

Chief Albert Luthuli municipality

*The transparent, innovative and developmental municipality
that improves the quality of life of its people*



**free basic services policy
2012**

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1. Introduction

- (1) Chief Albert Luthuli municipality reaffirms its commitment to the national principles that shall underpin its indigent policy –
 - (a) Everyone has inherent dignity and the right to have their dignity respected and protected. All processes that involve the provision of services to citizens shall be done in such a manner as to respect the entrenched rights and dignity of those citizens.
 - (b) municipalities shall provide basic services to its indigent in a sustainable manner. It is not expected that a municipality shall provide free basic services beyond its financial and other capacities.
 - (c) indigents shall be afforded access to more than just the free basic services package. It is widely acknowledge that the free basic services package on its own shall not see indigent communities' standards of living improve. It is imperative that linkages be made between the free basic services package and the broader package of social services.
 - (d) In providing free basic services to indigents, municipalities shall provide these services at the recognised and approved minimum basic levels. Municipalities are not dissuaded from providing a higher level of a service if they can afford to do so, and can sustain this higher level.
 - (e) Free basic services are targeted at the indigent. Therefore a municipally can use any approach it chooses to provide free basic services as long as it can ensure and demonstrate that the indigent are benefiting from free basic services.
 - (f) Municipalities' indigent policies are not a stand-alone policies which is independent from the municipalities' IDPs, its debt and credit control procedures, its municipal by-laws etc. Municipalities' ndigent policies need to be developed to integrate with these strategic management plans and procedures so as to ensure that a municipality shall be able to sustain its free basic services programme.
 - (g) Municipalities need to start planning realistic exit strategies for their indigent populations to exit from the indigent registers and subsidies. This shall entail that the living circumstance of the indigent has improved significantly so that the indigent can afford to pay for their service. What this implies is that municipalities shall integrate their free basic services delivery with structured poverty alleviation programmes.
 - (h) Due to the varying circumstances and conditions within municipalities it is recognised that municipalities shall exercise their right to apply the national indigent framework and these guidelines according to their own circumstances.
- (2) This policy shall –
 - (a) align with the municipality's poverty alleviation programme;
 - (b) allow the municipality to target the delivery of essential services to citizens who experience a lower quality of life;
 - (c) define the services shall be delivered;
 - (d) define the level of each particular service shall be provided to beneficiaries;
 - (e) assist in establishing the resources allocated by a municipality to enable its indigent policy.

2. Legislative Framework

- (1) Legislation that directly impacts upon this policy include –
 - (a) The Constitution of the Republic of South Africa, 1996 (No 8 of 1996)
 - (b) The Local Government: Municipal Property Rates Act, 2004 (Act No 6 of 2004)
 - (c) The Local Government: Municipal Structures Act, 1998 (Act No 117 of 1998)
 - (d) The Local Government: Municipal Systems Act, 2000 (Act No 32 of 2000)
 - (e) The Local Government: Municipal Finance Management Act, 2003 (Act No 56 of 2003)
 - (f) The Water Services Act, 1997 (Act No 108 of 1997).
- (2) National policies and guidelines that directly impact upon this policy include –
 - (a) The Free Basic Water Guidelines for Local Authorities
 - (b) The Free Basic Water Implementation Strategy
 - (c) The Communications Handbook on Free Basic Services
 - (d) The Electricity Basic Services and Support Tariff (Free Basic Electricity) Policy
 - (e) The study to determine progress with and challenges faced by municipalities in the provision of free basic services and supporting those municipalities struggling with implementation.

3. Free Basic Services

- (1) Only qualifying indigent households that have been registered by the municipality in terms of its indigent policy may receive benefits under the free basic services policy.
- (2) The provision of free basic services is based on the expected equitable share to be paid to the council by national treasury annually. The annual adjustment to these benefits is subjected to the increase in the equitable share.
- (3) The municipal council shall annually, as part of its budgetary process, determine the municipal services and levels thereof that shall be subsidised in respect of indigent customers in accordance with national policy, subject to the principles of sustainability and affordability. This may necessitate a review of the free basic services outlined in this policy
- (4) The municipal council shall, in the determination of municipal services subsidised for indigents, give preference to subsidising at least the following services:
 - (a) water supply;
 - (b) electricity supply;
 - (c) water and electricity basic charges;
 - (d) sanitation services;
 - (e) refuse removal services;

- (f) assessment rates;
 - (g) services to customers billed with a “flat rate” where consumption is not metered; and
 - (h) suspension of arrears payments.
- (5) When resources permit, the municipal council shall give consideration to the provision of additional benefits, including –
- (a) child-headed households to be linked to social, economic and educational services; and
 - (b) burial or cremation benefits.

4. Electricity Supply

- (1) The municipality shall supply 50 (fifty) kWh electricity per month per household to registered indigents free of charge.
- (2) Should an indigent household use less than the allowance as set out in section 4(1) above, the balance shall not be carried forward to a following month, nor shall any refund be made.
- (3) Electricity usage in excess of the allowance as set out in section 4(1) above shall be purchased at the applicable electricity tariff.
- (4) indigent households that exceed free basic services and are in arrears for the payment thereof, may be restricted in respect of electricity.
- (5) The electricity supply may be limited by the municipality to a maximum of 20 amperes and the prepaid dispensers at each home shall be set accordingly.
- (6) The necessary activating number to the value of 50kWh shall be obtained from a municipal pay-point on a monthly basis.
- (7) Upon the discovery and confirmation of any tampering with electricity supply equipment or electricity theft, the indigent household shall be deregistered in terms of the council’s indigent policy.

5. Water Supply

- (1) The municipality shall supply 8 (eight) kilolitres water per month per household to registered indigents fee of charge.
- (2) Should an indigent household use less than the allowance as set out in section 5(1) above, the balance shall not be carried forward to a following month, nor shall any refund be made.
- (3) Water usage in excess of the allowance as set out in section 5(1) above shall be purchased at the applicable water tariff.
- (4) indigent households that exceed free basic services and are in arrears for the payment thereof, may be restricted in respect of water.
- (5) The water supply may be restricted by the municipality. Where practical, a restriction of 15 kilolitres per month shall be applicable to registered indigents. Where a restriction of 15 kilolitres per month is exceeded repeatedly for a period exceeding three consecutive months in a calendar year a restricted metered service shall be installed to limit water consumption to more affordable levels.

- (6) Upon the discovery and confirmation of any tampering with water supply equipment or water theft, the indigent household shall be deregistered in terms of the council's indigent policy.

6. Water and Electricity Basic Charges

- (1) The municipality shall offer a 50% rebate on water and electricity basic charges, where applicable, in terms of the approved tariffs of council from time to time.

7. Sanitation Services

- (1) The municipality shall offer a 50% rebate on the cost of sanitation services in terms of the approved tariff of council from time to time.

8. Refuse Removal Services

- (1) The municipality shall offer a 50% rebate on the cost of refuse removal services to a maximum of one removal per household per week in terms of the approved tariffs of council from time to time.

9. Assessment Rates

- (1) The municipality shall offer a 90% rebate on the assessed rates with a maximum property value threshold determined by the council as part of the budgetary process annually.

10. Services to Customers billed with a "flat rate" where consumption is not metered

- (1) The municipality shall offer a 50% rebate on services to customers billed with a "flat rate" where consumption is not metered.

11. Suspension of Arrears Payments

- (1) Arrears accumulated in respect of municipal accounts of customers prior to their first registration as indigent customers, shall be suspended and interest shall not accumulate on such arrears for the period that a customer remains registered as an indigent customer.
- (2) Arrears suspended in terms of section 11(1) shall become due and payable by the customer by de-registration in terms of the indigent policy.

In special individual cases, a report shall be submitted to the mayoral committee to decide if section 11(2) shall be implemented or not.

12. Effective Date

Date approved : 31 May 2012

Operation date: 1 July 2012

MUNICIPAL MANAGER

EXECUTIVE MAYOR