanor is detected.

Indigency relief will not apply in respect of property owners owning more than one property, whether in or outside the municipal area.

PART 10 APPEAL

An indigent household application, which has been declined, may appeal against such decision.

The appeal must be in writing and lodged with the Accounting Officer within 14 days after the receipt of the notification setting out:

The reason for the appeal

Any other documentary proof in support of the appeal

The appeal shall be decided

Within 14 days after lodgment of the appeal;

Strictly in terms of the provisions of this policy;

By three officials from Community and Social Services, designated by the Accounting Officer

The decision of the committee is final, and the appellant shall be notified of the outcome in writing.

PART 11 OFFENCES

Any applicant who misuses this Policy or provides incorrect information to the Municipality and or tempers with the supply of services or municipal installations shall be subject to forfeiture of indigent status, criminal prosecution and other measures as determined by Council, with the Credit and Debt Collection Policy.

PART 12 REPORTING REQUIREMENTS

The municipal manager shall report on a monthly basis to the executive mayor or executive committee, as the case may be, for the month concerned and by municipal ward:

- the number of households registered as indigents and a brief explanation of any movements in such numbers;

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- the monetary value of the actual subsidies and rebates granted;
 - the budgeted value of the subsidies and rebates concerned; and
the above information cumulatively for the financial year to date.

The executive mayor or executive committee, as the case may be, shall submit the above reports on a quarterly basis to the council and to the municipality's ward committees, or monthly frequently to any ward committees if so requested.